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# MoneyLion, Inc. (ML)

## Q1 2023 Earnings Call

# CORPORATE PARTICIPANTS

**Sean Michael Horgan**
*Head-Investor Relations, MoneyLion, Inc.*

**Diwakar Choubey**
*Founder, Chief Executive Officer & Director, MoneyLion, Inc.*

**Richard Correia**
*President, Chief Financial Officer & Treasurer, MoneyLion, Inc.*

# OTHER PARTICIPANTS

**Josh Siegler**
*Analyst, Cantor Fitzgerald & Co.*

**George Frederick Sutton**
*Analyst, Craig-Hallum Capital Group LLC*

# MANAGEMENT DISCUSSION SECTION

**Operator**: Greetings and welcome to MoneyLion's First Quarter 2023 Earnings Call. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. [Operator Instructions] Please note that this conference is being recorded.

Before we go further, I would like to turn the conference over to Sean Horgan, Head of IR. Thank you. You may begin.

## Sean Michael Horgan

*Head-Investor Relations, MoneyLion, Inc.*

Thank you, and good morning. Welcome to MoneyLion's first quarter 2023 earnings conference call. Joining me today to talk about our results are MoneyLion's CEO, Dee Choubey; and CFO, Rick Correia. You can find the presentation accompanying our earnings release on the Investor Relations section of our website. Please note that any forward-looking statements made in this commentary are subject to our Safe Harbor statement found in our SEC filings and in our earnings press release.

Now, I'll turn the call over to Dee.

## Diwakar Choubey

*Founder, Chief Executive Officer & Director, MoneyLion, Inc.*

Thank you, Sean. Good morning and welcome to our first quarter 2023 earnings presentation. I'm excited to share with you the exceptional results MoneyLion has achieved in the first quarter of 2023. Our performance in this quarter is a testament to the strategy we set out to execute despite the continued volatility and uncertainty in the global macro environment. The core pillars of our strategy include; first and foremost, to transition from growth at all costs to efficient growth while hitting profitability milestones; second, to integrate unique assets acquired through our acquisitions; and this is really our unique data advantage and financial content creation capabilities;

to acquire and retain at scale is our superpower. The advancements in large language models like ChatGPT are great, but we have the white truffle, the massive data advantage that gets generated after interacting with billions of touch points and transactions across millions of customers. We continue to innovate, to build our proprietary data, to power insights that accelerate the adoption of our products and enhance our relationship with consumers. And finally, to ensure balancing innovation and growth with a long-term drive toward strong and consistent margins. This has been a relentless pursuit for us, driving innovation in the wake of tremendous market disruptions.

In the first quarter of 2023, MoneyLion exceeded the plan. We achieved $89 million in adjusted revenue, reflecting 34% year-over-year growth and above our stated guidance of $85 million to $88 million. We reached $7 million of positive adjusted EBITDA. This is an important milestone as our first quarter of positive adjusted EBITDA as a public company. Like our Q4, we were pleased that we were ahead of guidance; and going forward, we will be balancing adjusted EBITDA with growth. We added a record 1.3 million new customers, bringing our total customer base to 7.8 million. The credit health of the US consumer that uses MoneyLion remains strong, and we're continuing to meet the demand while maintaining strong credit performance backed by our near 11 years of experience in applying AI-driven risk models. Our historical cohorts outperformed in Q1 2023 as you can see in our financials. Our consumer mix outperformed our expectations showcasing the benefits of our diverse revenue mix. MoneyLion consistently performs in any environment and today's results reflect just that. We built MoneyLion to thrive regardless of market forces outside of our control.

Before I provide an update on our business, let me first touch on what we believe are the key takeaways for investors following the announcement of our first quarter results. First, our business model demonstrates resilience across economic cycles. An unprecedented number of our consumers are looking for our products. Our improved automated and AI driven lifecycle marketing is increasing conversions more efficiently than any time in our operating history. Our continuous optimizations across our organization are increasing profitability, and our AI powered risk models optimize credit performance and active portfolio management.

Second, our first quarter 2023 adjusted revenue exceeded our guidance. We delivered $89 million in adjusted revenue versus our guidance of $85 million to $88 million. Our deliberate investments in media and marketplace assets over the last two years positioned our business for low cost customer acquisition and high consumer LTV through cross-sell over time and this drives leading unit economics throughout economic cycles.

Third, we achieved our first adjusted EBITDA positive quarter as a public company, highlighting our steady path to profitability. We delivered $7 million of positive adjusted EBITDA in the first quarter of 2023, exceeding our guidance of negative $4 million to breakeven for the quarter. There's always a balance in investing in innovation and driving the bottom line. Our strategy is to deliver in a way that drives both growth and positive unit economics at the same time.

And fourth, MoneyLion is well-positioned for growth. Our two-sided consumer and enterprise ecosystem drives disruptive growth through differentiated customer acquisition, retention and monetization. We have to remember, we're still in the early innings of fully realizing the synergies of our acquisition of Even Financial, which we rebranded this quarter to Engine by MoneyLion. Engine represents an important proposition for enterprise partners. We look forward to being an important partner for analytics, data validation, fraud and performance marketing for our key clients. We believe the achievement of these synergies will create multiple avenues for growth for years to come as we deliver our best-in-class technology to the industry.

Shifting our focus to overall customer growth. We achieved a record 1.3 million new customer adds in the first quarter of 2023, while maintaining disciplined levels of marketing spend. This is a key strength of MoneyLion. The installed base of customers create multiple opportunities for us to serve their needs with the right offer using bleeding edge technologies in times of access and in times of need. Our marketing flywheel's momentum is evident, as enhanced lifecycle initiatives and a robust top of the funnel bolstered by our enterprise business allowed us to sustain sub-$15 customer acquisition costs in Q1. We see this trend accelerating throughout 2023. This is part of MoneyLion's secret sauce that is fueling our incremental profitability quarter-over-quarter and provides us a cost advantage over less diversified business models.

Turning to product consumption; simply put, we've built a remarkable customer acquisition engine coupled with a must-have suite of financial tools, money adjacent content and access to our fulsome network. By the end of the first quarter, 14.7 million total products were consumed on our platform, up from 9 million in the first quarter of 2022. To illustrate the mix shift, 73% of these products consumed in Q1 were third-party products, compared to just 10% in Q1 of 2021. This shows us we're not just the neobank for specific segment and we've diversified beyond loans in the marketplace. We now offer more products to a larger TAM and have multiple reasons to interact with consumers throughout their lives. Marketplace synergies are driving broader product consumption in deepening our relationships with customers by matching them with the products they need. This synergy also deepens our customer's engagement with our platform by making the overall offering more valuable to our consumers.

Let's take a closer look at our consumer and enterprise businesses; starting with our consumer division. Our consumer offering is a vast, full featured money app. We continuously innovate on our first-party products and enhance them with additional services, features and benefits. This business outperformed our expectations in the first quarter, led by strong performance across the product suite, including Instacash, Credit Builder Plus membership and our banking product. This revenue diversification that we distinctly enjoy is a result of years of methodical platform investment and is a pillar of our competitive differentiation.

From a first-party product perspective, we saw strong performance in Instacash, which enables customers to cover unexpected expenses and costly overdraft fees. Demand for Instacash was above our expectations during the quarter, but we also saw improvements in the product's overall performance. In banking, we saw some seasonal benefits in the first quarter with tax refunds driving strong payment volume in Q1. Deep relationships with our customers formed over several years drove record yield in deposits as well. Our Credit Builder Plus product continued its strong performance in the quarter. We made investments in infrastructure-related initiatives to improve the cost base. Lastly, our new membership product has shown promise ahead of its full launch. This premium membership builds on the success of our Credit Builder Plus membership with enhanced features and benefits. It will include community-like attributes through an in-app experiences, user stories and financial challenges that drive engagement and retention. The premium membership will also provide exclusive offers to members and the opportunity for non-members to upgrade to take advantage of these premium benefits.

Moving to our enterprise business. During the first quarter, we successfully diversified our enterprise business through an enhanced mix of financial services providers and products, effectively enabling us to offset some of the headwinds facing certain of our existing third-party products. Starting with the enterprise marketplace, we've been performing well in spite of industry-wide headwinds. Our initiatives focused on broadening the scope of our enterprise product mix, moving beyond the traditional realm of loans have begun to bear fruit. We expanded into vertices across adjacent high-value product types like high-yield savings accounts, safe driver tracking and health. We also entered a number of new partnerships during the quarter, representing a significant pipeline of incremental revenue going forward.

As we continue to develop and introduce an array of comprehensive marketplace solutions and sophisticated web services products, we're confident in the value and success they will bring to our customers and enterprise partners. Within MoneyLion Media, our award-winning content continues to drive engagement for new and existing customers on the MoneyLion app. We look forward to the strong momentum continuing into the second quarter. Our broad network of enterprise partners continues to expand. We continue to onboard new partners and deepen our relationships with our existing ones. As our network grows, so does our value proposition; and this is a critical component of our powerful business model, which ultimately improves outcomes for our end consumers. This also underpins a valuable customer acquisition channel that shows early indications of a better performing customer from an LTV perspective. We are capitalizing on the current environment by taking market share to maximize our footprint.

And with that, I'd like to pass it over to our CFO, Rick Correia for a financial update.

## Richard Correia

*President, Chief Financial Officer & Treasurer, MoneyLion, Inc.*

Thanks, Dee, and good morning to everyone. I look forward to sharing details about our record financial performance for the first quarter ending March 31, 2023. I will also discuss our guidance and outlook for the second quarter. As we are going through the financials, please note that unless otherwise stated, I will be referring to adjusted results in all quarterly period references referred to the first quarter of 2023 versus the first quarter of 2022. Our GAAP consolidated financials and non-GAAP reconciliations are available in today's earnings release and will be available in our 10-Q filing. I also wanted to highlight one recent development that will be reflected in our 10-Q. On April 21st, we announced that MoneyLion's board of directors approved a 1-for-30 reverse stock split of MoneyLion's Class A common stock following stockholder approval on April 19th.

Okay. Now, shifting gears to our fundamental performance during the first quarter of 2023. Each quarter we continue to see great results as a result of our customer acquisition and lifecycle strategy. Starting with our first point of contact with our customers or our top of funnel, we deploy marketing dollars over a diverse set of channels, including marketplace, brand, influencers, organic and paid digital. In the first quarter, these channels translated into about 34 million total customer inquiries; which represents the number of submitted consumer applications for financial products across our marketplace business, MoneyLion app installs and users who have registered via the MoneyLion website. These consumer inquiries then translated into a record 1.3 million of new total customers, leading to 7.8 million total customers by the end of the first quarter of 2023.

We are seeing an increasing shift in the mix of customers coming through our proprietary marketplace channel, which come at a higher CAC but represent a highly scalable strategy and present better cross-sell monetization opportunities with even higher projected LTV going forward. Our vast breadth of first-party and third-party product offers enabled our consumers to find what they need all in one place, which helps drive our strong consumer lifetime value. We added 1.8 million incremental total products, leading to 14.7 million total products consumed by the end of the first quarter of 2023.

Now, let's take a look at our unit economics for the first quarter. As mentioned, we added a record 1.3 million new total customers in the first quarter. Our fully-loaded CAC was under $15 in the first quarter. While this is down from the first quarter of 2022, it's an uptick from our recent quarters. As we have discussed in the past, this is a strategic move that is the result of focusing on a mass market user segment where we are driving sustainable growth while also realizing profitable unit economics. Additionally, we spend to acquire in our own marketplace and that has flywheel benefits for the overall network. We made investment to increase the customers and volume being transacted in the enterprise network, which contributed to our overall customer acquisition cost during the first quarter. We estimate that our payback period is still strong at approximately three months for the first quarter of 2023.

ARPU was $50 in the first quarter compared to $62 in the fourth quarter of 2022. This lower level of ARPU reflects a key synergy from our acquisition of unit financial playing out as we officially acquire customers in the mass market segment and take market share. This is our TAM expanding away from just financial products to engage consumers with our marketplace. This aligns with MoneyLion's strategic positioning of helping a broad segment of the population to make the right money related decision and authentically monetizing through both third-party and first-party products.

More and more of our customers are taking third-party products as their first product on our platform, which reflects the vast number of products we offer our customers. More options for our customers drives better outcomes, and we believe, this will drive higher lifetime value over time. As mentioned earlier, we are seeing accretive lifetime value benefits of acquiring customers through our high-intent marketplace channel, then retaining and monetizing through breadth of content and products over time. As a result, we continue to see high levels of recurring revenue in the first quarter, starting with consumer. In the first quarter of 2023, over 90% of our consumer adjusted revenue came from historical cohorts; a testament to our product market fit. As you can see, customers from historical cohorts continue to consistently drive the majority of our adjusted revenue, in some cases, years after they joined our platform.

Now on to our enterprise business. Over 90% of adjusted revenue for our enterprise business came from prior year cohorts. While we all like to see charts that are up to the right – let me take a moment to provide some color on our 2020 cohort. As everyone knows well, in 2020, at the onset of the pandemic, the US enacted a zero interest rate policy and flooded the market with stimulus dollars. That resulted in the emergence of significant digital lenders on our platform. As we discussed last year, some of these lenders have reduced the levels of originations, which impacted available product inventory in the marketplace. While we continue to see record levels of demand for products in the marketplace, there was a short-term impact to the 2020 cohort.

As Dee mentioned, this was offset by a record level of non-personal lending product consumption in the marketplace as we materially expanded the offering. In summary, the enterprise business is executing well in the face of a volatile macro environment. This is the direct result of our flexible marketplace technology platform, rapidly delivering the most in-demand products in business positions us really well for future growth.

We saw continued strength in consumer origination performance in the first quarter. Total originations were $506 million in the first quarter. The 24% year-over-year increase was achieved by leveraging our distinct acquisition channels and AI-driven optimizations which combine to fuel our path to steady profitable growth. Our provision expense as a percentage of originations was 2.3% in the first quarter, which is below the low end of our target range of 4% to 6%. This is a great outcome reflective of our historical cohorts outperforming and resulting in a benefit to provision expense in the first quarter of 2023. Going forward, we will continue to manage originations to prioritize our highest quality customers as a powerful lever for consistent growth and profitability. We expect our provision to be within our target range of 4% to 6%.

Adjusted revenue for the quarter grew 34% year-over-year to $89 million, marking another strong quarter for MoneyLion. This exceeded our guidance of $85 million to $88 million. Our strong performance was driven by record consumer revenue. Importantly, we are emboldened by achieving a revenue beat in the face of anticipated macro headwinds that impacted the enterprise marketplace lending asset class, which positions the business for future growth. This is a benefit of having a consumer B2C business alongside an enterprise B2B2C business that combined to cover a broad spectrum of consumer segments. We see this theme in our business mix.

Our consumer business contributed to 68% of our adjusted revenue in the first quarter, up from 65% in the fourth quarter of 2022. Strength across our consumer business contributed to the increase in the overall mix in the first quarter. Our enterprise business contributed 32% of our adjusted revenue in the first quarter, down from 35% in the prior quarter. Looking at adjusted gross profit, in the first quarter we generated $52 million of adjusted gross profit, representing 58% margin within our guidance range. The lower gross margins for the period were driven by lower enterprise gross margins due to strategic decision that we made to take market share to position us for future growth.

Now, on to our path to profitability. Q1 2023 was our first quarter of positive adjusted EBITDA as a public company; a significant milestone. Adjusted EBITDA in the first quarter was $7 million compared to negative $25 million in the first quarter of 2022 and marked our fifth consecutive quarter adjusted EBITDA improvement. This exceeded our guidance of negative $4 million to breakeven for the first quarter. Margin improvement in the first quarter was partially driven by strong performance in our consumer business, as well as realizing our first full quarter of benefits from the $15 million of annualized cost synergies we actioned in the fourth quarter of 2022. We expect to realize further acquisition-related revenue and cost synergies in 2023, positioning us for profitable growth. Lastly, we ended the first quarter with $111 million of cash and generated positive operating cash flow for a second consecutive quarter, and we expect to continue to progress through sustainable cash flow generation.

Based on feedback from investors, I'd like to take a moment to walk through a few select items in our balance sheet in order to clarify how our capital-light model of first-party products and marketplace tie to our balance sheet. On this slide, we have selected lines from MoneyLion, Inc.'s consolidated balance sheet broken out between amounts held at special purpose vehicles or SPVs, and those held directly by MoneyLion. Here are some areas we'd like to clarify. Note one, amounts held in SPVs. MoneyLion, Inc.'s consolidated balance sheet includes items held at SPVs which have entered into credit facilities with third-party lenders that we then utilize to finance consumer receivables originated on our platform. These amounts are consolidated into our balance sheet for GAAP accounting purposes. The sum of the two represent the consolidated balance sheet amount that you see in our financial statements.

Now, onto MoneyLion's directly held balances. Note two, receivable from payment processors. We had about $35 million in receivables from payment processors as of the end of the first quarter. Effectively, this is cash in transit.

Note three, consumer receivables held directly by MoneyLion. We ended the quarter with $27 million of consumer receivables, net of expected loss reserve held directly by MoneyLion. Note that this compares to a $149 million on our consolidated balance sheet. The majority of consumer receivables held by MoneyLion represents fee and subscription receivables tied to revenue.

Now shifting to the balance has held in SPVs. Note four, total assets and other debt. There was a balance of about $122 million of consumer receivables held at SPV credit facilities at the end of the first quarter. This is the majority of the consumer receivables balance you see on our consolidated balance sheet under the GAAP accounting. Importantly, these receivables represent principal amounts of the loan and Instacash receivables [indiscernible] (00:25:31) by the SPVs to finance additional receivables with the main recourse third-party lenders have its principal cash collected and future principal collections only up to the other debt balance and related interest.

Next, you'll see that there was about $120 million in other debt held at SPVs at the end of the first quarter. This represents the entire amount of other debt seen on MoneyLion's consolidated balance sheet. Lastly, on MoneyLion's consolidated balance sheet in note five, you'll see our secured loans. We ended the quarter with about $89 million in secured loans. The secured loans effectively represent MoneyLion's corporate debt, which we amended in late-April, in order to pay down $25 million of corporate debt over the next six months, with the residual balance due in March 2026. This proactive step reduces the company's interest expense; another important step towards profitability.

Shifting gears to our first quarter guidance versus our results. Adjusted revenue was $89 million, which exceeded the high end of our guidance range of $85 million to $88 million. Adjusted gross profit margin was 58%, which was at the low end of our guidance driven by lower enterprise gross margins as we expanded the asset class offering and opportunistically traded off margins from market share, locking in future enterprise growth. We also had slightly higher processing costs in the quarter that we anticipate reverting to our historical levels in Q2. Adjusted EBITDA was $7 million. This also exceeded the high end of our guidance range of negative $4 million to break even for the first quarter.

Before turning to our outlook, a quick note on our reported non-GAAP metrics. During the quarter, we determined that GAAP revenue and gross profit are the key performance metrics that we will use to measure revenue and profitability and evaluate business performance going forward. As a result, MoneyLion will no longer provide financial guidance using adjusted revenue and adjusted gross profit, and instead, will provide financial guidance using GAAP revenue and gross profit going forward.

Now, for our guidance for the second quarter of 2023. We expect GAAP revenue of $95 million to $100 million, reflecting 9% to 14% of consistent and profitable year-over-year growth. As Dee mentioned earlier, this reflects both the resilience of our mass market offerings and our ability to manage performance incredibly well with the help of our talent and technology. We expect gross profit margin in the range of 54% to 58%. Our guidance reflects gross margin roughly in line with the first quarter of 2023 as we continue to increase enterprise marketplace product breadth and market share to drive future growth.

We expect adjusted EBITDA on the range of $1 million to $8 million. In the first quarter, adjusted EBITDA performance was driven in part by optimizations to the business as we realize acquisition synergies as well as provision expense reduction from AI optimizations creating a Q1 benefit. We expect a provision expense as a percentage of originations to be back within our target range in Q2. Lastly, for the full year of 2023, we continue to expect positive adjusted EBITDA marking our first full year of adjusted EBITDA profitability as a public company. We're immensely proud of the MoneyLion team's dedication in propelling steady, profitable growth.

With that, I'll turn it back over to Dee for closing remarks.

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## Diwakar Choubey

*Founder, Chief Executive Officer & Director, MoneyLion, Inc.*

Thanks, Rick. Q1 2023 marks another quarter of exceptional performance for MoneyLion. Our results highlight consistent growth and our steady path to profitability; and we look forward to building on this momentum throughout the rest of the year. MoneyLion has made important strides towards profitability since the beginning of the current rate hiking cycle in spite of the challenges that have consequently emerged. A durable business we built presents us with significant opportunities in the current economic environment. We are mindful that neither the highs nor the lows are as extreme as they may appear. And we look forward to continuing to build innovative solutions for our customers in creating value for our shareholders for many years to come. Thank you very much for joining us today and we look forward to taking your questions.

# QUESTION AND ANSWER SECTION

**Operator**: Thank you. And ladies and gentlemen, at this time, we'll be conducting our question-and-answer session. [Operator Instructions] Our first question comes from Josh Siegler with Cantor Fitzgerald. Please state your question.

**Josh Siegler**
*Analyst, Cantor Fitzgerald & Co.*

Q

Yes. Hi, guys. Good morning. Thanks for taking my question and nice to see the strong profitability this quarter. My first question is really around the regional banking turmoil. Have you seen a significant inflow of new customers related to the uncertain regional banking environment right now?

**Diwakar Choubey**
*Founder, Chief Executive Officer & Director, MoneyLion, Inc.*

A

Hey, Josh. It's Dee. I'll take that. I'll start with that. Look, I mean, there's – whenever there's dislocations in the banking world, we take advantage or if you look at our DNA, when we started the business in 2013, it was on the heels of the last credit crisis. And the whole thesis of why MoneyLion exists is to disrupt not only the regional banks but the money center banks, right? So if you look at the growth in Q1, we saw incredibly strong demand from Instacash. Instacash is a replacement. So that product inherently by the way it's built, the way it's structured and the value that it serves the end consumer is built to disrupt what not only the regional banks, but also the money center banks are not able to provide that customer.

So we're always using opportunities and specifically pain points like the one that we're seeing right now kind of go through the ecosystem, use that to our advantage from a customer acquisition perspective. And that's why we saw that demand was above our expectations in Q1 for Instacash, and we saw really improving credit performance as well. That has multiple reasons behind that credit performance, but surely partly driven by folks realizing that MoneyLion is a more cheaper, more convenient, more flexible and more innovative solution to what's offered by the regional banks.

**Josh Siegler**
*Analyst, Cantor Fitzgerald & Co.*

Q

Excellent. That's very helpful color. And then I'd love if we could dive a little bit deeper into the outlook; specifically for the enterprise business and how you expect that to play out throughout the year?

**Diwakar Choubey**
*Founder, Chief Executive Officer & Director, MoneyLion, Inc.*

A

Yeah. So, look we're continuing to see industry-wide headwinds in our enterprise business through the first quarter and this started in the second half of last year. And if you think about who's on our network, we have some of the world's leading publishers on one side of the network and we have some of the leading financial institutions on the other side of the network. So what's happened with the rate hiking cycle is the cost of capital has gone up for not only fintechs, but also banks; but any time that happens, the demand for funding those loans goes down as well from a consumer perspective. The consumer that was used to single digit interest rates on their two-year, three-year, five-year personal loan is now seeing a sticker shock as they see higher interest rates on that same product that they were. So there're a lot of substitution effects happening just from the consumer side, but a lot of that was mitigated by the fact that our network is very robust indeed.

Whereas we had a strong inflow of revenue last year from the personal lending category, we've been able to diversify that into high yield savings, into CDs, into other asset classes of lending, into some, dare I say, non-financial products like health care and health-related capabilities as well. So we're seeing that mix shift really kind of soften the overall headwind that we're facing, but if you think about where we were from just an approval rate perspective, a funding rate perspective a year ago, we have in-built growth in the market as advertising dollars come back and as a rate regime changes over the upcoming periods. So we see that while there is a headwind on the part of the business, there're incredible opportunities and we're well-positioned to show a modest growth in the enterprise business through the rest of the year.

**Josh Siegler**
*Analyst, Cantor Fitzgerald & Co.*

Q

Excellent. Thank you, Dee, and congratulations on the execution this quarter again.

**Diwakar Choubey**
*Founder, Chief Executive Officer & Director, MoneyLion, Inc.*

A

Thanks, Josh.

**Operator**: [Operator Instructions] Our next question comes from George Sutton with Craig-Hallum. Please state your question.

**George Frederick Sutton**
*Analyst, Craig-Hallum Capital Group LLC*

Q

Thank you. My congrats on the EBITDA positive as well. So when we look at how others in the marketplace space have performed the NerdWallets and the LendingTrees of the world, you're obviously outperforming pretty materially. Can you just give us a sense of what you're addressing differently, perhaps, than some of them are and why you're seeing these results? And do I look at your TAM expansion as you talk about it in into these other marketplace areas like safe driver and health as examples of that?

**Diwakar Choubey**
*Founder, Chief Executive Officer & Director, MoneyLion, Inc.*

A

Hey, George, thanks for the question. Look, I think there's been a lot of chatter and innovation on the application of artificial intelligence. If you think about the DNA of MoneyLion going back to 2023 and how we started with the founding story, that's been a part of our data advantage since early innings. And I mentioned this in the remarks that when you interact across billions of touchpoints and now our interactions on the consumer side of the business are generating so much insight on what the consumer wants to do at various inflection points, we're seeing a lot of benefit of our technology being able to offer the right product at the right time, on the right day with the right context, with the right content, explaining the product and that's driving up. Despite the overall macro issues, it's helping us convert better; the conversion funnel. And we always talk about lifecycle 3.0. We always talk about the next-generation of using the advancements in the massive data that we have as well as the new large language models, the new capabilities that we have, we've grown in-house. It's not just LLMs for us. It's a whole library of in-house driven consumer intent underwriting fraud and innovative AI models that we have internally that help us position the right product at the right time.

Now, the other thing that's working for us is we've got a great sales team on the enterprise side that's able to go and get substitution products. So what happens when personal loan demand or credit card demand goes down, people still are aspirational in terms of how they fulfill their household needs. So we're seeing a lot of success in matching consumers with the right high yield savings products. Back to Josh's question about the impact of regional banks, we're seeing a lot of the regional banks offer 3.5%, 4%, 4.5%, 5% CDs right now. And that's a great product for consumers. And we're using our technology to match that consumer demand or at least highlight to consumers that, hey, the cash that you've just accumulated from tax season or the cash that you've just accumulated from an extra gig that you've done, let's get that to work for you in a safe way through some of these high yield CD products. And that, again, is given sort of the need for deposits. We're able to play an important role in matching both sides of the market there, and that's been a help on the enterprise side.

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**George Frederick Sutton**
*Analyst, Craig-Hallum Capital Group LLC*

Q

Perfect. Just one other question for Rick. My number one email this morning is asking the question of why the move from adjusted to GAAP. Can you just walk through the logic there?

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**Richard Correia**
*President, Chief Financial Officer & Treasurer, MoneyLion, Inc.*

A

Yeah, absolutely. If you look historically, the primary reason that we had adjusted on the top line was that we were netting kind of provisions into revenue. And we just knew that showing revenue on a standalone basis is consistent with GAAP and better kind of reflects the performance of the business. And then kind of having a full kind of holistic provision line is also kind of reflective of the overall operating performance of the business. The other, which was kind of the key reason that we had adjusted numbers on the top line was that, if you recall, back several years ago, we had a portfolio that we're in the process of winding down. And so we had those adjusted out to kind of reflect the go forward profile of the business. And at this point we've well past multiple years of those portfolios being wound down. So it's a good juncture for us to now just move to kind of straight GAAP revenue, which of course then just translates into GAAP gross profit.

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**George Frederick Sutton**
*Analyst, Craig-Hallum Capital Group LLC*

Q

All right. Thanks, guys.

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**Operator**: Thank you. There are no further questions at this time. And with that, we will conclude today's conference call. Thank you, all, for your participation. All parties can now disconnect. Thank you.