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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2023

OR

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

For the transition period from to

Commission File Number: 001-39346

MoneyLion Inc.

(Exact name of registrant as specified in its charter)

Delaware	**85-0849243**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
30 West 21st Street, 9th Floor New York, New York	**10010**
(Address of principal executive offices)	(Zip Code)

(212) 300-9865
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value $0.0001 per share	ML	The New York Stock Exchange
Redeemable warrants, each whole warrant exercisable for 1/30th of one share of Class A common stock	ML WS	The New York Stock Exchange

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 Exchange Act. ☐

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

There were 10,281,902 shares of the registrant's Class A common stock, par value $0.0001 per share, outstanding as of October 31, 2023.

MoneyLion Inc.
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For the Quarterly Period Ended September 30, 2023

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INTRODUCTORY NOTE

General

On September 22, 2021, MoneyLion Inc., formerly known as Fusion Acquisition Corp., consummated a business combination (the “Business Combination”) with MoneyLion Technologies Inc., formerly known as MoneyLion Inc. Following the Business Combination, MoneyLion Inc. became a publicly traded company, with MoneyLion Technologies Inc. continuing the existing business operations as a subsidiary of MoneyLion Inc. MoneyLion Inc.’s Class A common stock, par value $0.0001 per share (the “Class A Common Stock”), is listed on the New York Stock Exchange (the “NYSE”) under the ticker symbol “ML.”

As used in this Quarterly Report on Form 10-Q, unless the context requires otherwise, references to “MoneyLion,” the “Company,” “we,” “us,” “our” and similar references refer to MoneyLion Inc. and, as context requires, its consolidated subsidiaries for the period following the Business Combination and to MoneyLion Technologies Inc. and, as context requires, its consolidated subsidiaries for the period prior to the Business Combination. "MALKA" refers to Malka Media Group LLC, a wholly-owned subsidiary of MoneyLion Technologies Inc., and "Engine" refers to ML Enterprise Inc., doing business as the brand "Engine by MoneyLion," a wholly-owned subsidiary of MoneyLion Technologies Inc. which was previously named "Even Financial Inc." and subsequently renamed in February 2023.

For convenience, the trademarks and service marks referred to in this Quarterly Report on Form 10-Q are listed without the ®, TM and SM symbols, but we intend to assert, and notify others of, our rights in and to these trademarks and service marks to the fullest extent under applicable law.

Reverse Stock Split

On April 24, 2023, the Company amended the Company's Fourth Amended and Restated Certificate of Incorporation (as amended from time to time, the "Certificate of Incorporation") to effect, effective as of 5:01 p.m. Eastern Time on April 24, 2023, a 1-for-30 reverse stock split (the "Reverse Stock Split") of the Class A Common Stock. At the effective time of the Reverse Stock Split, every 30 shares of Class A Common Stock either issued and outstanding or held as treasury stock were automatically reclassified into one new share of Class A Common Stock, and the total number of shares of Class A Common Stock authorized for issuance was reduced by a corresponding proportion from 2,000,000,000 shares to 66,666,666 shares. The Reverse Stock Split was approved by the Company's stockholders at a Special Meeting of Stockholders on April 19, 2023 and approved by the Board of Directors on April 21, 2023. The primary goal of the Reverse Stock Split was to increase the per share price of the Class A Common Stock in order to meet the minimum per share price requirement for continued listing on the NYSE. The Class A Common Stock began trading on the NYSE on an as-adjusted basis on April 25, 2023 under the existing trading symbol "ML."

In addition, as a result of the Reverse Stock Split, proportionate adjustments were made to the number of shares of Class A Common Stock underlying the Company’s outstanding equity awards, the number of shares issuable upon the exercise of the Company’s outstanding warrants and the number of shares issuable under the Company’s equity incentive plans and certain existing agreements, as well as the exercise, grant and acquisition prices of such equity awards and warrants, as applicable. Furthermore, proportionate adjustments were made to the conversion factor at which the Company’s previously outstanding Series A Convertible Preferred Stock, par value $0.0001 per share (the “Series A Preferred Stock”), converted to Class A Common Stock. The total number of shares of preferred stock of the Company authorized for issuance remained at 200,000,000. Stockholders who would have been entitled to receive fractional shares as a result of the Reverse Stock Split were instead entitled to a cash payment in lieu thereof at a price equal to the fraction of one share to which the stockholder was otherwise entitled multiplied by the closing price per share of the Class A Common Stock on the NYSE on the effective date of the Reverse Stock Split.

The effects of the Reverse Stock Split have been reflected in this Quarterly Report on Form 10-Q for all periods presented.

Cautionary Statement Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q, including the information incorporated herein by reference, contains forward-looking statements regarding, among other things, the plans, strategies and prospects, both business and financial, of MoneyLion Inc. and its wholly-owned subsidiaries. These statements are based on the beliefs and assumptions of the management of MoneyLion. Although MoneyLion believes that its respective plans, intentions and expectations reflected in or suggested by these forward-looking statements are reasonable, MoneyLion cannot assure you that it will achieve or realize these plans, intentions or expectations. Generally, statements that are not historical facts, including statements concerning possible or assumed future actions, business strategies, events or results of operations, are forward-looking statements. These statements may be preceded by, followed by or include the words “believes,” “estimates,” “expects,” “projects,” “forecasts,” “may,” “will,” “should,” “seeks,” “plans,” “scheduled,” “anticipates,” or “intends” or similar expressions. The forward-looking statements are based on projections prepared by, and are the responsibility of, MoneyLion’s management.

Forward-looking statements are inherently subject to known and unknown risks and uncertainties, many of which may be beyond MoneyLion’s control. Forward-looking statements are not guarantees of future performance or outcomes, and MoneyLion’s actual performance and outcomes, including, without limitation, actual results of operations, financial condition and liquidity, and the development of the market in which MoneyLion operates, may differ materially from those made in or suggested by the forward-looking statements contained in this Quarterly Report on Form 10-Q. Factors that could cause actual results and outcomes to differ from those reflected in forward-looking statements include, without limitation:

- factors relating to the business, operations and financial performance of MoneyLion, including market conditions and global and economic factors beyond MoneyLion’s control;
- MoneyLion's ability to acquire, engage and retain customers and clients and sell or develop additional functionality, products and services to them on the MoneyLion platform;
- MoneyLion’s reliance on third-party partners, service providers and vendors, including its ability to comply with applicable requirements of such third parties;
- demand for and consumer confidence in MoneyLion’s products and services, including as a result of any adverse publicity concerning MoneyLion;
- any inaccurate or fraudulent information provided to MoneyLion by customers or other third parties;
- MoneyLion’s ability to realize strategic objectives and avoid difficulties and risks of any acquisitions, strategic investments, entries into new businesses, joint ventures, divestitures and other transactions;
- MoneyLion’s success in attracting, retaining and motivating its senior management and other key personnel;
- MoneyLion’s ability to renew or replace its existing funding arrangements and raise financing in the future, to comply with restrictive covenants related to its long-term indebtedness and to manage the effects of changes in the cost of capital;
- MoneyLion's ability to achieve or maintain profitability in the future;
- intense and increasing competition in the industries in which MoneyLion and its subsidiaries operate;
- risks related to the proper functioning of MoneyLion’s information technology systems and data storage, including as a result of cyberattacks, data security breaches or other similar incidents or disruptions suffered by MoneyLion or third parties upon which it relies;
- MoneyLion’s ability to protect its intellectual property and other proprietary rights and its ability to obtain or maintain intellectual property, proprietary rights and technology licensed from third parties;

- MoneyLion’s ability to comply with extensive and evolving laws and regulations applicable to its business and the outcome of any legal or governmental proceedings that may be instituted against MoneyLion;

- MoneyLion's ability to establish and maintain an effective system of internal controls over financial reporting;

- MoneyLion’s ability to maintain the listing of its Class A Common Stock and its publicly traded warrants to purchase Class A Common Stock (the “Public Warrants”) on the NYSE and any volatility in the market price of MoneyLion’s securities; and

- other factors detailed under Part II, Item 1A “Risk Factors” in this Quarterly Report on Form 10-Q.

These and other factors are more fully discussed in our filings with the U.S. Securities and Exchange Commission (the “SEC”), including the “Risk Factors” section in our Annual Report on Form 10-K for the year ended December 31, 2022, and Part I, Item 2 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Quarterly Report on Form 10-Q.

These forward-looking statements are based on information available as of the date of this Quarterly Report on Form 10-Q and our management’s current expectations, forecasts and assumptions, and involve a number of judgments, risks and uncertainties. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date. We undertake no obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Risk Factor Summary

Our business is subject to numerous risks and uncertainties, including those we face in connection with the successful implementation of our strategy and the growth of our business. The following considerations, among others, may offset our competitive strengths or have a negative effect on our business strategy, which could cause a decline in the price of shares of our securities and result in a loss of all or a portion of your investment:

- If we are unable to acquire new customers and clients, engage and retain our existing customers and clients or sell additional functionality, products and services to them on our platform, our business will be adversely affected.
- We depend on various third-party partners, service providers and vendors, and any adverse changes in our relationships with these third parties could materially and adversely affect our business, including if we fail to comply with applicable requirements of such third parties.
- Demand for our products or services may decline if we do not continue to innovate or respond to evolving technology or other changes.
- Adverse publicity concerning us, our business or our personnel or our failure to maintain our brand in a cost-effective manner could materially and adversely affect our business.
- If the information provided to us by customers or other third parties is incorrect or fraudulent, we may misjudge a customer's qualifications to receive our products and services and our results of operations may be harmed and could subject us to regulatory scrutiny or penalties.
- Any acquisitions, strategic investments, entries into new businesses, joint ventures, divestitures and other transactions could fail to achieve strategic objectives, disrupt our ongoing operations or result in operating difficulties, liabilities and expenses, harm its business and negatively impact our results of operations.
- We depend on our senior management team and other key personnel, and if we fail to attract, retain and motivate our personnel, our business, financial condition and results of operations could be adversely affected.
- If our existing funding arrangements are not renewed or replaced or our existing funding sources are unwilling or unable to provide funding to us on terms acceptable to us, or at all, it could have a material adverse effect on our business, financial condition, results of operations and cash flows. We may be unsuccessful in managing the effects of changes in the cost of capital on our business.
- We have a history of losses and may not achieve or maintain profitability in the future.
- Our risk management processes and procedures may not be effective.
- Our acquisition agreements contain contingent consideration, the value of which may impact future operating results and result in substantial dilution to our stockholders.
- We operate in highly competitive industries, and our inability to compete successfully would materially and adversely affect our business, financial condition, results of operations and cash flows.
- Our business may be adversely affected by economic conditions and other factors that we cannot control.
- Cyberattacks, data security breaches or other similar incidents or disruptions suffered by us or third parties upon which we rely could have a material adverse effect on our business, harm our reputation and expose us to public scrutiny or liability.
- Defects, failures or disruptions in our systems or those of third parties upon which we rely and resulting interruptions in the availability of our platform could harm our business and financial condition, harm our reputation, result in significant costs to us and expose us to substantial liability.

- We may be unable to sufficiently obtain, maintain, protect or enforce our intellectual property and other proprietary rights, or we may be unable to obtain or maintain intellectual property, proprietary rights and technology licensed from third parties, which could reduce the value of our platform, products, services and brand, impair our competitive position and cause reputational harm.
- We have in the past, and continue to be, subject to inquiries, subpoenas, exams, pending investigations, enforcement matters and litigation by state and federal regulators, the outcomes of which are uncertain and could cause reputational and financial harm to our business, financial condition, results of operations and cash flows.
- Unfavorable outcomes in legal proceedings may harm our business, financial condition, results of operations and cash flows.
- We have identified material weaknesses in our internal control over financial reporting, which subject us to additional risks and uncertainties. If we are unable to develop and maintain an effective system of internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.
- Our business is subject to extensive regulation, examination and oversight in a variety of areas, including registration and licensing requirements under federal, state and local laws and regulations. The legal and regulatory regimes governing certain of our products and services are uncertain and evolving.
- If we fail to operate in compliance with state or local licensing requirements, it could adversely affect our business, financial condition, results of operations and cash flows.
- The highly regulated environment in which our third-party financial institution partners operate may subject us to regulation and could have an adverse effect on our business, financial condition, results of operations and cash flows.
- The collection, processing, use, storage, sharing and transmission of personally identifiable information ("PII") and other sensitive data are subject to stringent and changing state, federal and international laws, regulations and standards and policies and could give rise to liabilities as a result of our failure or perceived failure to protect such data, comply with privacy and data protection laws and regulations or adhere to the privacy and data protection practices that we articulate to our customers.
- The market price of our securities, including the Class A Common Stock, may be volatile. Our failure to meet the continued listing requirements of the NYSE could result in a delisting of our securities.

The risks described above should be read together with the “Cautionary Statement Regarding Forward-Looking Statements” herein, any other risk factors set forth under Part II, Item 1A “Risk Factors” in this Quarterly Report on Form 10-Q, the “Risk Factors” section in the Annual Report on Form 10-K for the year ended December 31, 2022, our consolidated financial statements and the related notes presented in Part I, Item 1 “Financial Statements” in this Quarterly Report on Form 10-Q and the other documents that we file with the SEC. Our business, prospects, financial condition or operating results could be harmed by any of these risks, as well as other risks not currently known to us or that we currently consider immaterial.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

MONEYLION INC.
CONSOLIDATED BALANCE SHEETS
(dollar amounts in thousands, except per share amounts)
(Unaudited)

	September 30, 2023	December 31, 2022
Assets		
Cash	$ 94,266	$ 115,864
Restricted cash, including amounts held by variable interest entities (VIEs) of $4,095 and $36,235	6,750	37,845
Consumer receivables	190,152	169,976
Allowance for credit losses on consumer receivables	(32,073)	(24,841)
Consumer receivables, net, including amounts held by VIEs of $124,924 and $113,963	158,079	145,135
Enterprise receivables, net	19,109	19,017
Property and equipment, net	2,111	2,976
Intangible assets, net	180,911	194,247
Goodwill	—	26,600
Other assets	51,030	54,658
Total assets	$ 512,256	$ 596,342
Liabilities, Redeemable Convertible Preferred Stock and Stockholders' Equity		
Liabilities:		
Secured loans, net	$ 74,257	$ 88,617
Accounts payable and accrued liabilities	45,581	58,129
Warrant liability	405	337
Other debt, net, including amounts held by VIEs of $120,163 and $143,394	120,163	143,394
Other liabilities	15,870	33,496
Total liabilities	256,276	323,973
Commitments and contingencies (Note 15)		
Redeemable convertible preferred stock (Series A), $0.0001 par value; 45,000,000 shares authorized as of September 30, 2023 and December 31, 2022, 0 and 25,655,579 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	—	173,208
Stockholders' equity:		
Class A Common Stock, $0.0001 par value; 66,666,666 shares authorized as of September 30, 2023 and December 31, 2022, 10,314,235 and 10,281,902 issued and outstanding, respectively, as of September 30, 2023 and 8,619,678 and 8,587,345 issued and outstanding, respectively, as of December 31, 2022[(1)]	1	1
Additional paid-in capital	964,203	766,839
Accumulated deficit	(698,524)	(657,979)
Treasury stock at cost, 32,333 shares at September 30, 2023 and December 31, 2022[(1)]	(9,700)	(9,700)
Total stockholders' equity	255,980	99,161
Total liabilities, redeemable convertible preferred stock and stockholders' equity	$ 512,256	$ 596,342

(1)Prior period results have been adjusted to reflect the Reverse Stock Split of the Class A Common Stock at a ratio of 1-for-30 that became effective April 24, 2023. See Note 1, "Description of Business and Basis of Presentation," for details.

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

MONEYLION INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(dollar amounts in thousands, except per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
Revenue				
Service and subscription revenue	$ 107,000	$ 86,397	$ 300,978	$ 238,366
Net interest income on loan receivables	3,258	2,351	9,490	7,436
Total revenue, net	110,258	88,748	310,468	245,802
Operating expenses				
Provision for credit losses on consumer receivables	25,121	27,428	67,194	77,453
Compensation and benefits	23,511	25,619	70,491	74,160
Marketing	7,029	6,954	19,970	27,847
Direct costs	32,813	28,837	94,845	79,427
Professional services	4,968	7,546	14,485	21,486
Technology-related costs	5,891	5,327	17,540	15,241
Other operating expenses	9,824	11,209	30,038	31,820
Total operating expenses	109,157	112,920	314,563	327,434
Net income (loss) before other expense (income) and income taxes	1,101	(24,172)	(4,095)	(81,632)
Interest expense	(7,088)	(7,880)	(21,929)	(21,638)
Change in fair value of warrant liability	(81)	414	(68)	7,275
Change in fair value of contingent consideration from mergers and acquisitions	—	10,214	6,613	14,034
Goodwill impairment loss	—	—	(26,721)	—
Other income (expense)	2,358	460	5,264	(447)
Net loss before income taxes	(3,710)	(20,964)	(40,936)	(82,408)
Income tax expense (benefit)	400	53	114	(28,348)
Net loss	(4,110)	(21,017)	(41,050)	(54,060)
(Accrued) / reversal of previously accrued dividends on preferred stock	—	(1,688)	690	(4,892)
Net loss attributable to common shareholders	$ (4,110)	$ (22,705)	$ (40,360)	$ (58,952)
Net loss per share, basic and diluted[(1)]	$ (0.40)	$ (2.78)	$ (4.30)	$ (7.45)
Weighted average shares used in computing net loss per share, basic and diluted[(1)]	10,221,956	8,156,757	9,375,221	7,910,074

(1)Prior period results have been adjusted to reflect the Reverse Stock Split of the Class A Common Stock at a ratio of 1-for-30 that became effective April 24, 2023. See Note 1, "Description of Business and Basis of Presentation," for details.

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

MONEYLION INC.
CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY
(amounts in thousands, except share amounts)
(Unaudited)

	Redeemable Convertible Preferred Stock (Series A) Shares	Redeemable Convertible Preferred Stock (Series A) Amount	Class A Common Stock Shares	Class A Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	Total Stockholders' Equity
Balances at July 1, 2023	—	$ —	10,135,675	$ 1	$ 957,778	$ (694,414)	$ (9,700)	$ 253,665
Stock-based compensation	—	—	—	—	5,702	—	—	5,702
Exercise of stock options and warrants and vesting of RSUs and PSUs, net of tax withholdings	—	—	146,227	—	723	—	—	723
Net loss	—	—	—	—	—	(4,110)	—	(4,110)
Balances at September 30, 2023	—	$ —	10,281,902	$ 1	$ 964,203	$ (698,524)	$ (9,700)	$ 255,980

	Redeemable Convertible Preferred Stock (Series A) Shares	Redeemable Convertible Preferred Stock (Series A) Amount	Class A Common Stock Shares(1)	Class A Common Stock Amount(1)	Additional Paid-in Capital(1)	Accumulated Deficit	Treasury Stock	Total Stockholders' Equity
Balances at January 1, 2023	25,655,579	$ 173,208	8,587,345	$ 1	$ 766,839	$ (657,979)	$ (9,700)	$ 99,161
Stock-based compensation	—	—	—	—	16,657	—	—	16,657
Exercise of stock options and warrants and vesting of RSUs and PSUs, net of tax withholdings	—	—	319,152	—	(59)	—	—	(59)
Issuance of common stock in connection with earnout and make-whole provisions related to the acquisition of Malka Media Group LLC	—	—	110,925	—	1,914	—	—	1,914
Issuance of equity in connection with Engine Acquisition and the related contingent consideration, net of working capital adjustments	4,400,172	1,560	23,453	—	304	—	—	304
Voluntary conversion of preferred stock to common stock	(6,698)	(45)	230	—	45	—	—	45
Reversal of previously accrued dividends on preferred stock	—	—	—	—	690	—	—	690
Settlement of accrued dividends on preferred stock	—	—	229,605	—	2,976	—	—	2,976
Automatic conversion of redeemable convertible preferred stock (Series A)	(30,049,053)	(174,723)	1,012,093	—	174,849	—	—	174,849
Other	—	—	(901)	—	(12)	505	—	493
Net loss	—	—	—	—	—	(41,050)	—	(41,050)
Balances at September 30, 2023	—	$ —	10,281,902	$ 1	$ 964,203	$ (698,524)	$ (9,700)	$ 255,980

MONEYLION INC.
CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY
(amounts in thousands, except share amounts)
(Unaudited)

	Redeemable Convertible Preferred Stock (Series A)		Class A Common Stock		Additional	Accumulated	Treasury	Total Stockholders'
	Shares	Amount	Shares [(1)]	Amount [(1)]	Paid-in Capital[(1)]	Deficit	Stock	Equity
Balances at July 1, 2022	28,693,931	$ 193,647	8,065,027	$ 1	$ 731,939	$ (501,956)	$ (9,700)	$ 220,284
Stock-based compensation	—	—	—	—	5,127	—	—	5,127
Exercise of stock options and warrants and vesting of RSUs and PSUs, net of tax withholdings	—	—	74,016	—	440	—	—	440
Issuance of common stock in connection with earnout and make-whole provisions related to the acquisition of Malka Media Group LLC	—	—	206,535	—	5,532	—	—	5,532
Issuance of options and preferred stock in connection with Engine Acquisition, net of working capital adjustments	(37,810)	(255)	—	—	—	—	—	—
Conversion of preferred stock to common stock	(3,000,542)	(20,250)	100,018	—	20,250	—	—	20,250
Accrued dividends on preferred stock	—	—	—	—	(1,688)	—	—	(1,688)
Net loss	—	—	—	—	—	(21,017)	—	(21,017)
Balances at September 30, 2022	25,655,579	$ 173,142	8,445,596	$ 1	$ 761,600	$ (522,973)	$ (9,700)	$ 228,928

	Redeemable Convertible Preferred Stock (Series A)		Class A Common Stock		Additional	Accumulated	Treasury	Total Stockholders'
	Shares	Amount	Shares[(1)]	Amount[(1)]	Paid-in Capital[(1)]	Deficit	Stock	Equity
Balances at January 1, 2022	—	$ —	7,682,748	$ 1	$ 701,256	$ (469,873)	$ (9,700)	$ 221,684
Stock-based compensation	—	—	—	—	13,643	—	—	13,643
Exercise of stock options and warrants and vesting of RSUs and PSUs, net of tax withholdings	—	—	154,761	—	1,217	—	—	1,217
Issuance of common stock in connection with earnout and make-whole provisions related to the acquisition of Malka Media Group LLC	—	—	508,069	—	22,250	—	—	22,250
Issuance of options and preferred stock in connection with Engine Acquisition, net of working capital adjustments	28,656,121	193,392	—	—	8,963	—	—	8,963
Conversion of preferred stock to common stock	(3,000,542)	(20,250)	100,018	—	20,250	—	—	20,250
Accrued dividends on preferred stock	—	—	—	—	(4,892)	—	—	(4,892)
Other	—	—	—	—	(1,087)	960	—	(127)
Net loss	—	—	—	—	—	(54,060)	—	(54,060)
Balances at September 30, 2022	25,655,579	$ 173,142	8,445,596	$ 1	$ 761,600	$ (522,973)	$ (9,700)	$ 228,928

(1)Prior period results have been adjusted to reflect the Reverse Stock Split of the Class A Common Stock at a ratio of 1-for-30 that became effective April 24, 2023. See Note 1, "Description of Business and Basis of Presentation," for details.

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

MONEYLION INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(amounts in thousands)
(Unaudited)

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Cash flows from operating activities:				
Net loss	$ (4,110)	$ (21,017)	$ (41,050)	$ (54,060)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Provision for losses on receivables	25,121	27,428	67,194	77,453
Depreciation and amortization expense	6,106	6,157	18,403	15,584
Change in deferred fees and costs, net	380	700	1,778	1,405
Change in fair value of warrants	81	(414)	68	(7,275)
Change in fair value of contingent consideration from mergers and acquisitions	—	(10,214)	(6,613)	(14,034)
Gains on foreign currency translation	—	(151)	(178)	(209)
Expenses related to debt modification and prepayments	—	—	—	730
Goodwill impairment loss	—	—	26,721	—
Stock compensation expense	5,702	5,127	16,657	13,643
Deferred income taxes	(17)	—	(510)	(28,442)
Changes in assets and liabilities, net of effects of business combination:				
Accrued interest receivable	(166)	118	(404)	87
Enterprise receivables, net	2,144	(3,308)	(278)	(4,960)
Other assets	(733)	(6,084)	3,627	(9,104)
Accounts payable and accrued liabilities	2,771	2,270	(5,878)	3,113
Other liabilities	(1,207)	(998)	(5,422)	(3,827)
Net cash provided by (used in) operating activities	36,072	(386)	74,115	(9,896)
Cash flows from investing activities:				
Net originations and collections of finance receivables	(26,448)	(24,612)	(79,280)	(76,559)
Purchase of property and equipment and software development	(1,527)	(3,452)	(4,202)	(6,464)
Acquisition of Engine, net of cash acquired	—	—	—	(18,584)
Settlement of contingent consideration related to mergers and acquisitions	—	—	(1,116)	—
Net cash used in investing activities	(27,975)	(28,064)	(84,598)	(101,607)
Cash flows from financing activities:				
Repayments to secured/senior lenders	(10,000)	(1)	(15,000)	(24,029)
Fees related to debt prepayment	—	—	—	(375)
Net (repayments to) proceeds from special purpose vehicle credit facilities	—	—	(24,000)	10,000
Borrowings from secured lenders	—	—	—	69,300
Payment of deferred financing costs	—	—	(132)	(1,625)
Payments related to the automatic conversion of redeemable convertible preferred stock (Series A) in lieu of fractional shares of common stock and dividends on preferred stock	—	—	(3,007)	—
Proceeds (payments) related to issuance of common stock related to exercise of stock options and warrants, net of tax withholdings related to vesting of stock-based compensation	723	440	(59)	1,217
Other	22	—	(12)	—
Net cash (used in) provided by financing activities	(9,255)	439	(42,210)	54,488
Net change in cash and restricted cash	(1,158)	(28,011)	(52,693)	(57,015)
Cash and restricted cash, beginning of period	102,174	217,220	153,709	246,224
Cash and restricted cash, end of period	$ 101,016	$ 189,209	$ 101,016	$ 189,209
Supplemental disclosure of cash flow information:				
Cash paid for interest	$ 6,738	$ 7,515	$ 21,246	$ 19,777
Supplemental disclosure of non-cash investing and financing activities:				
Voluntary conversion of preferred stock to common stock	$ —	$ 20,250	$ 45	$ 20,250
Automatic conversion of redeemable convertible preferred stock (Series A) to common stock	$ —	$ —	$ 174,849	$ —
Reversal of previously accrued / (accrued) dividends on preferred stock	$ —	$ (1,688)	$ 690	$ (4,892)
Issuance of common stock to settle accrued dividends on preferred stock and Preferred Stock Equivalents	$ —	$ —	$ 3,280	$ —
Equity issued as consideration for mergers and acquisitions	$ —	$ (255)	$ 1,864	$ 202,355
Equity issued as settlement of contingent consideration related to Malka Acquisition	$ —	$ 5,532	$ 1,914	$ 22,250
Equity issued as settlement of contingent consideration related to Engine Acquisition	$ —	$ —	$ 1,440	$ —
Contingent consideration issued related to mergers and acquisitions	$ —	$ —	$ —	$ 45,336
Lease liabilities incurred in exchange for operating right-of-use assets	$ —	$ —	$ —	$ 7,568

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

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

MoneyLion Inc. (“MoneyLion” or the “Company”) was founded in 2013 and is headquartered in New York, New York. On September 22, 2021, MoneyLion Inc., formerly known as Fusion Acquisition Corp., consummated a business combination (the “Business Combination”) with MoneyLion Technologies Inc., formerly known as MoneyLion Inc. Following the Business Combination, MoneyLion Inc. became a publicly traded company, with MoneyLion Technologies Inc. continuing the existing business operations as a subsidiary of MoneyLion Inc. MoneyLion Inc.’s Class A common stock, par value $0.0001 per share (the “Class A Common Stock”), is listed on the New York Stock Exchange (the “NYSE”) under the ticker symbol “ML.”

MoneyLion is the go-to destination for consumer financial products and services and marketplace solutions, providing curated money-related content to engage, educate and empower customers. MoneyLion offers its core suite of innovative first-party financial products and services, along with personalized and actionable financial and non-financial offers in its Consumer marketplace. MoneyLion powers leading embedded finance marketplace solutions for its Enterprise Partners (as defined herein), connecting and matching consumers with real-time, personalized product and service recommendations through its proprietary integrative technology, and provides complementary data products and services that optimize their marketplace integrations and competitiveness. MoneyLion also offers creative media and marketing services to clients across industries through its media division and leverages these same creative resources to produce and deliver engaging and dynamic content in support of MoneyLion's product and service offerings.

On November 15, 2021, MoneyLion completed its acquisition of Malka Media Group LLC ("MALKA" and such transaction, the “MALKA Acquisition”). MALKA forms the basis of MoneyLion's media division and provides MoneyLion with the creative capabilities to produce and deliver engaging and dynamic content in support of MoneyLion's product and service offerings. MALKA also offers creative media and marketing services to clients in MoneyLion's Enterprise business. The MALKA Acquisition accelerated MoneyLion's ability to engage consumers across digital media, allowing it to directly connect with communities natively inside and outside of the MoneyLion platform.

On February 17, 2022, MoneyLion completed its acquisition of Even Financial Inc., which was subsequently renamed to ML Enterprise Inc., doing business as the brand Engine by MoneyLion ("Engine" and such acquisition, the “Engine Acquisition”). Engine powers the leading embedded finance marketplace solutions MoneyLion offers to its Enterprise Partners through which consumers are connected and matched with real-time, personalized financial product and service recommendations. For the over 1,100 Enterprise Partners in MoneyLion's network who integrate MoneyLion's software platform onto their properties, MoneyLion enables a more simple and efficient system of customer acquisition and also provides value-added data analytics and reporting services to enable them to better understand the performance of their marketplace programs and optimize their business over time. The Engine Acquisition expanded MoneyLion's addressable market, extended the reach of its own products and services and diversified its revenue mix.

Basis of Presentation—The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and the rules and regulations of the Securities and Exchange Commission ("SEC"). The consolidated financial statements include the accounts of MoneyLion Inc. and its wholly owned subsidiaries and consolidated variable interest entities (“VIEs”) for which the Company is the primary beneficiary. All intercompany transactions and balances have been eliminated in consolidation. The Company does not have any items of other comprehensive loss; therefore, there is no difference between net loss and comprehensive loss for the three and nine months ended September 30, 2023 and 2022.

Reverse Stock Split—On April 24, 2023, the Company amended the Company's Fourth Amended and Restated Certificate of Incorporation (as amended from time to time, the "Certificate of Incorporation") to effect, effective as of 5:01 p.m. Eastern Time on April 24, 2023, a 1-for-30 reverse stock split (the "Reverse Stock Split") of the Class A Common Stock. At the effective time of the Reverse Stock Split, every 30 shares of Class A Common Stock either issued and outstanding or held as treasury stock were automatically reclassified into one new share of Class A Common Stock, and the total number of shares of Class A Common Stock authorized for issuance was reduced by a corresponding proportion from 2,000,000,000 shares to 66,666,666 shares. The Reverse Stock Split was approved by the Company's stockholders at a Special Meeting of Stockholders on April 19, 2023 and approved by the Board of Directors on April 21, 2023. The primary goal of the Reverse Stock Split was to increase the per share price of the Class A Common Stock in order to meet the minimum per share price requirement for continued listing on the NYSE. The Class A Common Stock began trading on the NYSE on an as-adjusted basis on April 25, 2023 under the existing trading symbol "ML."

In addition, as a result of the Reverse Stock Split, proportionate adjustments were made to the number of shares of Class A Common Stock underlying the Company’s outstanding equity awards, the number of shares issuable upon the exercise of the Company’s outstanding warrants and the number of shares issuable under the Company’s equity incentive plans and certain existing agreements, as well as the exercise, grant and acquisition prices of such equity awards and warrants, as applicable. Furthermore, proportionate adjustments were made to the conversion factor at which the Company’s previously outstanding Series A Convertible Preferred Stock, par value $0.0001 per share (the “Series A Preferred Stock”), were converted to Class A Common Stock. The total number of shares of preferred stock of the Company authorized for issuance remained at 200,000,000. Stockholders who would have been entitled to receive fractional shares as a result of the Reverse Stock Split were instead entitled to a cash payment in lieu thereof at a price equal to the fraction of one share to which the stockholder was otherwise entitled multiplied by the closing price per share of the Class A Common Stock on the NYSE on the effective date of the Reverse Stock Split.

The effects of the Reverse Stock Split have been reflected in these consolidated financial statements and the accompanying footnotes for all periods presented, which includes adjusting the description of any activity that may have been transacted on a pre-Reverse Stock Split basis.

Receivable Funding—The Company's primary source of funding for originated receivables is special purpose vehicle financings from third-party institutional lenders. For more information, Note 8, “Debt” and Note 7, “Variable Interest Entities” of the Company’s Notes to Consolidated Financial Statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 for discussion of the ROAR 1 SPV Credit Facility and the ROAR 2 SPV Credit Facility (each as defined in Company’s Annual Report on Form 10-K for the year ended December 31, 2022) and VIE considerations related to the ROAR 1 SPV Credit Facility and the ROAR 2 SPV Credit Facility, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In the opinion of the Company, the accompanying consolidated financial statements contain all adjustments, consisting of normal recurring adjustments and adjustments to eliminate intercompany transactions and balances, necessary for a fair presentation of its financial position and its results of operations, changes in redeemable convertible preferred stock and stockholders' equity and cash flows.

The Company's accounting policies are set forth in Note 2, "Summary of Significant Accounting Policies" of the Company's Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022. Included herein are certain updates to those policies and the related disclosures.

Revenue Recognition and Related Receivables—The following table summarizes revenue by type for the three and nine months ended September 30, 2023 and 2022:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
Consumer revenues				
Service and subscription fees	$ 67,841	$ 52,109	$ 196,547	$ 149,271
Net interest income on finance receivables	3,258	2,351	9,490	7,436
Total consumer revenues	71,099	54,460	206,037	156,707
Enterprise service revenues	39,159	34,288	104,431	89,095
Total revenue, net	$ 110,258	$ 88,748	$ 310,468	$ 245,802

Allowance for Losses on Receivables—An allowance for losses on consumer receivables is established to provide for current expected credit losses in the Company's consumer receivables at the balance sheet date and is established through a provision for losses on receivables. Charge-offs, net of recoveries, are charged directly to the allowance. The allowance is based on management's assessment of many factors, including changes in the nature, volume, and risk characteristics of the consumer receivables portfolio, including trends in delinquency and charge-offs and current economic conditions that may affect the consumer's ability to pay. The allowance is developed on a general basis and each period management assesses each product type by origination cohort in order to determine the forecasted performance of those cohorts and arrive at an appropriate allowance rate for that period. While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in any of the factors.

The Company's charge-off policy is to charge-off finance receivables for loans and related accrued interest receivables, net of expected recoveries, in the month in which the account becomes 90 days contractually past due and charge-off finance receivables for Instacash advances and related fee receivables in the month in which the account becomes 90 days past due effective January 1, 2023 and 60 days past due prior to January 1, 2023. If an account is deemed to be uncollectable prior to this date, the Company will charge-off the receivable in the month it is deemed uncollectable.

The Company determines the past due status using the contractual terms of the finance receivables. This is the credit quality indicator used to evaluate the required allowance for losses on finance receivables for each portfolio of products.

An allowance for losses on service and subscription fee receivables is established to provide for current expected credit losses in the Company's service and subscription fee receivables at the balance sheet date and is established through a provision for losses on receivables. Charge-offs, net of recoveries, are charged directly to the allowance. The allowance is based on management's assessment of historical charge-offs and recoveries on these receivables, as well as certain qualitative factors including current economic conditions that may affect the customers' ability to pay.

Receivables from enterprise services have a low rate of default, and as such the related allowance is not material. The Company monitors enterprise receivable default rates for any indication of a deterioration in average credit quality that may result in more material levels of allowance for losses.

Fair Value of Financial Instruments—Accounting Standards Codification ("ASC") 820, *Fair Value Measurement* (“ASC 820”), provides a single definition of fair value and a common framework for measuring fair value as well as disclosure requirements for fair value measurements used in financial statements. Under ASC 820, fair value is determined based upon the exit price that would be received by a company to sell an asset or paid by a company to transfer a liability in an orderly transaction between market participants, exclusive of any transaction costs. Fair value measurements are determined by either the principal market or the most advantageous market. The principal market is the market with the greatest level of activity and volume for the asset or liability. Absent a principal market to measure fair value, the Company uses the most advantageous market, which is the market from which the Company would receive the highest selling price for the asset or pay the lowest price to settle the liability, after considering transaction costs. However, when using the most advantageous market, transaction costs are only considered to determine which market is the most advantageous and these costs are then excluded when applying a fair value measurement. ASC 820 creates a three-level hierarchy to prioritize the inputs used in the valuation techniques to derive fair values. The basis for fair value measurements for each level within the hierarchy is described below, with Level 1 having the highest priority and Level 3 having the lowest.

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 quoted prices, such as quoted prices for similar assets and liabilities in active markets, quoted prices in markets that are not active for identical or similar assets and liabilities, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Valuations are based on inputs that are unobservable and significant to the overall fair value measurement of the assets or liabilities. Inputs reflect management’s best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

The Company has no assets measured at fair value on a recurring or non-recurring basis as of September 30, 2023 nor December 31, 2022. Liabilities measured at fair value on a recurring basis as of September 30, 2023 and December 31, 2022 are the Private Placement Warrants (as defined herein) and contingent consideration related to mergers and acquisitions, which are further described in Note 13, "Stock Warrants," and Note 16, "Mergers and Acquisitions," respectively. The Company has no liabilities measured at fair value on a non-recurring basis as of September 30, 2023 nor December 31, 2022. There have been no transfers between levels during the nine months ended September 30, 2023 and 2022.

The Company also has financial instruments which are not measured at fair value. The Company has evaluated cash, restricted cash, consumer receivables, net, enterprise receivables, net, receivables from payment processors, prepaid expenses, accounts payable and accrued liabilities and other financial instrument assets and liabilities, and believes the carrying value approximates the fair value due to the short-term nature of these balances. The fair value of the secured loans, other debt and lease liabilities approximate their carrying values.

Goodwill—The Company performed goodwill impairment testing annually on the last day of the fiscal year or more frequently if indicators of potential impairment exist until goodwill was fully impaired as described below. A potential impairment indicator was identified on each of June 30, 2022, September 30, 2022, December 31, 2022 and June 30, 2023 due to a decline in the price of the Class A Common Stock and the Company's related market capitalization and, as such, the Company performed a goodwill impairment test as of June 30, 2022, September 30, 2022, December 31, 2022 and June 30, 2023. The goodwill impairment test is performed at the consolidated company level since the Company represents one reporting unit.

The Company first evaluates whether it is more likely than not that the fair value of the reporting unit has fallen below its carrying amount. No indicators of fair value falling below the reporting unit carrying amount were noted on a quantitative or qualitative basis during the June 30, 2022 assessment nor the September 30, 2022 assessment.

The June 30, 2022 and September 30, 2022 assessments indicated that the fair value of the reporting unit exceeded the reporting unit's carrying value. The fair value of the reporting unit was calculated by valuing the Class A Common Stock and the Company's Series A Preferred Stock, primarily based on the Class A Common Stock price per share. The calculation of fair value also includes an estimated control premium based on consultation between the Company's management and third-party valuation specialists.

The December 31, 2022 assessment indicated that the carrying value of the reporting unit exceeded the reporting unit's fair value, resulting in a goodwill impairment loss of $136,760, which also represents the accumulated impairment losses related to goodwill as of December 31, 2022. Determining the fair value of the reporting unit required the use of estimates and the exercise of significant judgment, which are inherently subjective in nature. For quantitative goodwill impairment testing, the fair value of the reporting unit was calculated using a blend of a discounted cash flow method and a guideline public company method.

The discounted cash flow method calculation estimates the future cash flows from the reporting unit using a multi-year forecast, and a terminal value calculated using a long-term growth rate that was informed based on our industry, analyst reports of a public company peer set, current and expected future economic conditions and management expectations. The discount rate used to discount these future cash flows was determined using a capital asset pricing model based on the market value of equity of a public company peer set, adjusted for risk characteristics and expectations specific to the reporting unit, combined with an assessment of the cost of debt. The discount rates used for the reporting unit in the Company's December 31, 2022 impairment analysis was 30.5%, and the Company applied a terminal year long-term growth rate of 3.0%.

The guideline public company method utilized the Company's historical and forecasted revenue to enterprise value ratio to determine revenue multiples to calculate the enterprise value of the reporting unit. The guideline public company method also includes an estimated control premium based on consultation between the Company's management and third-party valuation specialists.

The June 30, 2023 assessment indicated that the carrying value of the reporting unit exceeded the reporting unit's fair value, resulting in a goodwill impairment loss of $26,721, which in turn resulted in a full impairment of goodwill. Determining the fair value of the reporting unit required the use of estimates and the exercise of significant judgment, which are inherently subjective in nature. For quantitative goodwill impairment testing, the fair value of the reporting unit was calculated by valuing the Class A Common Stock based on the Class A Common Stock price per share. The calculation of fair value also included an estimated control premium based on consultation between the Company's management and third-party valuation specialists.

Intangible Assets—The Company’s intangible assets are made up of internal use software and acquired proprietary technology, customer relationships and trade names. The Company capitalizes qualifying internal use software development costs that are incurred during the application development stage, provided that management with the relevant authority authorizes the project, it is probable the project will be completed, and the software will be used to perform the function intended. Costs incurred during the application development stage internally or externally are capitalized and amortized on a straight-line basis over the expected useful life of five years. Costs related to preliminary project activities and post-implementation operation activities, including training and maintenance, are expensed as incurred.

Recently Adopted Accounting Pronouncements—The Company adopted Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*, effective January 1, 2022, and applied the changes prospectively, recognizing a cumulative-effect adjustment to the beginning balance of retained earnings as of the adoption date. As permitted by the new guidance, the Company elected the package of practical expedients, which among other things, allowed historical lease classification to be carried forward. Upon adoption of the ASU No. 2016-02, the Company recognized an aggregate lease liability and right-of-use asset of $3,551, calculated based on the present value of the remaining minimum lease payments for qualifying leases as of January 1, 2022. The cumulative-effect adjustment recognized to the beginning balance of accumulated deficit was not material. The adoption of the new guidance did not impact the Company's unaudited consolidated interim statements of operations or cash flows.

The Company adopted ASU No. 2019-12, Simplifying the Accounting for Income Taxes (Topic 740) during the fourth quarter of fiscal year 2022. The amendments in the updated guidance simplify the accounting for income taxes by removing certain exceptions and improving consistent application of other areas of the topic by clarifying the guidance. The adoption of ASU No. 2019-12 did not have a material impact on the Company's financial statements or the related notes.

The Company adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which, along with subsequent related ASUs, creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of operations as the amounts expected to be collected change. The Company adopted ASU 2016-13 and the related subsequent ASUs effective January 1, 2023, and applied the changes prospectively, recognizing a cumulative-effect adjustment to the beginning balance of retained earnings as of the adoption date. Upon adoption, the Company increased consumer receivables, net by $692, decreased enterprise receivables, net by $187 and reduced accumulated deficit by $505. The adoption of the new guidance did not impact the Company's unaudited consolidated interim statements of operations or cash flows.

Recently Issued Accounting Pronouncements Not Yet Adopted—The Company currently qualifies as an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012. Accordingly, the Company has the option to adopt new or revised accounting guidance either (i) within the same periods as those otherwise applicable to non-emerging growth companies or (ii) within the same time periods applicable to private companies. The Company has elected to adopt new or revised accounting guidance within the same time period as private companies, unless, as indicated below, management determines it is preferable to take advantage of early adoption provisions offered within the applicable guidance.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitating of the Effects of Reference Rate Reform on Financial Reporting* and subsequently issued ASU No. 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*, which provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships and other transactions in which the reference London Interbank Offered Rate ("LIBOR") or another reference rate is expected to be discontinued as a result of the Reference Rate Reform. These ASUs are intended to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. The new guidance is effective for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022 and the expedients are available through December 31, 2024. Early adoption is permitted. The Company has no significant contracts based on LIBOR as of September 30, 2023. As such, the Company currently does not intend to elect the optional expedients and exceptions.

3. CONSUMER RECEIVABLES

The Company’s finance receivables consist of secured personal loans and principal amounts of Instacash advances. Secured loan principal balances are partially given to the borrower upon origination while the remaining balance is deposited into an escrow account. The funds in the escrow account may be used to pay the secured personal loan in full or can be released to the borrower once the secured personal loan is paid in full. Until such time, the funds in the escrow account may be collected by the Company in the event the borrower becomes contractually past due. Accrued interest receivables represent the interest accrued on the loan receivables based upon the daily principal amount outstanding except for loans that are on nonaccrual status.

The Company’s policy is to suspend recognition of interest income on secured personal loans and place the secured personal loan on nonaccrual status when the account is more than 60 days past due on a contractual basis or when, in the Company’s estimation, the collectability of the account is uncertain, and the account is less than 90 days contractually past due. Any accrued interest receivable that becomes 90 days past due on a contractual basis is charged-off by reversing net interest income on loan receivables. Net charge-offs of accrued interest income were $396 and $568 for the three months ended September 30, 2023 and 2022 and $1,069 and $1,614 for the nine months ended September 30, 2023 and 2022.

Fees receivables represent the amounts due to the Company for tips and instant transfer fees related to the Instacash earned wage access product. Subscription receivables represent the amounts billed to customers for subscription services.

The credit quality and future repayment of consumer receivables are dependent upon the customer’s ability to perform under the terms of the agreement. Factors such as unemployment rates and housing values, among others, may impact the customer’s ability to perform under the loan or Instacash advance terms though no direct correlation between charge-off rates and these factors has been identified in the Company's analysis. When assessing provision for losses on consumer receivables, the Company takes into account the composition and delinquency status of the outstanding consumer receivables and the related forecasted principal loss rates based on recent historical experience. Recent historical loss rates are updated on a quarterly basis. Charge-offs of consumer receivable balances occur after becoming ninety days past contractually due unless specific circumstances are identified on an individual or group of receivables that indicate charge-off is not appropriate. The level of exceptions to charge-offs occurring once ninety days past due is not material. Consumer receivable charge-offs typically occur within one year of origination. The tables below show consumer receivables balances as of September 30, 2023 and December 31, 2022 and the consumer receivables activity, charge-off rates and aging by product for the three and nine months ended September 30, 2023 and 2022.

Consumer receivables consisted of the following:

	September 30, 2023	December 31, 2022
Loan receivables	$ 73,842	$ 73,451
Instacash receivables	97,586	77,688
Finance receivables	171,428	151,139
Fees receivable	13,671	14,019
Subscription receivables	3,487	3,419
Deferred loan origination costs	94	331
Accrued interest receivable	1,472	1,068
Consumer receivables, before allowance for credit losses	$ 190,152	$ 169,976

Changes in the allowance for losses on loan receivables were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Beginning balance	$ 6,249	$ 5,757	$ 5,784	$ 6,494
Provision for credit losses on receivables	3,205	1,344	6,808	7,445
Loan receivables charged off	(3,660)	(5,089)	(10,417)	(13,494)
Recoveries	808	3,331	4,427	4,898
Ending balance	$ 6,602	$ 5,343	$ 6,602	$ 5,343

Changes in the allowance for losses on Instacash receivables were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Beginning balance	$ 22,311	$ 16,401	$ 23,240	$ 15,131
Provision for credit losses on receivables	17,846	22,275	46,348	59,232
Instacash receivables charged off	(23,217)	(28,681)	(62,815)	(75,360)
Recoveries	4,820	6,332	14,987	17,324
Ending balance	$ 21,760	$ 16,327	$ 21,760	$ 16,327

Changes in the allowance for losses on fees receivable were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Beginning balance	$ 2,100	$ 548	$ 908	$ 420
Provision for credit losses on receivables	2,628	2,553	10,671	6,758
Fees receivable charged off	(2,957)	(3,246)	(11,082)	(8,731)
Recoveries	627	744	1,901	2,152
Ending balance	$ 2,398	$ 599	$ 2,398	$ 599

Changes in the allowance for losses on subscription receivables were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Beginning balance	$ 1,095	$ 418	$ 1,292	$ 278
Provision for credit losses on receivables	1,442	1,256	3,367	4,018
Subscription receivables charged off	(1,452)	(1,487)	(4,173)	(4,426)
Recoveries	228	177	827	494
Ending balance	$ 1,313	$ 364	$ 1,313	$ 364

The following is an assessment of the repayment performance of loan receivables as of September 30, 2023 and December 31, 2022 and presents the contractual delinquency of the loan receivables portfolio:

	September 30, 2023		December 31, 2022	
	Amount	Percent	Amount	Percent
Current	$ 63,385	85.9 %	$ 63,578	86.6 %
Delinquency:				
31 to 60 days	5,856	7.9 %	5,579	7.6 %
61 to 90 days	4,601	6.2 %	4,294	5.8 %
Total delinquency	10,457	14.1 %	9,873	13.4 %
Loan receivables before allowance for credit losses	$ 73,842	100.0 %	$ 73,451	100.0 %

Loan receivables that are 61 to 90 days contractually past due are placed on non-accrual status.

The following is an assessment of the repayment performance of Instacash receivables as of September 30, 2023 and December 31, 2022 and presents the contractual delinquency of the Instacash receivables portfolio:

	September 30, 2023		December 31, 2022	
	Amount	Percent	Amount	Percent
Current	$ 82,813	84.9 %	$ 70,003	90.1 %
Delinquency:				
31 to 60 days	7,953	8.1 %	7,685	9.9 %
61 to 90 days	6,820	7.0 %	—	0.0 %
Total delinquency	14,773	15.1 %	7,685	9.9 %
Instacash receivables before allowance for credit losses	$ 97,586	100.0 %	$ 77,688	100.0 %

The following is an assessment of the repayment performance of fees receivable as of September 30, 2023 and December 31, 2022 and presents the contractual delinquency of the fees receivable portfolio:

	September 30, 2023		December 31, 2022	
	Amount	Percent	Amount	Percent
Current	$ 11,579	84.7 %	$ 10,645	75.9 %
Delinquency:				
31 to 60 days	1,118	8.2 %	3,374	24.1 %
61 to 90 days	974	7.1 %	—	0.0 %
Total delinquency	2,092	15.3 %	3,374	24.1 %
Fees receivable before allowance for credit losses	$ 13,671	100.0 %	$ 14,019	100.0 %

The following is an assessment of the repayment performance of subscription receivables as of September 30, 2023 and December 31, 2022 and presents the contractual delinquency of the subscription receivables portfolio:

	September 30, 2023		December 31, 2022	
	Amount	Percent	Amount	Percent
Current	$ 2,477	71.1 %	$ 2,487	72.8 %
Delinquency:				
31 to 60 days	569	16.3 %	534	15.6 %
61 to 90 days	441	12.6 %	398	11.6 %
Total delinquency	1,010	28.9 %	932	27.2 %
Subscription receivables before allowance for credit losses	$ 3,487	100.0 %	$ 3,419	100.0 %

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	September 30, 2023	December 31, 2022
Leasehold improvements	$ 1,914	$ 1,970
Furniture and fixtures	720	853
Computers and equipment	2,316	2,298
	4,950	5,121
Less: accumulated depreciation	(2,839)	(2,145)
Furniture and equipment, net	$ 2,111	$ 2,976

Total depreciation expense related to property and equipment was $225 and $318 for the three months ended September 30, 2023 and 2022, respectively, and $812 and $805 for the nine months ended September 30, 2023 and 2022, respectively.

5. INTANGIBLE ASSETS

Changes in goodwill were as follows:

	Goodwill Before Impairment	Cumulative Goodwill Impairments	Goodwill
Balance at December 31, 2022	$ 163,360	$ (136,760)	$ 26,600
Goodwill impairment loss	—	(26,721)	$ (26,721)
Other	121	—	121
Balance at September 30, 2023	$ 163,481	$ (163,481)	$ —

Intangible assets consisted of the following:

	Useful Life	September 30, 2023	December 31, 2022
Proprietary technology and capitalized internal-use software	3 - 7 years	$ 41,556	$ 41,495
Work in process		1,672	1,812
Customer relationships	10 - 15 years	160,500	160,500
Trade names	9 - 15 years	15,960	16,620
Less: accumulated amortization		(38,777)	(26,180)
Intangible assets, net		$ 180,911	$ 194,247

The Company capitalizes certain internal-use software development costs, consisting primarily of contractor costs and employee salaries and benefits allocated to the software. Capitalization of costs incurred in connection with internally developed software commences when both the preliminary project stage is completed and management has authorized further funding for the project, based on a determination that it is probable the project will be completed and used to perform the function intended. Costs incurred for enhancements that are expected to result in additional functionalities are capitalized in a similar manner. Capitalization of costs ceases no later than the point at which the project is substantially complete and ready for its intended use, at which point amortization of capitalized costs begins. All other costs are expensed as incurred. Costs capitalized in connection with internally developed software were $1,454 and $2,281 for the three months ended September 30, 2023 and 2022, respectively, and were $4,305 and $5,069 during the nine months ended September 30, 2023 and 2022, respectively.

For the three months ended September 30, 2023 and 2022, total amortization expense was $5,881 and $5,838, respectively. For the nine months ended September 30, 2023 and 2022, total amortization expense was $17,591 and $14,778, respectively.

The following table summarizes estimated future amortization expense of intangible assets placed in service at September 30, 2023 for the years ending:

Remainder of 2023	$	5,890
2024		23,546
2025		23,546
2026		23,546
2027		22,974
Thereafter		79,737
	$	179,239

6. OTHER ASSETS

Other assets consisted of the following:

	September 30, 2023	December 31, 2022
Receivable from payment processors	$ 34,933	$ 32,881
Prepaid expenses	5,958	8,804
Operating lease right-of-use assets	7,158	9,123
Other	2,981	3,850
Total other assets	$ 51,030	$ 54,658

7. VARIABLE INTEREST ENTITIES

The Company's primary source of funding for originated receivables is special purpose vehicle financings from third-party lenders (the "SPV Credit Facilities"). The Company may sell certain loan and Instacash receivables to wholly owned, bankruptcy-remote special purpose subsidiaries (the "SPV Borrowers"), which pledge such receivables as collateral to support the financing of additional receivables. The underlying loan and Instacash receivables are originated and serviced by other wholly owned subsidiaries of the Company. The SPV Borrowers are required to maintain pledged collateral consisting of loan and Instacash receivables with a net asset balance that equals or exceeds 90% of the aggregate principal amounts of the loans financed through the SPV Credit Facilities. Proceeds received from the SPV Credit Facilities can only be used to purchase loan and Instacash receivables. The payments and interest, as applicable, received from the loan and Instacash receivables held by the SPV Borrowers are used to repay obligations under the SPV Credit Facilities. While the SPV Credit Facilities and related agreements provide assurances to the third-party lenders regarding the quality of loan and Instacash receivables and certain origination and servicing functions to be performed by other wholly owned subsidiaries of the Company, the third-party lender may absorb losses in the event that the payments and interest, as applicable, received in connection with the loan and Instacash receivables are not sufficient to repay the loans made through the SPV Credit Facilities.

The Company is required to evaluate the SPV Borrowers for consolidation, which the Company has concluded are VIEs. The Company has the ability to direct the activities of the SPV Borrowers that most significantly impact the economic performance of the wholly owned subsidiaries that act as the originators and servicer of the loan and Instacash receivables held by the SPV Borrowers. Additionally, the Company has the obligation to absorb losses related to the pledged collateral in excess of the aggregate principal amount of the receivables and the right to proceeds related to the excess loan and Instacash receivables securing the SPV Credit Facilities once all loans and interest under such SPV Credit Facilities are repaid, which exposes the Company to losses and returns that could potentially be significant to the SPV Borrowers. Accordingly, the Company determined it is the primary beneficiary of the SPV Borrowers and is required to consolidate them as indirect wholly owned VIEs. For more information, see Note 9, "Debt" in Part II, Item 8 of the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

8. DEBT

The Company’s debt as of September 30, 2023 and December 31, 2022 is presented below:

	September 30, 2023	December 31, 2022
Monroe Term Loans	$ 75,000	$ 90,000
Unamortized discounts and debt issuance costs	(743)	(1,383)
Total secured loans, net	$ 74,257	$ 88,617
ROAR 1 SPV Credit Facility	$ 63,000	$ 83,000
ROAR 2 SPV Credit Facility	59,000	63,000
Unamortized discounts and debt issuance costs	(1,837)	(2,606)
Total other debt, net	$ 120,163	$ 143,394

For more information regarding debt instruments outstanding as of December 31, 2022, see Note 9, “Debt” in Part II, Item 8 of the Company’s Annual Report on Form 10-K for the year ended December 31, 2022.

The Monroe Term Loans (as defined below) are comprised of term loans with a principal balance of $70.0 million (the "Term A-1 Loans") and term loans with a principal balance of $5.0 million (the "Term A-2 Loans" and together with the Term A-1 Loans, the "Monroe Term Loans"). The interest rate as of September 30, 2023 on the Term A-1 Loans and Term A-2 Loans was 14.75% and 14.25%, respectively.

Amendment to Monroe Term Loans—The Company is party to the Credit Agreement, dated as of March 24, 2022 (as amended by Amendment No. 1 to Credit Agreement, dated as of March 30, 2023, the “Credit Agreement”), by and among certain financial institutions from time to time party thereto (together with their respective successors and permitted assigns, the “Lenders”), as lenders, and Monroe Capital Management Advisors, LLC, a Delaware limited liability company (“Monroe Capital”), as administrative agent and lead arranger. Pursuant to the Credit Agreement, on March 24, 2022, the Company borrowed (a) $70.0 million aggregate principal amount of Term A-1 Loans, with a maturity date of March 24, 2026, and (b) $20.0 million aggregate principal amount of Term A-2 Loans, with a maturity date of May 1, 2023. In addition, $20.0 million aggregate principal amount of delayed draw term loans (the “Term B Loans”) were available to be drawn for a period of 18-months following the closing date, subject to certain conditions set forth in the Credit Agreement.

On April 28, 2023, the Company entered into Amendment No. 2 to Credit Agreement (“Amendment No. 2”) with the Lenders and Monroe Capital in order to extend the maturity date of the Term A-2 Loans and proactively manage the Company's interest expense through the remainder of 2023. Pursuant to Amendment No. 2, the Company, the Lenders and Monroe Capital agreed that the Company would: (i) pay $5.0 million of the outstanding principal balance of the Term A-2 Loans on May 1, 2023, $10.0 million of the outstanding principal balance of the Term A-2 loans on July 15, 2023 and the remaining outstanding principal balance of the Term A-2 Loans in full on October 15, 2023, and (ii) prepay $5.0 million of the outstanding principal balance of the Term A-1 Loans on October 15, 2023, with the remaining outstanding principal balance of the Term A-1 Loans continuing to be due on the original maturity date of March 24, 2026. In addition, the Term B Loans were no longer available to be drawn as of the effective date of Amendment No. 2. The Company was, prior to the entry into Amendment No. 2, in compliance with all of its covenants under the Credit Agreement.

Amendment No. 2 was accounted for as a debt modification. Costs associated with Amendment No. 2 were not material.

9. LEASES

The Company is party to operating leases for all of its offices. Many leases contain options to renew and extend lease terms and options to terminate leases early. Reflected in the right-of-use asset and lease liability on the consolidated balance sheets are the periods provided by renewal and extension options that the Company is reasonably certain to exercise, as well as the periods provided by termination options that the Company is reasonably certain not to exercise. All long-term leases identified by the Company are classified as operating leases. Lease expenses related to long-term leases were $1,092 and $770 for the three months ended September 30, 2023 and 2022, respectively, and $2,673 and $2,138 for the nine months ended September 30, 2023 and 2022, respectively. Short-term lease expense and variable lease expense were not material for the three and nine months ended September 30, 2023 and 2022.

On July 28, 2023, the Company entered into a sublease for 12,765 square feet of the Company's rental space in New York, New York, which does not include the Company's headquarters. As a result, $377 of impairment charges were recognized during the third quarter of fiscal year 2023 relating to the impairment of the right of use asset and property and equipment related to the site. Net rental income of $111 was recorded in other income for the three and nine months ended September 30, 2023 and was not material for the three and nine months ended September 30, 2022.

Maturities of the Company’s long-term operating lease liabilities, which are included in other liabilities on the consolidated balance sheet, were as follows:

	September 30, 2023
Remainder of 2023	$ 823
2024	3,093
2025	2,662
2026	1,268
2027	904
Thereafter	768
Total lease payments	9,518
Less: imputed interest	1,647
Lease liabilities	$ 7,871
Weighted-average remaining lease term (years)	3.6
Weighted-average discount rate	11.8 %

10. INCOME TAXES

As of September 30, 2023 and December 31, 2022, the Company maintained a valuation allowance of $90,917 and $84,952, respectively. The valuation allowance was recorded due to the fact that the Company has incurred operating losses to date.

Realization of deferred tax assets is dependent upon future earnings, if any, the timing and amount of which are uncertain. Accordingly, the net deferred tax assets have been fully offset by a valuation allowance. The valuation allowance increased by approximately $5,900 during the nine months ended September 30, 2023 and decreased by approximately $1,100 during the nine months ended September 30, 2022.

The effective tax rate differs from the statutory tax rate of 21% due to the effect of stock compensation, accrued dividends on convertible preferred stock, executive compensation, goodwill impairment, other permanent differences and state taxes.

Total U.S. federal and state operating loss carryforwards as of September 30, 2023 and December 31, 2022 were approximately $753,300 and $786,600, respectively. U.S. federal net operating loss carryforwards begin to expire in 2033, and state operating loss carryforwards begin to expire in 2027. U.S. federal net operating losses of approximately $398,000 carry forward indefinitely.

As of September 30, 2023, the Company’s federal research and development credit carryforwards for income tax purposes were approximately $1,200. If not used, the current carryforwards will expire beginning in 2034.

Due to the net operating loss carryovers, the statute of limitations remains open for federal and state returns.

The Company has completed a review to determine whether the future utilization of net operating loss and credit carryforwards will be restricted due to ownership changes that have occurred. Due to the Engine Acquisition, the Company experienced an ownership change on February 17, 2022. Thus, the Company's net operating loss carryforwards are subject to an annual limitation of approximately $8,200 per year. The Company had a net unrealized built-in gain corporation on the ownership change date and had a net unrealized built-in gain of approximately $330,700 at the change date. As a result, under the section 338 Approach of Notice 2003-65, the Company's annual limitation is expected to be increased in the first five years post-change by approximately $121,400. Based on the February 17, 2022 limitation, all of the total net operating loss carryforwards are expected to become utilizable by the tax year ending December 31, 2043.

The Company also acquired federal net operating losses in the Engine Acquisition. It was determined that the Engine net operating losses acquired are also subject to a Section 382 annual limitation of approximately $3,800 due to Engine's ownership changes in both 2018 and 2022. Engine is a net unrealized built-in gains ("NUBIG") corporation and had a NUBIG of approximately $265,200 at the change date. As a result, the Engine annual limitation is expected to be increased in the first five years post-change by an aggregate of approximately $87,800. As of the 2022 ownership change, approximately $3,100 of the net operating losses that were restricted by the 2018 ownership change had freed up and become available for use, and approximately $6,000 remained restricted. A further approximately $55,000 in net operating losses had been generated between the date immediately following the 2018 ownership change and the 2022 ownership change. Of the approximately $58,100 in net operating losses that were now solely limited by the section 382 limitation resulting from the 2022 ownership change, all of the total net operating loss carryforwards are expected to become utilizable by the tax year ending December 31, 2025. The remaining approximately $6,000 in net operating loss carryforwards still subject to the section 382 limitation resulting from the 2018 ownership change are expected to free up and become available for use by the tax year ended December 31, 2049. None of the pre-change net operating losses subject to the July 31, 2018 and February 17, 2022 limitation are expected to expire unutilized as a result of both ownership changes.

11. COMMON AND PREFERRED STOCK

Class A Common Stock—Each holder of the shares of Class A Common Stock is entitled to one vote for each share of Class A Common Stock held of record by such holder on all matters on which stockholders generally are entitled to vote, as provide by the Company’s Certificate of Incorporation. The holders of the shares of Class A Common Stock do not have cumulative voting rights in the election of directors. Generally, all matters to be voted on by the holders of Class A Common Stock must be approved by a majority (or, in the case of election of directors, by a plurality) of the votes entitled to be cast present in person or represented by proxy, unless otherwise specified by law, the Company’s Certificate of Incorporation or the Company's Amended and Restated Bylaws (as amended from time to time).

Subject to preferences that may be applicable to any outstanding preferred stock, the holders of shares of Class A Common Stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by MoneyLion’s Board of Directors out of funds legally available therefor.

In the event of any voluntary or involuntary liquidation, dissolution or winding up of MoneyLion’s affairs, the holders of the shares of Class A Common Stock are entitled to share ratably in all assets remaining after payment of MoneyLion’s debts and other liabilities, subject to prior distribution rights of preferred stock or any class or series of stock having a preference over the shares of Class A Common Stock, then outstanding, if any.

The holders of shares of Class A Common Stock have no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the shares of Class A Common Stock. The rights, preferences and privileges of holders of shares of Class A Common Stock will be subject to those of the holders of any shares of the preferred stock MoneyLion may issue in the future.

Series A Preferred Stock—Prior to the Automatic Conversion Event (as described below), the Company had shares of Series A Preferred Stock outstanding. Holders of the shares of Series A Preferred Stock (other than certain regulated holders subject to the Bank Holding Company Act of 1956, as amended) were entitled to vote as a single class with the holders of the Class A Common Stock and the holders of any other class or series of capital stock of MoneyLion then entitled to vote.

Holders of the Series A Preferred Stock were entitled to a 30 cent cumulative annual dividend per share, payable at the Company’s election in either cash or Class A Common Stock (or a combination thereof), with any dividends on the Class A Common Stock valued based on the per share volume-weighted average price of the shares of Class A Common Stock on the NYSE for the 20 trading days ending on the trading day immediately prior to the dividend payment date.

Holders of the Series A Preferred Stock were entitled to a liquidation preference in the event of the Company's liquidation equal to the greater of $10.00 per share or the amount per share that such holder would have received had the Series A Preferred Stock been converted into Class A Common Stock immediately prior to the liquidation.

Shares of Series A Preferred Stock were convertible into shares of Class A Common Stock on a one-for-thirty basis, subject to customary anti-dilution adjustments. The Series A Preferred Stock was convertible (i) at any time upon the holder’s election and (ii) automatically in the event that the per share volume-weighted average price of the shares of Class A Common Stock on the NYSE equaled or exceeded $10.00 on any 20 trading days (consecutive or nonconsecutive) within any consecutive 30 trading day period ending no later than the last day of the lockup period applicable to such shares of Series A Preferred Stock.

As of the close of trading on the NYSE on May 26, 2023, the per share volume-weighted average price of the shares of Class A Common Stock on the NYSE equaled or exceeded $10.00 for the twentieth trading day within a consecutive thirty trading day period ending no earlier than the last day of the lockup period applicable to such shares of Series A Preferred Stock (the “Automatic Conversion Event”). Accordingly, as a result of the Automatic Conversion Event, following the close of trading on the NYSE on May 26, 2023, all 30,049,053 shares of Series A Preferred Stock issued and outstanding automatically converted into 1,012,293 shares of newly issued Class A Common Stock based on the conversion rate provided in the Certificate of Designations of the Series A Preferred Stock (the "Certificate of Designations"). In lieu of any fractional shares otherwise issuable to any holder of the Series A Preferred Stock, the Company issued cash in accordance with the terms of the Certificate of Designations.

On June 30, 2023, the Company paid the accrued annual dividend on the previously outstanding shares of Series A Preferred Stock for the dividend payment period ending December 31, 2022 to all holders of record as of the applicable dividend record date (the “2022 Annual Dividend”). The 2022 Annual Dividend was paid in a mixture of Class A Common Stock and cash through the issuance of 229,605 shares of Class A Common Stock and payment of approximately $3.0 million of cash.

12. STOCK-BASED COMPENSATION

Omnibus Incentive Plan

At the Company's 2022 Annual Meeting of Stockholders (the "2022 Annual Meeting"), Company stockholders approved the Company's Amended and Restated Omnibus Incentive Plan (as may be amended or restated from time to time, the “Incentive Plan”), as further described in the Company's Definitive Proxy Statement for the 2022 Annual Meeting, filed with the SEC on April 29, 2022.

Stock-based compensation of $5,702 and $5,127 was recognized during the three months ended September 30, 2023 and 2022, respectively, and stock-based compensation of $16,657 and $13,643 was recognized during the nine months ended September 30, 2023 and 2022, respectively.

The number of units awarded under the Incentive Plan are generally based on a weighted average of the Class A Common Stock in the days leading up to the grant. Fair values for restricted stock units ("RSUs") and performance stock units ("PSUs") based on the Company's operating performance are valued based on the price of the Class A Common Stock at the time of grant. Fair values for options are calculated using a Black-Scholes option pricing model and PSUs with market conditions are fair valued using a Monte Carlo simulation model. The following table represents activity within the Incentive Plan for the nine months ended September 30, 2023:

Type	Vesting Conditions	Units Granted	Weighted Average Grant Date Fair Value	Weighted Average Strike Price
Restricted Stock Unit	Service-based	688,903	$ 20.87	n/a
Performance Stock Unit	Service and performance-based	173,599	$ 17.03	n/a
Performance Stock Unit	Service and market-based	300,000	$ 9.73	n/a

The following table represents outstanding equity awards as of September 30, 2023:

Type	Vesting Conditions	Units Outstanding	Weighted Average Grant Date Fair Value	Weighted Average Strike Price
Restricted Stock Unit	Service-based	891,346	$ 32.17	n/a
Performance Stock Unit	Service and performance-based	200,456	$ 22.91	n/a
Performance Stock Unit	Service and market-based	323,894	$ 11.45	n/a
Options	Service-based	904,162	$ 20.78	$ 25.78

The grant date fair values for the PSUs with market conditions issued during the nine months ended September 30, 2023 were calculated using a Monte Carlo simulation model. Assumptions used for the Monte Carlo simulation model were as follows:

	Nine Months Ended September 30, 2023
Expected Volatility	83 %
Expected Dividend	—
Expected Term in Years	3.00
Risk Free Interest Rate	4.72 %

13. STOCK WARRANTS

Public Warrants and Private Placement Warrants

As a result of the Business Combination, MoneyLion acquired from Fusion Acquisition Corp., as of September 22, 2021, public warrants outstanding to purchase an aggregate of 583,333 shares of the Class A Common Stock (the "Public Warrants") and private placement warrants outstanding to purchase an aggregate of 270,000 shares of the Class A Common Stock (the "Private Placement Warrants") (in each case, as adjusted for the Reverse Stock Split).

The Public Warrants meet the conditions for equity classification in accordance with ASC 815-40. The Private Placement Warrants are accounted for as liabilities in accordance with ASC 815-40 and are presented within warrant liability on the consolidated balance sheets. The warrant liability is measured at fair value at inception and on a recurring basis, with changes in fair value presented within change in fair value of warrants liability in the consolidated statement of operations.

The Private Placement Warrants are valued based on the per warrant price of the Public Warrants, subject to adjustments to account for differences in contractual terms between the Private Placement Warrants and the Public Warrants. The per warrant price of the Public Warrants as of September 30, 2023 was $0.04.

The following table presents the changes in the liability related to the Private Placement Warrants:

	Private Placement Warrants
Warrants payable balance, December 31, 2022	$ 337
Mark-to-market adjustment	68
Warrants payable balance, September 30, 2023	$ 405

For more information regarding the Public Warrants and Private Placement Warrants, see Note 14, "Stock Warrants" in Part II, Item 8 of the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

14. NET LOSS PER SHARE

The following table sets forth the computation of net loss per share of Class A Common Stock for the three and nine months ended September 30, 2023 and 2022:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Numerator:				
Net loss	$ (4,110)	$ (21,017)	$ (41,050)	$ (54,060)
(Accrued) / reversal of previously accrued dividends on preferred stock	—	(1,688)	690	(4,892)
Net loss attributable to common shareholders	$ (4,110)	$ (22,705)	$ (40,360)	$ (58,952)
Denominator:				
Weighted-average common shares outstanding - basic and diluted[(1)]	10,221,956	8,156,757	9,375,221	7,910,074
Net loss per share attributable to common stockholders - basic and diluted[(1)]	$ (0.40)	$ (2.78)	$ (4.30)	$ (7.45)

(1)Prior period results have been adjusted to reflect the Reverse Stock Split at a ratio of 1-for-30 that became effective April 24, 2023. See Note 1, "Description of Business and Basis of Presentation," for details.

For the three and nine months ended September 30, 2023 and 2022, the Company's potentially dilutive securities, which include stock options, RSUs, PSUs, preferred stock, the right to receive earnout shares and warrants to purchase shares of common stock, have been excluded from the computation of diluted net loss per share as the effect would be antidilutive. Therefore, the weighted-average number of common shares outstanding used to calculate both basic and diluted net loss per share is the same for the three and nine months ended September 30, 2023 and 2022.

The following potentially issuable shares of Class A Common Stock have been excluded from the computation of diluted net loss per share for the three and nine months ended September 30, 2023 and 2022:

	September 30,	
	2023	2022
Conversion of convertible preferred stock[(1)]	—	855,186
Warrants to purchase common stock and redeemable convertible preferred stock[(1)]	853,330	853,330
PSUs, RSUs and options to purchase common stock[(1)]	2,319,858	1,927,214
Right to receive earnout shares[(1)]	583,333	583,333
Total common stock equivalents	3,756,521	4,219,063

(1)Prior period results have been adjusted to reflect the Reverse Stock Split at a ratio of 1-for-30 that became effective April 24, 2023. See Note 1, "Description of Business and Basis of Presentation," for details.

15. COMMITMENTS AND CONTINGENCIES

Legal Matters—From time to time, the Company is subject to various claims and legal proceedings in the ordinary course of business, including lawsuits, arbitrations, class actions and other litigation. The Company is also the subject of various actions, inquiries, investigations and proceedings by regulatory and other governmental agencies. The outcome of any such legal and regulatory matters, including those discussed in this Note 15, is inherently uncertain, and some of these matters may result in adverse judgments or awards, including penalties, injunctions or other relief, which could materially and adversely impact the Company's business, financial condition, operating results and cash flows. See Part I, Item 1A “Risk Factors — Risks Relating to Legal and Accounting Matters — Unfavorable outcomes in legal proceedings may harm our business, financial condition, results of operations and cash flows” in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

The Company has determined, based on its current knowledge, that the aggregate amount or range of losses that are estimable with respect to its legal proceedings, including the matters described below, would not have a material adverse effect on its business, financial position, results of operations or cash flows. As of September 30, 2023, amounts accrued were not material. Notwithstanding the foregoing, the ultimate outcome of legal proceedings involves judgments, estimates and inherent uncertainties, and cannot be predicted with certainty. It is possible that an adverse outcome of any matter could be material to the Company's business, financial position, results of operations or cash flows as a whole for any particular reporting period of occurrence. In addition, it is possible that a matter may prompt litigation or additional investigations or proceedings by other government agencies or private litigants.

The Company holds a number of state licenses in connection with its business activities, and must also comply with other applicable compliance and regulatory requirements in the states where it operates. In most states where the Company operates, one or more regulatory agencies have authority with respect to regulation and enforcement of the Company's business activities under applicable state laws, and the Company may also be subject to the supervisory and examination authority of such state regulatory agencies. Examinations by state regulators have and may continue to result in findings or recommendations that require the Company, among other potential consequences, to provide refunds to customers or to modify its internal controls and/or business practices.

In the ordinary course of its business, the Company is and has been from time to time subject to, and may in the future be subject to, governmental and regulatory examinations, information requests, investigations and proceedings (both formal and informal) in connection with various aspects of its activities by state agencies, including the California Department of Financial Protection and Innovation, the Attorney General of the Commonwealth of Virginia, the New York Attorney General’s Office and the Colorado Department of Law, certain of which may result in adverse judgments, settlements, fines, penalties, restitution, disgorgement, injunctions or other relief. The Company has responded to and cooperated with the relevant state agencies and will continue to do so in the future, as appropriate.

On September 29, 2022, the Consumer Financial Protection Bureau (the “CFPB”) initiated a civil action in the United States District Court for the Southern District of New York ("SDNY") against MoneyLion Technologies Inc., ML Plus LLC and the Company's 38 state lending subsidiaries, alleging violations of the Military Lending Act and the Consumer Financial Protection Act. The CFPB is seeking injunctive relief, redress for allegedly affected consumers and civil monetary penalties. On January 10, 2023, the Company moved to dismiss the lawsuit, asserting various constitutional and merits-based arguments. On June 13, 2023, the CFPB filed its first amended complaint, alleging substantially similar claims as those asserted in its initial complaint. On July 11, 2023, the Company moved to dismiss the lawsuit, again asserting various constitutional and merit-based arguments. On October 9, 2023, the Company moved for a stay of the action pending a decision from the United States Supreme Court in *CFPB v. Community Financial Services Association of America, Ltd.*, No. 22-448 (U.S. argued Oct. 3, 2023). The Company continues to maintain that the CFPB’s claims are meritless and is vigorously defending against the lawsuit. Nevertheless, at this time, the Company cannot predict or determine the timing or final outcome of this matter or the effect that any adverse determinations in the lawsuit may have on its business, financial condition or results of operations.

On July 21, 2023, Jeffrey Frommer, Lyusen Krubich, Daniel Fried and Pat Capra, the former equity owners of MALKA (collectively, the “Seller Members”), brought a civil action in the SDNY against MoneyLion Technologies Inc. alleging, among other things, breaches of the Membership Interest Purchase Agreement governing the MALKA Acquisition (the “MIPA”). Among other claims, the Seller Members allege that they are entitled to payment of $25.0 million of Class A Common Stock pursuant to the earnout provisions set forth in the MIPA, based on the Seller Members’ assertion that MALKA achieved certain financial targets for the year ended December 31, 2022 (such payment, the “2022 Earnout Payment”). The Company believes that the Seller Members are not entitled to any portion of the 2022 Earnout Payment under the terms of the MIPA and that the Seller Members’ claims in their lawsuit are meritless. The Company continues to vigorously defend against the lawsuit and has filed counterclaims against the Seller Members, alleging, among other things, negligent misrepresentation, conversion, breach of fiduciary duties and breach of contract and seeking compensatory damages and other remedies as a result of wrongdoing by the Seller Members. On October 17, 2023, the SDNY denied, in full, the Seller Members’ motion for a preliminary injunction to remove the restrictive legends on certain shares of Class A Common Stock previously issued to the Seller Members. At this time, the Company cannot predict or determine the timing or final outcome of this matter or the effect that any adverse determinations in the lawsuit may have on its business, financial condition or results of operations.

On July 27, 2023, MassMutual Ventures US II LLC, Canaan X L.P., Canaan XI L.P., F-Prime Capital Partners Tech Fund LP and GreatPoint Ventures Innovation Fund II, L.P., each of which are former equityholders of Even Financial Inc. and former holders of the Company’s Series A Preferred Stock (collectively, the “Former Preferred Stockholders”), brought a civil action in the SDNY against MoneyLion Inc., its Board of Directors and certain officers seeking declaratory relief and related damages. The Former Preferred Stockholders allege that the 1-for-30 Reverse Stock Split of the Class A Common Stock effected on April 24, 2023 was undertaken in a manner designed to trigger the Automatic Conversion Event pursuant to which all outstanding shares of Series A Preferred Stock automatically converted into certain shares of Class A Common Stock following the close of trading on the NYSE on May 26, 2023. The Former Preferred Stockholders further allege that the Definitive Proxy Statement the Company filed with the SEC on March 31, 2023 relating to the Special Meeting of Stockholders to approve the Reverse Stock Split proposal contained false and/or misleading statements and material omissions, and that the Company improperly failed to obtain the separate vote of the holders of the Series A Preferred Stock to approve the Reverse Stock Split. In connection therewith, the Former Preferred Stockholders assert claims against all defendants under Section 14(a) of the Securities Exchange Act of 1934 and for breach of the Certificate of Designations governing the Series A Preferred Stock, and a claim against the individual defendants for breach of fiduciary duty. The Company believes that the Former Preferred Stockholders’ claims are meritless, and on November 6, 2023, the Company filed a motion to dismiss the lawsuit in its entirety. The Company intends to vigorously defend against the lawsuit. Nevertheless, at this time, the Company cannot predict or determine the timing or final outcome of this matter or the effect that any adverse determinations in the lawsuit may have on its business, financial condition or results of operations.

16. MERGERS AND ACQUISITIONS

Engine—On February 17, 2022, the Company completed the acquisition of all voting interest in Even Financial Inc., which was subsequently renamed to Engine, pursuant to the Amended and Restated Agreement and Plan of Merger, by and among the Company, Epsilon Merger Sub Inc., a Delaware corporation and wholly owned subsidiary of the Company, Even Financial Inc. and Fortis Advisors LLC, a Delaware limited liability company, solely in its capacity as representative of the equityholders of Even Financial Inc. Engine powers the leading embedded finance marketplace solutions MoneyLion offers to its Enterprise Partners through which consumers are connected and matched with real-time, personalized financial product and service recommendations. For the over 1,100 Enterprise Partners in MoneyLion's network who integrate MoneyLion's software platform onto their properties, MoneyLion enables a more simple and efficient system of customer acquisition and also provides value-added data analytics and reporting services to enable them to better understand the performance of their marketplace programs and optimize their business over time. The Engine Acquisition expanded MoneyLion's addressable market, extended the reach of its own products and services and diversified its revenue mix.

At the closing of the Engine Acquisition, the Company (i) issued to the equityholders of Even Financial Inc. an aggregate of 28,164,811 shares of Series A Preferred Stock, along with an additional 529,120 shares of Series A Preferred Stock to advisors of Even Financial Inc. for transaction expenses, valued at $193,721, (ii) paid to certain Even Financial Inc. management equityholders approximately $14,514 in cash and (iii) exchanged 8,883,228 options to acquire Even Financial Inc. common stock for 196,728 options to acquire Class A Common Stock, of which the vested portion at the acquisition date was valued at $8,960. In addition, certain recipients of options to acquire shares of the Company's Class A common stock were entitled to receive dividend equivalents in lieu of receiving Series A Preferred Stock, subject to certain conditions (the "Preferred Stock Equivalents"). The total purchase price was approximately $271,096, subject to customary purchase price adjustments for working capital and inclusive of amounts used to repay approximately $5,703 of existing indebtedness of Even Financial Inc. and pay $2,868 of seller transaction costs.

Pursuant to the Amended and Restated Agreement and Plan of Merger, dated as of February 17, 2022, governing the Engine Acquisition, the equityholders and advisors of Even Financial Inc. were entitled to receive an additional payment from the Company of up to an aggregate of 8,000,000 shares of Series A Preferred Stock, based on the attributed revenue of Engine's business during the 13-month period commencing January 1, 2022 (the "Earnout"). On May 22, 2023, in connection with Engine's partial achievement of the Earnout, the Company issued 4,354,092 shares of Series A Preferred Stock and, in lieu of fractional shares and with respect to recipients otherwise ineligible to receive shares, approximately $459 in cash to the former equityholders and advisors of Even Financial Inc., as described further below.

The fair value of Even Financial Inc.'s acquired assets and liabilities assumed were as follows:

		February 17, 2022
Assets		
Cash and cash equivalents	$	4,501
Enterprise receivables		9,863
Property and equipment		441
Intangible assets		182,640
Goodwill		111,474
Other assets		3,354
Total assets		312,273
Liabilities		
Accounts payable and accrued liabilities		9,258
Deferred tax liability		29,073
Other liabilities		2,846
Total liabilities		41,177
Net assets and liabilities acquired	$	271,096

The goodwill related to the Engine Acquisition was not tax deductible and was comprised of expected synergies from combining operations and the value of intangible assets that do not qualify for separate recognition.

The following table presents the changes in the liability related to the Earnout and Preferred Stock Equivalents:

	Earnout	Preferred Stock Equivalents
Balance as of December 31, 2022	$ 6,946	$ 1,997
Change in fair value of contingent consideration	(5,047)	(1,386)
Settlement of contingent consideration	(1,899)	(611)
Balance as of September 30, 2023	$ —	$ —

The Earnout and Preferred Stock Equivalents were valued using a Monte Carlo simulation model as of December 31, 2022, which is calculated using Level 3 inputs. The primary unobservable inputs utilized in determining the fair value of the Earnout and Preferred Stock Equivalents are the expected volatility of the Class A Common Stock and the revenue levels of Engine.

In May 2023, the Earnout was settled through the issuance of 4,354,092 shares of Series A Preferred Stock, with cash paid in lieu of any fractional shares of Series A Preferred Stock. Cash payments relating to the settlement of the Earnout were $459.

In June 2023, the Preferred Stock Equivalents were settled through the issuance of 23,453 shares of Class A Common Stock, with cash paid in lieu of any fractional shares of Class A Common Stock. Cash payments relating to the settlement of the Preferred Stock Equivalents were $307. Upon the Automatic Conversion Event, the MoneyLion Inc. Preferred Share Dividend Replacement Program governing the Preferred Stock Equivalents immediately and automatically terminated in accordance with its terms, following which all Preferred Stock Equivalents were forfeited.

The Company’s pro forma revenue and net loss for the nine months ended September 30, 2022 below has been prepared as if Even Financial Inc. had been purchased on January 1, 2022. The Company made certain pro forma adjustments related to amortization of intangible assets, intercompany activity and interest expense.

	Nine Months Ended September 30, 2022 (unaudited)
Revenue	$ 254,901
Net loss	$ (58,430)

The unaudited pro forma financial information above is not necessarily indicative of what the Company’s consolidated results actually would have been if the Engine Acquisition had been completed at January 1, 2022. In addition, the unaudited pro forma information above does not attempt to project the Company’s future results.

MALKA—On November 15, 2021, MoneyLion completed the MALKA Acquisition. MALKA is a creator network and content platform that provides digital media and content production services to us and to its own clients in entertainment, sports, gaming, live streaming and other sectors.

The unsettled restricted shares payable relating to the MALKA Acquisition earnout and the related make-whole were valued at $2,444 as of December 31, 2022 and were settled during the first quarter of 2023. The $180 decline and $15,417 increase in fair value for the nine months ended September 30, 2023 and 2022, respectively, was included on the consolidated statement of operations as a component of the change in fair value of contingent consideration from mergers and acquisitions. The restricted shares payable based on 2021 and 2022 operating performance were valued based on the Class A Common Stock price per share as of December 31, 2022.

17. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through November 7, 2023, the date on which these consolidated financial statements were available to be issued, and concluded that the following subsequent events were required to be disclosed:

On October 13, 2023, the Company paid $5.0 million of the outstanding principal balance of the Term A-1 Loans and the remaining $5.0 million principal balance of the Term A-2 Loans outstanding pursuant to the terms of Amendment No. 2, as described further in Note 8, "Debt."

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

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations summarizes the significant factors affecting the consolidated operating results, financial condition, liquidity and capital resources of MoneyLion and is intended to help the reader understand MoneyLion, our operations and our present business environment. This discussion should be read in conjunction with MoneyLion’s unaudited consolidated financial statements and notes to those financial statements included in Part I, Item 1 “Financial Statements” within this Quarterly Report on Form 10-Q. References to “we,” “us,” “our,” “Company” or “MoneyLion” refer to MoneyLion Inc. and, as context requires, its wholly-owned subsidiaries.

Overview

MoneyLion is the go-to destination for consumer financial products and services and marketplace solutions, providing curated money-related content to engage, educate and empower customers. We offer our core suite of innovative first-party financial products and services, along with personalized and actionable financial and non-financial offers in our Consumer marketplace from our Product Partners. We power leading embedded finance marketplace solutions for our Enterprise Partners, connecting and matching consumers with real-time, personalized product and service recommendations through our proprietary integrative technology, and provide complementary data products and services that optimize their marketplace integrations and competitiveness. We also offer creative media and marketing services to clients across industries through our media division and leverage these same creative resources to produce and deliver engaging and dynamic content in support of our product and service offerings.

We have purposefully built our platform in pursuit of our mission to rewire the financial system. We aim to build tools to help consumers through all of their financial inflection points through the use of comprehensive, data-driven analytics that connect consumers with the appropriate financial solution for their individual needs, whether through our first-party products or an offering through our marketplace platforms. As of September 30, 2023, we had 12.1 million Total Customers who used 20.3 million Total Products and over 1,100 Enterprise Partners in our network. We utilize innovative approaches to financial advice, education and literacy by delivering our customers dynamic money-related content, positioning ourselves at the forefront of evolving trends in media consumption so that our customers can better understand and manage their finances. By providing both access and ability and shortening the distance between education and action, we empower customers to take control of their money, no matter their financial circumstances – Every Time You Money.

In our Consumer business, we primarily earn revenue as follows:

- RoarMoney Banking: We earn revenue from interchange fees from payment networks based on customer expenditures on the debit card, as well as transaction volume-based incentive payments from the payment network. We also earn revenue from cardholder fees charged to our customers, such as the monthly administrative fee, an out-of-network ATM fee, a foreign transaction fee and instant transfer fees. Interchange fees, payment network payments and cardholder fees are reflected in service and subscription fees.
- Instacash: We earn revenue from optional tips and instant transfer fees, both reflected in service and subscription fees.
- Credit Builder Plus: We earn revenue from the monthly subscription fee paid by our customers, which is reflected in service and subscription fees. We also earn revenue from interest income on Credit Builder Plus loans, which is reflected in net interest income on finance receivables.
- MoneyLion Investing: We earn revenue from the monthly administration fee paid by our customers, which is reflected in service and subscription fees.
- MoneyLion Crypto: We earn revenue from Zero Hash, which is reflected in service and subscription fees, as they pay us a share of the fees that they earn from our customers in exchange for us enabling Zero Hash to effect digital currency-related transactions for our customers.

In our Enterprise business, we primarily earn revenue, reflected in enterprise service revenues, as follows:

- Consumer Marketplace: We earn revenue from fees from our Product Partners based on a range of criteria depending on each Product Partner relationship, including, but not limited to, customers' clicks, impressions, completed transactions or a share of revenue generated for the Product Partner.

- Enterprise Marketplace: We earn revenue from fees from our Enterprise Partners based on a range of criteria depending on each Enterprise Partner relationship, including, but not limited to, customers' clicks, completed transactions or a share of revenue generated for the Product Partner. We also earn various SaaS and platform fees from our Enterprise Partners.

- Media Services: We earn revenue from our clients based on performance obligations within our contracts with them.

Recent Developments

Recent events impacting our business are as follows:

Monroe Term Loan Repayments

On July 14, 2023, the Company paid $10.0 million of the outstanding principal balance of the Term A-2 Loans pursuant to the terms of Amendment No. 2, as described further in Part I, Item 1 "Financial Statements — "Debt."

On October 13, 2023, the Company paid $5.0 million of the outstanding principal balance of the Term A-1 Loans and the remaining $5.0 million principal balance of the Term A-2 Loans outstanding pursuant to the terms of Amendment No. 2, as described further in Part I, Item 1 "Financial Statements — "Debt."

Business Combinations — Since January 1, 2022, we have completed the following business combination:

- **Engine** – On February 17, 2022, we completed our acquisition of Even Financial Inc., which was subsequently renamed to ML Enterprise Inc., doing business as the brand Engine by MoneyLion ("Engine" and such acquisition, the "Engine Acquisition"). Engine powers the leading embedded finance marketplace solutions we offer to our Enterprise Partners through which consumers are connected and matched with real-time, personalized financial product and service recommendations. For the over 1,100 Enterprise Partners in our network who integrate our software platform onto their properties, we enable a more simple and efficient system of customer acquisition and also provide value-added data analytics and reporting services to enable them to better understand the performance of their marketplace programs and optimize their business over time. The Engine Acquisition expanded our addressable market, extended the reach of our own products and services and diversified our revenue mix.

  At the closing of the Engine Acquisition, we (i) issued to the equityholders of Even Financial Inc. an aggregate of 28,164,811 shares of Series A Preferred Stock, along with an additional 529,120 shares of Series A Preferred Stock to advisors of Even Financial Inc. for transaction expenses, valued at $193.7 million, (ii) paid to certain Even Financial Inc. management equityholders approximately $14.5 million in cash and (iii) exchanged 8,883,228 options to acquire Even Financial Inc. common stock for 196,728 options to acquire Class A Common Stock, of which the vested portion at the acquisition date was valued at $9.0 million. In addition, certain recipients of options to acquire shares of Class A Common Stock were entitled to receive dividend equivalents in lieu of receiving Series A Preferred Stock, subject to certain conditions (the "Preferred Stock Equivalents"). The total purchase price was approximately $271.1 million, subject to customary purchase price adjustments for working capital and inclusive of amounts used to repay approximately $5.7 million of existing indebtedness of Even Financial Inc. and pay $2.9 million of seller transaction costs.

Pursuant to the Amended and Restated Agreement and Plan of Merger, dated as of February 17, 2022, governing the Engine Acquisition (the "Engine Merger Agreement"), the equityholders and advisors of Even Financial Inc. were entitled to receive an additional payment from the Company of up to an aggregate of 8,000,000 shares of Series A Preferred Stock, based on the attributed revenue of Engine's business during the 13-month period commencing January 1, 2022 (the "Earnout"). On May 22, 2023, in connection with Engine's partial achievement of the Earnout, the Company issued 4,354,092 shares of Series A Preferred Stock and, in lieu of fractional shares and with respect to recipients otherwise ineligible to receive shares, approximately $0.5 million in cash to the former equityholders and advisors of Even Financial Inc.

Factors Affecting Our Performance

We are subject to a number of risks including, but not limited to, the need for successful development of products, services and functionality; the need for additional capital (or financing) to fund operating losses; competition with substitute products and services from larger companies; protection of proprietary technology and information; dependence on key individuals; and risks associated with changes in information technology. For additional information, see the "Risk Factors" section in our Annual Report on Form 10-K for the year ended December 31, 2022.

New Customer and Client Growth and Increasing Usage Across Existing Customers and Clients

Our ability to effectively acquire new customers and clients through our acquisition and marketing efforts and drive usage of our products and services across our existing customers and clients is key to our growth, particularly as a significant portion of the revenue we generate in our business is derived from transaction-based fees. We believe our customers' experience is enhanced by using our full suite of first-party financial products and services, complemented by the full spectrum of offers available in our marketplace, as we can better tailor the insights and recommendations we provide to them. In order to grow our business, we must engage and retain customers and continue to expand their use of our platform by cross-selling additional functionality, products and services to them. In our Enterprise business, we are dependent in part on our relationships with our Enterprise Partners, and any failure to effectively match consumers leads from our Channel Partners with product and service offerings from our Product Partners, or any reduced marketing spend by such Product Partners on our Enterprise platform, could adversely affect our business and results of operations.

Expansion and Innovation of Products, Services and Functionality

We will continue to invest in expanding and enhancing the products, services and functionality available through our platform for our customers and clients. Our ability to expand, enhance and sell additional functionality, products and services to our existing customers and clients may require more sophisticated and costly development, sales or engagement efforts. Any factors that impair our ability to do so may negatively impact our efforts towards retaining and attracting customers and clients.

General Economic and Market Conditions

Our performance is impacted by the relative strength of the overall economy, market volatility, consumer spending behavior and consumer demand for financial products and services. For example, with respect to our Consumer business, the willingness of our customers to spend, invest or borrow may fluctuate with their level of disposable income. Other factors such as interest rate fluctuations or monetary policies may also impact our customers' behavior and our own ability to fund Instacash advances and loan volume. In addition, in our Enterprise business, adverse macroeconomic conditions, such as significant tightening of credit markets, may cause our Product Partners to reduce their marketing spend or advertising on our platform or may cause a reduction in client spending in our media division, which could adversely affect our business and results of operations.

Seasonality

We may experience seasonal fluctuations in our revenue. During the fourth quarter, revenue in our Consumer business may benefit from increased consumer spending during the holiday season, which may increase demand for our loan and Instacash earned wage access products and services as consumers seek additional liquidity. During the first quarter, we may see weaker demand for our loan and Instacash earned wage access products and services as a result of the impact of tax refunds on consumers' liquidity needs, but stronger demand for our banking and investment products and services. In our Enterprise business, due to corporate client advertising spending patterns throughout the year, we may generate higher revenue in our media division in the second and fourth quarters compared to other quarters. Adverse events that occur during these months could have a disproportionate effect on our financial results for the year. Seasonal trends may be superseded by market or macroeconomic events, which can have a significant impact on our business, as described above.

Competition

We compete across our business lines with a variety of competitors, including traditional banks and credit unions; new entrants obtaining banking licenses; non-bank digital providers offering banking-related services; specialty finance and other non-bank digital providers offering consumer lending-related or earned wage access products; digital wealth management platforms such as robo-advisors offering consumer investment services and other brokerage-related services; and digital financial platform, embedded finance and marketplace competitors, which aggregate and connect consumers to financial product and service offerings. In addition, we face competition in our media division from others in the digital media and content creation industry, which range from large and established media companies, including social media companies and production studios, to emerging start-ups. We expect our competition to continue to increase. The success of our business depends on our ability to compete effectively and attract new and retain existing customers and clients, which depends upon many factors both within and beyond our control.

Pricing of Our Products and Services

We derive a substantial portion of our revenue from fees earned from our products and services. The fees we earn are subject to a variety of external factors such as competition, interchange rates and other macroeconomic factors, such as interest rates and inflation, among others. We may provide discounts or other incentives and rewards that we pay to customers who utilize multiple products and services to expand usage of our platform. We may also lower pricing on our products and services to acquire new customers. As the market for our platform matures, or as new or existing competitors introduce new products, services or functionality that compete with ours, we may experience pricing pressure and be unable to retain current customers and clients and attract new customers and clients at prices that are consistent with our pricing model and operating budget. Our pricing strategy may prove to be unappealing to our customers and clients, and our competitors could choose to bundle certain products and services competitive with ours. If this were to occur, it is possible that we would have to change our pricing strategies or reduce our prices, which could adversely affect our business.

Product and Service Mix

We offer various products and services on our platform, including our core suite of first-party financial products and services, a broad range of financial and non-financial offers in our Consumer marketplace and embedded finance marketplace solutions and media services in our Enterprise business. Each product and service has a different profitability profile. The relative usage of products and services with high or low profitability and their lifetime value could have an impact on our performance.

Access and Cost of Financing

Our credit products, earned wage access product and other receivables are primarily financed by special purpose vehicle financings from third-party institutional lenders. The loss of one or more of the financing sources we have for our credit products, earned wage access product and other receivables could have an adverse impact on our performance, and it could be costly to obtain new financing.

Key Performance Metrics

We regularly review several metrics, including the following key metrics, to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions.

Total Customers

We define Total Customers as the cumulative number of customers that have opened at least one account, including banking, membership subscription, secured personal loan, Instacash advance, managed investment account, cryptocurrency account and customers that are monetized through our marketplace and affiliate products. Total Customers also include customers that have submitted for, received or clicked on at least one marketplace loan offer. We consider Total Customers to be a key performance metric as it can be used to understand lifecycle efforts of our customers, as we look to cross-sell products to our customer base and grow our platform. Total Customers were 12.1 million and 5.4 million as of September 30, 2023 and 2022, respectively.

Total Products

We define Total Products as the total number of products that our Total Customers have opened, including banking, membership subscription, secured personal loan, Instacash advance, managed investment account, cryptocurrency account and monetized marketplace and affiliate products, as well as customers who signed up for our financial tracking services (with either credit tracking enabled or external linked accounts), whether or not the customer is still registered for the product. Total Products also include marketplace loan offers that our Total Customers have submitted for, received or clicked on through our marketplace. If a customer has funded multiple secured personal loans or Instacash advances or opened multiple products through our marketplace, it is only counted once for each product type. We consider Total Products to be a key performance metric as it can be used to understand the usage of our products across our customer base. Total Products were 20.3 million and 11.3 million as of September 30, 2023 and 2022, respectively.

Enterprise Partners

Enterprise Partners is comprised of Product Partners and Channel Partners. We define Product Partners as providers of the financial and non-financial products and services that we offer in our marketplaces, including financial institutions, financial services providers and other affiliate partners. We define Channel Partners as organizations that allow us to reach a wide base of consumers, including but not limited to news sites, content publishers, product comparison sites and financial institutions. Enterprise Partners were 1,126, comprising 508 Product Partners and 618 Channel Partners, and 1,024, comprising 441 Product Partners and 583 Channel Partners, as of September 30, 2023 and 2022, respectively.

Total Originations

We define Total Originations as the dollar volume of the secured personal loans originated and Instacash advances funded within the stated period. We consider Total Originations to be a key performance metric as it can be used to measure the usage and engagement of the customers across our secured personal lending product and Instacash earned wage access product and is a significant driver of net interest income on finance receivables and service and subscription fees. Total Originations were $564 million and $446 million for the three months ended September 30, 2023 and 2022, respectively, and $1,619 million and $1,292 million for the nine months ended September 30, 2023 and 2022, respectively. All originations were originated directly by MoneyLion.

Gross Profit

The calculation of gross profit, which is prepared in accordance with U.S. GAAP, for the three and nine months ended September 30, 2023 and 2022 is as follows:

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Total revenue, net	$ 110,258	$ 88,748	$ 310,468	$ 245,802
Less:				
Cost of Sales				
Direct costs	(32,813)	(28,837)	(94,845)	(79,427)
Provision for credit losses on receivables - subscription receivables[1]	(1,442)	(1,256)	(3,367)	(4,018)
Provision for credit losses on receivables - fees receivables[2]	(2,628)	(2,553)	(10,671)	(6,758)
Technology related costs	(2,945)	(2,410)	(9,225)	(7,396)
Professional services	(1,402)	(1,665)	(4,029)	(3,850)
Compensation and benefits	(2,191)	(2,780)	(7,016)	(6,451)
Other operating expenses	(128)	(121)	(350)	(344)
Gross Profit	$ 66,709	$ 49,126	$ 180,965	$ 137,559

(1)We deduct provision for credit losses on receivables related to subscription receivables from total revenue, net as it is related to revenue-based receivables. For U.S. GAAP reporting purposes, provision for loss on receivables related to subscription receivables is included within provision for loss on receivables on the statement of operations. Refer to Part I, Item 1 “Financial Statements — Summary of Significant Accounting Policies” for further discussion.

(2)We deduct provision for credit losses on receivables related to fees receivables from total revenue, net as it is related to revenue-based receivables. For U.S. GAAP reporting purposes, provision for loss on receivables related to fees receivables is included within provision for loss on receivables on the statement of operations. Refer to Part I, Item 1 “Financial Statements — Summary of Significant Accounting Policies” for further discussion.

Net Income (Loss) and Adjusted EBITDA (Non-GAAP Measure)

Management believes net income (loss), presented in accordance with U.S. GAAP, and Adjusted EBITDA, a non-U.S. GAAP measure, provide relevant and useful information to investors regarding the performance of the company. Refer to the “— Non-GAAP Measures” section below for further discussion.

Results of Operations for the Three and Nine Months Ended September 30, 2023 and 2022

Revenues

The following table is reference for the discussion that follows.

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	$	%	2023	2022	$	%
	(In thousands, except for percentages)							
Consumer revenues								
Service and subscription fees	$ 67,841	$ 52,109	$ 15,732	30.2 %	$ 196,547	$ 149,271	$ 47,276	31.7 %
Net interest income on finance receivables	3,258	2,351	907	38.6 %	9,490	7,436	2,054	27.6 %
Total consumer revenues	71,099	54,460	16,639	30.6 %	206,037	156,707	49,330	31.5 %
Enterprise service revenues	39,159	34,288	4,871	14.2 %	104,431	89,095	15,336	17.2 %
Total revenue, net	$ 110,258	$ 88,748	$ 21,510	24.2 %	$ 310,468	$ 245,802	$ 64,666	26.3 %

We generate revenues primarily from various product-related fees, providing membership subscriptions, performing enterprise services and originating loans.

Service and subscription fees

Service and subscription fees increased by $15.7 million, or 30.2%, to $67.8 million for the three months ended September 30, 2023, as compared to $52.1 million for the same period in 2022. The increase in service and subscription fees was driven by increases in fee income related to instant transfer fees and tips from Instacash advances of $16.5 million, which was driven by the growth of Instacash advances across both existing and new customers, an increase in cardholder fees from RoarMoney accounts of $0.5 million due to an increased number of customers using RoarMoney and foreign transaction fees and instant transfer fees charged to RoarMoney users, and an increase in subscription fees of $0.3 million due to an increased number of customers using our membership program; this was partially offset by a decrease of $1.5 million in revenue from a transaction volume-based incentive payment program from a third-party payment network compared to the three months ended September 30, 2022.

Service and subscription fees increased by $47.3 million, or 31.7%, to $196.5 million for the nine months ended September 30, 2023, as compared to $149.3 million for the same period in 2022. The increase in service and subscription fees was driven by increases in fee income related to instant transfer fees and tips from Instacash advances of $46.4 million, which was driven by the growth of Instacash advances across both existing and new customers, an increase in cardholder fees from RoarMoney accounts of $1.7 million due to an increased number of customers using RoarMoney and foreign transaction fees launched in Q2 2022 and instant transfer fees launched in Q3 2022, and higher membership revenues of $0.3 million; this was offset by a decrease of $1.0 million of revenue from a transaction volume-based incentive payment program from a third-party payment network compared to the nine months ended September 30, 2022.

Net interest income on finance receivables

Net interest income on finance receivables is generated by interest earned on Credit Builder Plus loans, which is partially offset by the amortization of loan origination costs.

Net interest income on finance receivables increased by $0.9 million, or 38.6%, to $3.3 million for the three months ended September 30, 2023, as compared to $2.4 million for the same period in 2022. The increase in net interest income on finance receivables was driven by the origination growth on our Credit Builder Plus loan program across both existing and new customers of $0.5 million, lower provision on interest fees of $0.1 million and lower amortization of loan origination costs of $0.3 million.

Net interest income on finance receivables increased by $2.1 million, or 27.6%, to $9.5 million for the nine months ended September 30, 2023, as compared to $7.4 million for the same period in 2022. The increase in net interest income on finance receivables was driven by the origination growth on our Credit Builder Plus loan program across both existing and new customers of $1.1 million, lower provision on interest fees of $0.4 million and lower amortization of loan origination costs of $0.6 million.

Enterprise service revenues

Enterprise service revenues increased by $4.9 million, or 14.2%, to $39.2 million for the three months ended September 30, 2023, as compared to $34.3 million for the same period in 2022. This increase was primarily driven by stronger performance within our Enterprise Marketplace, which was partially offset by lower performance in our Consumer Marketplace and media business.

Enterprise service revenues increased by $15.3 million, or 17.2%, to $104.4 million for the nine months ended September 30, 2023, as compared to $89.1 million for the same period in 2022. This increase was primarily driven by stronger performance within our Enterprise Marketplace, which was partially offset by lower performance in our Consumer Marketplace and media business.

Operating Expenses

The following table is reference for the discussion that follows:

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	$	%	2023	2022	$	%
	(In thousands, except for percentages)							
Operating expenses								
Provision for credit losses on consumer receivables	$ 25,121	$ 27,428	$ (2,307)	-8.4 %	$ 67,194	$ 77,453	$ (10,259)	-13.2 %
Compensation and benefits	23,511	25,619	(2,108)	-8.2 %	70,491	74,160	(3,669)	-4.9 %
Marketing	7,029	6,954	75	1.1 %	19,970	27,847	(7,877)	-28.3 %
Direct costs	32,813	28,837	3,976	13.8 %	94,845	79,427	15,418	19.4 %
Professional services	4,968	7,546	(2,578)	-34.2 %	14,485	21,486	(7,001)	-32.6 %
Technology-related costs	5,891	5,327	564	10.6 %	17,540	15,241	2,299	15.1 %
Other operating expenses	9,824	11,209	(1,385)	-12.4 %	30,038	31,820	(1,782)	-5.6 %
Total operating expenses	$ 109,157	$ 112,920	$ (3,763)	-3.3 %	$ 314,563	$ 327,434	$ (12,871)	-3.9 %
Other (expense) income								
Interest expense	$ (7,088)	$ (7,880)	$ 792	-10.1 %	$ (21,929)	$ (21,638)	$ (291)	1.3 %
Change in fair value of warrant liability	(81)	414	(495)	nm	(68)	7,275	(7,343)	nm
Change in fair value of contingent consideration from mergers and acquisitions	-	10,214	(10,214)	-100.0 %	6,613	14,034	(7,421)	-52.9 %
Goodwill impairment loss	-	-	-	nm	(26,721)	-	(26,721)	nm
Other income (expense)	2,358	460	1,898	412.6 %	5,264	(447)	5,711	nm
Total other (expense) income	$ (4,811)	$ 3,208	$ (8,019)	nm	$ (36,841)	$ (776)	$ (36,065)	4,647.6 %
Income tax expense (benefit)	$ 400	$ 53	$ 347	654.7 %	$ 114	$ (28,348)	$ 28,462	nm

Our operating expenses consist of the following:

Provision for credit losses on consumer receivables

Provision for credit losses on consumer receivables consists of amounts charged during the period to maintain an allowance for credit losses. The allowance represents management's estimate of the credit losses in our consumer receivable portfolio and is based on management's assessment of many factors, including changes in the nature, volume and risk characteristics of the consumer receivables portfolio, including trends in delinquency and charge-offs and current economic conditions that may affect the customer's ability to pay.

Provision for credit losses on consumer receivables decreased by $2.3 million, or 8.4%, to $25.1 million for the three months ended September 30, 2023, as compared to $27.4 million for the same period in 2022. This decrease resulted primarily from a decrease to provision related to Instacash advance receivables of $4.4 million, which was partially offset by an increase in provision related to Credit Builder Plus loan receivables of $1.9 million and an increase in provision related to subscription fees of $0.2 million.

Provision for credit losses on consumer receivables decreased by $10.3 million, or 13.2%, to $67.2 million for the nine months ended September 30, 2023, as compared to $77.5 million for the same period in 2022. This decrease resulted primarily from a decrease to provision related to Instacash advance receivables of $12.9 million, a decrease to provision related to subscription fees of $0.7 million and a decrease to provision related to Credit Builder Plus loan receivables of $0.6 million, which was partially offset by an increase in provision for Instacash instant transfer fees and tips of $3.9 million.

Compensation and benefits

Compensation and benefits decreased by $2.1 million, or 8.2%, to $23.5 million for the three months ended September 30, 2023, as compared to $25.6 million for the same period in 2022. This decrease was driven primarily by a net $4.3 million of reduced employee salary and benefits expenses as a result of expense reduction initiatives. This decrease was partially offset by $0.7 million of higher incentive compensation expenses due to company performance, lower capitalized salaries of $0.8 million in 2023 as a result of expense reduction initiatives, $0.6 million of higher stock-based compensation expenses, and $0.1 million of higher severance expense.

Compensation and benefits decreased by $3.7 million, or 4.9%, to $70.5 million for the nine months ended September 30, 2023, as compared to $74.2 million for the same period in 2022. This decrease was driven primarily by a net $6.7 million reduction in employee salary and benefits expenses as a result of expense reduction initiatives,$0.5 million reduction in incentive compensation, and $0.3 million of lower severance costs. This decrease was partially offset by $3.0 million of higher stock-based compensation expenses, and lower capitalized salaries of $0.8 million in 2023.

Marketing

Marketing increased by $0.1 million, or 1.1%, to $7.0 million for the three months ended September 30, 2023, as compared to $7.0 million for the same period in 2022. This increase resulted primarily from slightly higher spend related to advertising through digital platforms.

Marketing decreased by $7.9 million, or 28.3%, to $20.0 million for the nine months ended September 30, 2023, as compared to $27.8 million for the same period in 2022. This decrease resulted primarily from lower spend related to advertising through digital platforms.

Direct costs

Direct costs increased by $4.0 million, or 13.8%, to $32.8 million for the three months ended September 30, 2023, as compared to $28.8 million for the same period in 2022. The increase was primarily driven by $2.4 million of direct costs related to the growth of Enterprise revenues and an increase in payment processing fees of $1.6 million and underwriting expenses of $0.5 million, driven by growth in Total Originations and Total Customers, partially offset by a $0.5 million decrease in costs related to our MoneyLion Investing offering.

Direct costs increased by $15.4 million, or 19.4%, to $94.8 million for the nine months ended September 30, 2023, as compared to $79.4 million for the same period in 2022. The increase was primarily driven by $10.8 million of direct costs related to the growth of Enterprise revenues and an increase in payment processing fees of $4.2 million and underwriting expenses of $1.2 million, driven by growth in Total Originations and Total Customers, partially offset by a $0.8 million decrease in costs related to our RoarMoney Banking and MoneyLion Investing offering.

Professional services

Professional services decreased by $2.6 million, or 34.2%, to $5.0 million for the three months ended September 30, 2023, as compared to $7.5 million for the same period in 2022. This decrease resulted primarily from $2.8 million of lower outside consulting expenses driven by expense reduction initiatives, which was partially offset by an increase of $0.2 million in outside legal expenses.

Professional services decreased by $7.0 million, or 32.6%, to $14.5 million for the nine months ended September 30, 2023, as compared to $21.5 million for the same period in 2022. This decrease resulted primarily from $4.6 million of lower outside consulting expenses driven by expense reduction initiatives, $0.9 million of lower outside legal expenses, $0.9 million of lower accounting and audit expenses and $0.5 million of lower recruiting expenses.

Technology-related costs

Technology-related costs increased by $0.6 million, or 10.6%, to $5.9 million for the three months ended September 30, 2023, as compared to $5.3 million for the same period in 2022. This increase resulted primarily from an increase in expenses for software licenses and subscriptions of $0.4 million and depreciation and amortization related to equipment and software of $0.2 million.

Technology-related costs increased by $2.3 million, or 15.1%, to $17.5 million for the nine months ended September 30, 2023, as compared to $15.2 million for the same period in 2022. This increase resulted primarily from an increase in depreciation and amortization related to equipment and software of $1.1 million and an increase in expenses for software licenses and subscriptions of $0.8 million and other technology purchases of $0.5 million.

Other operating expenses

Other operating expenses decreased by $1.4 million, or 12.4%, to $9.8 million for the three months ended September 30, 2023, as compared to $11.2 million for the same period in 2022. The decrease was primarily driven by lower costs related to legal matters of $1.8 million; this was partially offset by higher facilities expenses of $0.3 million and higher corporate insurance expenses of $0.2 million,

Other operating expenses decreased by $1.8 million, or 5.6%, to $30.0 million for the nine months ended September 30, 2023, as compared to $31.8 million for the same period in 2022. The decrease was primarily driven by lower costs related to legal matters of $2.8 million and lower expenses related to processing transactions in our Consumer business of $0.7 million; this was partially offset by an increase in intangible amortization of $1.6 million attributable to the Engine Acquisition.

Our other (expense) income consists of the following:

Interest expense

Interest expense decreased by $0.8 million, or 10.1%, to $7.1 million for the three months ended September 30, 2023, as compared to $7.9 million for the same period in 2022. This decrease resulted from a decrease in average debt outstanding during the three months ended September 30, 2023 compared to the same period in 2022, which was partially offset by an increase in interest rates on the Monroe Term Loans during the three months ended September 30, 2023 compared to the same period in 2022. See Part I, Item 1 “Financial Statements — Debt” for more information.

Interest expense increased by $0.3 million, or 1.3%, to $21.9 million for the nine months ended September 30, 2023, as compared to $21.6 million for the same period in 2022. This increase resulted from an increase in interest rates on the Monroe Term Loans during the nine months ended September 30, 2023 compared to the secured borrowings outstanding during the same period in 2022. See Part I, Item 1 “Financial Statements — Debt” for more information.

Change in fair value of warrant liability

Change in fair value of warrant liability was an expense of $0.1 million for the three months ended September 30, 2023, as compared to a benefit of $0.4 million for the same period in 2022. The change in fair value of warrant liability was due to changes in inputs that drive the warrant liability fair value calculations.

Change in fair value of warrant liability was an expense of $0.1 million for the nine months ended September 30, 2023, as compared to a benefit of $7.3 million for the same period in 2022. The change in fair value of warrant liability was due to changes in inputs that drive the warrant liability fair value calculations.

Change in fair value of contingent consideration from mergers and acquisitions

There was no change in fair value of contingent consideration from mergers and acquisitions for the three months ended September 30, 2023 since there was no unsettled contingent consideration outstanding during the three months ended September 30, 2023.

Change in fair value of contingent consideration from mergers and acquisitions was a benefit of $6.6 million for the nine months ended September 30, 2023, as compared to a benefit of $14.0 million for the same period in 2022. The change in benefit was primarily driven by the inputs used in computing the valuations of contingent consideration.

Goodwill impairment loss

A goodwill impairment loss of $26.7 million was recorded during the nine months ended September 30, 2023. There was no such loss in the prior period in 2022. The goodwill impairment loss was primarily caused by a decline in the price of the Class A Common Stock and the Company's related market capitalization during the second quarter of 2023.

Other income (expense)

Other income increased by $1.9 million to $2.4 million for the three months ended September 30, 2023, as compared to $0.5 million for the same period in 2022. The increase was primarily related to an increase in interest income earned on interest bearing deposits of $1.5 million. The three months ended September 30, 2023 also included non-recurring trademark use settlement income of $0.2 million and sublease income of $0.1 million.

Other income increased by $5.7 million to $5.3 million for the nine months ended September 30, 2023, as compared to other expense of $0.4 million for the same period in 2022. The increase was primarily related to an increase in interest income earned on interest bearing deposits of $4.9 million and lower losses on debt forgiveness of $0.3 million. The nine months ended September 30, 2023 also included non-recurring trademark use settlement income of $0.2 million and sublease income of $0.1 million.

Income tax expense (benefit)

See Part I, Item 1 “Financial Statements — Income Taxes” for an explanation of the tax activity recorded during the nine months ended September 30, 2023.

Changes in Financial Condition to September 30, 2023 from December 31, 2022

	September 30, 2023	December 31, 2022	Change $	Change %
Assets				
Cash and restricted cash	$ 101,016	$ 153,709	$ (52,693)	-34.3 %
Consumer receivables	190,152	169,976	20,176	11.9 %
Allowance for credit losses on consumer receivables	(32,073)	(24,841)	(7,232)	29.1 %
Consumer receivables, net	158,079	145,135	12,944	8.9 %
Enterprise receivables, net	19,109	19,017	92	0.5 %
Property and equipment, net	2,111	2,976	(865)	-29.1 %
Goodwill and intangible assets, net	180,911	220,847	(39,936)	-18.1 %
Other assets	51,030	54,658	(3,628)	-6.6 %
Total assets	$ 512,256	$ 596,342	$ (84,086)	-14.1 %
Liabilities and Stockholders' Equity				
Liabilities:				
Debt agreements	$ 194,420	$ 232,011	$ (37,591)	-16.2 %
Accounts payable and accrued liabilities	45,581	58,129	(12,548)	-21.6 %
Warrant liability	405	337	68	20.2 %
Other liabilities	15,870	33,496	(17,626)	-52.6 %
Total liabilities	256,276	323,973	(67,697)	-20.9 %
Series A Preferred Stock	-	173,208	(173,208)	-100.0 %
Stockholders' equity:				
Common Stock	1	1	-	0.0 %
Additional paid-in capital	964,203	766,839	197,364	25.7 %
Accumulated deficit	(698,524)	(657,979)	(40,545)	6.2 %
Treasury stock	(9,700)	(9,700)	-	0.0 %
Total stockholders' equity	255,980	99,161	156,819	158.1 %
Total liabilities, redeemable convertible preferred stock and stockholders' equity	$ 512,256	$ 596,342	$ (84,086)	-14.1 %

Assets

Cash and restricted cash

Cash and restricted cash decreased by $52.7 million, or 34.3%, to $101.0 million as of September 30, 2023, as compared to $153.7 million as of December 31, 2022. Refer to the "— Cash Flows" section below for further discussion on the net change in cash and restricted cash from operating activities, investing activities and financing activities during the period.

Consumer receivables, net

Consumer receivables, net increased by $12.9 million, or 8.9%, to $158.1 million as of September 30, 2023, as compared to $145.1 million as of December 31, 2022. The increase was primarily attributable to an increase in Instacash receivables, net of allowance for credit losses, from December 31, 2022 to September 30, 2023. Refer to Part I, Item 1 "Financial Statements — Consumer Receivables" for additional information.

Enterprise receivables, net

Enterprise receivables, net increased by $0.1 million, or 0.5%, to $19.1 million as of September 30, 2023, as compared to $19.0 million as of December 31, 2022. This increase was primarily attributable to growth in Enterprise Marketplace receivables of $4.8 million and a reduction in the allowance for credit losses for enterprise receivables of $0.7 million which were mostly offset by decreases in Consumer Marketplace receivables of $3.3 million and decreases in media business receivables of $2.0 million.

Goodwill and intangible assets, net

Goodwill and intangible assets, net decreased by $39.9 million, or 18.1%, to $180.9 million as of September 30, 2023, as compared to $220.8 million as of December 31, 2022. This decrease was primarily attributable to the goodwill impairment recorded during the nine months ended September 30, 2023 and amortization of intangible assets.

Other assets

Other assets decreased by $3.6 million, or 6.6%, to $51.0 million as of September 30, 2023, as compared to $54.7 million as of December 31, 2022. This was primarily attributable to a decrease in prepaid expenses and amortization of operating lease right-of-use assets, partially offset by an increase in receivable from payment processors. Refer to Part I, Item 1 "Financial Statements — Other Assets" for additional information.

Liabilities

Debt agreements

Debt agreements decreased by $37.6 million, or 16.2%, to $194.4 million as of September 30, 2023, as compared to $232.0 million as of December 31, 2022. Refer to Part I, Item 1 "Financial Statements — Debt" for further discussion of financing transactions.

Accounts payable and accrued expenses

Accounts payable and accrued expenses decreased by $12.5 million, or 21.6%, to $45.6 million as of September 30, 2023, as compared to $58.1 million as of December 31, 2022. The decrease was primarily attributable to annual bonuses paid, the settlement of dividends payable and lower litigation reserves during the nine months ending September 30, 2023.

Warrant liability

Warrant liability activity between September 30, 2023 and December 31, 2022 was not significant. Refer to the "— Results of Operations for the Three and Nine Months Ended September 30, 2023 and 2022" section above for further discussion on the change in fair value of warrant liability.

Other liabilities

Other liabilities decreased by $17.6 million, or 52.6%, to $15.9 million as of September 30, 2023, as compared to $33.5 million as of December 31, 2022. The decrease was primarily attributable to the settlement of all contingent consideration related to mergers and acquisitions and a reduction in insurance premium liabilities.

Liquidity and Capital Resources

We believe our existing cash and cash equivalents and cash flows from operating activities will be sufficient to meet our operating working capital needs for at least the next twelve months. Our future financing requirements will depend on several factors, including our growth, the timing and level of spending to support continued development of our platform, the expansion of marketing activities and merger and acquisition activity. In addition, growth of our finance receivables increases our liquidity needs, and any failure to meet those liquidity needs could adversely affect our business. Additional funds may not be available on terms favorable to us or at all. If the Company is unable to generate positive operating cash flows, additional debt and equity financings or refinancing of existing debt financings may be necessary to sustain future operations.

Receivables originated on our platform, including Credit Builder Plus loans and Instacash advances, were primarily financed through special purpose vehicle financings from third-party institutional lenders. As of September 30, 2023, there was an outstanding principal balance of $63.0 million under the ROAR 1 SPV Credit Facility and an outstanding principal balance of $59.0 million under the ROAR 2 SPV Credit Facility. For more information, see Note 9, “Debt” and Note 8, “Variable Interest Entities” of the Company’s Notes to Consolidated Financial Statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 for discussion of the ROAR 1 SPV Credit Facility and the ROAR 2 SPV Credit Facility and VIE considerations related to the ROAR 1 SPV Credit Facility and the ROAR 2 SPV Credit Facility, respectively.

The following table presents the Company’s cash, restricted cash and receivable from payment processor as of September 30, 2023 and December 31, 2022:

	September 30, 2023	December 31, 2022
Cash	$ 94,266	$ 115,864
Restricted cash	6,750	37,845
Receivable from payment processor	$ 34,933	$ 32,881

Cash Flows

The following table presents net change in cash and restricted cash from operating, investing and financing activities during the three and nine months ended September 30, 2023 and 2022:

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Net cash provided by (used in) operating activities	$ 36,072	$ (386)	$ 74,115	$ (9,896)
Net cash used in investing activities	(27,975)	(28,064)	(84,598)	(101,607)
Net cash (used in) provided by financing activities	(9,255)	439	(42,210)	54,488
Net change in cash and restricted cash	$ (1,158)	$ (28,011)	$ (52,693)	$ (57,015)

Operating Activities

Net cash provided by operating activities was $36.1 million for the three months ended September 30, 2023 compared to net cash used in operating activities of $0.4 million for the three months ended September 30, 2022. This increase in net cash provided by operating activities was primarily driven by an increase of approximately $25.6 million in profitability after adjusting for non-cash activity included in our net loss and an increase of $10.8 million related to changes in working capital.

Net cash provided by operating activities was $74.1 million for the nine months ended September 30, 2023 compared to net cash used in operating activities of $9.9 million for the nine months ended September 30, 2022. This increase in net cash provided by operating activities was primarily driven by an increase of approximately $77.7 million in profitability after adjusting for non-cash activity included in our net loss and an increase of $6.3 million related to changes in working capital.

Investing Activities

Net cash used in investing activities was $28.0 million for the three months ended September 30, 2023 compared to net cash used in investing activities of $28.1 million for the three months ended September 30, 2022. The decrease in net cash used in investing activities was primarily related to decreases in expenditures for property and equipment and software development, which were mostly offset by increases in net finance receivable originations during the three months ended September 30, 2023 compared to the three months ended September 30, 2022.

Net cash used in investing activities was $84.6 million for the nine months ended September 30, 2023 compared to net cash used in investing activities of $101.6 million for the nine months ended September 30, 2022. The decrease in net cash used in investing activities was primarily related to $18.6 million spent on the Engine Acquisition, net of cash received, during the nine months ended September 30, 2022, compared to no cash payments for acquisitions during the nine months ended September 30, 2023.

Financing Activities

Net cash used in financing activities was $9.3 million for the three months ended September 30, 2023 compared to net cash provided by financing activities of $0.4 million for the three months ended September 30, 2022. The increase in cash used for financing activities was primarily attributable to an increase in principal payments during the three months ended September 30, 2023 compared to the three months ended September 30, 2022.

Net cash used in financing activities was $42.2 million for the nine months ended September 30, 2023 compared to net cash provided by financing activities of $54.5 million for the nine months ended September 30, 2022. The increase in cash used for financing activities was primarily attributable to a decrease in proceeds from debt issuances, net of fees and financing costs, an increase in debt principal payments and a decrease in proceeds related to exercise of stock options during the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022 and cash disbursements related to the automatic conversion of the Series A Preferred Stock to Class A Common Stock pursuant to the terms of the Certificate of Designations governing the Series A Preferred Stock and dividends on the Series A Preferred Stock that were paid during the nine months ended September 30, 2023.

Financing Arrangements

Refer to Part I, Item 1 “Financial Statements — Debt” for further discussion on financing transactions during the period.

Contractual Obligations

The table below summarizes debt, lease and other long-term minimum cash obligations outstanding as of September 30, 2023:

	Total	Remainder of 2023	2024 – 2025	2026 – 2027	Thereafter
Monroe Term Loans	$ 75,000	$ 10,000	$ —	$ 65,000	$ —
ROAR 1 SPV Credit Facility	63,000	—	63,000	—	—
ROAR 2 SPV Credit Facility	59,000	—	59,000	—	—
Operating lease obligations	9,518	823	5,755	2,172	768
Vendor unconditional purchase obligations	29,632	—	12,632	17,000	—
Total	$ 236,150	$ 10,823	$ 140,387	$ 84,172	$ 768

Secured Loans and Other Debt

For more information regarding our secured loans and other debt, see Part I, Item 1 “Financial Statements — Debt” in this Quarterly Report on Form 10-Q.

Off-Balance Sheet Arrangements

At September 30, 2023, the Company did not have any material off-balance sheet arrangements.

Non-GAAP Measures

In addition to net income (loss), which is a measure presented in accordance with U.S. GAAP, management believes that Adjusted EBITDA provides relevant and useful information which is widely used by analysts, investors and competitors in our industry in assessing performance. Adjusted EBITDA is a supplemental measure of our performance that is neither required by nor presented in accordance with U.S. GAAP. Adjusted EBITDA should not be considered as a substitute for U.S. GAAP metrics such as net income (loss) or any other performance measures derived in accordance with U.S. GAAP and may not be comparable to similar measures used by other companies.

We define Adjusted EBITDA as net income (loss) plus interest expense related to corporate debt, income tax expense (benefit), depreciation and amortization expense, change in fair value of warrant liability, change in fair value of subordinated convertible notes, change in fair value of contingent consideration from mergers and acquisitions, goodwill impairment loss, stock-based compensation and one-time expenses less origination financing cost of capital. We believe that Adjusted EBITDA provides a meaningful understanding of an aspect of profitability based on our current product portfolio. In addition, Adjusted EBITDA is useful to an investor in evaluating our performance because it:

- is a measure widely used by investors, analysts and competitors to measure a company’s operating performance;

- is a metric used by rating agencies, lenders and other parties to evaluate our credit worthiness; and

- is used by our management for various purposes, including as a measure of performance and as a basis for strategic planning and forecasting.

The reconciliation of net loss to Adjusted EBITDA for the three and nine months ended September 30, 2023 and 2022 is as follows:

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Net loss	$ (4,110)	$ (21,017)	$ (41,050)	$ (54,060)
Add back:				
Interest related to corporate debt[1]	3,191	2,896	10,226	6,937
Income tax expense (benefit)	400	53	114	(28,348)
Depreciation and amortization expense	6,106	6,157	18,403	15,584
Changes in fair value of warrant liability	81	(414)	68	(7,275)
Change in fair value of contingent consideration from mergers and acquisitions	-	(10,214)	(6,613)	(14,034)
Goodwill impairment loss	-	-	26,721	-
Stock-based compensation expense	5,702	5,127	16,657	13,643
One-time expenses[2]	1,982	3,068	5,355	9,887
Adjusted EBITDA	$ 13,352	$ (14,346)	$ 29,881	$ (57,669)

(1)We add back the interest expense related to all outstanding corporate debt, excluding outstanding principal balances related to the ROAR 1 SPV Credit Facility and the ROAR 2 SPV Credit Facility. For U.S. GAAP reporting purposes, interest expense related to corporate debt is included within interest expense in the statement of operations.

(2)We add back other one-time expenses, including those related to transactions, including mergers and acquisitions and financings, that occurred, litigation-related expenses and non-recurring costs or gains. Generally, these expenses are included within other expenses or professional services in the statement of operations.

Critical Accounting Policies and Estimates

See Part I, Item 1 “Financial Statements — Summary of Significant Accounting Policies” for a description of critical accounting policies and estimates.

Recently Issued and Adopted Accounting Pronouncements

See Part I, Item 1 “Financial Statements — Summary of Significant Accounting Policies” for a description of recently issued accounting pronouncements that may potentially impact our results of operations, financial condition or cash flows.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates.

Interest Rates Risk

Interest rates may adversely impact our customers’ level of engagement on our platform and ability and willingness to pay outstanding amounts owed to us. While we do not charge interest on a lot of our products, higher interest rates could deter customers from utilizing our credit products and other loans. Moreover, higher interest rates may lead to increased delinquencies, charge-offs and allowances for loans and interest receivable, which could have an adverse effect on our operating results.

The Monroe Term Loans and future funding arrangements may bear a variable interest rate. The ROAR 1 SPV Credit Facility and ROAR 2 SPV Credit Facility have fixed interest rates. Given the fixed interest rates charged on many of our loans, a rising variable interest rate would reduce our interest margin earned in these funding arrangements. Dramatic increases in interest rates may make these forms of funding nonviable. A one percent change in the interest rate on our variable interest rate debt, based on principal balances as of September 30, 2023, would result in an approximately $0.8 million impact to annual interest expense.

Item 4. Controls and Procedures

Restatement of Q3 2021 Financial Statements

On March 10, 2022, the Company filed Amendment No. 1 to the Quarterly Report on Form 10-Q/A for the quarterly period ended September 30, 2021 (the “Q3 10-Q/A”) in order to restate (the “Q3 2021 Restatement”) the financial statements and related financial information contained in the Company’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021, originally filed with the SEC on November 15, 2021, arising from:

- the manner in which the Company accounted for the conversion of subordinated convertible notes and exercise of stock warrants into equity in connection with the Business Combination Closing, as the subordinated convertible notes and the stock warrants should have been marked to fair value as of the Business Combination Closing, with the related change in fair value recorded in operating expenses before the liabilities were reclassified to equity, instead of reclassifying these liabilities to equity based on their June 30, 2021 fair value measurement; and
- the failure to include the impact of dilutive securities in the calculation of diluted net income per share for the three months ended September 30, 2021.

Further information about the Q3 2021 Restatement is described in the Q3 10-Q/A, filed with the SEC on March 10, 2022.

Restatement of FY 2021 and Q1 2022 Financial Statements

On August 11, 2022, the Company filed (a) Amendment No. 1 to the Annual Report on Form 10-K/A for the fiscal year ended December 31, 2021 (the “FY 2021 10-K/A”) in order to restate (the “FY 2021 Restatement”) the financial statements and related financial information contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021, originally filed with the SEC on March 17, 2022, and (b) Amendment No. 1 to the Quarterly Report on Form 10-Q/A for the quarterly period ended March 31, 2022 (the “Q1 2022 10-Q/A”) in order to restate (the “Q1 2022 Restatement” and together with the Q3 2021 Restatement and the FY 2021 Restatement, the “Restatements”) the financial statements and related financial information contained in the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2022, originally filed with the SEC on May 16, 2022, in each case arising from the manner in which the Company classified and accounted for the make-whole provision (the “Closing Make-Whole Provision”) relating to certain Class A Common Stock consideration paid and payable to the sellers of MALKA in connection with the closing of the MALKA Acquisition, as the Closing Make-Whole Provision should have been classified as a liability within the scope of Accounting Standards Codification 480, *Distinguishing Liabilities from Equity*, as of the closing date of the MALKA Acquisition, with subsequent changes in the fair value of such liability recorded in the consolidated statement of operations under change in fair value of contingent consideration from mergers and acquisitions. Further information about the FY 2021 Restatement and the Q1 2022 Restatement is described in the FY 2021 10-K/A and Q1 2022 10-Q/A, respectively, each filed with the SEC on August 11, 2022.

Material Weaknesses

We determined that the Restatements described above, as well as the prior restatement of our consolidated financial statements for the years ended December 31, 2020 and December 31, 2019 with respect to the treatment of the noncontrolling interests attributable to the Class B investors of IIA, resulted from a material weakness in our internal control over financial reporting, as we did not maintain an effective control environment as controls over technical and complex accounting did not operate as expected. This material weakness remained un-remediated as of each of the relevant reporting periods. Subsequently, during the audit of our financial statements for the year ended December 31, 2022, our auditors identified control deficiencies in our internal control over financial reporting as a result of a lack of properly designed controls related to the calculation of the fair value of our reporting unit undertaken as a part of goodwill impairment testing as of December 31, 2022. These control deficiencies could result in a misstatement of our goodwill, any related impairment or related disclosures that could result in a material misstatement of our financial results that may not be prevented or detected. We determined that these control deficiencies related to the previously identified material weakness related to technical and complex accounting, which remained un-remediated as of December 31, 2022. We did not maintain an effective control environment, as there were certain areas in which the accounting function did not operate as expected due to a lack of sufficient internal accounting resources, in particular technical accounting expertise with respect to complex financial instruments and fair value calculation, which resulted in undue reliance on third-party accounting and valuation experts, and inadequate level of precision embedded in control activities, as well as lack of sufficient formalization over processes and control evidence.

In addition to the foregoing material weakness, in connection with our assessment of our controls for the year ended December 31, 2022, we identified a separate material weakness in our internal control over financial reporting as of December 31, 2022 relating to a lack of properly designed controls, as well as insufficient written policies and procedures, in connection with our Enterprise revenue recognition accounting in accordance with standards under Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*. These control deficiencies could result in a misstatement of our Enterprise revenue accounts or disclosures that could result in a material misstatement of our financial results that may not be prevented or detected. Accordingly, we determined that these control deficiencies constitute a material weakness.

Evaluation of Disclosure Controls and Procedures

Disclosure controls are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Exchange Act, such as this Quarterly Report on Form 10-Q, is recorded, processed, summarized and reported within the time period specified in the SEC's rules and forms. Disclosure controls are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including the Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer), as appropriate to allow timely decisions regarding required disclosure. Our management evaluated, with the participation of our current Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of September 30, 2023, pursuant to Rule 13a-15(b) under the Exchange Act. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, in light of the material weaknesses described above, as of September 30, 2023, our disclosure controls and procedures were not effective. As a result, we performed additional analysis as deemed necessary to ensure that our consolidated financial statements included in this Quarterly Report on Form 10-Q were prepared in accordance with U.S. generally accepted accounting principles. Accordingly, management believes that the financial statements included in this Quarterly Report on Form 10-Q present fairly, in all material respects, our financial position, result of operations and cash flows for the periods presented.

We do not expect that our disclosure controls and procedures will prevent all errors and all instances of fraud. Disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Further, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and the benefits must be considered relative to their costs. Because of the inherent limitations in all disclosure controls and procedures, no evaluation of disclosure controls and procedures can provide absolute assurance that we have detected all our control deficiencies and instances of fraud, if any. The design of disclosure controls and procedures also is based partly on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting during the quarter ended September 30, 2023 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting, other than as described below with respect to our ongoing remediation efforts.

In light of the material weaknesses identified and errors, including those resulting in the Restatements, as described above, we have added additional resources intended to enhance our accounting and financial reporting functions, including hiring additional qualified personnel with technical expertise. We continue to develop formal processes in consultation with our third-party professional advisors, including formalizing our control evidence and processes, that are intended to ensure a sufficient level of precision is embedded in all financial reporting control activities. In addition, we have enhanced the supervisory review of accounting procedures in financial reporting and expanded and improved our review process for complex securities and transactions and related accounting standards. In order to fully remediate the material weaknesses identified, we intend to continue to re-evaluate the design of, and validate, our internal controls to ensure that they appropriately address changes in our business that could impact our system of internal controls, review our current processes and procedures to identify potential control design enhancements to ensure that our financial reporting is complete and accurate and develop a monitoring protocol to enable management to validate the operating effectiveness of key controls over financial reporting. We believe that these actions will ultimately be effective in remediating the material weaknesses we have identified and will continue to evaluate our remediation efforts and report regularly to the Audit Committee of the Board of Directors on the progress and results of our remediation plan. We intend to complete the remediation by December 31, 2023, but these remediation measures may be time consuming and costly, and there is no assurance that we will be able to complete the remediation and put in place the appropriate controls within this timeframe or that these initiatives will ultimately have the intended effects.

Part II – OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are subject to various claims and legal proceedings in the ordinary course of business, including lawsuits, arbitrations, class actions and other litigation. We are also the subject of various actions, inquiries, investigations and proceedings by regulatory and other governmental agencies. The outcome of any such legal and regulatory matters, including those discussed in this section, is inherently uncertain, and some of these matters may result in adverse judgments or awards, including penalties, injunctions or other relief, which could materially and adversely impact our business, financial condition, operating results and cash flows. See Part I, Item 1A "Risk Factors — Risks Relating to Legal and Accounting Matters — Unfavorable outcomes in legal proceedings may harm our business, financial condition, results of operations and cash flows" in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

We have determined, based on our current knowledge, that the aggregate amount or range of losses that are estimable with respect to our legal proceedings, including the matters described below, would not have a material adverse effect on our business, financial position, results of operations or cash flows. As of September 30, 2023, amounts accrued were not material. Notwithstanding the foregoing, the ultimate outcome of legal proceedings involves judgments, estimates and inherent uncertainties, and cannot be predicted with certainty. It is possible that an adverse outcome of any matter could be material to our business, financial position, results of operations or cash flows as a whole for any particular reporting period of occurrence. In addition, it is possible that a matter may prompt litigation or additional investigations or proceedings by other government agencies or private litigants.

State Regulatory Examinations and Investigations

We hold a number of state licenses in connection with our business activities, and must also comply with other applicable compliance and regulatory requirements in the states where we operate. In most states where we operate, one or more regulatory agencies have authority with respect to regulation and enforcement of our business activities under applicable state laws, and we may also be subject to the supervisory and examination authority of such state regulatory agencies. Examinations by state regulators have and may continue to result in findings or recommendations that require us, among other potential consequences, to provide refunds to customers or to modify our internal controls and/or business practices.

In the ordinary course of our business, we are and have been from time to time subject to, and may in the future be subject to, governmental and regulatory examinations, information requests, investigations and proceedings (both formal and informal) in connection with various aspects of our activities by state agencies, including the California Department of Financial Protection and Innovation, the Attorney General of the Commonwealth of Virginia, the New York Attorney General's Office and the Colorado Department of Law, certain of which may result in adverse judgments, settlements, fines, penalties, restitution, disgorgement, injunctions or other relief. We have responded to and cooperated with the relevant state agencies and will continue to do so in the future, as appropriate.

CFPB Litigation

On September 29, 2022, the Consumer Financial Protection Bureau (the "CFPB") initiated a civil action in the United States District Court for the Southern District of New York ("SDNY") against MoneyLion Technologies Inc., ML Plus LLC and our 38 state lending subsidiaries, alleging violations of the Military Lending Act and the Consumer Financial Protection Act. The CFPB is seeking injunctive relief, redress for allegedly affected consumers and civil monetary penalties. On January 10, 2023, we moved to dismiss the lawsuit, asserting various constitutional and merits-based arguments. On June 13, 2023, the CFPB filed its first amended complaint, alleging substantially similar claims as those asserted in its initial complaint. On July 11, 2023, we moved to dismiss the lawsuit, again asserting various constitutional and merit-based arguments. On October 9, 2023, we moved for a stay of the action pending a decision from the United States Supreme Court in *CFPB v. Community Financial Services Association of America, Ltd.*, No. 22-448 (U.S. argued Oct. 3, 2023). We continue to maintain that the CFPB's claims are meritless and are vigorously defending against the lawsuit. Nevertheless, at this time, we cannot predict or determine the timing or final outcome of this matter or the effect that any adverse determinations in the lawsuit may have on our business, financial condition or results of operations.

MALKA Seller Members Litigation

On July 21, 2023, Jeffrey Frommer, Lyusen Krubich, Daniel Fried and Pat Capra, the former equity owners of MALKA (collectively, the "Seller Members"), brought a civil action in the SDNY against MoneyLion Technologies Inc. alleging, among other things, breaches of the Membership Interest Purchase Agreement governing the MALKA Acquisition (the "MIPA"). Among other claims, the Seller Members allege that they are entitled to payment of $25.0 million of Class A Common Stock pursuant to the earnout provisions set forth in the MIPA, based on the Seller Members' assertion that MALKA achieved certain financial targets for the year ended December 31, 2022 (such payment, the "2022 Earnout Payment"). We believe that the Seller Members are not entitled to any portion of the 2022 Earnout Payment under the terms of the MIPA and that the Seller Members' claims in their lawsuit are meritless. We continue to vigorously defend against the lawsuit and have filed counterclaims against the Seller Members, alleging, among other things, negligent misrepresentation, conversion, breach of fiduciary duties and breach of contract and seeking compensatory damages and other remedies as a result of wrongdoing by the Seller Members. On October 17, 2023, the SDNY denied, in full, the Seller Members' motion for a preliminary injunction to remove the restrictive legends on certain shares of Class A Common Stock previously issued to the Seller Members. At this time, we cannot predict or determine the timing or final outcome of this matter or the effect that any adverse determinations in the lawsuit may have on our business, financial condition or results of operations.

Former Series A Preferred Stockholders Litigation

On July 27, 2023, MassMutual Ventures US II LLC, Canaan X L.P., Canaan XI L.P., F-Prime Capital Partners Tech Fund LP and GreatPoint Ventures Innovation Fund II, L.P., each of which are former equityholders of Even Financial Inc. and former holders of the Company's Series A Preferred Stock (collectively, the "Former Preferred Stockholders"), brought a civil action in the SDNY against MoneyLion Inc., our Board of Directors and certain officers seeking declaratory relief and related damages.

The Former Preferred Stockholders allege that the 1-for-30 Reverse Stock Split of the Class A Common Stock effected on April 24, 2023 was undertaken in a manner designed to trigger the Automatic Conversion Event pursuant to which all outstanding shares of Series A Preferred Stock automatically converted into certain shares of Class A Common Stock following the close of trading on the NYSE on May 26, 2023. The Former Preferred Stockholders further allege that the Definitive Proxy Statement we filed with the SEC on March 31, 2023 relating to the Special Meeting of Stockholders to approve the Reverse Stock Split proposal contained false and/or misleading statements and material omissions, and that we improperly failed to obtain the separate vote of the holders of the Series A Preferred Stock to approve the Reverse Stock Split. In connection therewith, the Former Preferred Stockholders assert claims against all defendants under Section 14(a) of the Securities Exchange Act of 1934 and for breach of the Certificate of Designations governing the Series A Preferred Stock, and a claim against the individual defendants for breach of fiduciary duty.

We believe that the Former Preferred Stockholders’ claims are meritless, and on November 6, 2023, we filed a motion to dismiss the lawsuit in its entirety. We intend to vigorously defend against the lawsuit. Nevertheless, at this time, we cannot predict or determine the timing or final outcome of this matter or the effect that any adverse determinations in the lawsuit may have on our business, financial condition or results of operations.

Item 1A. Risk Factors

As of the date of this Quarterly Report on Form 10-Q, there have been no material changes to the risk factors disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022, other than as set forth in the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023, filed with the SEC on May 9, 2023. In addition, we may disclose additional changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

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

None.

Item 3. Default Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, the representations, warranties, covenants and agreements contained in such exhibits were made only for the purposes of such agreement and as of specified dates, were solely for the benefit of the parties to such agreement and may be subject to limitations agreed upon by the contracting parties. The representations and warranties may have been made for the purposes of allocating contractual risk between the parties to such agreements instead of establishing these matters as facts and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors. Unless otherwise explicitly stated therein, investors and security holders are not third-party beneficiaries under any of the agreements attached as exhibits hereto and should not rely on the representations, warranties, covenants and agreements or any descriptions thereof as characterizations of the actual state of facts or condition of the Company or any of its affiliates or businesses. Moreover, the assertions embodied in the representations and warranties contained in each such agreement are qualified by information in confidential disclosure letters or schedules that the parties have exchanged. Moreover, information concerning the subject matter of the representations and warranties may change after the respective dates of such agreements, which subsequent information may or may not be fully reflected in the Company's public disclosures.

Exhibit No.	Description
3.1	Fourth Amended and Restated Certificate of Incorporation of MoneyLion Inc. (incorporated by reference to Exhibit 3.1 to MoneyLion Inc.'s Registration Statement on Form S-1 (File 333-260254), filed with the SEC on October 14, 2021).
3.1.1	Certificate of Amendment to the MoneyLion Inc. Fourth Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to MoneyLion Inc.'s Current Report on Form 8-K (File 001-39346), filed with the SEC on April 24, 2023).
3.2	Amended and Restated Bylaws of MoneyLion Inc., effective as of March 15, 2023 (incorporated by reference to Exhibit 3.2 of MoneyLion Inc.'s Annual Report on Form 10-K (File No. 001-39346), filed with the SEC on March 16, 2023).
10.1*†	Amendment No. 3 to the Amended and Restated Carrying Agreement, dated September 15, 2023, by and between DriveWealth, LLC and ML Wealth, LLC.
31.1*	Certification of the Chief Executive Officer pursuant to Exchange Act Rules Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Chief Financial Officer pursuant to Exchange Act Rules Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of the Chief 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 Chief 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.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101).

* Filed herewith.
** The certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed "filed" for purposes of Section 18 of the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.
† Certain schedules and exhibits to this exhibit have been omitted pursuant to Regulation S-K Item 601(a)(5), or certain portions of this exhibit have been redacted pursuant to Regulation S-K Item 601(b)(10)(iv).

SIGNATURES

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

	MONEYLION INC.
Date: November 7, 2023	By: /s/ Richard Correia Richard Correia President, Chief Financial Officer and Treasurer (Principal Financial Officer)
Date: November 7, 2023	By: /s/ Mark Torossian Mark Torossian Chief Accounting Officer (Principal Accounting Officer)

[*****] = Certain information contained in this document, marked by brackets, has been omitted because the registrant customarily and actually treats such information as private or confidential and it is not material.

DriveWealth

AMENDMENT NO. 3

TO THE CARRYING AGREEMENT

This amendment (the "**Third Amendment**") is made between DRIVEWEALTH, LLC ("**DriveWealth**"), and ML WEALTH, LLC ("**Company**") and is effective as of 5/1/2023 (the "**Third Amendment Effective Date**").

WHEREAS, Company and DriveWealth entered into that certain Amended and Restated Carrying Agreement dated October 29, 2020 (the "**Carrying Agreement**");

WHEREAS, Company and DriveWealth entered into that certain first amendment to the Carrying Agreement dated March 31, 2021 (the "**First Amendment**");

WHEREAS, Company and DriveWealth entered into that certain second amendment to the Carrying Agreement dated December 6, 2021 (together with the Carrying Agreement and the First Amendment, the "**Prior Agreement**");

WHEREAS, Company and DriveWealth desire to amend the Prior Agreement as stated in this Amendment.

NOW THEREFORE, in consideration of the premises, the promises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged the Parties mutually agree as follows:

1.The following Definition is added to Section 1 of the Agreement:

"**Fee Schedule**" means the most recently dated pricing terms, including but not limited to all Fees, as signed by both Parties, and any amendments or supplements thereto, which are incorporated by reference in this Agreement.

2.Section 23.1 is deleted and replaced in its entirety by the following:

23.1 Fees. DriveWealth shall charge Company, and Company shall pay DriveWealth, the Fees set forth in the Fee Schedule. The Fee Schedule may be amended at any time to reflect new or expanded Services provided by DriveWealth to Company as agreed to in a mutual amendment or supplement to the Fee Schedule. Except for those Fees stated in Exhibit B of the Fee Schedule, which may be amended on prior written notice, additional changes to the Fee Schedule require mutual amendment or supplement to the Fee Schedule.

3.Section 30.2 is deleted and replaced in its entirety by the following:

30.2 Early Termination Fee. Any early termination fees, to the extent applicable, are detailed in Exhibit A of the Fee Schedule. For the avoidance of doubt, Company will not be subject to an early termination fee if Company terminates this Agreement pursuant to Termination for Default whereby DriveWealth is the Defaulting Party.

4.All fees schedules previously agreed to between the Parties prior to the Third Amendment Effective Date are superseded in accordance with the attached Fee Schedule, which shall remain in effect until the end of the Initial Term, unless further amended or supplemented by the Parties, and is subject to the following conditions:

a.If at any time during the Initial Term, the Company's affiliate, MoneyLion Securities, LLC undergoes efforts to operationalize with the intention of accepting client funds, then it agrees to give DriveWealth the right of first refusal to provide it with clearing services and it will work in good faith with DriveWealth to enter into a mutually acceptable separate carrying agreement between DriveWealth and MoneyLion Securities, LLC at such time;

b.Company agrees to work in good faith with DriveWealth to sign a memorandum of understanding ("MOU") to convert all funded Accounts to the white label partner identification ("WLP ID") that is currently associated with Company's Accounts to a new WLP ID that DriveWealth will create solely for Company (the "ML WLP ID") on or before October 15, 2023, with the intent of beginning the conversion of such accounts before December 31, 2023, subject to a mutually agreed upon extension, as appropriate; and

c.The Fees included in the Fee Schedule shall apply to all Transactions executed through the ML WLP ID for the remainder of the Initial Term.

If Company does not meet the conditions set forth in section 4.a. or 4.b., the prior fees, which are included as Exhibit C to the Fee Schedule, shall apply.

Each capitalized term used and not otherwise defined herein has the meaning ascribed to such term in the Prior Agreement. This Third Amendment modifies the Prior Agreement and all prior amendments, supplements, and understandings to the Prior Agreement. All of the provisions of the Prior Agreement not specifically deleted or modified herein shall remain in full force and effect. Wherever there is a conflict between this Third Amendment and the Prior Agreement, the provisions of this Third Amendment will control, and the Prior Agreement will be construed accordingly. The modifications stated above shall take effect as of the Third Amendment Effective Date.

THE PARTIES have executed this Third Amendment as of the Third Amendment Effective Date by their duly authorized representatives, who represent that they have the authority to bind their respective Party.

ML Wealth, LLC		**DriveWealth, LLC**	
By:	/s/ Erika Nuno	By:	/s/ Jeff Pasquerella
Name:	Erika Nuno	Name:	Jeff Pasquerella
Title:	Head of Strategic Finance and Revenue	Title:	Global Chief Legal Officer
Date:	9/15/2023	Date:	9/15/2023

FEE SCHEDULE

EXHIBIT A
FEES AND CLEARING SERVICE CHARGES

[*****]

EXHIBIT B
STANDARD FEES

[*****]

EXHIBIT C

[ML WEALTH PRIOR FEE SCHEDULE]

[*****]

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Diwakar Choubey, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MoneyLion 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2023

By: /s/ Diwakar Choubey
Diwakar Choubey
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Richard Correia, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MoneyLion 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2023

By: /s/ Richard Correia

Richard Correia
President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Exhibit 32.1

Certification of Chief Executive Officer
Pursuant To Rule 18 U.S.C. Section 1350

In connection with the Quarterly Report on Form 10-Q of MoneyLion Inc. (the "Company") for the quarterly period ended September 30, 2023, as filed with the U.S. Securities and Exchange Commission (the "Report"), I, Diwakar Choubey, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 7, 2023

/s/ Diwakar Choubey
Diwakar Choubey
Chief Executive Officer

Exhibit 32.2

Certification of Chief Financial Officer
Pursuant To Rule 18 U.S.C. Section 1350

In connection with the Quarterly Report on Form 10-Q of MoneyLion Inc. (the "Company") for the quarterly period ended September 30, 2023, as filed with the U.S. Securities and Exchange Commission (the "Report"), I, Richard Correia, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 7, 2023

/s/ Richard Correia

Richard Correia
President, Chief Financial Officer and Treasurer