

08-Aug-2023

# MoneyLion, Inc. (ML)

Q2 2023 Earnings Call

## CORPORATE PARTICIPANTS

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

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

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

---

## OTHER PARTICIPANTS

**James Rush**  
*Analyst, Craig-Hallum Capital Group LLC*

**Will Carlson**  
*Analyst, Cantor Fitzgerald & Co.*

**Harold Lee Goetsch**  
*Analyst, B. Riley Securities, Inc.*

---

## MANAGEMENT DISCUSSION SECTION

**Operator:** Greetings and welcome to MoneyLion's Second 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] As a reminder this conference is being recorded.

I would like to turn the conference over to host Sean Horgan, Head of Investor Relations for MoneyLion. Thank you. You may begin.

---

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

Thank you operator. Good morning everyone and welcome to MoneyLion's second quarter 2023 earnings conference call. Joining me today to discuss our results are MoneyLion's CEO, Dee Choubey; and CFO, Rick Correia. You can find the presentation accompanying our earnings release on the Investor Relation's website [investors.moneylion.com](http://investors.moneylion.com). 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 thank you all for joining us for our second quarter 2023 earnings presentation. I am pleased to share with you that MoneyLion delivered yet another quarter of strong performance in Q2 2023. This quarter, we reached additional important milestones in our path to profitability, and we saw the healthy operating markers we were looking for as we execute for growth and profitability for the long run.

This performance is a reflection of our ecosystem advantage, which is driving tangible results, compounding on the inherent flywheels embedded in our business model. We are incredibly proud of the team's execution and the progress we've made, which reflects our deeper mission and vision to help every consumer make their best financial decision.

Now let's dive into the key takeaways for Q2 2023. The first item to highlight is that we achieved record revenue of \$107 million in the quarter. We exceeded our quarterly revenue guidance of \$95 million to \$100 million. This represents 14% quarter-over-quarter growth and 22% year-over-year growth. Importantly, our consumer and enterprise businesses both achieved record quarterly revenue, reflecting the strength and scalability of our business model.

The second takeaways are gross profit margin expansion. Gross profit margin was 59%, up 4 points from 55% in Q1 2023. This exceeded the high end of our guidance of 54% to 58%. This margin expansion was driven by our combined Consumer plus Enterprise ecosystem advantage. The third takeaway to highlight, we generated record adjusted EBITDA of \$9 million. This exceeded our guidance of \$1 million to \$8 million in the quarter and represents 9% adjusted EBITDA margin.

Q2 also marked our second consecutive quarter of positive adjusted EBITDA and more than a year of consistent quarterly improvement towards profitability, highlighting our acute focus on efficiency. We drove operating leverage across the board with reduced provision, marketing and compensation expenses.

And last but not least, we reached nearly 10 million total customers. We added a record 2.1 million total customers during the quarter, up from 1.3 million customer adds in Q1 2023. This represented 26% quarter-over-quarter growth and 114% year-over-year growth. The growth in total customers is a testament to the increasing effectiveness of our marketplace customer acquisition channel.

As you can see, our total customer growth has been over 100% year-over-year for almost every quarter since we became a public company in 2021. We've been increasing the strength of our ecosystem by leveraging customer acquisition across a diverse set of channels and providing personalized content insights, widgets and expanding product breadth. Importantly, we're adding customers more efficiently than ever. This is a result of the strategies we implemented a year ago in building an immersive and holistic experience.

Turning to Total Products. Over 17 million Total Products have been consumed in our platform through Q2 2023, with 39% representing third-party products, up from 32% in Q1 2023. It is evident that third-party products are becoming an increasingly larger part of our overall product mix. This design tradeoff is a planned part of our strategy. You'll see that our average products per customer has declined year-over-year. This is natural given the velocity of recent customer adds and represents meaningful future product cross-sell and monetization opportunities, leveraging the full spectrum of financial and non-financial offers.

Our philosophy is simple. We aim to match customers with the right product, regardless of whether that's a first-party product provided by us or a third-party product from one of our enterprise partners. We aim to be the single most trusted source for customers to find the right products for their personal financial situation. This differentiates MoneyLion from the other platforms that exclusively offer first-party products. With each interaction, our data set gets better at predicting exactly the right next best action for the benefit of our entire customer base.

Our strong execution is creating sustainable growth and profitability. Our total customer and Total Product growth trends are translating into attractive financial results marked by quarter-over-quarter healthy revenue growth,

gross profit and adjusted EBITDA margin expansion. Now we'll provide an update on our Consumer and Enterprise businesses and a new initiative that incorporates the power of our combined ecosystem.

Starting with our Consumer business, performance during the quarter was strong. We originated over \$1 billion year-to-date in our liquidity and credit building products demonstrating continued demand for our first-party products. Our credit quality remained incredibly healthy with performance well within our target in the second quarter.

As we've said before, our decade long experience in building scaled payments technologies and managing identity and fraud issues positions us as an industry leader in effectively providing liquidity products to a large number of American consumers. We continuously manage risk effectively in the face of a dynamic economic environment. Our risk selection allows our Consumer business to consistently demonstrate robust credit performance quarter-over-quarter year-after-year. Our first-party products are part of the important flywheels embedded in our business model.

The MoneyLion ecosystem is a platform, with what we believe is an unmatched range of products and offers, giving consumers more options to make the right financial decisions. We also have a powerful content strategy, providing an engaging experience around all money and adjacent conversations. We're making learning about the right next financial move a less stressful proposition for hard working families, expect us to continue rapidly releasing products, content, insights that reinforce our mission of matching customers with the right product at the right time.

Let me provide an update on our Enterprise business, MoneyLion's Embedded Finance Platform. In the second quarter, our Enterprise business achieved record revenue growing over 30% quarter-over-quarter. This is an incredible accomplishment in the face of industry-wide headwinds.

In our marketplace business, our consumer marketplace delivered meaningful high margin revenue during the quarter, which is a direct result of the benefits of cross-selling the right financial product from the marketplace to our consumers. This is a synergy of our combined ecosystems.

In our enterprise marketplace, we continued to diversify our revenue mix with additional third-party products like high yield savings, special offers, and many more. Growth in these revenue streams accelerated this quarter, helping to offset the headwinds impacting some of the traditional lending product offered in our marketplace, with loans now representing a considerably lower mix of our enterprise revenue from a year ago.

In our media business, we continue to reap the benefits of having in-house media and content capabilities, with a team focused on scaling profitably while we build out the next phase of the media business. Having served 10 million customers to-date with many more in our ecosystem, in addition to the 50 million quarterly customer inquiries added in the second quarter through our enterprise network, MoneyLion sits on top of a treasure trove of valuable consumer intent and preference data. Our ability to apply machine learning across the ecosystem consistently leads to better outcomes for consumers and enterprise clients alike.

So what's next? We're moving to deliver the value of MoneyLion as a search first experience. When we started 10 years ago in 2013, we were pioneers in applying artificial intelligence and machine learning to make financial products more accessible to more users. Now we'll use those same capabilities to fulfill the vision of becoming the interface layer, providing guidance on the right financial product at the right time for all Americans. Generative AI search is a natural extension of what we believe MoneyLion is best positioned to bring to market building on top of

the company's vast data lake. Just like machine learning technology has led to better outcomes, Generative AI technologies will change how consumers find and consume information and take action.

Our bold vision is to be the first place all consumers go when they have a financial question or a need a financial product. MoneyLion will be the first place all consumers go when they have a money or money adjacent question. MoneyLion will provide the most comprehensive answer generated through our own content and insights while incorporating the products of the entire marketplace. MoneyLion will generate intelligent, personalized tools, tips and offers that are actionable right then and there instead of a long list of links or hard to navigate written blogs as exists in the market today.

We believe MoneyLion is the only company in the world with the assets, capabilities and technology to do this right. The exciting part is this technology isn't just limited to our own owned and operated properties. We will also deliver our embedded finance, research and modernization technology to any business. This technology will be made available to our broad network of enterprise partners through easy to integrate technology. The opportunity to empower consumers to make their best financial decision across the Internet is in front of us.

And with that, let's turn it over to Rick to walk us through the quarter's financial performance in detail.

---

## Richard Correia

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

Thanks, Dee, and good morning to everyone. I look forward to sharing details about our financial performance for the second quarter ending June 30, 2023. I'll also discuss our guidance and outlook for the third quarter. As we are going through the financials, please note that unless otherwise stated all year-over-year period comparisons refer to the second quarter of 2023 versus the second quarter of 2022.

Our GAAP consolidated financial statements and non-GAAP reconciliations are available in today's earnings release and our 10-Q filing. Separately, we have recorded a non-cash impairment charge for the remaining goodwill asset of approximately \$27 million. The impairment charge is attributable to the decline in market capitalization resulting from the adverse macroeconomic market conditions. It is important to note that the goodwill impairment charge does not affect the company's cash position or have any impact on our future operations, and we remain highly encouraged. As you're about to hear about our growth prospects.

Okay. Now shifting gears to our performance in the second quarter of 2023. First, an update on our customer acquisition and lifecycle strategy. Starting with our top of funnel, which represents the various marketing channels that we allocate resources to as a way to acquire customers, including marketplace, brand, influencers, organic and paid digital channels.

Our top of funnel drove approximately 50 million total customer inquiries, up from 34 million in Q1 2023. These customer inquiries converted to a record 2.1 million new total customers, up from 1.3 million in Q1 2023 and we added 2.7 million Total Products compared to 1.8 million in Q1 2023.

As Dee mentioned earlier, our vast breadth of first and third-party products gives customers more options to find the best financial products for them. We believe this product agnostic approach differentiates us from many of our peers who only offer their own products and represents a breadth of future monetization opportunities.

Turning to our unit economics for the second quarter. As mentioned, we added 2.1 million new customers, and we did that at a CAC that was under \$15. This dynamic reflects our highly effective marketplace customer acquisition

strategy, which allows us to scale rapidly and cost effectively. Our payback period continues to be sub three months consistent with Q1 2023 and we expect it to remain constant going forward.

ARPU was \$48 in the second quarter. The directional trends of our unit economics are aligned with our strategic positioning, where the velocity of customer growth combined with product breadth, represents a significant opportunity to monetize customers over time. As we expand our TAM, introduce more customers and trend towards a steady state mix of first and third-party products, we expect ARPU to trend lower. This tradeoff is deliberate and can produce sustainable long term revenue growth.

Our propensity to retain customers and drive lifetime value is evident in our historical cohorts. As you can see, our historical cohorts demonstrate our ability to drive lifetime value and generate repeat product consumption and revenue. This upward trend continued into the second quarter of 2023 across both our Consumer and Enterprise businesses.

Starting with Consumer in the second quarter, almost 90% of our consumer revenue came from historical cohorts. In our Enterprise business, similarly, over 90% of revenue from our enterprise marketplace came from prior year cohorts. Our strong sequential revenue growth in the second quarter was due in large part to the efforts made to diversify into third-party products in the enterprise marketplace and significantly increased consumer demand for products through our marketplaces.

Despite headwinds facing the industry, our team has navigated through a challenging economic environment, delivering over 30% quarter-over-quarter revenue growth in our Enterprise business. Going forward, we will continue to pursue profitable growth regardless of the environment. We will continue to expand and deepen our enterprise partner network and add value and position ourselves for a significant revenue opportunity to meet consumer demand as the industry rebounds.

We saw continued strength in our total origination performance in the second quarter. Total originations were \$550 million, up 25% year-over-year. Our provision expense as a percentage of originations was 3.7%, which remains well below our target of less than 6%. This is yet another example of machine learning and AI hard at work at MoneyLion. As always, we will continue to manage originations to balance growth, cash flow and credit performance.

Revenue for the quarter grew 22% year-over-year to \$107 million, exceeding the high end of our guidance of \$95 million to \$100 million. Simply put, this outperformance was driven by the strength across our entire franchise. As Dee mentioned, we achieved record KPIs in both our Consumer and Enterprise divisions, which translated into record revenue in both divisions.

Turning to our revenue diversification and mix shift during the quarter, Consumer comprised 65% of our overall revenue mix, compared to 70% in the prior quarter. Enterprise comprised 35% of our overall revenue, up from 30% in the prior quarter. Enterprise revenue increased 30% quarter-over-quarter to \$37 million. This significant sequential increase is what drove the enterprise mix shift higher.

This was in large part driven by the higher top of funnel customer conversions in both the lending vertical and the expanding non-lending vertical. Importantly, we were able to increase our mix of enterprise revenue while also expanding our overall gross profit margin for the quarter. This is largely the result of our enterprise consumer's consumption of higher margin products in new verticals that we worked hard to develop over the recent quarters.

Turning to gross profit. We generated \$63 million of gross profit in the second quarter, representing a 59% gross profit margin compared to our guidance of 54% to 58%. As Dee mentioned, the combined ecosystem drove gross profit margin expansion during the quarter. Despite the increase in enterprise mix, our gross profit margins expanded. That is why this is such a great outcome. It is demonstrating the value of the combined consumer and enterprise ecosystem.

Now onto our path to profitability. Q2 2023 was our second consecutive quarter of positive adjusted EBITDA and continued adjusted EBITDA margin expansion. Adjusted EBITDA on the second quarter was \$9 million compared to negative \$19 million in the second quarter of 2022 and marked our sixth consecutive quarter of adjusted EBITDA improvement.

Importantly, our adjusted EBITDA margin expanded 85 basis points quarter-over-quarter in Q2 2023. Also during the second quarter, we made significant progress towards generating positive cash flow with near breakeven net operating and investing cash flow. We ended the quarter with \$97 million of operating cash, which is flat quarter-over-quarter, even after paying down \$8 million of financing activities including \$5 million of senior debt.

While we are enjoying growth, we continue to be highly committed to scaling profitably. Shifting gears to guidance. As Dee discussed earlier, all metrics exceeded our previously provided guidance for the second quarter of 2023. Our revenue was \$107 million exceeded our guidance of \$95 million to \$100 million. Our gross profit margin was 59% compared to our guidance of 54% to 58% and adjusted EBITDA was \$9 million compared to our guidance of \$1 million to \$8 million. Additionally, our EBITDA margin expanded to 9%.

For the upcoming third quarter of 2023, we expect revenue will be between \$110 million to \$115 million, representing a 24% to 30% year-over-year growth, an acceleration from the 22% year-over-year growth we had in the second quarter. We expect gross profit margin to be between 55% and 60% and adjusted EBITDA of \$6 million to \$10 million.

I am incredibly proud of my teammates around the globe that achieved our record financial performance in the second quarter, and the progress we've made towards consistent adjusted EBITDA profitability. We are now growing efficiently and sustainably. I look forward to continuing to build on this momentum in the second half of the year.

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

---

## Diwakar Choubey

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

Thanks, Rick. Look, our second quarter results reflect an important evolution of our financial profile. These results demonstrate a company with over \$425 million in annualized revenue and with over \$35 million in annualized adjusted EBITDA. We achieved record revenue in both our Consumer and Enterprise businesses in Q2. And we have a highly recurring revenue base that continues to scale with incremental profitability as our cross-sell capabilities expand.

Adding record customers gives us confidence of higher profits and margin expansion to come as those cohorts mature. And we're just getting started in realizing the benefits from a rapidly increasing total customer base. We're now evidencing the markers of a healthy company. Synergies are paying off. The flywheel effect of our Consumer and Enterprise businesses are working, and the generation of operating cash marks an important inflection point for us. As Rick said, we're incredibly proud of the financial results, but more importantly, we're proud of driving towards our mission and vision. We will build on this momentum with a slate of innovative releases coming soon

in an AI powered search and additional embedded finance solutions that give everyone the power to make their best financial decision.

Thank you very much. And we look forward to taking your questions.

---

## QUESTION AND ANSWER SECTION

**Operator:** Thank you. At this time, we'll be conducting a question-and-answer session. [Operator Instructions] Our first question comes from the line of George Sutton with Craig-Hallum Capital Group. Please proceed with your question.

**James Rush**

*Analyst, Craig-Hallum Capital Group LLC*

Q

Hey, guys. This is James on for George. Nice results. The generative AI search tool is pretty interesting. And it makes a ton of sense from a consumer perspective. But you also mentioned offering it to your enterprise partners. Could you talk about how partners might use it, how it would impact your P&L? And could you talk about how it might help you take share?

**Diwakar Choubey**

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

A

Hey, James. Thanks for the questions. It's Dee. So look, I think anytime you talk about how AI is utilized, you got to think about is the company positioned to actually implement it at large scale. So if you think about MoneyLion's history, since 2013, we have been pioneers in applying artificial intelligence to fraud issues, to document checking, to the entire call it the fintech stack, if you will. We have been pioneers.

Think about your own talent base, right. So we've been incredibly blessed with having really trained artificial intelligence personnel inside our four walls, and we've cultivated that talent base over the last 10 years. So it's safe to say that artificial intelligence, machine learning have been part of our DNA since our inception. So as we think about large language models, right. Large language models are, as good as the paper they're written on without the data set.

So one of the things that we've always been saying is that we have a massive set of data around transactions, around consumer intentions, around consumer preferences, around how they're spending on Mondays versus Tuesdays versus Thursdays and that intelligence, across transactions, across media and content. We know what our consumers are consuming by way of financial literacy videos, money conversations, money adjacent conversations. That allows us really to create really four-dimensional views on an aggregate basis of the population in terms of what they're looking for and what the right next best action is.

So really, the artificial intelligence driven search strategy is an abstraction of the 10 years of work that we've done to create that data set and put it in one place, make it accessible. And whether we're talking about transformers or whether we're talking about GPUs, we have been doing all that hard work first to prove it out on the MoneyLion consumer experience.

The next stage that we're working on, as we speak, is really abstracting that and making it easy with, call it five lines of code that any publisher, any business on the Internet can embed those five lines of code and very quickly access our servers and access our capabilities to return back what the next best financial product is. We always



talk about – take an example of Uber, right. So, you could be using your MoneyLion debit card to spend on Uber. You can be an Uber driver earning money into your RoarMoney digital bank account. So if you search for Uber on MoneyLion, we can instantly go into transactions, we can go into substitute offers, we can go into cross-selling with Uber Eats. And that's a benefit that we're first going to try out on the MoneyLion consumer side and then make it available to any of our enterprise partners to make their consumers experience that much more immersive over time. In terms of impact to P&L, we're still early innings on that. But it's safe to say that, it's going to be a significant proposition for us.

---

**Richard Correia**

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

A

Yeah. So, from a financial perspective, what you're looking at is just really kind of adding water to kind of a proven model today, which is increasing the top of funnel, increasing conversion and monetization moments and increasing kind of lifetime value of the customers on the platform.

---

**James Rush**

*Analyst, Craig-Hallum Capital Group LLC*

Q

Great. Thank you. And then, you guys have been hitting on that customer adds out of the park every quarter. Has your approach to customer acquisition changed at all without giving anything away to your competitors? I guess what's working so well.

---

**Diwakar Choubey**

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

A

Yeah. So, look, I think the total customer adds, right. So if you look at it year-over-year – a year ago we were at 4.6 million total customers. We ended this quarter at 9.9 million total customers. That's doubling effectively the customer base. It's a lot of things in terms of our consumer products that continue to have incredible product market fit. Rick talked about the – just the liquidity products. The credit building products continue to be doing incredibly well.

On the Enterprise side, we just continue to add more and more financial and non-financial partners to the overall marketplace strategy. And what that does is, it gives more reasons for larger segments of the population to find value in the ecosystem. And that cross-selling capability for us is continuing to get better from a channel perspective. Look, we've always been incredibly diversified, but our ability now to continue to add products and capabilities in addition to having a lot of strength in the lending verticals, really gives more opportunities for consumers to come and interact with us.

---

**James Rush**

*Analyst, Craig-Hallum Capital Group LLC*

Q

Great. Thanks guys.

---

**Operator:** Thank you. Our next question comes from the line of Hal Goetsch with B. Riley Securities. Please proceed with your question.

---

**Harold Lee Goetsch**

*Analyst, B. Riley Securities, Inc.*

Q

Hey. Good morning, guys. Terrific quarter. Great to see it. You had like a 500-basis-point shift back to enterprise and third-party marketplace. It's a part of your mix, and that's a big change from quarter-to-quarter. I just wanted

you to maybe spend some time to explain some of the tactics that allowed that to happen in this quarter at that magnitude. Thanks.

---

**Diwakar Choubey**

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

A

Yeah. So, Hal, hey, thanks for the question. I'll start that and Rick can chime in as well. But I think, look, our sales team – our partner solutions team did a great job of expanding the offer set. We saw a lot of tailwinds and high yield savings. We saw tailwinds in non-personal loan asset classes from a tactics perspective. We also saw some of the synergies that we've been talking about for the last year really get installed and really started to pay off in this quarter as well.

And what I mean by synergies is, every capability that's available from our product partners on the overall marketplace are now available in the MoneyLion Consumer App Experience, right. So, as the number of total customers increase in our app, they get now exposed to the entirety of the marketplace. And that proposition really started to work as well in the quarter more than before.

---

**Richard Correia**

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

A

Yeah, net-net, what you'll see is our product diversification in the marketplace. So the technology that underpinned the market leading lending vertical, we took that across the rest of the verticals. And so what you're seeing is the benefit this quarter of a slight return to an increase in the applicant conversions in the lending in addition to the expanded verticals that we worked hard to implement over the last several quarters, all coming to fruition and giving it that kind of big lift overall in the second quarter.

And so in addition to that, what you're seeing is we're getting this kind of margin expansion because the non-lending verticals are a slightly higher margin profile versus the lending verticals. So, being able to kind of go across some of those new verticals is giving that overall lift in the margin as well.

---

**Harold Lee Goetsch**

*Analyst, B. Riley Securities, Inc.*

Q

And how would you describe like the macro right now? Is there a tremendous amount of consumer demand, but the enterprise partners are kind of holding back or kind of where's that balance right now? It seems kind of tight last quarter. Just want to know what you are seeing on that front?

---

**Diwakar Choubey**

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

A

Yeah, it's a great question. So, I think if you've been listening to us for a few quarters now, it's been that kind of challenging kind of credit – take credit market profile. While it is early innings, we are seeing based on our data, an increase in the conversion of those applicants. We've had a steady increase in that kind of demand for product, but we were basically having some abandoned carts just because of the supply wasn't there from product partners. So we started to see this quarter that turn.

I mean, again, it's too early to kind of call that we're out of the woods yet, but it certainly is a positive trend. And then for us, try to just move away from that kind of exposure from a macro perspective, being able to have those multiple verticals that I was mentioning really allows us to diversify away from credit, to be able to kind of meet our customers across the breadth of needs that they have, whether it's times where they have a need for a savings

account, investment account, auto refi, insurance, et cetera. So that's allowing us to diversify away from that kind of tightening of the credit markets. But again, we're getting that lift given the turn that we saw this quarter.

**Richard Correia**

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

A

Yeah. And Hal, just to add to that, from the consumer side of the house, we continue to see a strong labor market. We continue to see the folks that rely on our banking and liquidity products are healthy. And that shows up in the growth that we're showing on the Consumer business. And that's [ph] really stable (00:33:05). And we foresee that to remain similar going forward in the second half of the year.

**Harold Lee Goetsch**

*Analyst, B. Riley Securities, Inc.*

Q

All right. Thank you, guys.

**Operator:** Thank you. [Operator Instructions] Our next question comes from the line of Josh Siegler with Cantor Fitzgerald. Please proceed with your question.

**Will Carlson**

*Analyst, Cantor Fitzgerald & Co.*

Q

Hi, Dee. This is Will Carlson on for Josh Siegler. First question, are you seeing any material uplift in conversion resulting from MoneyLion's AI driven life cycle marketing.

**Diwakar Choubey**

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

A

Yeah. So. Hey, Will, how are you? We're always optimizing our conversion funnels, right? So if you think about the story from the quarter, we saw gross profit margin expansion from a margin perspective and we also saw operating leverage expansion with our EBITDA margin going up, right. How do we do that? Right.

So we always say that the DNA of the company is very quantitative. It's data driven. We're applying artificial intelligence across the board. Right. So if you think about AI where it really shows up is an automation. It shows up in the nominal marketing dollars that are required to acquire the incremental number of users. So that optimization is continuously happening. Our lifecycle, as Rick has said before, continues to get better.

We can now retarget consumers across multiple channels, whether they're digital, whether there is offline, it's a multi dimensionality to it. So absolutely, we continue to see that optimization really drive our ability to – as we always say in our words, meet the customer where they're at with the right product at that time, that's right for them.

**Will Carlson**

*Analyst, Cantor Fitzgerald & Co.*

Q

Great. Thanks. And then when thinking about optimizing between growth and profitability, how do you see your CAC trending for the remainder of the year?

**Diwakar Choubey**

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

A

Yeah. Great question. You've heard us kind of say this that we get to be both, kind of growth and profitability greedy. And that is really a function of what is becoming an increasingly kind of optimized formula around kind of our business model. And so from a CAC perspective, you'll see that we continue to have our CAC kind of sub \$15. We expect that to continue.

And so the machinery is working from an acquisition perspective. And we're going to continue to use that machinery to expand our TAM. And you've seen that this quarter we had 50 million applicants kind of come through from the top of funnel perspective. And so we were able to convert that into 2 million new customer adds in the quarter.

And so you're going to see that velocity of customer growth continue as well. And so as a funnel growth from a revenue perspective, that's what's driving kind of our growth going forward. Yes, you're going to see our ARPU tick down slightly as the velocity of that kind of customer adds kind of outpaces from a denominator perspective. But what you're going to see is that's going to drive sustainable long-term revenue growth and extend out our lifetime value. So it's a very deliberate focus around that expansion of our TAM continuing to kind of keep our costs low from an acquisition perspective and driving a lifetime value.

---

**Will Carlson**

*Analyst, Cantor Fitzgerald & Co.*

Q

Thanks, Dee, and congrats on the quarter.

---

**Diwakar Choubey**

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

A

Thanks. Appreciate it.

---

**Operator:** Thank you. This concludes our Q&A session, and that concludes our call today. We thank you for your interest and participation. You may now disconnect your lines.

**Disclaimer**

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2023 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.