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

FORM 10-Q

☑ 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: 001-39405

MarketWise, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**87-1767914**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
1125 N. Charles Street Baltimore, Maryland	**21201**
(Address of principal executive offices)	(Zip Code)

(888) 261-2693

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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, $0.0001 par value per share	**MKTW**	**The Nasdaq Stock Market LLC**

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 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 12 (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

As of November 6, 2023, there were 39,147,437 shares of the registrant’s Class A common stock and 288,342,303 shares of the registrant’s Class B common stock, each with a par value of $0.0001 per share, outstanding.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as such are not historical facts. This includes, without limitation, statements regarding our financial position and business strategy, and the plans and objectives of management for our future operations. Such statements can be identified by the fact that they do not relate strictly to historical or current facts. When used in this report, words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “possible,” “potential,” “predict,” “project,” “should,” “strive,” “would,” and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements are predictions, projections, and other statements about future events that are based on current expectations and assumptions and, as a result, are subject to risks and uncertainties. Many factors could cause actual future events to differ materially from the forward-looking statements in this report, including, but not limited to:

- our ability to attract new subscribers and to persuade existing subscribers to renew their subscription agreements with us and to purchase additional products and services from us;
- our ability to adequately market our products and services, and to develop additional products and product offerings;
- our ability to manage our growth effectively, including through acquisitions;
- failure to maintain and protect our reputation for trustworthiness and independence;
- our ability to attract, develop, and retain capable management, editors, and other key personnel;
- our ability to grow market share in our existing markets or any new markets we may enter;
- adverse or weakened conditions in the financial sector, global financial markets, and global economy;
- current macroeconomic events, including heightened inflation, rise in interest rates and the potential for an economic recession;
- failure to comply with laws and regulations or other regulatory action or investigations, including the Investment Advisers Act of 1940, as amended (the “Advisers Act”);
- our ability to respond to and adapt to changes in technology and consumer behavior;
- failure to successfully identify and integrate acquisitions, or dispose of assets and businesses;
- our public securities’ potential liquidity and trading;
- the impact of the regulatory environment and complexities with compliance related to such environment;
- our future capital needs;
- our ability to maintain an effective system of internal control over financial reporting, and to address and remediate existing material weaknesses in our internal control over financial reporting;
- our ability to maintain and protect our intellectual property; and
- other factors detailed under the section of our Annual Report on Form 10-K for the year ended December 31, 2022 entitled “Risk Factors.”

These forward-looking statements are based on information available as of the date of this report and current expectations, forecasts, and assumptions, and involve a number of judgments, risks, and uncertainties. Additionally, as a result of a number of known and unknown risks and uncertainties, our actual results or performance may be materially different from those expressed or implied by these forward-looking statements. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements for any reason, except as may be required under applicable securities laws.

PART 1—FINANCIAL INFORMATION

Item 1. Financial Statements.

MARKETWISE, INC.

Condensed Consolidated Balance Sheets (Unaudited)

(In thousands, except share and per share data)

	September 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 194,023	$ 158,575
Accounts receivable	5,958	4,040
Prepaid expenses	11,396	11,725
Related party receivables	1,003	1,512
Deferred contract acquisition costs	97,525	99,960
Other current assets	3,058	3,363
Total current assets	312,963	279,175
Property and equipment, net	748	892
Operating lease right-of-use assets	7,921	9,468
Intangible assets, net	14,271	16,047
Goodwill	31,392	31,307
Deferred contract acquisition costs, noncurrent	76,527	97,658
Deferred tax assets	7,751	7,332
Other assets	372	629
Total assets	$ 451,945	$ 442,508
Liabilities and stockholders' deficit		
Current liabilities:		
Trade and other payables	$ 1,950	$ 686
Related party payables, net	1,305	1,004
Accrued expenses	42,711	45,976
Deferred revenue and other contract liabilities	293,528	315,231
Operating lease liabilities	1,504	1,484
Other current liabilities	21,423	21,125
Total current liabilities	362,421	385,506
Deferred revenue and other contract liabilities, noncurrent	325,688	348,273
Other liabilities, noncurrent	3,597	1,281
Tax receivable agreement liability, noncurrent	2,096	—
Operating lease liabilities, noncurrent	4,743	5,831
Total liabilities	698,545	740,891
Commitments and Contingencies	—	—
Stockholders' deficit:		
Common stock - Class A, par value of $0.0001 per share, 950,000,000 shares authorized; 34,096,437 and 29,039,655 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively	3	3
Common stock - Class B, par value of $0.0001 per share, 300,000,000 shares authorized; 288,342,303 and 291,092,303 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively	29	29
Preferred stock - par value of $0.0001 per share, 100,000,000 shares authorized; 0 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively	—	—
Additional paid-in capital	113,139	106,852
Accumulated other comprehensive income	55	44
Accumulated deficit	(126,482)	(128,125)

Condensed Consolidated Balance Sheets (Unaudited)
(In thousands, except share and per share data)

Total stockholders’ deficit attributable to MarketWise, Inc.	(13,256)	(21,197)
Noncontrolling interest	(233,344)	(277,186)
Total stockholders’ deficit	(246,600)	(298,383)
Total liabilities, noncontrolling interest, and stockholders’ deficit	$ 451,945	$ 442,508

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

MARKETWISE, INC.

Condensed Consolidated Statements of Operations (Unaudited)
(In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net revenue	$ 105,799	$ 119,297	$ 334,777	$ 383,383
Related party revenue	351	637	1,250	1,363
Total net revenue	106,150	119,934	336,027	384,746
Operating expenses:				
Cost of revenue [(1)]	13,812	14,482	43,737	48,328
Sales and marketing [(1)]	52,466	51,635	150,226	184,922
General and administrative [(1)]	25,005	28,986	80,667	79,895
Research and development [(1)]	2,085	2,173	6,778	6,740
Depreciation and amortization	1,001	836	2,979	2,053
Impairment of intangible assets	584	—	584	—
Related party expense	155	96	487	290
Total operating expenses	95,108	98,208	285,458	322,228
Income from operations	11,042	21,726	50,569	62,518
Other income (expense), net	182	(3,651)	807	15,568
Interest income (expense), net	1,511	(183)	3,062	(572)
Income before income taxes	12,735	17,892	54,438	77,514
Income tax expense	691	1,383	2,046	3,945
Net income	12,044	16,509	52,392	73,569
Net income attributable to noncontrolling interests	11,904	20,521	50,749	59,875
Net income (loss) attributable to MarketWise, Inc.	$ 140	$ (4,012)	$ 1,643	$ 13,694
Earnings per share – basic	$ 0.00	$ (0.17)	$ 0.05	$ 0.59
Earnings per share – diluted	$ 0.00	$ (0.17)	$ 0.05	$ 0.59
Weighted average shares outstanding – basic	32,910	23,533	30,883	23,233
Weighted average shares outstanding – diluted	33,632	23,566	31,996	23,267

[(1)] Cost of revenue, sales and marketing, general and administrative, and research and development expenses are exclusive of depreciation and amortization shown as a separate line item

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

MARKETWISE, INC.

Condensed Consolidated Statements of Comprehensive Income (Unaudited)
(In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
Net income	$ 12,044	$ 16,509	$ 52,392	$ 73,569
Other comprehensive income (loss):				
Cumulative translation adjustment	25	6	11	(100)
Total comprehensive income	$ 12,069	$ 16,515	$ 52,403	$ 73,469

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

MARKETWISE, INC.

Condensed Consolidated Statement of Stockholders' Deficit (Unaudited)

(In thousands, except share and per share data)

	Common Stock - Class A		Common Stock - Class B		Preferred Stock		Additional paid-in capital	Accumulated deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Deficit Attributable to MarketWise, Inc.	Noncontrolling Interest	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount						
Balance at July 1, 2022	22,505,103	$ 2	291,092,303	$ 29	—	$ —	$ 90,048	$ (128,409)	$ (115)	$ (38,445)	$ (321,162)	$ (359,607)
Equity-based compensation	—	—	—	—	—	—	2,153	—	—	2,153	—	2,153
Issuance of common stock - warrant exchanges	5,939,739	1	—	—	—	—	14,400	—	—	14,401	—	14,401
Vesting of restricted stock units	377,660	—	—	—	—	—	—	—	—	—	—	—
Restricted stock units withheld to pay taxes	—	—	—	—	—	—	(511)	—	—	(511)	—	(511)
Acquisition of noncontrolling interest - Chaikin	—	—	—	—	—	—	(1,257)	—	—	(1,257)	960	(297)
Distributions	—	—	—	—	—	—	—	—	—	—	(677)	(677)
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	6	6	—	6
Net income	—	—	—	—	—	—	—	(4,012)	—	(4,012)	20,521	16,509
Balance at September 30, 2022	28,822,502	$ 3	291,092,303	$ 29	—	$ —	$ 104,833	$ (132,421)	$ (109)	$ (27,665)	$ (300,358)	$ (328,023)

MARKETWISE, INC.

Condensed Consolidated Statement of Stockholders' Deficit (Unaudited)

(In thousands, except share and per share data)

	Common Stock - Class A		Common Stock - Class B		Preferred Stock		Additional paid-in capital	Accumulated deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Deficit Attributable to MarketWise, Inc.	Noncontrolling Interest	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount						
Balance at July 1, 2023	32,073,995	$ 3	289,842,303	$ 29	—	$ —	$ 112,146	$ (126,622)	$ 30	$ (14,414)	$ (242,837)	$ (257,251)
Equity-based compensation	—	—	—	—	—	—	2,932	—	—	2,932	—	2,932
Vesting of restricted stock units	522,442	—	—	—	—	—	—	—	—	—	—	—
Restricted stock units withheld to pay taxes	—	—	—	—	—	—	(415)	—	—	(415)	—	(415)
Cash dividends declared ($0.01 per share)	—	—	—	—	—	—	(462)	—	—	(462)	—	(462)
Distributions	—	—	—	—	—	—	—	—	—	—	(3,649)	(3,649)
Issuance per redemption of Class B shares for Class A	1,500,000	—	(1,500,000)	—	—	—	(1,062)	—	—	(1,062)	1,238	176
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	25	25	—	25
Net income	—	—	—	—	—	—	—	140	—	140	11,904	12,044
Balance at September 30, 2023	34,096,437	$ 3	288,342,303	$ 29	—	$ —	$ 113,139	$ (126,482)	$ 55	$ (13,256)	$ (233,344)	$ (246,600)

Condensed Consolidated Statement of Stockholders' Deficit (Unaudited)

(In thousands, except share and per share data)

	Common Stock - Class A		Common Stock - Class B		Preferred Stock		Additional paid-in capital	Accumulated deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Deficit Attributable to MarketWise, Inc.	Noncontrolling Interest	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount						
Balance at January 1, 2022	24,718,402	$ 2	291,092,303	$ 29	—	$ —	$ 97,548	$ (146,115)	$ (9)	$ (48,545)	$ (356,717)	$ (405,262)
Equity-based compensation	—	—	—	—	—	—	7,190	—	—	7,190	—	7,190
Proceeds from issuance of common stock	161,178	—	—	—	—	—	517	—	—	517	—	517
Issuance of common stock - warrant exchanges	5,939,739	1	—	—	—	—	14,400	—	—	14,401	—	14,401
Repurchases of stock	(2,484,717)	—	—	—	—	—	(13,054)	—	—	(13,054)	—	(13,054)
Vesting of restricted stock units	487,900	—	—	—	—	—	—	—	—	—	—	—
Restricted stock units withheld to pay taxes	—	—	—	—	—	—	(511)	—	—	(511)	—	(511)
Acquisition of noncontrolling interest - Chaikin	—	—	—	—	—	—	(1,257)	—	—	(1,257)	960	(297)
Distributions	—	—	—	—	—	—	—	—	—	—	(4,476)	(4,476)
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	(100)	(100)	—	(100)
Net income	—	—	—	—	—	—	—	13,694	—	13,694	59,875	73,569
Balance at September 30, 2022	28,822,502	$ 3	291,092,303	$ 29	—	$ —	$ 104,833	$ (132,421)	$ (109)	$ (27,665)	$ (300,358)	$ (328,023)

MARKETWISE, INC.

Condensed Consolidated Statement of Stockholders' Deficit (Unaudited)

(In thousands, except share and per share data)

	Common Stock - Class A		Common Stock - Class B		Preferred Stock		Additional paid-in capital	Accumulated deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Deficit Attributable to MarketWise, Inc.	Noncontrolling Interest	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount						
Balance at January 1, 2023	29,039,655	$ 3	291,092,303	$ 29	—	$ —	$ 106,852	$ (128,125)	$ 44	$ (21,197)	$ (277,186)	$ (298,383)
Equity-based compensation	—	—	—	—	—	—	10,313	—	—	10,313	—	10,313
Proceeds from issuance of common stock	648,849	—	—	—	—	—	332	—	—	332	—	332
Vesting of restricted stock units	1,657,933	—	—	—	—	—	—	—	—	—	—	—
Restricted stock units withheld to pay taxes	—	—	—	—	—	—	(1,521)	—	—	(1,521)	—	(1,521)
Cash dividends declared ($0.01 per share)	—	—	—	—	—	—	(902)	—	—	(902)	—	(902)
Distributions	—	—	—	—	—	—	—	—	—	—	(9,212)	(9,212)
Issuance per redemption of Class B shares for Class A	2,750,000	—	(2,750,000)	—	—	—	(1,935)	—	—	(1,935)	2,305	370
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	11	11	—	11
Net income	—	—	—	—	—	—	—	1,643	—	1,643	50,749	52,392
Balance at September 30, 2023	34,096,437	$ 3	288,342,303	$ 29	—	$ —	$ 113,139	$ (126,482)	$ 55	$ (13,256)	$ (233,344)	$ (246,600)

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

MARKETWISE, INC.

Condensed Consolidated Statements of Cash Flows (Unaudited)
(In thousands)

	Nine Months Ended September 30,	
	2023	2022
Cash flows from operating activities:		
Net income	$ 52,392	$ 73,569
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,979	2,053
Impairment and other charges	584	287
Stock-based compensation	10,313	7,190
Change in fair value of warrant liabilities and other liabilities, noncurrent	2,316	(15,626)
Deferred taxes	2,046	3,649
Unrealized losses (gains) on foreign currency	5	(91)
Noncash lease expense	1,590	1,616
Changes in operating assets and liabilities:		
Accounts receivable	(1,918)	3,241
Related party receivables and payables, net	810	(1,140)
Prepaid expenses	329	2,371
Other current assets and other assets	562	(774)
Deferred contract acquisition costs	23,566	486
Trade and other payables	1,189	(1,516)
Accrued expenses	(3,265)	(7,151)
Deferred revenue	(44,288)	(24,759)
Operating lease liabilities	(1,111)	(1,486)
Other current and long-term liabilities	(3,198)	(4,156)
Net cash provided by operating activities	44,901	37,763
Cash flows from investing activities:		
Cash paid for acquisitions, net of cash acquired	(170)	(12,770)
Acquisition of noncontrolling interests, including transaction costs	—	(297)
Purchases of property and equipment	(60)	(35)
Capitalized software development costs	(1,428)	(136)
Net cash used in investing activities	(1,658)	(13,238)
Cash flows from financing activities:		
Proceeds from related party notes receivable, net	—	737
Proceeds from issuance of common stock	332	517
Repurchases of stock	—	(13,054)
Restricted stock units withheld to pay taxes	(1,520)	(511)
Dividends paid	(299)	—
Distributions to noncontrolling interests	(6,319)	(4,476)
Net cash used in financing activities	(7,806)	(16,787)
Effect of exchange rate changes on cash	11	(100)
Net increase in cash, cash equivalents and restricted cash	35,448	7,638
Cash, cash equivalents and restricted cash — beginning of period	158,575	139,578
Cash, cash equivalents and restricted cash — end of period	$ 194,023	$ 147,216

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

1. Organization

MarketWise, Inc. (“MarketWise,” “the Company,” “we,” “us,” or “our”) is a holding company that has no material assets other than its ownership in MarketWise, LLC, and operates and controls all of the businesses and operations of MarketWise, LLC and its subsidiaries. The Company provides independent investment research for investors around the world. We believe we are a leading content and technology multi-brand platform for self-directed investors. We offer a comprehensive portfolio of high-quality, independent investment research, as well as several software and analytical tools, on a subscription basis.

While our headquarters are in Baltimore, Maryland, we operate multiple subsidiaries in the United States.

On July 21, 2021, MarketWise, Inc. became a publicly traded company as a result of completing the business combination, recapitalization and other transactions with Ascendant Digital Acquisition Corp. (“ADAC” or “Sponsor”), a special purpose acquisition company, MarketWise, LLC, all of the members of MarketWise, LLC (the “MarketWise Members”), and Shareholder Representative Services LLC (collectively, the “Transactions”).

2. Summary of Significant Accounting Policies

Basis of Consolidation

The accompanying condensed consolidated financial statements include the accounts of MarketWise, Inc. and its subsidiary, MarketWise, LLC, a variable interest entity (“VIE”) for which MarketWise, Inc. is deemed to be the primary beneficiary.

MarketWise, Inc. is a holding company that owns a minority economic interest in MarketWise, LLC but, through its role as the managing member of MarketWise, LLC, controls all of the business and operations of MarketWise, LLC. Therefore, MarketWise, LLC and its subsidiaries are included in the Company’s condensed consolidated financial statements. As of September 30, 2023, MarketWise, Inc. had a 10.6% ownership interest in MarketWise, LLC.

The Company determined that MarketWise, LLC is the primary beneficiary of a VIE, and therefore, the assets, liabilities, and results of operations of that VIE are included in the Company’s condensed consolidated financial statements.

The condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). All intercompany balances and transactions have been eliminated in consolidation.

The accompanying statements of operations include certain expenses incurred by, and charged to us by, a related party for general corporate services. These expenses are based primarily on direct usage when identifiable, direct capital expenditures, or other relevant allocations during the respective periods. We believe the assumptions underlying the accompanying condensed consolidated financial statements, including the assumptions regarding these expenses from this related party, are reasonable. Actual results may differ from these expenses, assumptions and estimates. The amounts recorded in the accompanying condensed consolidated financial statements are not necessarily indicative of the actual amount of such indirect expenses that would have been recorded had we been a separate independent entity.

Unaudited Interim Financial Information

The accompanying unaudited condensed consolidated financial statements and the related footnote disclosures have been prepared by us in accordance with GAAP for interim financial reporting and as required by Rule 10-01 of Regulation S-X. Accordingly, the unaudited condensed consolidated financial statements may not include all of the information and notes required by GAAP for audited financial statements. The year-end December 31, 2022 consolidated balance sheet data included herein was derived from audited financial statements but does not include all disclosures required by GAAP for complete financial statements. In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting of items of a normal and recurring nature, necessary to present fairly our financial position as of September 30, 2023, the results of operations, comprehensive income, stockholders' deficit, and cash flows for the three and nine months ended September 30, 2023 and 2022. The results of operations for the three and nine months ended September 30, 2023 and 2022 are not necessarily indicative of the results to be expected for the full year. The information contained herein should be read in conjunction with the audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2022 filed with the Securities and Exchange Commission ("SEC"). Management considers events or transactions that occur after the balance sheet date but before the financial statements are issued to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. Subsequent events have been evaluated through the date of issuance of these condensed financial statements.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions made in the accompanying condensed consolidated financial statements include, but are not limited to, the fair value of common units, derivatives, warrants, valuation of assets acquired and liabilities assumed in business combinations, useful lives of intangible assets with definite lives, benefit period of deferred contract acquisition costs, determination of standalone selling prices, estimated life of lifetime customers, recoverability of goodwill and long-lived assets, valuation allowances on deferred tax assets, the incremental borrowing rates to calculate lease liabilities and right-of-use ("ROU") assets and certain accruals. We evaluate our estimates and assumptions on an ongoing basis using historical experience and other factors and adjust those estimates and assumptions when facts and circumstances dictate. Actual results could differ from those estimates.

Emerging Growth Company

We are an "emerging growth company," as defined in Section 2(a) of the Securities Act of 1933, as amended (the "Securities Act"), as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the independent registered public accounting firm attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Securities Exchange Act of 1934, as amended) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that an emerging growth company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. We have elected not to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our unaudited condensed financial statements with another public company that is neither an emerging growth company nor an emerging growth company that has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

(Dollar amounts in thousands, except share, unit, per share, and per unit data)

Noncontrolling Interest

Noncontrolling interest represents the Company’s noncontrolling interest in consolidated subsidiaries which are not attributable, directly or indirectly, to the controlling Class A common stock ownership of the Company.

Net income for the three and nine months ended September 30, 2023 and 2022 was attributable to consolidated MarketWise, Inc. and its respective noncontrolling interests.

As of September 30, 2023, MarketWise, Inc.’s controlling interest in MarketWise, LLC was 10.6% and the noncontrolling interest was 89.4%. For the three months ended September 30, 2023, net income attributable to controlling interests included a $691 tax provision, and for the nine months ended September 30, 2023, net income attributable to controlling interests included a $2,046 tax provision, both of which were solely attributable to the controlling interest.

As of September 30, 2022, MarketWise, Inc.’s controlling interest in MarketWise, LLC was 9.0% and the noncontrolling interest was 91.0%. For the three months ended September 30, 2022 net income attributable to controlling interests included a $3,868 loss on warrant liabilities and a $1,383 tax provision, and for the nine months ended September 30, 2022 net income attributable to controlling interests included a $14,931 gain on warrant liabilities and a $3,945 tax provision, both of which were solely attributable to the controlling interest.

3. Revenue Recognition

Disaggregation of revenues

The following table depicts the disaggregation of revenue according to customer type and is consistent with how we evaluate our financial performance. We believe this depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

	Three Months Ended September 30, 2023				
	Subscriptions	Advertising	Revenue Share (Related Party)	Revenue Share (Third-party)	Total
Timing of transfer:					
Transferred over time	$ 105,581	$ —	$ —	$ —	$ 105,581
Transferred at a point in time	—	192	351	26	569
Total	$ 105,581	$ 192	$ 351	$ 26	$ 106,150

	Three Months Ended September 30, 2022				
	Subscriptions	Advertising	Revenue Share (Related Party)	Revenue Share (Third-party)	Total
Timing of transfer:					
Transferred over time	$ 118,990	$ —	$ —	$ —	$ 118,990
Transferred at a point in time	—	169	637	138	944
Total	$ 118,990	$ 169	$ 637	$ 138	$ 119,934

	Nine Months Ended September 30, 2023				
	Subscriptions	Advertising	Revenue Share (Related Party)	Revenue Share (Third-party)	Total
Timing of transfer:					
Transferred over time	$ 334,141	$ —	$ —	$ —	$ 334,141
Transferred at a point in time	—	508	1,250	128	1,886
Total	$ 334,141	$ 508	$ 1,250	$ 128	$ 336,027

(Dollar amounts in thousands, except share, unit, per share, and per unit data)

	Nine Months Ended September 30, 2022				
	Subscriptions	Advertising	Revenue Share (Related Party)	Revenue Share (Third-party)	Total
Timing of transfer:					
Transferred over time	$ 382,321	$ —	$ —	$ —	$ 382,321
Transferred at a point in time	—	606	1,363	456	2,425
Total	$ 382,321	$ 606	$ 1,363	$ 456	$ 384,746

Revenue recognition by subscription type was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Membership subscriptions	$ 48,177	$ 46,915	$ 137,988	$ 148,219
Term subscriptions	57,404	72,075	196,153	234,102
Non-subscription revenue	569	944	1,886	2,425
Total	$ 106,150	$ 119,934	$ 336,027	$ 384,746

Revenue for the membership and term subscription types are determined based on the terms of the subscription agreements. Non-subscription revenue consists of revenue from advertising and other revenue from revenue share arrangements and the sale of print products and events, such as webinars and conferences.

Net revenue by principal geographic areas was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
United States	$ 106,150	$ 119,707	$ 335,936	$ 384,419
International	—	227	91	327
Total	$ 106,150	$ 119,934	$ 336,027	$ 384,746

Revenue by location is determined by the billing entity for the customer.

Contract Balances

The timing of revenue recognition, Billings, cash collections and refunds affects the recognition of accounts receivable, contract assets and deferred revenue. Our current deferred revenue balance in the condensed consolidated balance sheets includes an obligation for refunds for contracts where the provision for refund has not lapsed. Accounts receivable, deferred revenue and obligation for refunds are as follows:

	As of	
	September 30, 2023	December 31, 2022
Contract balances		
Accounts receivable	$ 5,958	$ 4,040
Obligations for refunds	$ 3,302	$ 4,676
Deferred revenue – current	$ 290,226	$ 310,555
Deferred revenue – non-current	$ 325,688	$ 348,273

We recognized $69,978 and $72,852 of revenue during the three months ended September 30, 2023 and 2022, respectively, and $256,627 and $266,246 during the nine months ended September 30, 2023 and 2022, respectively, that was included within the beginning contract liability balance of the respective periods. The Company has collected all amounts included in deferred revenue other than $5,958 and $4,040 as of September 30, 2023 and December 31, 2022, respectively, related to the timing of cash settlement with our credit card processors.

(Dollar amounts in thousands, except share, unit, per share, and per unit data)

Assets Recognized from Costs to Obtain a Contract with a Customer

The following table presents the opening and closing balances of our capitalized costs associated with contracts with customers:

Balance at January 1, 2023	$	197,618
Royalties and sales commissions – additions		22,989
Revenue share and cost per acquisition fees – additions		36,526
Amortization of capitalized costs		(83,081)
Balance at September 30, 2023	$	174,052

We did not recognize any impairment on capitalized costs associated with contracts with customers for the three and nine months ended September 30, 2023 and 2022.

Remaining Performance Obligations

As of September 30, 2023, the Company had $619,216 of remaining performance obligations presented as deferred revenue in the condensed consolidated balance sheets. We expect to recognize approximately 47% of that amount as revenues over the next twelve months, with the remainder recognized thereafter.

4. Acquisitions

2023 Acquisition

In July 2023, the Company acquired a business for cash of $170 and the transaction was accounted for as a business combination in accordance with ASC 805, *Business Combinations*. The Company does not consider this acquisition to be material.

Buttonwood Publishing

During third quarter 2022, we acquired 100% ownership of certain assets and liabilities from Crowdability, Inc. (“Buttonwood Publishing transaction”), a provider of financial newsletters, for cash of $12,770. The Buttonwood Publishing transaction was accounted for using the acquisition method of accounting for business combinations. The following table summarizes the fair value of assets acquired and liabilities assumed as of the acquisition date:

Right of use asset	$	50
Goodwill		8,019
Tradenames		709
Customer relationships		9,350
Total assets acquired		18,128
Deferred revenue, current		(2,648)
Operating lease liabilities, current		(22)
Operating lease liabilities, noncurrent		(28)
Deferred revenue, noncurrent		(2,660)
Liabilities assumed		(5,358)
Net assets acquired	$	12,770

The excess purchase consideration over the fair values of assets acquired and liabilities assumed was recorded as goodwill. The acquired intangible assets related to the Buttonwood Publishing transaction are amortized over their estimated useful lives. Accordingly, the tradenames are amortized over 9.0 years and customer relationships are amortized over 6.5 years. Amortization for the acquired intangible assets was $382 and $217 for the three months ended September 30, 2023 and 2022, respectively, and $1,135 for the nine months ended September 30, 2023.

(Dollar amounts in thousands, except share, unit, per share, and per unit data)

Revenue from Buttonwood Publishing was $987 and $788 for the three months ended September 30, 2023 and 2022, respectively, and $3,233 for the nine months ended September 30, 2023.

5. Goodwill and Intangible Assets, Net

Goodwill

The carrying amounts of goodwill are as follows:

Balance at December 31, 2022	$ 31,307
Acquisition	85
Balance at September 30, 2023	$ 31,392

Intangible assets, net

Intangible assets, net consisted of the following as of the dates indicated:

	September 30, 2023			
	Cost	Accumulated Amortization	Net Book Value	Weighted-Average Remaining Useful Life (in years)
Finite-lived intangible assets:				
Customer relationships	$ 21,793	$ (12,410)	$ 9,383	4.8
Tradenames	4,297	(2,662)	1,635	5.4
Capitalized software development costs	4,500	(2,334)	2,166	3.8
Finite-lived intangible assets, net	30,590	(17,406)	13,184	
Indefinite-lived intangible assets:				
Internet domain names	1,087	—	1,087	
Indefinite-lived intangible assets, net	1,087	—	1,087	
Intangible assets, net	$ 31,677	$ (17,406)	$ 14,271	

	December 31, 2022			
	Cost	Accumulated Amortization	Net Book Value	Weighted-Average Remaining Useful Life (in years)
Finite-lived intangible assets:				
Customer relationships	$ 21,718	$ (9,924)	$ 11,794	5.4
Tradenames	4,287	(2,265)	2,022	5.8
Capitalized software development costs	3,002	(1,858)	1,144	2.0
Finite-lived intangible assets, net	29,007	(14,047)	14,960	
Indefinite-lived intangible assets:				
Internet domain names	1,087	—	1,087	
Indefinite-lived intangible assets, net	1,087	—	1,087	
Intangible assets, net	$ 30,094	$ (14,047)	$ 16,047	

During the three months ended September 30, 2023, the Company determined that impairment indicators were present due to continuing losses with respect to its Buttonwood Publishing business which it had acquired during 2022. As a result, the Company recorded an impairment loss on Buttonwood Publishing's intangible assets totaling

(Dollar amounts in thousands, except share, unit, per share, and per unit data)

$584. The Company used a with and without method to determine the fair value of the customer relationships and a relief from royalty method to determine the fair value of the tradenames.

We recorded amortization expense related to finite-lived intangible assets of $936 and $760 for the three months ended September 30, 2023 and 2022, respectively, and $2,775 and $1,793 for the nine months ended September 30, 2023 and 2022, respectively, within depreciation and amortization in the accompanying condensed consolidated statement of operations. These amounts include amortization of capitalized software development costs of $187 and $133 for the three months ended September 30, 2023 and 2022, respectively, and $476 and $368 for the nine months ended September 30, 2023 and 2022, respectively.

We recorded additions to capitalized software development costs of $526 and $1,498 for the three and nine months ended September 30, 2023, respectively. We recorded additions to capitalized software development costs of $55 and $136 for the three and nine months ended September 30, 2022, respectively.

As of September 30, 2023, the total expected future amortization expense for finite-lived intangible assets is as follows:

Remainder of 2023	$	992
2024		3,442
2025		2,879
2026		2,462
2027		1,554
Thereafter		1,855
Finite-lived intangible assets, net	$	13,184

6. Fair Value Measurements

The following tables summarize our financial assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy as of the dates indicated:

	September 30, 2023			
	Level 1	Level 2	Level 3	Aggregate Fair Value
Assets:				
Money market funds	$ 125,311	$ —	$ —	$ 125,311
Total assets	125,311	—	—	125,311
Liabilities:				
Profits interests, noncurrent	—	—	643	643
Derivative liabilities, noncurrent	—	—	2,954	2,954
Total liabilities	$ —	$ —	$ 3,597	$ 3,597

	December 31, 2022			
	Level 1	Level 2	Level 3	Aggregate Fair Value
Assets:				
Money market funds	$ 80,327	$ —	$ —	$ 80,327
Total assets	80,327	—	—	80,327
Liabilities:				
Derivative liabilities, noncurrent	—	—	1,281	1,281
Total liabilities	$ —	$ —	$ 1,281	$ 1,281

(Dollar amounts in thousands, except share, unit, per share, and per unit data)

The level 3 liabilities relate to certain employee contracts with embedded derivatives and profits interests, see *Note 8 – Derivative Financial Instruments* and *Note 9 – Stock-Based Compensation*, respectively.

The following table provides quantitative information regarding Level 3 fair value measurements inputs for the derivative liabilities at their measurement dates:

	As of	
	September 30, 2023	December 31, 2022
Volatility	39.80 %	37.30 %
Discount rate	22.40 %	21.80 %
Credit spread	1.70 %	0.20 %
Risk-free rate	3.50 %	3.50 %

The following table provides quantitative information regarding Level 3 fair value measurements inputs for the profits interests at the measurement date:

	As of September 30, 2023
Discount rate	22.80 %
Discount for lack of marketability	30.50 %

The following table summarizes the change in fair value of the liabilities during the nine months ended September 30, 2023 and 2022:

Balance at January 1, 2023	$	1,281
Establishment of profits interests liability (see *Note 9 – Stock-Based Compensation*)		1,010
Change in fair value of profits interests liability		(367)
Change in fair value of derivative instruments		1,673
Balance at September 30, 2023	$	3,597
Balance at January 1, 2022	$	31,347
Change in fair value of derivative instruments		(15,626)
Warrants exchanged for Class A common stock (see *Note 15 – Warrant Exchange*)	$	(14,401)
Balance at September 30, 2022	$	1,320

7. Balance Sheet Components

Capitalized Implementation Costs

We capitalized cloud computing implementation costs for customer-relationship management, revenue management, and enterprise resource planning systems of $0 and $360 for the three months ended September 30, 2023 and 2022, respectively, and $71 and $1,392 for the nine months ended September 30, 2023 and 2022, respectively. The capitalized implementation costs are capitalized within other current assets and other assets on the condensed consolidated balance sheets. Amortization expense related to capitalized cloud computing implementation costs was $238 and $133, for the three months ended September 30, 2023 and 2022, respectively, and $689 and $145 for the nine months ended September 30, 2023 and 2022, respectively.

(Dollar amounts in thousands, except share, unit, per share, and per unit data)

Property and Equipment, Net

Property and equipment, net consists of the following:

		As of	
	Estimated Useful Lives	September 30, 2023	December 31, 2022
Furniture and fixtures	5 years	$ 960	$ 960
Computers, software and equipment	3 years	1,518	1,458
Leasehold improvements	Shorter of estimated useful life or remaining term of lease	1,271	1,278
		3,749	3,696
Less: Accumulated depreciation and amortization		(3,001)	(2,804)
Total property and equipment, net		$ 748	$ 892

Depreciation and amortization expense for property and equipment was $65 and $76 for the three months ended September 30, 2023 and 2022, respectively, and $204 and $260 for the nine months ended September 30, 2023 and 2022, respectively.

Accrued Expenses

Accrued expenses consist of the following:

	As of	
	September 30, 2023	December 31, 2022
Commission and variable compensation	$ 22,510	$ 24,207
Payroll and benefits	4,357	5,258
Other accrued expenses	15,844	16,511
Total accrued expenses	$ 42,711	$ 45,976

8. Derivative Financial Instruments

Prior to the closing of the Transactions, as part of our compensation and employee retention strategy, we entered into contracts with key employees and independent contractors which contain embedded derivatives. These contracts are intended to compensate the employees or independent contractors for services provided and retain their future services. These embedded derivative instruments are issued in the form of phantom interests in Net Income, as defined by our board of directors (the “Board”), that grant the holder value equal to a percentage of Net Income *multiplied* by a price multiple. All derivative instruments are recorded at fair value as derivative liabilities on our condensed consolidated balance sheets.

As of September 30, 2023, there is one embedded derivative instrument outstanding. The following table presents information on the location and amounts of derivative instrument gains and losses:

(Dollar amounts in thousands, except share, unit, per share, and per unit data)

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income Statement	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Warrants	Other income, net	$ —	$ (3,868)	$ —	$ 14,931
Phantom Interests in Net Income	General and administrative	(972)	(160)	(1,673)	695
Total		$ (972)	$ (4,028)	$ (1,673)	$ 15,626

See *Note 6 – Fair Value Measurements* for more information regarding the valuation of our derivative instruments.

9. Stock-Based Compensation

Included within cost of revenue, sales and marketing, and general and administrative expenses are total stock-based compensation expenses 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
Cost of revenue	$ 688	$ 438	$ 2,379	$ 1,496
Sales and marketing	711	514	2,519	1,655
General and administrative	2,176	1,201	6,058	4,039
Total stock based-compensation expense	$ 3,575	$ 2,153	$ 10,956	$ 7,190

Total stock-based compensation expense for the three and nine months ended September 30, 2023 and 2022 includes expenses related to our MarketWise, Inc. 2021 Incentive Award Plan (the “2021 Incentive Award Plan”) our 2021 Employee Stock Purchase Plan (“ESPP”), and profits interests 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
2021 Incentive Award Plan	$ 2,848	$ 2,086	$ 10,037	$ 6,828
Employee Stock Purchase Plan	84	67	276	362
Profits interests	643	—	643	—
Total stock-based compensation expense	$ 3,575	$ 2,153	$ 10,956	$ 7,190

2021 Incentive Award Plan

As of September 30, 2023, The Company has reserved a total of 33,960,802 shares of MarketWise Class A common stock for issuance pursuant to the 2021 Incentive Award Plan.

During the nine months ended September 30, 2023, we granted 5,098,818 restricted stock units (“RSUs”) and 715,000 fully vested shares of Class A common stock to certain employees and service providers in aggregate under our 2021 Incentive Award Plan.

For employees and service providers, both RSUs and stock appreciation rights (“SARs”) are primarily time-based and typically vest ratably over four years, as specified in the individual grant notices. The RSUs may entitle the recipients to dividend equivalents if approved by the Plan Administrator, which are subject to the same vesting terms and accumulate during the vesting period. Upon vesting, the RSU holder will be issued a corresponding number of the Company’s Class A common stock. The SARs will be settled in the Company’s Class A common stock upon exercise. The shares to be issued upon exercise of a SAR will have a total market value equal to the

(Dollar amounts in thousands, except share, unit, per share, and per unit data)

SAR value calculated as (x) number of shares underlying such SAR, multiplied by (y) any excess of the Company's share value on the date of exercise over the exercise price set in each individual grant notice.

The fair value of the RSU is the same as the Company's share price on the date of grant. The fair value of the SARs was determined using a Black-Scholes model.

The activities of the RSUs and SARs and the related weighted average grant-date fair value of the respective share classes, including granted, exercised and forfeited, from January 1, 2023 to September 30, 2023, are summarized as follows:

	RSUs		SARs	
	Units	Weighted-Average Grant Date Fair Value	Units	Weighted-Average Grant Date Fair Value
Outstanding at January 1, 2023	6,261,543	$ 3.45	1,747,473	$ 4.05
Granted	5,098,818	1.79	—	—
Exercised or vested	(2,259,892)	3.28	—	—
Forfeited	(604,232)	2.94	(92,885)	4.05
Outstanding at September 30, 2023	8,496,237	$ 2.53	1,654,588	$ 4.05
Exercisable at September 30, 2023	—	$ —	829,619	$ 4.05

The stock compensation expense related to the RSU and SAR grants was $2,848 and $2,086 for the three months ended September 30, 2023 and 2022, respectively, and $8,893 and $6,828 for the nine months ended September 30, 2023 and 2022, respectively. As of September 30, 2023, 829,619 of the SARs were exercisable and they have a remaining contractual term of 8.0 years. For the fully vested shares, during the nine months ended September 30, 2023, we issued 417,684 shares of Class A common stock after withholding for taxes, resulting in compensation expense of $1,144.

Employee Stock Purchase Plan

As of September 30, 2023, The Company has reserved for issuance a total of 6,728,300 shares of Class A common stock for the ESPP. The most recent offering period began on July 1, 2023 and ends on December 31, 2023. As of September 30, 2023, $230 has been withheld on behalf of employees for the December 31, 2023 purchase date.

The Company recognized $84 and $67 of stock-based compensation expense related to the ESPP during the three months ended September 30, 2023 and 2022, respectively, and $276 and $362 for the nine months ended September 30, 2023 and 2022, respectively. On each purchase date, eligible employees may purchase the shares at a price per share equal to 85% of the lesser of the fair market value of the Company's Class A common stock on (1) the first trading day of the offering period, or (2) the last trading day of the offering period. The Company issued 231,165 shares of Class A common stock for $332,184 related to employee purchases under the ESPP during the nine months ended September 30, 2023.

Profits Interests

During the three months ended September 30, 2023, the Company granted fully vested profits interests in a subsidiary of the Company to an employee. The profits interests are accounted for under ASC 718, *Compensation—Stock Compensation*, and are classified as liability awards, which requires that the awards be remeasured to fair value at the end of each reporting period until the liability is settled. The Company recognized $643 of stock-based compensation expense related to the profits interests during the three months ended September 30, 2023.

10. Earnings Per Share

The following tables set forth the computation of basic and diluted earnings per share 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
Basic earnings per share:				
Numerator:				
Net income	$ 12,044	$ 16,509	$ 52,392	$ 73,569
Less: Net income attributable to noncontrolling interests	11,904	20,521	50,749	59,875
Net income attributable to Class A common stockholders	$ 140	$ (4,012)	$ 1,643	$ 13,694
Denominator:				
Weighted average shares outstanding (in thousands)	32,910	23,533	30,883	23,233
Basic earnings per share	$ 0.00	$ (0.17)	$ 0.05	$ 0.59
Diluted earnings per share:				
Numerator:				
Net income	$ 12,044	$ 16,509	$ 52,392	$ 73,569
Less: Net income attributable to noncontrolling interests	11,904	20,521	50,749	59,875
Net income attributable to Class A common stockholders	$ 140	$ (4,012)	$ 1,643	$ 13,694
Denominator:				
Weighted average shares outstanding (in thousands)	33,632	23,566	31,996	23,267
Diluted earnings per share	$ 0.00	$ (0.17)	$ 0.05	$ 0.59

The Company’s potentially dilutive securities and their impact on the computation of diluted earnings per share is as follows:

- Public and private placement warrants: the public and private placement warrants were "out of the money" during the three and nine months ended September 30, 2022, therefore, net income per share excludes any impact of the 20,699,993 public warrants and 10,280,000 private placement warrants. The warrants were exchanged in September 2022 and there are no warrants outstanding as of September 30, 2023.
- Sponsor and MarketWise management member earnout shares: the 3,051,000 Sponsor earnout shares and the 2,000,000 MarketWise management member earnout shares granted in connection with the closing of the Transactions held in escrow are excluded from the earnings per share computation in both periods since the earnout contingency has not been met.
- Restricted stock units: The basic earnings per share calculation includes the impact of vested RSUs. The diluted earnings per share calculation includes the impact of unvested RSUs where the impact is dilutive, unless the Company has a net loss. The diluted earnings per share calculations above exclude certain RSUs

with performance conditions, since the performance conditions were not met, and such RSUs were forfeited as of June 30, 2023.

- Stock appreciation rights: The diluted earnings per share calculation for the three and nine months ended September 30, 2023 and 2022 excludes the impact of SARs since the effect was antidilutive.
- ESPP: The basic earnings per share calculation includes the impact of the shares that were issued under the ESPP as of June 30, 2023 and 2022. The diluted earnings per share calculation includes the impact of dilutive shares and excludes the impact of antidilutive shares under the ESPP as of September 30, 2023 and 2022.

11. Income Taxes

We are subject to U.S. federal and state taxes with respect to our allocable share of any taxable income or loss of MarketWise, LLC, as well as any stand-alone income or loss we generate. MarketWise, LLC is treated as a partnership for U.S. income tax purposes and for most applicable state and local income tax purposes and generally does not pay income taxes in most jurisdictions. Instead, MarketWise, LLC’s taxable income or loss is passed through to its members, including us.

Our effective income tax rate was 5.4% and 3.8% for the three and nine months ended September 30, 2023, respectively, and 7.7% and 5.1% for the three and nine months ended September 30, 2022, respectively. The main driver of the effective income tax rate for the three and nine months ended September 30, 2022 was the income allocation to the non-controlling interest. The main driver of the decrease in the effective tax rate from the three months ended September 30, 2022 is the change in the income allocation to the non-controlling interest. Our effective tax rate for the three and nine months ended September 30, 2023 differs from the U.S. federal statutory rate primarily because we generally do not record income taxes for the noncontrolling portion of pre-tax income.

As a result of the reverse capitalization in 2021, we recorded a deferred tax asset resulting from the outside basis difference in our interest in MarketWise, LLC. The Company considers both positive and negative evidence when measuring the need for a valuation allowance. A valuation allowance is not required to the extent that, in management’s judgment, positive evidence exists with a magnitude and duration sufficient to result in a conclusion that it is more likely than not (a likelihood of more than 50%) that the Company’s deferred tax assets will be realized.

In evaluating the need for a valuation allowance on the deferred tax asset, the company considered positive evidence related to its historic earnings, forecasted income and reversal of temporary differences. Therefore, the Company recorded a valuation allowance in the amount of $29,088 for certain deferred tax assets that are not more likely than not to be realized.

As part of the reverse capitalization in 2021, we entered into a Tax Receivable Agreement (“TRA”) with certain stockholders. Pursuant to our election under Section 754 of the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder, we expect to receive a step up in the tax basis of our ownership in MarketWise, LLC as exchanges of the LLC Units (as defined herein) occur. These increases in tax basis may reduce the amount we may otherwise pay to various tax authorities in the future. The TRA liability represents approximately 85% of the calculated tax savings based on basis adjustments and other carryforward attributes assumed that we anticipate being able to utilize in future years. We will retain the remaining 15% of calculated tax savings. The payments contemplated by the TRA are not conditioned upon any continued ownership interest in MarketWise, LLC. The timing and amount of aggregate payments due pursuant to the TRA may vary based on several factors including the timing and amount of future taxable income, as well as future applicable tax rates. As such, significant inputs and assumptions are used to estimate the future expected payments under the TRA. During the three and nine months ended September 30, 2023, Members of MarketWise, LLC exchanged an aggregate of 1,500,000 and 2,750,000 common units of MarketWise, LLC (“LLC Units”) together with an equal number of shares of Class B common stock for 1,500,000 and 2,750,000 newly-issued shares of Class A common stock, respectively. As a result, we have recorded a liability of $2,096 under the TRA as of September 30, 2023. No payments have been made under the TRA and no payments are expected in the next 12 months.

As of September 30, 2023, we had no unrecognized tax positions and believe there will be no changes to uncertain tax positions within the next 12 months.

12. Related Party Transactions

We have certain revenue share agreements with related parties. Accordingly, we recognized revenue from related parties of $351 and $637 for the three months ended September 30, 2023 and 2022, respectively, and $1,250 and $1,363 for the nine months ended September 30, 2023 and 2022, respectively.

We incurred costs related to revenue share agreements with related parties which are capitalized within deferred contract acquisition costs. We capitalized $1,952 and $397 for the three months ended September 30, 2023 and 2022, respectively, and $4,039 and $2,167 for the nine months ended September 30, 2023 and 2022, respectively.

Additionally, a related party provided call center support and other services to the Company for which we recorded an expense within cost of revenue of $80 and $186 for the three months ended September 30, 2023 and 2022, respectively, and $433 and $680 for the nine months ended September 30, 2023 and 2022, respectively.

A related party provided marketing and copywriting services to the Company for which we recorded an expense within cost of revenue of $644 and $1,229 for the three and nine months ended September 30, 2023, respectively, and $86 for the three months ended September 30, 2022.

A related party also provided certain corporate functions to the Company and the costs of these services are charged to us. We recorded $24 and $21 for the three months ended September 30, 2023 and 2022, respectively, and $78 and $64 for the nine months ended September 30, 2023 and 2022, respectively, within related party expense in the accompanying condensed consolidated statement of operations. We held balances of $1,015 and $1,043 as of September 30, 2023 and December 31, 2022, respectively, of related party payables related to revenue share expenses, call center support, and the services noted above. The balances with our related party are presented net and are included in related party payables, net in the condensed consolidated balance sheet.

We earned fees and provided certain accounting and marketing services to companies owned by certain of MarketWise's Class B stockholders. As a result, we recognized $97 and $225 in other income, net for the three months ended September 30, 2023 and 2022, respectively, and $604 and $478 for the nine months ended September 30, 2023 and 2022, respectively. Related party receivables related to these services were $97 and $403 as of September 30, 2023 and December 31, 2022, respectively.

We lease offices from related parties. Lease payments made to related parties were $441 and $418 for the three months ended September 30, 2023 and 2022, respectively, and $1,309 and $1,337 for the nine months ended September 30, 2023 and 2022, respectively. Rent expense of $602 and $588 for the three months ended September 30, 2023 and 2022, respectively, and $1,802 and $1,729 for the nine months ended September 30, 2023 and 2022, respectively, related to leases with related parties, and was recognized in general and administrative expenses.

At September 30, 2023 and December 31, 2022, ROU assets of $7,804 and $9,210 and lease liabilities of $6,124 and $7,041, respectively, are associated with leases with related parties.

In April 2020 we provided a loan to a related party and recognized a related party note receivable from the unitholder of $1,148. We recognized $6 and $16 in interest income for the three and nine months ended September 30, 2022, respectively. This loan was repaid in October 2022.

(Dollar amounts in thousands, except share, unit, per share, and per unit data)

13. Supplemental Cash Flow Information

Supplemental cash flow disclosures are as follows:

	Nine Months Ended September 30,	
	2023	2022
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	$ 675	$ 589
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	(1,486)	(1,731)
Operating lease right-of-use assets obtained in exchange for lease obligations	(76)	(795)
Operating lease right-of-use assets obtained in exchange for lease obligations from acquisitions	—	(50)
Supplemental Disclosures of Non-Cash Investing and Financing Activities:		
Capitalized software included in accounts payable	71	120
Recording of deferred tax assets and capital contribution related to exchanges of Class B common stock to Class A common stock	2,466	—

	As of September 30,	
	2023	2022
Reconciliation of Cash and Cash Equivalents and Restricted Cash:		
Cash and cash equivalents	$ 194,023	$ 147,216
Restricted cash	—	—
Total	$ 194,023	$ 147,216

14. Stockholders' Equity

The Company's capital stock consists of (i) issued and outstanding Class A common stock with a par value of $0.0001 per share, and (ii) issued and outstanding Class B common stock with a par value of $0.0001 per share.

The table set forth below reflects information about the Company's equity, as of September 30, 2023. The 3,051,000 Sponsor earnout shares held in escrow and the 2,000,000 management member earnout shares are considered contingently issuable shares and therefore excluded from the number of Class A common stock issued and outstanding in the table below.

	Authorized	Issued	Outstanding
Common stock – Class A	950,000,000	34,096,437	34,096,437
Common stock – Class B	300,000,000	288,342,303	288,342,303
Preferred stock	100,000,000	—	—
Total	1,350,000,000	322,438,740	322,438,740

Each share of Class A and Class B common stock entitles the holder to one vote per share. Only holders of Class A common stock have the right to receive dividends. In the event of liquidation, dissolution or winding up of the affairs of the Company, only holders of Class A common stock have the right to receive liquidation proceeds, while the holders of Class B common stock are entitled to only the par value of their shares. Class B common stock can be issued only to members of MarketWise, LLC, their respective successors and permitted transferees. Under the terms of the Third Amended and Restated Limited Liability Company Operating Agreement of MarketWise, LLC (the "MarketWise Operating Agreement"), and subject to certain restrictions set forth therein, the MarketWise Members are entitled to have their LLC Units redeemed or exchanged for shares of our Class A common stock, at our option. If redeemed for cash at the Company's option, such cash would have to be generated through an offering of shares to the market such that there would not be any situation where there would be a net cash obligation to the Company for such redemption. Shares of our Class B common stock held by any such redeeming or exchanging MarketWise Member will be canceled for no additional consideration on a one-for-one basis with the redeemed or exchanged LLC Units whenever such MarketWise Member's LLC Units are so redeemed or exchanged. The MarketWise Members may exercise such redemption rights for as long as their LLC Units remain outstanding. Our Board has discretion to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock.

On May 11, 2023, our Board declared a cash dividend to its Class A common stockholders in the amount of $0.01 per share, totaling $0.4 million, and a cash distribution to holders of LLC Units in the amount of $0.01 per unit, totaling $2.9 million, to stockholders and unitholders of record as of the close of business on June 1, 2023. On July 20, 2023, $0.3 million of the dividends and the full distribution of $2.9 million was paid to stockholders and unitholders, respectively.

On August 3, 2023, the Board declared a cash dividend to its Class A common stockholders in the amount of $0.01 per share, totaling $0.5 million, and a cash distribution to holders of LLC Units in the amount of $0.01 per unit, totaling $2.9 million, to stockholders and unitholders of record as of the close of business on September 5, 2023. On October 26, 2023, $0.3 million of the dividends and the full distribution of $2.9 million was paid to stockholders and unitholders, respectively.

Certain of the dividends are attributable to earnout shares and dividend equivalents are attributable to unvested RSUs, and are therefore forfeitable. The Company recorded the full dividend payable as a charge to additional paid-in capital on the declaration date, and forfeitures are reversed as they occur.

The Company intends to pay dividends quarterly in the future, subject to Board approval of any such dividends. Dividends payable and distributions payable are included in other current liabilities in the condensed consolidated balance sheet.

During the three and nine months ended September 30, 2023, pursuant to the terms of the MarketWise Operating Agreement, MarketWise Members exchanged an aggregate of 1,500,000 and 2,750,000 LLC Units, together with an equal number of shares of Class B common stock for 1,500,000 and 2,750,000 newly-issued shares of the Company's Class A common stock, respectively. As a result of the exchanges, the Company recognized adjustments to non-controlling interests. As of September 30, 2023, MarketWise, Inc.'s controlling interest in MarketWise, LLC was 10.6% and the noncontrolling interest was 89.4%.

On November 4, 2021, our Board authorized the repurchase of up to $35.0 million in aggregate of shares of the Company's Class A common stock. We did not repurchase any shares during the three and nine months ended September 30, 2023. We did not repurchase any shares during the three months ended September 30, 2022, and we repurchased 2,484,717 shares totaling $13.1 million in aggregate, including fees and commissions of $25 for the nine months ended September 30, 2022. Since the inception of the program we have repurchased 2,984,987 total shares. The maximum dollar value of shares that may yet to be purchased under the plan was $18.6 million as of September 30, 2023. The share repurchase program expired by its terms on November 3, 2023.

For each share of Class A common stock the Company repurchased under the share repurchase program, MarketWise, LLC, the Company's direct subsidiary, redeemed one LLC Unit held by the Company, decreasing the percentage ownership of MarketWise, LLC by the Company and relatively increasing the ownership by the other unitholders.

15. Warrant Exchange

On August 17, 2022, we commenced an exchange offer (the "Offer") and consent solicitation (the "Consent Solicitation") relating to our outstanding Public Warrants and Private Placement Warrants to purchase shares of Class A common stock at $11.50 per share. Each holder was offered the opportunity to receive 0.1925 shares of

Class A common stock in exchange for each outstanding warrant tendered by the holder and exchanged pursuant to the Offer. Concurrently with the Offer, we solicited consents from holders of the warrants to amend the warrant agreement that governs all of the warrants (the "Warrant Agreement") to permit us to require that each warrant outstanding upon the closing of the Offer be exchanged for 0.17325 shares of Class A common stock, which is a ratio 10% less than the exchange ratio applicable to the Offer (such amendment, the "Warrant Amendment").

On September 14, 2022, we concluded the Offer and Consent Solicitation with approximately 96% of the outstanding warrants validly tendered and not withdrawn prior to the expiration of the Offer and Consent Solicitation. Accordingly, on September 19, 2022, we issued 5,725,681 shares of Class A common stock in exchange for the 29,743,932 warrants tendered in the Offer.

Additionally, we received the requisite approval of warrant holders to enter into the Warrant Amendment. Accordingly, we and Continental Stock Transfer & Trust Company entered into the Warrant Amendment, dated September 15, 2022, and we exercised our right, in accordance with the terms of the Warrant Amendment, to exchange each warrant that was outstanding upon the closing of the Offer for 0.17325 shares of Class A common stock per warrant. On September 30, 2022, we issued 214,058 shares of Class A common stock in exchange for the 1,236,061 outstanding warrants after closing of the Offering. As a result, there are no outstanding warrants as of September 30, 2022, and the warrants were delisted from trading on the Nasdaq. In connection with the warrant exchange, we paid out a de minimis amount of cash in lieu of fractional shares.

We incurred $2.1 million of costs directly related to the warrant exchange, consisting primarily of dealer manager fees and professional, legal, printing, filing, regulatory, and other costs during the three months ended September 30, 2022. These costs were recorded in general and administrative expenses on the condensed consolidated statements of operations as the transactions did not generate any proceeds to us and therefore the costs did not qualify to be deferred or charged to additional paid-in-capital under ASC 340-10-S99-1.

16. Subsequent Events

Subsequent events have been evaluated through November 9, 2023, which is the date that the financial statements were issued.

On October 18, 2023, our Board declared a special cash dividend to the Company's Class A common stockholders in the amount of $0.15 per share and a special cash distribution to holders of LLC Units in the amount of $0.15 per unit, totaling approximately $50 million in the aggregate, to stockholders and unitholders of record as of the close of business on November 10, 2023. The special dividend and distribution will be paid on December 1, 2023.

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

The following discussion and analysis of the financial condition and results of operations of MarketWise, Inc., a Delaware corporation (“MarketWise,” “we,” “us,” and “our”), should be read together with our unaudited condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and our audited consolidated financial statements and the related notes and the discussion under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 (the “Annual Report”). The following discussion contains forward-looking statements. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ materially from those projected in the forward-looking statements include, but are not limited to, those discussed in the section entitled “Cautionary Statement Regarding Forward-Looking Statements” in this report.

Overview

We are a leading multi-brand platform of subscription businesses that provides premium financial research, software, education, and tools for self-directed investors. We offer a comprehensive portfolio of high-quality, independent investment research, as well as several software and analytical tools, on a subscription basis.

MarketWise started in 1999 with the simple idea that, if we could publish intelligent, independent, insightful, and in-depth investment research and treat the subscriber the way we would want to be treated, then subscribers would renew their subscriptions and stay with us. Over the years, we have expanded our business into a comprehensive suite of investment research products and solutions. We now produce a diversified product portfolio from a variety of financial research brands such as Stansberry Research, Palm Beach Research, Chaikin Analytics, and InvestorPlace. Our entire investment research product portfolio is 100% digital and channel agnostic, and we offer all of our research across a variety of platforms, including desktop, laptop, and mobile devices, including tablets and mobile phones.

Today, we benefit from the confluence of a leading editorial team, diverse portfolio of content and brands, and comprehensive suite of investor-centric tools that appeal to a broad subscriber base.

In October 2023, the Company announced a number of board and leadership changes that included the Company’s founder returning as Chairman of the Board and CEO, and that it has initiated an internal review of current operations with the intent to enhance alignment, improve efficiency, and increase cash flow and intrinsic value of the business.

As a result of continuing losses, the Company recorded an impairment loss on Buttonwood Publishing’s intangible assets totaling $584 during the third quarter of 2023. We will continue to evaluate our Buttonwood Publishing business for additional impairment (if any), which could have a material impact on our results of operations. The remaining intangible assets of Buttonwood Publishing comprised $7.7 million of our remaining $14.3 million balance of intangible assets, net as of September 30, 2023. See *Note 5 – Goodwill and Intangible Assets, Net* to our unaudited condensed consolidated and combined financial statements included elsewhere in this Form 10-Q for further details.

Key Factors Affecting Our Performance

We believe that our growth and future success are dependent upon several factors, including those below and those noted in the “Risk Factors” section in the Annual Report. The key factors below represent significant business opportunities as well as challenges that we must successfully address in order to continue our growth and improve our financial results.

Growing our subscriber base with compelling unit economics. We are highly focused on continuing to acquire new subscribers to support our long-term growth. Our marketing spend is a large driver of new subscriber growth. At the heart of our marketing strategy is our compelling unit economics that combine long-term subscriber relationships, highly scalable content delivery, cost-effective customer acquisition, and high-margin conversions.

Our Paid Subscribers as of December 31, 2022 generated average customer lifetime Billings of approximately $1,815, resulting in a LTV/CAC (as defined below) ratio of approximately 2.0x. On average, it takes us approximately 0.6 to 1.5 years for a Paid Subscriber's cumulative net revenue to exceed the total cost of acquiring that subscriber (which includes fixed costs, such as marketing salaries). For more information on our LTV/CAC ratio and the components of this ratio, see "*—Definitions of Metrics.*"

We adjust our marketing spend to drive efficient and profitable customer acquisition. We can adjust our marketing spend in near real-time, and we monitor costs per acquisition relative to the cart value of the initial subscription. We seek 90-day payback periods to cover this variable component of the direct marketing spend.

As of September 30, 2023, our Paid Subscriber base was 774 thousand, down 120 thousand, or 13.4% as compared to 894 thousand at September 30, 2022. Our Paid Subscriber base is comprised of subscribers obtained through both direct-to-paid acquisition and free-to-paid conversions. Since 2019, direct-to-paid acquisition has accounted for approximately two-thirds of our annual Paid Subscriber acquisition, and is largely driven by display ads and targeted email campaigns.

Our free subscription products also serve as a significant source of new Paid Subscribers, accounting for approximately one-third of our annual Paid Subscriber acquisition since 2019. Our free-to-paid and active free-to-paid conversion rate reflects the rate at which Free Subscribers and Active Free Subscribers purchase paid subscription products. Our annual free-to-paid and annual active free-to-paid conversion rates were approximately 1% to 2% and 2% to 4%, respectively, between 2020 and 2022. Over that same three year period, our cumulative free-to-paid and cumulative active free-to-paid conversion rates were 4% and 10%, respectively.

Retaining and expanding relationships with existing subscribers. We believe that we have a significant opportunity to expand our relationships with our large base of Free and Paid Subscribers. Thanks to the quality of our products, we believe our customers will continue their relationship with us and extend and increase their subscriptions over time. As we deepen our engagement with our subscribers, our customers tend to purchase more and higher-value products. Our ARPU (as defined below) as of September 30, 2023 was $496, which decreased 10.8% from $556 as of September 30, 2022. For more information on ARPU, see "*Key Business Metrics—Average Revenue Per User.*"

Conversion rates are important to our business because they are an indicator of how engaged and how well we are connecting with our subscribers. The time it takes our customers to move from our free products to our lower-priced paid subscriptions and eventually to high-end products and membership "bundled" offerings impacts our growth in net revenue, Billings, and ARPU.

Our high-value composition rate reflects the portion of our Paid Subscribers that, over their lifetime, purchased more than $600 of our products. We believe our high-value composition rate reflects our ability to retain existing subscribers through renewals and our ability to expand our relationship with them when those subscribers purchase higher-value subscriptions. Our ultra high-value composition rate reflects the portion of our high-value subscribers that have purchased more than $5,000 of our products over their lifetime. We believe our ultra high-value composition rate reflects our ability to successfully build lifetime relationships with our subscribers, often across multiple products and brands. These high-value and ultra high-value subscribers are at the heart of our business model, and are particularly important in periods of time when we are bringing in fewer new subscribers. These high-value and ultra high-value subscribers continue to see the value in our products and are continuing to purchase products at rates similar to historic trends, which is currently driving the majority of our Billings. As of September 30, 2023, our high-value composition rate was 47%. Our ultra high-value composition rate – ultra high-value subscribers as a percent of high-value subscribers – was 39%.

Definitions of Metrics

Throughout this discussion and analysis, a number of our financial and operating metrics are referenced which we do not consider to be key business metrics, but which we review to monitor performance, and which we believe may be useful to investors. These are:

Annual free-to-paid and annual active free-to-paid conversion rates: The Company has historically defined free-to-paid conversion rate as the number of Free Subscribers who purchased a subscription during the period divided by the average number of Free Subscribers during the period. In addition, the Company has historically defined active free-to-paid conversion rate as the number of Active Free Subscribers who purchased a subscription during the period divided by the average number of Active Free Subscribers during the period. There have been no changes to the calculation of free-to-paid or active free-to-paid conversion rates. However, the Company has revised the definition of free-to-paid and active free-to-paid conversion rates to provide clarity in how they are calculated.

We calculate our free-to-paid conversion rate as the sum of (i) the number of Free Subscribers who purchased their first subscription during the period and (ii) the number of Free Subscribers who purchased their first subscription during the period after six months of not having an active paid subscription across all of MarketWise *divided by* the average number of Free Subscribers during the period. We calculate our active free-to-paid conversion rate as the sum of (i) the number of Active Free Subscribers who purchased their first subscription during the period and (ii) the number of Active Free Subscribers who purchased their first subscription during the period after six months of not having an active paid subscription across all of MarketWise *divided by* the average number of Active Free Subscribers during the period. We believe our free-to-paid and active free-to-paid conversion rates are indicators of the type of Free Subscribers that we are signing up and the quality of our content and marketing efforts. Investors should consider free-to-paid and active free-to-paid conversion rates as two of the factors in evaluating our ability to maintain a robust pipeline for new customer acquisition.

Cumulative free-to-paid and cumulative active free-to-paid conversion rates: We calculate our cumulative free-to-paid conversion rate as the sum of (i) the number of Free Subscribers who purchased their first subscription during the trailing three-year period and (ii) the number of Free Subscribers who purchased their first subscription during the trailing three-year period after six months of not having an active paid subscription across all of MarketWise *divided by* the average number of Free Subscribers during the trailing three-year period. We calculate our cumulative active free-to-paid conversion rate as the sum of (i) the number of Active Free Subscribers who purchased their first subscription during the trailing three-year period and (ii) the number of Active Free Subscribers who purchased their first subscription during the trailing three-year period after six months of not having an active paid subscription across all of MarketWise *divided by* the average number of Active Free Subscribers during the trailing three-year period.

High-value composition rate: Our high-value composition rate reflects the number of Paid Subscribers who have purchased >$600 in aggregate over their lifetime as of a particular point in time *divided by* the total number of Paid Subscribers as of that same point in time.

Landing Page Visits: The cumulative number of visits to our standalone web pages created specifically for each marketing campaign. We believe landing page visits are a measure of customer engagement.

LTV/CAC ratio: We calculate LTV/CAC ratio as LTV *divided by* CAC. We use LTV/CAC ratio because it is a standard metric for subscription-based businesses, and we believe that an LTV/CAC ratio above 3x is considered to be indicative of strong profitability and marketing efficiency. We believe that an increasing LTV per subscriber reflects our existing subscribers recognizing our value proposition, which will expand their relationship with us across our platform over time, either through a combination of additional product purchases or by joining our membership offerings. Investors should consider this metric when evaluating our ability to achieve a return on our marketing investment. Lifetime value ("LTV") represents the average margin on average customer lifetime Billings (that is, the estimated cumulative spend across a customer's lifetime). Customer acquisition cost ("CAC") is defined as direct marketing spend, *plus* external revenue share expense, *plus* retention and renewal expenses, *plus* copywriting and marketing salaries, *plus* telesales salaries and commissions, *plus* customer service commissions.

Net revenue retention: Net revenue retention is defined as Billings from all prior period cohorts in the current period, *divided by* all Billings from the prior period. We believe that a high net revenue retention rate is a measure of customer retention and an indicator of the engagement of our subscribers with our products. Investors should consider net revenue retention as an ongoing measure when evaluating our subscribers' interest in continuing to subscribe to our products and spending more with us over time.

Ultra high-value composition rate: Our ultra high-value composition rate reflects the number of Paid Subscribers who have purchased >$5,000 in aggregate over their lifetime as of a particular point in time *divided by* the number of high-value subscribers as of that same point in time. We believe our ultra high-value composition rate reflects our ability to successfully build lifetime relationships with our subscribers, often across multiple products and brands. Investors should consider ultra high-value composition rate as a factor in evaluating our ability to retain and expand our relationship with our subscribers.

Key Business Metrics

We review the following key business metrics to measure our performance, identify trends, formulate financial projections, and make strategic decisions. We are not aware of any uniform standards for calculating these key metrics, which may hinder comparability with other companies who may calculate similarly titled metrics in a different way.

	As of and for the Three Months Ended September 30,			As of and for the Nine Months Ended September 30,				
	2023	**2022**	***% change***	**2023**	**2022**	***% change***	**As of and for the Three Months Ended June 30, 2023**	***% change***
Free Subscribers	16,341,577	15,415,263	*6.0 %*	16,341,577	15,415,263	*6.0%*	15,948,652	*2.5 %*
Paid Subscribers	773,827	893,764	*(13.4)%*	773,827	893,764	*(13.4)%*	750,287	*3.1 %*
ARPU	$ 496	$ 556	*(10.8)%*	$ 496	$ 556	*(10.8)%*	$ 490	*1.2 %*
Billings (in thousands)	$ 95,513	$ 105,062	*(9.1)%*	$ 288,854	$ 358,564	*(19.4)%*	$ 96,170	*(0.7)%*

Free Subscribers. Free Subscribers are defined as unique subscribers who have subscribed to one of our free investment publications via a valid email address and continue to remain directly opted in, excluding any Paid Subscribers who also have free subscriptions. Free subscriptions are often daily publications that include some commentary about the stock market, investing ideas, or other specialized topics. Included within our free publications are advertisements and editorial support for our current marketing campaigns. While subscribed to our publications, Free Subscribers learn about our editors and analysts, get to know our products and services, and learn more about ways we can help them be a better investor.

In order to better describe our universe of Free Subscribers, we recognize sub-categories of Free Subscribers – Active and Passive Free Subscribers. Active Free Subscribers are those Free Subscribers with whom we have engaged during the most recent quarter and represent those individuals who have received and/or consumed our content on a regular basis during that same quarter. Our analysis indicates that this population of Active Free Subscribers is more likely to continue to consume content and convert to a Paid Subscriber. Passive Free Subscribers represent those individuals who have not directly received our content during the most recent quarter, however, they remain included in our Free Subscriber population as defined above and may continue to consume content from our platforms. We expect the composition of our Active and Passive Free Subscribers will change over time as we refine our marketing and data analysis techniques aimed at converting Free Subscribers to Paid Subscribers.

Free Subscribers increased by 0.9 million, or 6.0%, to 16.3 million at September 30, 2023 as compared to 15.4 million at September 30, 2022. As of September 30, 2023, Active Free Subscribers decreased by 0.3 million, or 6.9%, to 4.0 million, compared to 4.3 million as of September 30, 2022. The year over year decline in Active Free Subscribers is a result of decreased engagement with our Free Subscriber community as consumer engagement continues to be soft.

Free Subscribers increased by 0.4 million, or 2.5% to 16.3 million as of September 30, 2023 as compared to 15.9 million as of June 30, 2023. As of September 30, 2023, Active Free Subscribers increased by 41 thousand, or 1.0% to 4.0 million, compared to 3.9 million as of June 30, 2023.

Paid Subscribers. We define Paid Subscribers as the total number of unique subscribers with at least one paid subscription at the end of the period. We view the number of Paid Subscribers at the end of a given period as a key indicator of the attractiveness of our products and services, as well as the efficacy of our marketing in converting Free Subscribers to Paid Subscribers and generating direct-to-paid acquisitions. We grow our Paid Subscriber base through marketing directly to prospective and existing subscribers across a variety of media, channels, and platforms.

Total Paid Subscribers decreased by 120 thousand, or 13.4%, to 774 thousand as of September 30, 2023 as compared to 894 thousand at September 30, 2022, driven by softening consumer engagement that began in third quarter 2022 as well as a significant decrease in direct marketing spend over the past four quarters in total as we focus on maintenance of profitability.

Total Paid Subscribers increased by 24 thousand, or 3.1%, to 774 thousand as of September 30, 2023 as compared to 750 thousand as of June 30, 2023. Gross new subscribers increased 87% compared to second quarter 2023 as we increased our marketing spend significantly in the face of favorable per unit costs and acceptable paybacks on these investments.

Subscriber count churn has ranged from approximately 1.8% to 2.7% per month between 2020 and 2022. As of September 30, 2023, the average monthly churn over the trailing twelve months was near the higher end of this range. Almost all of the subscribers who churned in third quarter 2023 did so having owned only one entry level publication. This is evidenced by the fact that their ARPU approximately matched the subscription price of our entry level publications. We believe our net revenue retention rate, which has averaged over 80% from 2020 to 2022, is a more meaningful gauge of subscriber satisfaction.

Average Revenue Per User. We calculate ARPU as the trailing four quarters of net Billings *divided by* the average number of quarterly total Paid Subscribers over that period. We believe ARPU is a key indicator of how successful we are in attracting subscribers to higher-value content. We believe that our high ARPU is indicative of the trust we build with our subscribers and of the value they see in our products and services.

ARPU decreased by $60, or 10.8%, to $496 as of September 30, 2023 as compared to $556 as of September 30, 2022. The year-over-year decrease was driven by a 24% decrease in trailing four quarter Billings, while trailing four quarter Paid Subscribers only decreased by 14%. The decrease in trailing four quarter Billings was driven by reduced engagement of prospective and existing subscribers, as further discussed in —*Billings* below.

ARPU increased by $6, or 1.2%, to $496 as of September 30, 2023 as compared to $490 as of June 30, 2023. The sequential increase was driven by a 4% decrease in trailing average Paid Subscribers, while trailing four-quarter Billings decreased only 2%.

While they have been in decline up until this quarter, our ARPUs remain high relative to other subscription businesses, and we attribute this to the quality of our content and effective sales and marketing efforts regarding higher value content, bundled subscriptions and membership subscriptions. These subscriptions have compelling economics that allow us to recoup our initial marketing spend made to acquire these subscribers. Specifically, our payback period was estimated at 1.5 years, 0.9 years, and 0.6 years for the years ended December 31, 2022, 2021 and 2020, respectively. We have experienced an increase in the 2022 payback period primarily due to a combination of increased customer acquisition costs and the hesitancy of these subscribers to make additional purchases. The payback period reached the low side of the historical range in 2020 as a result of expanded conversion rates and, to a far lesser degree, decreasing costs for media spend as demand dropped as a result of the pandemic. We have seen the costs for media spend revert back to higher rates in 2021 which continued through third quarter 2023.

Billings. Billings represents amounts invoiced to customers. We measure and monitor our Billings because it provides insight into trends in cash generation from our marketing campaigns. We generally bill our subscribers at the time of sale and receive full cash payment up front, and defer and recognize a portion of the related revenue ratably over time for term and membership subscriptions. For certain subscriptions, we may invoice our Paid Subscribers at the beginning of the term, in annual or monthly installments, and, from time to time, in multi-year installments. Only amounts invoiced to a Paid Subscriber in a given period are included in Billings. While we believe that Billings provides valuable insight into the cash that will be generated from sales of our subscriptions, this metric may vary from period to period for a number of reasons and, therefore, Billings has a number of limitations as a quarter-over-quarter or year-over-year comparative measure. These reasons include, but are not limited to, the following: (i) a variety of contractual terms could result in some periods having a higher proportion of annual or membership subscriptions than other periods; (ii) fluctuations in payment terms may affect the Billings recognized in a particular period; and (iii) the timing of large campaigns may vary significantly from period to period.

Billings decreased by $9.5 million, or 9.1%, to $95.5 million for the three months ended September 30, 2023 as compared to $105.1 million for the three months ended September 30, 2022. We believe the decrease is due in large part to reduced engagement of prospective and existing subscribers. Levels of engagement had plateaued during the second half of 2021 and first half of 2022. The second half of 2022 saw further declines with uncertainty stemming from external factors such as 40-year high inflation, volatility across asset classes, federal reserve tightening, and the war in Ukraine, which we believe further contributed to prospective and existing subscribers delaying their purchases through third quarter 2023.

Approximately 40% of our Billings during the three months ended September 30, 2023 came from membership subscriptions, 59% from term subscriptions, and 1% from other Billings, as compared to 33% from membership subscriptions, 66% from term subscriptions, and 1% from other Billings during the three months ended September 30, 2022.

Billings decreased by $0.7 million, or 0.7%, to $95.5 million for the three months ended September 30, 2023 as compared to $96.2 million for the three months ended June 30, 2023. With overall consumer engagement, as measured by landing pages, as well as overall conversion rates up versus second quarter 2023, we attribute the modest decline in Billings to a continuance of subscriber delays in purchasing higher price point subscriptions as they continue to navigate the uncertain economy.

Components of Our Results of Operations

Net Revenue

We generate net revenue primarily from delivering term and membership subscription-based financial research, publications, and SaaS offerings to individual subscribers through our online platforms, advertising arrangements, print products, events, and revenue share agreements.

Net revenue is recognized ratably over the duration of the subscriptions, in an amount that reflects the consideration we expect to be entitled to in exchange for those services. In addition to term subscriptions, we offer membership subscriptions where we receive a large upfront payment when the subscriber enters into the contract, and for which we will receive a lower annual maintenance fee thereafter. Subscribers are typically billed in advance of the subscriptions. Much of our net revenue is generated from subscriptions entered into during previous periods. Consequently, any decreases in new subscriptions or renewals in any one period may not be immediately reflected as a decrease in net revenue for that period, but could negatively affect our net revenue in future quarters. This also makes it difficult for us to rapidly increase our net revenue through the sale of additional subscriptions in any period, as net revenue is recognized over the term of the subscription agreement. We expect subscription net revenue to fluctuate due to the timing and relative mix in recent and prior periods between term subscriptions and related renewals, and membership subscriptions and related maintenance fees.

We also recognize net revenue through revenue share agreements where we earn a commission for successful sales by other parties generated through the use of our customer list. We expect advertising and other net revenue to increase in absolute dollars as our business grows.

Employee Compensation Costs

Employee compensation costs, or payroll and payroll-related costs, include salaries, bonuses, benefits, and stock-based compensation for employees classified within cost of revenue, sales and marketing, and general and administrative, and also includes sales commissions for sales and marketing employees.

We recognized stock-based compensation expenses related to our 2021 Incentive Award Plan, our ESPP, and our profits interests awards of $3.6 million and $2.2 million during the three months ended September 30, 2023 and 2022, and $11.0 million and $7.2 million during the nine months ended September 30, 2023 and 2022, respectively.

The total amount of stock-based compensation expense included within each of the respective line items in the condensed consolidated statement of operations is as follows:

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Cost of revenue	$ 688	$ 438	$ 2,379	$ 1,496
Sales and marketing	711	514	2,519	1,655
General and administrative	2,176	1,201	6,058	4,039
Total stock based-compensation expense	$ 3,575	$ 2,153	$ 10,956	$ 7,190

Cost of Revenue

Cost of revenue consists of costs associated with producing and publishing our content, including payroll, payroll-related costs and stock-based compensation expenses related to the 2021 Incentive Award Plan and the ESPP, hosting fees, customer service, credit card processing fees, product costs, and allocated overhead. Cost of revenue is exclusive of depreciation and amortization, which is shown as a separate line item.

We expect cost of revenue to increase as our business grows, including as a result of new acquisitions, joint ventures, and other strategic transactions. However, the level and timing of our variable compensation may not match the pattern of how net revenue is recognized over the subscription term. Therefore, we expect that our cost of revenue will fluctuate as a percentage of net revenue in the future.

Sales and Marketing

Sales and marketing consists of costs associated with marketing and selling our products and services, including payroll, payroll-related costs and stock-based compensation expenses related to the 2021 Incentive Award Plan and the ESPP, amortization of deferred contract acquisition costs, agency costs, advertising campaigns, and branding initiatives. Sales and marketing expenses are exclusive of depreciation and amortization shown as a separate line item.

We expect that our sales and marketing expense will increase in absolute dollars and continue to be our largest operating expense for the foreseeable future as we expand our sales and marketing efforts. However, because we incur sales and marketing expenses up front when we launch campaigns to drive sales, while we recognize net revenue ratably over the underlying subscription term, we expect that our sales and marketing expense will fluctuate as a percentage of our net revenue over the long term. Sales and marketing expenses may fluctuate further as a result of acquisitions, joint ventures, or other strategic transactions we undertake in the future.

Research and Development

Research and development consists of costs associated with technical services, including payroll, payroll-related costs and stock-based compensation expenses related to the 2021 Incentive Award Plan and the ESPP, software expenses, and hosting expenses. Research and development expenses are exclusive of depreciation and amortization shown as a separate line item.

We expect that our research and development expense will increase in absolute dollars as our business grows, including as a result of new acquisitions, joint ventures, and other strategic transactions, particularly as we incur additional costs related to continued investments in our platform.

General and Administrative

General and administrative consists of costs associated with our finance, legal, information technology, human resources, executive, and administrative personnel, including payroll, payroll-related costs and stock-based compensation expenses related to the 2021 Incentive Award Plan, the ESPP, and profits interests awards, legal fees, corporate insurance, office expenses, professional fees, and travel and entertainment costs.

We expect to continue to incur general and administrative expenses as a result of operating as a public company, including costs to comply with the rules and regulations applicable to companies listed on a national securities exchange, costs related to compliance and reporting obligations pursuant to the rules and regulations of the SEC, and increased expenses for insurance, investor relations, and professional services. General and administrative expenses may fluctuate further as a result of acquisitions, joint ventures, or other strategic transactions we undertake in the future.

Depreciation and Amortization

Depreciation and amortization expenses consist of amortization of trade names, customer relationship intangibles, and software development costs, as well as depreciation on other property and equipment such as leasehold improvements, furniture and fixtures, and computer equipment. We expect depreciation and amortization expenses to increase on an absolute dollar basis as our business grows, including as a result of new acquisitions, joint ventures, and other strategic transactions, but to remain generally consistent as a percentage of total net revenue.

Impairment of Intangible Assets

Impairment of intangible assets consists of impairment losses related to our Buttonwood Publishing business.

Related Party Expense

Related party expenses primarily consist of board of director compensation, revenue share expenses, and costs for certain corporate functions performed by a related party.

Other Income, Net

Other income, net primarily consists of the net gains on our embedded derivative instruments.

Interest Income (Expense), Net

Interest income (expense), net primarily consists of interest income from our money market accounts, as well as interest expense related to our 2021 Credit Facility.

Net Income Attributable to Noncontrolling Interests

As of September 30, 2023, MarketWise, Inc.'s controlling interest in MarketWise, LLC was 10.6% and the noncontrolling interest was 89.4%. For the three and nine months ended September 30, 2023, net income attributable to controlling interests included a $0.7 million tax provision and a $2.0 million tax provision, respectively, both of which were solely attributable to the controlling interest.

As of September 30, 2022, MarketWise, Inc.'s controlling interest in MarketWise, LLC was 9.0% and the noncontrolling interest was 91.0%. For the three months ended September 30, 2022 net income attributable to controlling interests included a $3.9 million loss on warrant liabilities and a $1.4 million tax provision, and for the nine months ended September 30, 2022 net income attributable to controlling interests included a $14.9 million gain on warrant liabilities and a $3.9 million tax provision, both of which were solely attributable to the controlling interest.

Results of Operations

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

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net revenue	$ 105,799	$ 119,297	$ 334,777	$ 383,383
Related party revenue	351	637	1,250	1,363
Total net revenue	106,150	119,934	336,027	384,746
Operating expenses:				
Cost of revenue[1]	13,812	14,482	43,737	48,328
Sales and marketing[1]	52,466	51,635	150,226	184,922
General and administrative[1]	25,005	28,986	80,667	79,895
Research and development[1]	2,085	2,173	6,778	6,740
Depreciation and amortization	1,001	836	2,979	2,053
Impairment of intangible assets	584	—	584	—
Related party expense	155	96	487	290
Total operating expenses	95,108	98,208	285,458	322,228
Income from operations	11,042	21,726	50,569	62,518
Other income (expense), net	182	(3,651)	807	15,568
Interest income (expense), net	1,511	(183)	3,062	(572)
Income before income taxes	12,735	17,892	54,438	77,514
Income tax expense	691	1,383	2,046	3,945
Net income	12,044	16,509	52,392	73,569
Net income attributable to noncontrolling interests	11,904	20,521	50,749	59,875
Net income (loss) attributable to MarketWise, Inc.	$ 140	$ (4,012)	$ 1,643	$ 13,694

(1) Cost of revenue, sales and marketing, general and administrative, and research and development expenses are exclusive of depreciation and amortization shown as a separate line item.

The following table sets forth our consolidated statements of operations data expressed as a percentage of net revenue for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net revenue	100.0 %	100.0 %	100.0 %	100.0 %
Operating expenses:				
Cost of revenue(1)	13.0 %	12.1 %	13.0 %	12.6 %
Sales and marketing(1)	49.4 %	43.1 %	44.7 %	48.1 %
General and administrative(1)	23.6 %	24.2 %	24.0 %	20.8 %
Research and development(1)	2.0 %	1.8 %	2.0 %	1.8 %
Depreciation and amortization	0.9 %	0.7 %	0.9 %	0.5 %
Impairment of intangible assets	0.6 %	— %	0.2 %	— %
Related party expense	0.1 %	0.1 %	0.1 %	0.1 %
Total operating expenses	89.6 %	81.9 %	85.0 %	83.8 %
Income from operations	10.4 %	18.1 %	15.0 %	16.2 %
Other income (expense), net	0.2 %	(3.0)%	0.2 %	4.0 %
Interest income (expense), net	1.4 %	(0.2)%	0.9 %	(0.1)%
Income before income taxes	12.0 %	14.9 %	16.2 %	20.1 %
Income tax expense	0.7 %	1.2 %	0.6 %	1.0 %
Net income	11.3 %	13.8 %	15.6 %	19.1 %
Net income attributable to noncontrolling interests	11.2 %	17.1 %	15.1 %	15.6 %
Net income (loss) attributable to MarketWise, Inc.	0.1 %	(3.3)%	0.5 %	3.6 %

(1) Cost of revenue, sales and marketing, general and administrative, and research and development expenses are exclusive of depreciation and amortization shown as a separate line item.

Comparison of Three Months Ended September 30, 2023 and Three Months Ended September 30, 2022

Net Revenue

(In thousands)	Three Months Ended September 30,			
	2023	2022	$ Change	% Change
Net revenue	$ 106,150	$ 119,934	$ (13,784)	(11.5)%

Net revenue decreased by $13.8 million, or 11.5%, from $119.9 million for the three months ended September 30, 2022 to $106.2 million for the three months ended September 30, 2023. The decrease in net revenue was primarily driven by a $14.7 million decrease in term subscription revenue, partially offset by a $1.3 million increase in membership subscription revenue.

Term subscription revenue decreased during the three months ended September 30, 2023 primarily due to lower Billings as compared to the 2022 period, which was driven by reduced engagement of prospective and existing subscribers in the 2022 period. Membership subscription revenue, which is initially deferred and recognized over a five-year period, increased during the three months ended September 30, 2023 as a result of an increase in Billings related to membership subscriptions in the current period.

Operating Expenses

(In thousands)	Three Months Ended September 30, 2023	2022	$ Change	% Change
Operating expenses:				
Cost of revenue	$ 13,812	$ 14,482	$ (670)	(4.6)%
Sales and marketing	52,466	51,635	831	1.6 %
General and administrative	25,005	28,986	(3,981)	(13.7)%
Research and development	2,085	2,173	(88)	(4.0)%
Depreciation and amortization	1,001	836	165	19.7 %
Impairment of intangible assets	584	—	584	N/M
Related party expenses	155	96	59	61.5 %
Total operating expenses	$ 95,108	$ 98,208	$ (3,100)	(3.2)%

Cost of Revenue

Cost of revenue decreased by $0.7 million, or 4.6%, from $14.5 million for the three months ended September 30, 2022 to $13.8 million for the three months ended September 30, 2023, primarily driven by a $0.7 million decrease in salaries, taxes and benefits, and a $0.2 million decrease in credit card fees. This was partially offset by a $0.2 million increase in stock-based compensation expense related to awards under the 2021 Incentive Award Plan.

Sales and Marketing

Sales and marketing expense increased by $0.8 million, or 1.6%, from $51.6 million for the three months ended September 30, 2022 to $52.5 million for the three months ended September 30, 2023, primarily driven by a $3.4 million increase in amortization of deferred contract acquisition costs, a $0.3 million increase in outside labor, and a $0.2 million increase in stock-based compensation expense related to awards under the 2021 Incentive Award Plan. This was partially offset by a $3.0 million decrease in marketing expense, as we have reduced our marketing spend as part of our cost reduction initiatives.

General and Administrative

General and administrative expense decreased by $4.0 million, or 13.7%, from $29.0 million for the three months ended September 30, 2022 to $25.0 million for the three months ended September 30, 2023, primarily driven by a $2.9 million decrease in professional fees, a $1.0 million decrease in severance expense, a $0.4 million decrease in salaries, taxes and benefits, a $0.3 million decrease in software expense, and a $0.3 million decrease in insurance expense. This was partially offset by a $1.6 million increase in incentive compensation, and a $1.0 million increase in stock-based compensation expense related to awards under the 2021 Incentive Award Plan, the ESPP, and profits interests awards.

Impairment of Intangible Assets

During the three months ended September 30, 2023, we determined that impairment indicators were present with respect to our Buttonwood Publishing business which we had acquired during 2022, due to continuing losses. As a result, we recorded an impairment loss on Buttonwood Publishing’s intangible assets totaling $584.

Comparison of Nine Months Ended September 30, 2023 and Nine Months Ended September 30, 2022

Net Revenue

(In thousands)	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	$ Change	% Change
Net revenue	$ 336,027	$ 384,746	$ (48,719)	(12.7)%

Net revenue decreased by $48.7 million, or 12.7%, from $384.7 million for the nine months ended September 30, 2022 to $336.0 million for the nine months ended September 30, 2023. The decrease in net revenue was primarily driven by a $37.9 million decrease in term subscription revenue, a $10.2 million decrease in membership subscription revenue and a $0.5 million decrease in non-subscription revenue.

Term subscription revenue decreased during the nine months ended September 30, 2023 primarily due to lower Billings as compared to the 2022 period, which was driven by reduced engagement of prospective and existing subscribers in the 2022 period. Membership subscription revenue, which is initially deferred and recognized over a five-year period, decreased during the nine months ended September 30, 2023 as a result of lower volume of membership subscriptions in current and prior years.

Operating Expenses

(In thousands)	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	$ Change	% Change
Operating expenses:				
Cost of revenue	$ 43,737	$ 48,328	$ (4,591)	(9.5)%
Sales and marketing	150,226	184,922	(34,696)	(18.8)%
General and administrative	80,667	79,895	772	1.0 %
Research and development	6,778	6,740	38	0.6 %
Depreciation and amortization	2,979	2,053	926	45.1 %
Impairment of intangible assets	584	—	584	N/M
Related party expenses	487	290	197	67.9 %
Total operating expenses	$ 285,458	$ 322,228	$ (36,770)	(11.4)%

Cost of Revenue

Cost of revenue decreased by $4.6 million, or 9.5%, from $48.3 million for the nine months ended September 30, 2022 to $43.7 million for the nine months ended September 30, 2023, primarily driven by a $2.1 million decrease in salaries, taxes and benefits, a $1.6 million decrease in credit card fees, a $1.3 million decrease in outside labor, primarily related to customer service, and a $0.6 million decrease related to subscription printing and postage. This was partially offset by a $0.9 million increase in stock-based compensation expense related to awards under the 2021 Incentive Award Plan and the ESPP, and a $0.3 million increase in freelance editorial expense.

Sales and Marketing

Sales and marketing expense decreased by $34.7 million, or 18.8%, from $184.9 million for the nine months ended September 30, 2022 to $150.2 million for the nine months ended September 30, 2023, primarily driven by a $47.2 million decrease in marketing expense as we have reduced our marketing spend as part of our cost reduction initiatives and due to higher per unit subscriber acquisition costs, and a $0.7 million decrease in conference expense. This was partially offset by a $11.5 million increase in amortization of deferred contract acquisition costs, a $1.1 million increase in salaries, taxes and benefits, and a $0.9 million increase in stock-based compensation expense related to awards under the 2021 Incentive Award Plan and the ESPP.

General and Administrative

General and administrative expense increased by $0.8 million, or 1.0%, from $79.9 million for the nine months ended September 30, 2022 to $80.7 million for the nine months ended September 30, 2023, primarily driven by a $6.3 million increase in incentive compensation, a $2.8 million increase related to sales tax, a $2.0 million increase in stock-based compensation expense related to awards under the 2021 Incentive Award Plan, the ESPP, and profits interests awards, and a $1.0 million increase in outside labor. This was partially offset by a $3.3 million decrease in salaries, taxes and benefits, a $2.8 million decrease in professional fees, a $1.4 million decrease in severance expense, a $1.3 million decrease in professional fees, a $0.8 million decrease in insurance expense, a $0.8 million decrease in non-software subscriptions, and a $0.7 million decrease in software expense.

Impairment of Intangible Assets

During the nine months ended September 30, 2023, we determined that impairment indicators were present with respect to our Buttonwood Publishing business which we had acquired during 2022, due to continuing losses. As a result, we recorded an impairment loss on Buttonwood Publishing's intangible assets totaling $584.

Non-GAAP Financial Measures

In addition to our results determined in accordance with GAAP, we believe that the below non-GAAP financial measures are useful in evaluating our ability to generate cash. We use the below non-GAAP financial measures, collectively, to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that non-GAAP financial information, when taken collectively, may be helpful to investors because it provides consistency and comparability with past financial performance. This non-GAAP financial information is presented for supplemental informational purposes only and should not be considered a substitute for financial information presented in accordance with GAAP, and may be different from similarly titled non-GAAP measures used by other companies. A reconciliation is provided below for each non-GAAP financial measure to the most directly comparable financial measure stated in accordance with GAAP. Investors are encouraged to review the related GAAP financial measures and the reconciliations of these non-GAAP financial measures to their most directly comparable GAAP financial measures.

(In thousands)	**Three Months Ended September 30,**			**Nine Months Ended September 30,**		
	2023	**2022**	**% change**	**2023**	**2022**	**% change**
Adjusted CFFO	$ 12,055	$ 13,091	*(7.9)%*	$ 44,901	$ 40,953	*9.6%*
Adjusted CFFO Margin	12.6 %	12.5 %		15.5 %	11.4 %	

Adjusted CFFO / Adjusted CFFO Margin

In addition to our results determined in accordance with GAAP, we disclose the non-GAAP financial measures Adjusted CFFO and Adjusted CFFO Margin. We define Adjusted CFFO as cash flow from operations plus or minus any non-recurring items. We define Adjusted CFFO Margin as Adjusted CFFO as a percentage of Billings.

We believe that Adjusted CFFO and Adjusted CFFO Margin are useful indicators that provide information to management and investors about our ability to generate cash (without the effects of non-recurring items), and for internal planning and forecasting purposes.

Adjusted CFFO and Adjusted CFFO Margin have limitations as analytical tools, and should not be considered in isolation or as substitutes for analysis of other GAAP financial measures, such as cash flow from operations or operating cash flow margin. Some of the limitations of using Adjusted CFFO and Adjusted CFFO Margin are that these metrics may be calculated differently by other companies in our industry.

We expect Adjusted CFFO and Adjusted CFFO Margin to fluctuate in future periods as we invest in our business to execute our growth strategy. These activities, along with any non-recurring items as described above, may result in fluctuations in Adjusted CFFO and Adjusted CFFO Margin in future periods.

The following table provides a reconciliation of net cash provided by operating activities, the most directly comparable financial measure calculated in accordance with GAAP, to Adjusted CFFO for each of the periods presented:

(In thousands)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	% change	2023	2022	% change
Net cash provided by operating activities	$ 12,055	$ 9,901	*21.8%*	$ 44,901	$ 37,763	*18.9%*
Non-recurring expenses	—	3,190	*(100.0)%*	—	3,190	*(100.0)%*
Adjusted CFFO	$ 12,055	$ 13,091	*(7.9)%*	$ 44,901	$ 40,953	*9.6%*

N/M: Not meaningful

The following table provides the calculation of net cash provided by operating activities as a percentage of total net revenue, the most directly comparable financial measure in accordance with GAAP, and Adjusted CFFO Margin for each of the periods presented:

(In thousands)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	% change	2023	2022	% change
Net cash provided by operating activities	$ 12,055	$ 9,901	*21.8%*	$ 44,901	$ 37,763	*18.9%*
Total net revenue	106,150	119,934	*(11.5)%*	336,027	384,746	*(12.7)%*
Net cash provided by operating activities margin	11.4 %	8.3 %		13.4 %	9.8 %	
Adjusted CFFO	$ 12,055	$ 13,091	*(7.9)%*	$ 44,901	$ 40,953	*9.6%*
Billings	95,513	105,062	*(9.1)%*	288,854	358,564	*(19.4)%*
Adjusted CFFO Margin	12.6 %	12.5 %		15.5 %	11.4 %	

Net cash provided by operating activities margin increased from 8.3% for the three months ended September 30, 2022 to 11.4% for the three months ended September 30, 2023 primarily due to the increase in net cash provided by operating activities. Cash flow from operations increased by $2.2 million, or 21.8%, from $9.9 million for the three months ended September 30, 2022 to $12.1 million for the three months ended September 30, 2023, primarily due to net income of $12.0 million, adjusted for net non-cash items which increased cash by $7.4 million, and net changes in our operating assets and liabilities which reduced cash by $7.4 million. Third quarter 2022 included certain one-time costs related to our cost reduction initiatives and professional fees related to our warrant exchange transaction.

Net cash provided by operating activities margin increased from 9.8% for the nine months ended September 30, 2022 to 13.4% for the nine months ended September 30, 2023 primarily due to the increase in net cash provided by operating activities. Cash flow from operations increased by $7.1 million, or 18.9%, from $37.8 million for the nine months ended September 30, 2022 to $44.9 million for the nine months ended September 30, 2023, primarily due to net income of $52.4 million, adjusted for net non-cash items which increased cash by $19.8 million, and net changes in our operating assets and liabilities which reduced cash by $27.3 million.

Billings represents amounts invoiced to customers. We generally bill our subscribers at the time of sale and receive full cash payment up front, and in accordance with GAAP, we defer and recognize a portion of the related revenue ratably over time for term and membership subscriptions. For certain subscriptions, we may invoice our Paid Subscribers at the beginning of the term, in annual or monthly installments, and, from time to time, in multi-year installments.

Adjusted CFFO margin increased from 12.5% for three months ended September 30, 2022 to 12.6% for the three months ended September 30, 2023 primarily due to the decrease in Billings. Adjusted CFFO decreased by $1.0 million, or 7.9%, from $13.1 million for the three months ended September 30, 2022 to $12.1 million for the three months ended September 30, 2023. The difference between Adjusted CFFO and CFFO in third quarter 2022 is $3.2 million, which are one-time costs related to our cost reduction initiatives and professional fees related to our warrant exchange transaction.

Adjusted CFFO margin increased from 11.4% for the nine months ended September 30, 2022 to 15.5% for the nine months ended September 30, 2023 due to the increase in Adjusted CFFO and the decrease in Billings. Adjusted CFFO increased by $3.9 million, or 10%, from $41.0 million for the nine months ended September 30, 2022 to $44.9 million for the nine months ended September 30, 2023, primarily driven by a decrease in operating expenses as a result of cost reduction initiatives.

Liquidity and Capital Resources

General

A substantial portion of our cash on hand is the result of the nature of our subscription business. We receive cash up front from our sales of annual, multi-year, and membership subscriptions. For tax and GAAP purposes, however, this revenue is deferred and recognized over the term of the subscription, or in the case of membership subscriptions, over four years for tax and five years for GAAP. Tax distributions are made to MarketWise Members to satisfy their tax obligations when revenue is recognized for tax purposes, not when cash is received. The timing difference between when cash is received and when tax distributions are made results in an accumulation of cash on our balance sheet.

We refer to this accumulation of cash as our “float” which we view as a valuable resource that we may invest or use to expand our operations. We expect that as we grow our business, the amount of our float will increase.

The Company estimates that the amount of float was approximately $108.6 million and $94.1 million as of September 30, 2023 and December 31, 2022, respectively.

The Company invests a portion of this cash in financial instruments to achieve reasonable returns on a risk-adjusted basis. The investment allocation decisions are based in part on the anticipated liquidity requirements of the Company including working capital, estimated tax related distributions, and broader capital allocation objectives.

For the three and nine months ended September 30, 2023, the Company earned interest income of $1.7 million and $3.6 million, respectively, on our cash portfolio.

As of September 30, 2023, our principal sources of liquidity were cash, cash equivalents, and restricted cash of $194.0 million. Cash and cash equivalents are comprised of bank deposits, money market funds, and certificates of deposit. Restricted cash is comprised of reserves held with credit card processors for chargebacks and refunds. We have financed our operations primarily through cash received from operations, and our sources of liquidity have enabled us to make continued investments in supporting the growth of our business. Our 2021 Credit Facility (as defined and further discussed below) can be used to finance permitted acquisitions, for working capital and general corporate purposes. We expect that our operating cash flows, in addition to cash on hand, will enable us to continue to make investments in the future, and to pay dividends. We expect our operating cash flows to further improve as we increase our operational efficiency and experience economies of scale.

We believe that our existing cash and cash equivalents and cash flow from operations will be sufficient to support working capital and capital expenditure requirements for at least the next 12 months. While we believe that our existing cash and cash equivalents and cash flow from operations will be sufficient to support working capital and capital expenditure requirements for the long term, our future capital requirements will depend on many factors, including our subscription growth rate, subscription renewal activity, including the timing and the amount of cash received from subscribers, the pace of expansion of sales and marketing activities, the timing and extent of spending to support development efforts, the introduction of new and enhanced products, and the level of costs to operate as a public company. We may, in the future, enter into arrangements to acquire or invest in complementary businesses, products, and technologies.

We have incurred and we will continue to incur public company expenses related to our operations, *plus* we expect to incur payment obligations under the Tax Receivable Agreement in the future, which we expect to be significant. MarketWise, Inc. intends to cause MarketWise, LLC to make distributions to MarketWise, Inc. in an amount sufficient to allow MarketWise, Inc. to pay its tax obligations and operating expenses, including distributions to fund any payments due under the Tax Receivable Agreement. If MarketWise, LLC does not have sufficient cash to fund distributions to MarketWise, Inc. in amounts sufficient to cover MarketWise, Inc.'s obligations under the Tax Receivable Agreement, it may have to borrow funds, which could materially adversely affect its liquidity and financial condition and subject it to various restrictions imposed by any such lenders. To the extent that MarketWise, Inc. is unable to make timely payments under the Tax Receivable Agreement for any reason, the unpaid amounts will be deferred and will accrue interest until paid. For additional information regarding the Tax Receivable Agreement, see the section entitled " Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Tax Receivable Agreement" in the Annual Report.

Furthermore, to the extent we have taxable income, we will make distributions to the MarketWise Members in amounts sufficient for MarketWise Members to pay taxes due on their share of MarketWise income at prevailing individual income tax rates, which for the 2023 tax year the highest federal, state and local tax rate the Company used was 49.75%. Such amounts will be reflected in MarketWise, Inc.'s statement of cash flows as cash used in financing activities, and so will not decrease the amount of cash from operations or net income reflected in MarketWise, Inc.'s financial statements. However, such distributions will decrease the amount of cash available to us for use in our business.

We may be required to seek additional equity or debt financing. In the event that we require additional financing, we may not be able to raise such financing on terms acceptable to us or at all. If we are unable to raise additional capital or generate cash flows necessary to expand our operations and invest in continued innovation, we may not be able to compete successfully, which would harm our business, operations, and financial condition.

Share Repurchase Program

As previously disclosed in our Annual Report, on November 4, 2021, our Board authorized the repurchase of up to $35.0 million in aggregate of shares of the Company's Class A common stock. We did not repurchase any shares during the three months ended September 30, 2023. During the nine months ended September 30, 2022, we repurchased 2,484,717 shares totaling $13.1 million in the aggregate, including fees and commissions of $25. Since the inception of the program, we have repurchased 2,984,987 total shares. The share repurchase program expired by its terms on November 3, 2023.

For each share of Class A common stock the Company repurchased under the share repurchase program, MarketWise, LLC, the Company's direct subsidiary, redeemed one LLC Unit held by the Company, decreasing the percentage ownership of MarketWise, LLC by the Company and relatively increasing the ownership by the other unitholders.

Credit Facility

In 2021, MarketWise, LLC, entered into a loan and security agreement (as amended the "Loan and Security Agreement") providing for up to $150 million of commitments under a revolving credit facility (the "2021 Credit Facility"), including a $5 million letter of credit sublimit, and allows for revolving commitments under the 2021 Credit Facility to be increased or new term commitments to be established by up to $65 million. The existing lenders under the 2021 Credit Facility are entitled, but not obligated, to provide such incremental commitments. The 2021 Credit Facility has a term of three years, maturing on October 29, 2024. On May 2, 2023, MarketWise, LLC entered into the First Amendment to the Loan and Security Agreement, which provides, among other things, a transition away from LIBOR to SOFR as the basis for the interest rate.

The 2021 Credit Facility is guaranteed by MarketWise, LLC's direct and indirect material U.S. subsidiaries, subject to customary exceptions (the "Guarantors"), pursuant to a guaranty by the Guarantors in favor of HSBC Bank USA, National Association, as agent (the "Guaranty"). Borrowings under the 2021 Credit Facility are secured by a first-priority lien on substantially all of the assets of MarketWise, LLC and the Guarantors, subject to customary exceptions.

Borrowings will bear interest at a floating rate depending on MarketWise, LLC's Net Leverage Ratio (as defined in the Loan and Security Agreement). As of September 30, 2023, there were no outstanding advances under the 2021 Credit Facility.

The Loan and Security Agreement contains customary affirmative and negative covenants for transactions of this type, and contains financial maintenance covenants that require MarketWise, LLC to maintain an Interest Coverage Ratio and Net Leverage Ratio (both as defined in the Loan and Security Agreement), and provides for a number of customary events of default, which could result in the acceleration of obligations and the termination of lending commitments under the Loan and Security Agreement. As of September 30, 2023, we were in compliance with these covenants.

Cash Flows

The following table presents a summary of our consolidated cash flows provided by (used in) operating, investing, and financing activities for the periods indicated:

(In thousands)	**Nine Months Ended September 30,**	
	2023	**2022**
Net cash provided by operating activities	$ 44,901	$ 37,763
Net cash used in investing activities	(1,658)	(13,238)
Net cash used in financing activities	(7,806)	(16,787)

Operating Activities

For the nine months ended September 30, 2023, net cash provided by operating activities was $44.9 million, primarily due to net income of $52.4 million, adjusted for net non-cash items which increased cash by $19.8 million, and net changes in our operating assets and liabilities which reduced cash by $27.3 million, largely due to timing differences in the net receipt of cash. The non-cash items include stock-based compensation expense and depreciation and amortization of $10.3 million and $3.0 million, respectively. The changes in operating assets and liabilities were primarily driven by a decrease in deferred revenue, which reduced cash by $44.3 million due to our overall decrease in sales, a decrease in other current and long-term liabilities which reduced cash by $3.2 million, and a decrease in accrued expenses, which decreased cash by $3.3 million, partially offset by a decrease in deferred contract acquisition costs, which increased cash by $23.6 million.

For the nine months ended September 30, 2022, net cash provided by operating activities was $37.8 million, primarily due to net income of $73.6 million, adjusted for net non-cash items which reduced cash by $0.9 million, and net changes in our operating assets and liabilities which reduced cash by $34.9 million, largely due to timing differences in the net receipt of cash. The non-cash items include a change in fair value of derivative liabilities of $15.6 million, which was partially offset by stock-based compensation expense and deferred income taxes of $7.2 million and $3.6 million, respectively. The changes in operating assets and liabilities were primarily driven by a decrease in deferred revenue, which reduced cash by $24.8 million due to our overall decrease in sales, a decrease in accrued expenses, which decreased cash by $7.2 million, a decrease in other current and long-term liabilities, which decreased cash by $4.2 million, partially offset by a decrease in accounts receivable due to our overall decrease in sales, which increased cash by $3.2 million.

Investing Activities

For the nine months ended September 30, 2023, net cash used in investing activities was $1.7 million, primarily driven by $1.4 million of capitalized software development costs.

For the nine months ended September 30, 2022, net cash used in investing activities was $13.2 million, primarily driven by the payment of $12.8 million related to the Buttonwood Publishing transaction.

Financing Activities

For the nine months ended September 30, 2023, net cash used in financing activities was $7.8 million, primarily due to $6.3 million in distributions to noncontrolling interests and $1.5 million in restricted stock units withheld to pay taxes.

For the nine months ended September 30, 2022, net cash used in financing activities was $16.8 million, primarily due to $13.1 million in share repurchases and $4.5 million in distributions to noncontrolling interests.

On August 3, 2023, the Board declared a cash dividend to the Company's Class A common stockholders in the amount of $0.01 per share and a cash distribution to its common unit holders in the amount of $0.01 per unit. The dividend and distribution was paid on October 26, 2023, to stockholders and unitholders of record as of the close of business on September 5, 2023. The total amount of the dividend payment to Class A common stockholders was $0.5 million and the total amount of the distribution payment to common unit holders was approximately $2.9 million. The Company intends to pay dividends quarterly in the future, subject to Board approval of any such dividends.

On October 18, 2023, our Board declared a cash dividend to its Class A common stockholders in the amount of $0.01 per share, totaling $0.4 million, and a cash distribution to holders of LLC Units in the amount of $0.01 per unit, totaling $2.9 million, to stockholders and unitholders of record as of the close of business on December 25, 2023. The dividend and distribution will be paid on January 25, 2024.

On October 18, 2023, our Board also declared a special cash dividend to the Company's Class A common stockholders in the amount of $0.15 per share and a special cash distribution to holders of LLC Units in the amount of $0.15 per unit, totaling approximately $50 million in the aggregate, to stockholders and unitholders of record as of the close of business on November 10, 2023. The special dividend and distribution will be paid on December 1, 2023.

Critical Accounting Estimates

Our condensed consolidated financial statements have been prepared in accordance with GAAP. The preparation of these condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs, and expenses, and related disclosures. On an ongoing basis, management evaluates its estimates and assumptions. Our actual results may differ from these estimates under different assumptions or conditions.

Management believes that, of our significant accounting policies, which are described in Note 2 to our consolidated financial statements for the year ended December 31, 2022 in our Annual Report, the following accounting policies involve a greater degree of judgment and complexity. Accordingly, management believes that "Revenue Recognition" and "Transactions and Valuation of Goodwill and Other Acquired Intangible Assets" are the two policies that are the most critical to aid in fully understanding and evaluating our condensed consolidated financial condition and results of operations. Refer to the 2022 Annual Report on Form 10-K for further discussion of these two policies. During the three months ended September 30, 2023, there were no material changes to these policies.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the

Securities Exchange Act of 1934, as amended (the “Exchange Act”)). Based on that evaluation, and as a result of the material weaknesses described below, our principal executive officer and principal financial officer concluded that, as of September 30, 2023, our disclosure controls and procedures were not effective. In light of this fact, our management has performed additional analyses, reconciliations, and other post-closing procedures and has concluded that, notwithstanding the material weaknesses in our internal control over financial reporting, the condensed consolidated financial statements for the periods covered by and included in this Quarterly Report on Form 10-Q fairly state, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with U.S. GAAP.

As previously reported, in connection with the audit of our consolidated financial statements for the year ended December 31, 2020, our management determined that material weaknesses existed in our internal control over financial reporting related to: (i) a lack of contemporaneous documentation and account reconciliation, and (ii) the lack of a formal or documented risk assessment process. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

Remediation Efforts to Address the Material Weaknesses

We have taken a number of remediation actions since the identification of the material weakness through September 30, 2023, including:

- hiring personnel with appropriate levels of experience in accounting, technology, risk assessment, and internal controls;
- establishing a comprehensive SOX program that includes the documentation and assessment of the Company’s risks and internal controls over financial reporting to comply with the Sarbanes-Oxley Act;
- implementing an annual risk assessment process over financial reporting;
- implementing an annual cyber security risk assessment process;
- establishing a Disclosure Task Force with participants across business units to ensure the completeness and accuracy of financial reporting disclosures;
- establishing regular director and executive management meetings to oversee Company risks and performance;
- implementing a new revenue recognition application and associated internal controls over financial reporting; and
- enhancing account reconciliation processes and internal controls, leveraging the use of a reconciliation application, and training of accounting personnel.

While significant progress has been made to enhance our internal control over financial reporting, we are still in the process of building and enhancing our processes, procedures, and controls. Additional time is required to complete the remediation of these material weaknesses and the assessment to ensure the sustainability of these remediation actions. We believe the above actions, when complete, will be effective in the remediation of the material weaknesses described above. As such, we have not concluded that the material weaknesses have been fully remediated as of September 30, 2023.

Changes in Internal Control Over Financial Reporting

Other than as described above, there have been no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this Quarterly Report on Form 10-Q that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, believes that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Furthermore, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is also based in part upon 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; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

Not applicable.

Item 1A. Risk Factors.

Not applicable.

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

Issuer Purchases of Equity Securities

In November 2021, our Board authorized the repurchase of up to $35.0 million in aggregate of shares of the Company’s Class A common stock. There were no share repurchases made by or on behalf of the Company of its common stock during the three months ended September 30, 2023. The maximum dollar value of shares that may yet to be purchased under the plan was $18.6 million as of September 30, 2023. The share repurchase program expired by its terms on November 3, 2023.

During the three and nine months ended September 30, 2023, pursuant to the terms of the MarketWise Operating Agreement, members of MarketWise, LLC exchanged an aggregate of 1,500,000 and 2,750,000 LLC Units, together with an equal number of shares of Class B common stock for 1,500,000 and 2,750,000 newly-issued shares of the Company’s Class A common stock, respectively. These shares of Class A common stock were issued in reliance on an exemption from registration pursuant to Section 4(a)(2) of the Securities Act of 1933.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Not applicable.

Item 6. Exhibits.

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

Exhibit No.	Description
3.1	Certificate of Incorporation of MarketWise, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on July 28, 2021).
3.2	Bylaws of MarketWise, Inc. (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K, filed with the SEC on July 28, 2021).
10.1†	Letter Agreement, dated as of July 6, 2023, by and between MarketWise, Inc. and Erik Mickels (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on July 6, 2023).
10.2	Agreement, dated as of September 8, 2023, by and between MarketWise, Inc., F. Porter Stansberry and Stokes Holding, LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on September 8, 2023).
10.3+	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement (Employees)
10.4+	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement (Non-Employee Directors)
10.5+	Form of Restricted Stock Grant Notice and Restricted Stock Agreement
10.6+	MarketWise, Inc. Non-Employee Director Compensation Policy (Effective August 2, 2023)
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Definition Linkbase Document
101.DEF	XBRL Taxonomy Extension Label Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

† The annexes, schedules, and certain exhibits to this exhibit have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Registrant hereby agrees to furnish supplementally a copy of any omitted annex, schedule, or exhibit to the SEC upon request.

+ Indicates a management contract or compensatory plan

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.

MARKETWISE, INC.

Date: November 9, 2023

By:	/s/ Erik Mickels
Name:	Erik Mickels
Title:	Chief Financial Officer

MARKETWISE, INC.
2021 INCENTIVE AWARD PLAN

RESTRICTED STOCK UNIT GRANT NOTICE

Capitalized terms not specifically defined in this Restricted Stock Unit Grant Notice (the "***Grant Notice***") have the meanings given to them in the 2021 Incentive Award Plan (as amended from time to time, the "***Plan***") of MarketWise, Inc. (the "***Company***").

The Company has granted to the participant listed below ("***Participant***") the Restricted Stock Units described in this Grant Notice (the "***RSUs***"), subject to the terms and conditions of the Plan and the Restricted Stock Unit Agreement attached as **Exhibit A** (the "***Agreement***"), both of which are incorporated into this Grant Notice by reference. Each RSU is hereby granted in tandem with a corresponding dividend equivalent to the extent a portion of such RSU is vested, as further described in the Agreement (the "***Dividend Equivalents***").

Participant:

Grant Date:

Number of RSUs:

Vesting Commencement Date:

Vesting Schedule:

By Participant's signature below, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

MARKETWISE, INC.		**PARTICIPANT**
By:		
Name:	Cynthia Cherry, SHRM-SCP	[Participant Name]
Title:	Chief Human Resources Officer	

RESTRICTED STOCK UNIT AGREEMENT

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

ARTICLE I.
GENERAL

1.1 Award of RSUs and Dividend Equivalents.

(a) The Company has granted the RSUs to Participant effective as of the grant date set forth in the Grant Notice (the "***Grant Date***"). Each RSU represents the right to receive one Share as set forth in this Agreement. Participant will have no right to the distribution of any Shares until the time (if ever) the RSUs have vested.

(b) The Company hereby grants to Participant an Award of Dividend Equivalents with respect to each RSU granted pursuant to the Grant Notice for all ordinary cash dividends or distributions that are paid to all or substantially all holders of the outstanding Shares between the Grant Date and the date when the applicable RSU is distributed or paid to Participant or is forfeited or expires. Each Dividend Equivalent entitles Participant to receive the equivalent value of any such ordinary cash dividends or distributions paid on a single Share. The Company will establish a separate Dividend Equivalent bookkeeping account (a "***Dividend Equivalent Account***") for each Dividend Equivalent and credit the Dividend Equivalent Account (without interest) on the applicable dividend payment date with the amount of any such cash paid. Any Dividend Equivalents granted in connection with the RSUs issued hereunder, and any amounts that may become distributable in respect thereof, shall be treated separately from such RSUs and the rights arising in connection therewith for purposes of the designation of time and form of payments required by Section 409A.

1.2 Incorporation of Terms of Plan. The RSUs are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

1.3 Unsecured Promise. The RSUs and Dividend Equivalents will at all times prior to settlement represent an unsecured Company obligation payable only from the Company's general assets.

ARTICLE II.
VESTING; FORFEITURE AND SETTLEMENT

2.1 Vesting; Forfeiture.

(a) The RSUs will vest according to the vesting schedule in the Grant Notice except that any fraction of an RSU that would otherwise be vested will be accumulated and will vest only when a whole RSU has accumulated. Dividend Equivalents (including any Dividend Equivalent Account balance) will vest or be forfeited, as applicable, upon the vesting or forfeiture of the RSU with respect to which the Dividend Equivalent (including the Dividend Equivalent Account) relates.

(b) In the event of Participant's Termination of Service for any reason, all unvested RSUs will immediately and automatically be cancelled and forfeited, except as otherwise determined by the Administrator or provided in a binding written agreement between Participant and the Company.

(c) Notwithstanding the Grant Notice or the provisions of Section 2.1(a) and Section 2.1(b), (i) in the event of Participant's Termination of Service due to death, the RSUs shall become vested in full upon such date of Participant's Termination of Service so long as circumstances which would constitute Cause do not exist at the time of (and did not exist at any time prior to) such Termination of Service, and (ii) in the event of Participant's Termination of Service due to Disability, the RSUs will remain outstanding and eligible to vest pursuant to the vesting schedule in the Grant Notice without regard for any requirement of continued service so long as circumstances which would constitute Cause do not exist at any time prior to or following such Termination of Service.

2.2 Settlement. RSUs will be paid in Shares as soon as administratively practicable after the vesting of the applicable RSU, but in no event more than sixty (60) days after the RSU's vesting date. Dividend Equivalents (including any Dividend Equivalent Account balance) will be paid in cash as soon as administratively practicable after the vesting of the applicable RSU, but in no event more than sixty (60) days after the RSU's vesting date. Notwithstanding the foregoing, the Company may delay any payment under this Agreement that the Company reasonably determines would violate Applicable Law until the earliest date the Company reasonably determines the making of the payment will not cause such a violation (in accordance with Treasury Regulation Section 1.409A-2(b)(7)(ii)), provided the Company reasonably believes the delay will not result in the imposition of excise taxes under Section 409A. For the avoidance of doubt, any Dividend Equivalents granted in connection with the RSUs issued hereunder, and any amounts that may become distributable in respect thereof, shall be treated separately from such RSUs and the rights arising in connection therewith for purposes of the designation of time and form of payments required by Section 409A.

ARTICLE III.
TAXATION AND TAX WITHHOLDING

3.1 Representation. Participant represents to the Company that Participant has reviewed with Participant's own tax advisors the tax consequences of this Award of RSUs and Dividend Equivalents and the transactions contemplated by the Grant Notice and this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

3.2 Tax Withholding.

(a) The Participant shall satisfy all applicable federal, state and local taxes required by law to be withheld with respect to any taxable event arising in connection with the RSUs through the surrender of Shares, as set forth in Sections 9.5 of the Plan. The number of Shares that may be so withheld or surrendered shall be limited to the number of Shares that have a fair market value on the date of withholding or repurchase no greater than the aggregate amount of such liabilities based on the maximum statutory withholding rates in such Participant's applicable jurisdictions for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income. Payment of the withholding obligations with respect to the Dividend Equivalents shall be, unless otherwise determined by the Administrator, by cash.

(b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the RSUs and Dividend Equivalents, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the RSUs or Dividend Equivalents. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the RSUs or the Dividend Equivalents or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the RSUs or Dividend Equivalents to reduce or eliminate Participant's tax liability.

ARTICLE IV.
OTHER PROVISIONS

4.1 Adjustments. Participant acknowledges that the RSUs, the Shares subject to the RSUs and the Dividend Equivalents are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

4.2 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Secretary at the Company's principal office or the Secretary's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant at Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

4.3 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

4.4 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

4.5 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

4.6 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement, the RSUs and the Dividend Equivalents will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

4.7 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

4.8 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

4.9 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs and Dividend Equivalents, and rights no greater than the right to receive the Shares as a general unsecured creditor with respect to the RSUs and Dividend Equivalents, as and when settled pursuant to the terms of this Agreement.

4.10 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Subsidiary or interferes with or restricts in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

4.11 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

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MARKETWISE, INC.
2021 INCENTIVE AWARD PLAN

RESTRICTED STOCK UNIT GRANT NOTICE

Capitalized terms not specifically defined in this Restricted Stock Unit Grant Notice (the “***Grant Notice***”) have the meanings given to them in the 2021 Incentive Award Plan (as amended from time to time, the “***Plan***”) of MarketWise, Inc. (the “***Company***”).

The Company has granted to the participant listed below (“***Participant***”) the Restricted Stock Units described in this Grant Notice (the “***RSUs***”), subject to the terms and conditions of the Plan and the Restricted Stock Unit Agreement attached as **Exhibit A** (the “***Agreement***”), both of which are incorporated into this Grant Notice by reference. Each RSU is hereby granted in tandem with a corresponding dividend equivalent to the extent a portion of such RSU is vested, as further described in the Agreement (the “***Dividend Equivalents***”).

Participant:	
Grant Date:	
Number of RSUs:	
Vesting Schedule:	On the earlier of (i) the day immediately preceding the date of the first annual meeting of the Company’s stockholders following the Grant Date and (ii) the first anniversary of the Grant Date, subject to the Participant continuing in service on the Board through the applicable vesting date.

By Participant’s signature below, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

MARKETWISE, INC.		**PARTICIPANT**
By:		
Name:	Cynthia S. Cherry SHRM-SCP	[Participant Name]
Title:	Chief Human Resources Officer	

RESTRICTED STOCK UNIT AGREEMENT

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

ARTICLE I.
GENERAL

1.1 Award of RSUs and Dividend Equivalents.

(a) The Company has granted the RSUs to Participant effective as of the grant date set forth in the Grant Notice (the "***Grant Date***"). Each RSU represents the right to receive one Share as set forth in this Agreement. Participant will have no right to the distribution of any Shares until the time (if ever) the RSUs have vested.

(b) The Company hereby grants to Participant an Award of Dividend Equivalents with respect to each RSU granted pursuant to the Grant Notice for all ordinary cash dividends or distributions that are paid to all or substantially all holders of the outstanding Shares between the Grant Date and the date when the applicable RSU is distributed or paid to Participant or is forfeited or expires. Each Dividend Equivalent entitles Participant to receive the equivalent value of any such ordinary cash dividends or distributions paid on a single Share. The Company will establish a separate Dividend Equivalent bookkeeping account (a "Dividend Equivalent Account") for each Dividend Equivalent and credit the Dividend Equivalent Account (without interest) on the applicable dividend payment date with the amount of any such cash paid. Any Dividend Equivalents granted in connection with the RSUs issued hereunder, and any amounts that may become distributable in respect thereof, shall be treated separately from such RSUs and the rights arising in connection therewith for purposes of the designation of time and form of payments required by Section 409A.

1.2 Incorporation of Terms of Plan. The RSUs are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

1.3 Unsecured Promise. The RSUs and Dividend Equivalents will at all times prior to settlement represent an unsecured Company obligation payable only from the Company's general assets.

ARTICLE II.
VESTING; FORFEITURE AND SETTLEMENT

2.1 Vesting; Forfeiture. The RSUs will vest according to the vesting schedule in the Grant Notice except that any fraction of an RSU that would otherwise be vested will be accumulated and will vest only when a whole RSU has accumulated. In the event of Participant's Termination of Service for any reason, all unvested RSUs will immediately and automatically be cancelled and forfeited, except as otherwise determined by the Administrator or provided in a binding written agreement between Participant and the Company. Dividend Equivalents (including any Dividend Equivalent Account balance) will vest or be forfeited, as applicable, upon the vesting or forfeiture of the RSU with respect to which the Dividend Equivalent (including the Dividend Equivalent Account) relates.

2.2 Settlement. RSUs will be paid in Shares as soon as administratively practicable after the vesting of the applicable RSU, but in no event more than sixty (60) days after the RSU's vesting date. Dividend Equivalents (including any Dividend Equivalent Account balance) will be paid in cash as soon as administratively practicable after the vesting of the applicable RSU, but in no event more than sixty (60) days after the RSU's vesting date. Notwithstanding the foregoing, the Company may delay any payment under this Agreement that the Company reasonably determines would violate Applicable Law until the earliest date the Company reasonably determines the making of the payment will not cause such a violation (in accordance with Treasury Regulation Section 1.409A-2(b)(7)(ii)), provided the Company reasonably believes the delay will not result in the imposition of excise taxes under Section 409A. For the avoidance of doubt, any Dividend Equivalents granted in connection with the RSUs issued hereunder, and any amounts that may become distributable in respect thereof, shall be treated separately from such RSUs and the rights arising in connection therewith for purposes of the designation of time and form of payments required by Section 409A.

ARTICLE III.
TAXATION AND TAX WITHHOLDING

3.1 Representation. Participant represents to the Company that Participant has reviewed with Participant's own tax advisors the tax consequences of this Award of RSUs and Dividend Equivalents and the transactions contemplated by the Grant Notice and this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

3.2 Tax Withholding.

(a) Participant represents to the Company that Participant has reviewed with Participant's own tax advisors the tax consequences of this Award and the transactions contemplated by the Grant Notice and this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

(b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the RSUs and Dividend Equivalents, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the RSUs or Dividend Equivalents. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the RSUs or the Dividend Equivalents or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the RSUs or Dividend Equivalents to reduce or eliminate Participant's tax liability.

ARTICLE IV.
OTHER PROVISIONS

4.1 Adjustments. Participant acknowledges that the RSUs, the Shares subject to the RSUs, and the Dividend Equivalents are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

4.2 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Secretary at the Company's principal office or the Secretary's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant at Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

4.3 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

4.4 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

4.5 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

4.6 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement, the RSUs and the Dividend Equivalents will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

4.7 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

4.8 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

4.9 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs and Dividend Equivalents, and rights no greater than the right to receive the Shares as a general unsecured creditor with respect to the RSUs and Dividend Equivalents, as and when settled pursuant to the terms of this Agreement.

4.10 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Subsidiary or interferes with or restricts in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

4.11 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

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MARKETWISE, INC.
2021 INCENTIVE AWARD PLAN

RESTRICTED STOCK GRANT NOTICE

Capitalized terms not specifically defined in this Restricted Stock Grant Notice (the "***Grant Notice***") have the meanings given to them in the 2021 Incentive Award Plan (as amended from time to time, the "***Plan***") of MarketWise, Inc. (the "***Company***").

The Company has granted to the participant listed below ("***Participant***") the shares of Restricted Stock described in this Grant Notice (the "***Restricted Shares***"), subject to the terms and conditions of the Plan and the Restricted Stock Agreement attached as **Exhibit A** (the "***Agreement***"), both of which are incorporated into this Grant Notice by reference.

Participant:

Grant Date:

Number of Restricted Shares:

Vesting Commencement Date:

Vesting Schedule:

By Participant's signature below, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

MARKETWISE, INC.		**PARTICIPANT**
By:		
Name:	Cynthia Cherry, SHRM-SCP	
Title:	Chief Human Resources Officer	

RESTRICTED STOCK AGREEMENT

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

ARTICLE I.
GENERAL

1.1 Issuance of Restricted Shares. The Company will issue the Restricted Shares to the Participant effective as of the grant date set forth in the Grant Notice and will cause (a) a stock certificate or certificates representing the Restricted Shares to be registered in Participant's name or (b) the Restricted Shares to be held in book-entry form. If a stock certificate is issued, the certificate will be delivered to, and held in accordance with this Agreement by, the Company or its authorized representatives and will bear the restrictive legends required by this Agreement. If the Restricted Shares are held in book-entry form, then the book-entry will indicate that the Restricted Shares are subject to the restrictions of this Agreement.

1.2 Incorporation of Terms of Plan. The Restricted Shares are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

ARTICLE II.
VESTING, FORFEITURE AND ESCROW

2.1 Vesting. The Restricted Shares will become vested Shares (the "***Vested Shares***") according to the vesting schedule in the Grant Notice except that any fraction of a Share that would otherwise become a Vested Share will be accumulated and will become a Vested Share only when a whole Vested Share has accumulated.

2.2 Forfeiture.

(a) In the event of Participant's Termination of Service for any reason, Participant will immediately and automatically forfeit to the Company any Shares that are not Vested Shares (the "***Unvested Shares***") at the time of Participant's Termination of Service, except as otherwise determined by the Administrator or provided in a binding written agreement between Participant and the Company. Upon forfeiture of Unvested Shares, the Company will become the legal and beneficial owner of the Unvested Shares and all related interests and Participant will have no further rights with respect to the Unvested Shares.

(c) Notwithstanding the Grant Notice or the provisions of Section 2.1 and Section 2.2(a), (i) in the event of Participant's Termination of Service due to death, the Unvested Shares shall become vested in full upon such date of Participant's Termination of Service so long as circumstances which would constitute Cause do not exist at the time of (and did not exist at any time prior to) such Termination of Service, and (ii) in the event of Participant's Termination of Service due to Disability, the Unvested Shares will remain outstanding and eligible to vest pursuant to the vesting schedule in the Grant Notice without regard for any requirement of continued service so long as circumstances which would constitute Cause do not exist at any time prior to or following such Termination of Service.

2.3 Escrow.

(a) Unvested Shares will be held by the Company or its authorized representatives until (i) they are forfeited, (ii) they become Vested Shares or (iii) this Agreement is no longer in effect. By accepting this Award, Participant appoints the Company and its authorized representatives as Participant's attorney(s)-in-fact to take all actions necessary to effect any transfer of forfeited Unvested Shares (and Retained Distributions (as defined below), if any, paid on such forfeited Unvested Shares) to the Company as may be required pursuant to the Plan or this Agreement and to execute such representations or other documents or assurances as the Company or such representatives deem necessary or advisable in connection with any such transfer. The Company, or its authorized representative, will not be liable for any good faith act or omission with respect to the holding in escrow or transfer of the Restricted Shares.

(b) All cash dividends and other distributions made or declared with respect to Unvested Shares ("***Retained Distributions***") will be held by the Company until the time (if ever) when the Unvested Shares to which such Retained Distributions relate become Vested Shares. The Company will establish a separate Retained Distribution bookkeeping account ("***Retained Distribution Account***") for each Unvested Share with respect to which Retained Distributions have been made or declared in cash and credit the Retained Distribution Account (without interest) on the date of payment with the amount of such cash made or declared with respect to the Unvested Share. Retained Distributions (including any Retained Distribution Account balance) will immediately and automatically be forfeited upon forfeiture of the Unvested Share with respect to which the Retained Distributions were paid or declared.

(c) As soon as reasonably practicable following the date on which an Unvested Share becomes a Vested Share, the Company will (i) cause the certificate (or a new certificate without the legend required by this Agreement, if Participant so requests) representing the Share to be delivered to Participant or, if the Share is held in book-entry form, cause the notations indicating the Share is subject to the restrictions of this Agreement to be removed and (ii) pay to Participant the Retained Distributions relating to the Share.

2.4 Rights as Stockholder. Except as otherwise provided in this Agreement or the Plan, upon issuance of the Restricted Shares by the Company, Participant will have all the rights of a stockholder with respect to the Restricted Shares, including the right to vote the Restricted Shares and to receive dividends or other distributions paid or made with respect to the Restricted Shares.

ARTICLE III.
TAXATION AND TAX WITHHOLDING

3.1 Representation. Participant represents to the Company that Participant has reviewed with Participant's own tax advisors the tax consequences of the Restricted Shares and the transactions contemplated by the Grant Notice and this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

3.2 Section 83(b) Election. If Participant makes an election under Section 83(b) of the Code with respect to the Restricted Shares, Participant will deliver a copy of the election to the Company promptly after filing the election with the Internal Revenue Service.

3.3 Tax Withholding.

(a) The Participant shall satisfy all applicable federal, state and local taxes required by law to be withheld with respect to any taxable event arising in connection with the Restricted Shares through the surrender of Shares, as set forth in Sections 9.5 of the Plan. The number of Shares that may be so withheld or surrendered shall be limited to the number of Shares that have a fair market value on the date of withholding or repurchase no greater than the aggregate amount of such liabilities based on the maximum statutory withholding rates in such Participant's applicable jurisdictions for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income.

(b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the Restricted Shares, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the Restricted Shares. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the Restricted Shares or the subsequent sale of the Restricted Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure this Award to reduce or eliminate Participant's tax liability.

ARTICLE IV.
RESTRICTIVE LEGENDS AND TRANSFERABILITY

4.1 Legends. Any certificate representing a Restricted Share will bear the following legend until the Restricted Share becomes a Vested Share:

> THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO FORFEITURE IN FAVOR OF THE COMPANY AND MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF A RESTRICTED STOCK AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

4.2 Transferability. The Restricted Shares and any Retained Distributions are subject to the restrictions on transfer in the Plan and may not be sold, assigned or transferred in any manner unless and until they become Vested Shares. Any attempted transfer or disposition of Unvested Shares or related Retained Distributions prior to the time the Unvested Shares become Vested Shares will be null and void. The Company will not be required to (a) transfer on its books any Restricted Share that has been sold or otherwise transferred in violation of this Agreement or (b) treat as owner of such Restricted Share or accord the right to vote or pay dividends to any purchaser or other transferee to whom such Restricted Share has been so transferred. The Company may issue appropriate “stop transfer” instructions to its transfer agent, if any, or make appropriate notations to the same effect in its records.

ARTICLE V.
OTHER PROVISIONS

5.1 Adjustments. Participant acknowledges that the Restricted Shares are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

5.2 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company’s Secretary at the Company’s principal office or the Secretary’s then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant at Participant’s last known mailing address, email address or facsimile number in the Company’s personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

5.3 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

5.4 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

5.5 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in this Agreement or the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

5.6 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement and the Restricted Shares will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

5.7 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

5.8 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

5.9 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the Award.

5.10 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Subsidiary or interferes with or restricts in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

5.11 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

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Non-Employee Director Compensation Policy

Effective August 2, 2023

Introduction

Non-employee members of the Board of Directors (the “***Board***”) of MarketWise, Inc. (the “***Company***”) shall be eligible to receive cash and equity compensation as set forth in this Non-Employee Director Compensation Policy (this “***Policy***”). The cash and equity compensation described in this Policy shall be paid or be made, as applicable, automatically and without further action of the Board, to each member of the Board who is not an employee of the Company or any parent or subsidiary of the Company (each, a “***Non-Employee Director***”) unless such Non-Employee Director declines the receipt of such cash or equity compensation by written notice to the Company. This Policy shall apply as of the Effective Date reflected and shall remain in effect until it is revised or rescinded by further action of the Board. This Policy may be amended, modified or terminated by the Board at any time in its sole discretion.

1. Cash Compensation

1.1 *Annual Retainers*. Each Non-Employee Director shall receive an annual retainer as follows and where applicable:

(a) $60,000 for service on the Board;

(b) $75,000 for service as the *Lead Independent Director* on the Board; or

(c) $90,000 for service as the Non-Employee Chairperson on the Board.

1.2 *Additional Annual Retainers*. In addition, a Non-Employee Director shall receive the following annual retainers:

(a) <u>Audit Committee</u>. A Non-Employee Director serving as Chairperson of the Audit Committee shall receive an additional annual retainer of $20,000 for such service. A Non-Employee Director serving as a member of the Audit Committee (other than the Chairperson of the Audit Committee) shall receive an additional annual retainer of $9,000 for such service.

(b) <u>Compensation Committee</u>. A Non-Employee Director serving as Chairperson of the Compensation Committee shall receive an additional annual retainer of $15,000 for such service. A Non-Employee Director serving as a member of the Compensation Committee (other than the Chairperson of the Compensation Committee) shall receive an additional annual retainer of $6,000 for such service.

(c) <u>Nominating and Corporate Governance Committee</u>. A Non-Employee Director serving as Chairperson of the Nominating and Corporate Governance Committee shall receive an additional annual retainer of $12,000 for such service. A Non-Employee Director serving as a member of the Nominating and Corporate Governance Committee (other than the Chairperson of the Nominating and Corporate Governance Committee) shall receive an additional annual retainer of $5,000 for such service.

1.3 *Payment of Retainers*. The annual retainers described in Sections 1.1 and 1.2 shall be earned on a quarterly basis based on a calendar quarter and shall be paid by the Company in arrears on a quarterly prorated portion basis (where applicable) not later than the fifteenth day following the end of each calendar quarter. In the event a Non-Employee Director does not serve as a Non-Employee Director, or in the applicable positions described in Section 1.1 and 1.2, for an entire calendar quarter, such Non-Employee Director shall receive a prorated portion of the annual retainer(s) otherwise payable to such Non-Employee Director for such calendar quarter pursuant to Sections 1.1 and 1.2, with such prorated portion determined by multiplying such otherwise payable retainer(s) by a fraction, the numerator of which is the number of days during which the Non-Employee Director serves as a Non-Employee Director or in the applicable positions described in Section 1.1 and 1.2 during the applicable calendar quarter and the denominator of which is the number of days in the applicable calendar quarter.

2. Equity Compensation

2.1 Non-Employee Directors shall be granted the equity awards described below. The awards described below shall be granted under and shall be subject to the terms and provisions of the Company's 2021 Incentive Award Plan or any other applicable Company equity incentive plan maintained by the Company (such plan, as may be amended from time to time, the "***Equity Plan***") and shall be granted subject to the execution and delivery of award agreements, in substantially the forms previously approved by the Board. All applicable terms of the Equity Plan apply to this Policy as if fully set forth herein, and all equity grants hereunder are subject in all respects to the terms of the Equity Plan.

(a) Annual Awards. Each Non-Employee Director who (i) serves on the Board as of the date of any annual meeting of the Company's stockholders (an "***Annual Meeting***") after the Effective Date and (ii) will continue to serve as a Non-Employee Director immediately following such Annual Meeting, shall be automatically granted, on the date of such Annual Meeting, an award of restricted stock units that has an aggregate fair value on the date of grant of $125,000, except for any Lead Independent Director and any Non-Employee Board Chairperson whose awards of restricted stock units shall each have an aggregate fair value on the date of grant of $135,000 (as determined in accordance with ASC 718 and subject to adjustment as provided in the Equity Plan). The awards described in this Section 2.1(a) shall be referred to as the "Annual Awards." For the avoidance of doubt, a Non-Employee Director elected for the first time to the Board at an Annual Meeting shall receive only an Annual Award in connection with such election, and shall not receive any Initial Award on the date of such Annual Meeting as well.

(b) Initial Awards. Except as otherwise determined by the Board, each Non-Employee Director who is initially elected or appointed to the Board after the Effective Date on any date other than the date of an Annual Meeting shall be automatically granted, on the date of such Non-Employee Director's initial election or appointment (such Non-Employee Director's "Start Date"), an award of restricted stock units that has an aggregate fair value on such Non-Employee Director's Start Date (as determined in accordance with ASC 718) equal to the product of (i) $125,000 and (ii) a fraction, the numerator of which is (x) 365 minus (y) the number of days in the period beginning on the date of the Annual Meeting immediately preceding such Non-Employee Director's Start Date and ending on such Non-Employee Director's Start Date and the denominator of which is 365. The awards described in this Section 2.1(b) shall be referred to as "Initial Awards." For the avoidance of doubt, no Non-Employee Director shall be granted more than one Initial Award.

(c) Termination of Employment of Employee Directors. Members of the Board who are employees of the Company or any parent or subsidiary of the Company who subsequently terminate their employment with the Company and any parent or subsidiary of the Company and remain on the Board will not receive an Initial Award pursuant to Section 2.1(b) above, but to the extent that they are otherwise eligible, will be eligible to receive, after termination from employment with the Company and any parent or subsidiary of the Company, Annual Awards as described in Section 2.1(a) above.

(d) Vesting of Awards Granted to Non-Employee Directors. Each Annual Award and Initial Award shall vest on the earlier of (i) the day immediately preceding the date of the first Annual Meeting following the date of grant and (ii) the first anniversary of the date of grant, subject to the Non-Employee Director continuing in service on the Board through the applicable vesting date. No portion of an Annual Award or Initial Award that is unvested at the time of a Non-Employee Director's termination of service on the Board shall become vested thereafter. All of a Non-Employee Director's Annual Awards and Initial Awards shall vest in full immediately prior to the occurrence of a Change in Control (as defined in the Equity Plan), to the extent outstanding at such time.

3. Expenses

The Company will reimburse each Non-Employee Director for ordinary, necessary, and reasonable out-of-pocket travel expenses to cover in-person attendance at and participation in Board meetings and meetings of any committee of the Board; provided, that the Non-Employee Director timely submits to the Company appropriate documentation substantiating such expenses in accordance with the Company's travel and expense policy applicable to directors, as in effect from time to time. To the extent that any taxable reimbursements are provided to any Non-Employee Director, they will be provided in accordance with Section 409A of the Internal Revenue Code of 1986, as amended, including, but not limited to, the following provisions: (i) the amount of any such expenses eligible for reimbursement during such individual's taxable year may not affect the expenses eligible for reimbursement in any other taxable year; (ii) the reimbursement of an eligible expense must be made no later than the last day of such individual's taxable year that immediately follows the taxable year in which the expense was incurred; and (iii) the right to any reimbursement may not be subject to liquidation or exchange for another benefit.

Exhibit 31.1

Certification by the Chief Executive Officer pursuant to
Securities Exchange Act Rules 13a-14(a) and 15d-14(a)
as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Porter Stansberry, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MarketWise, Inc. (the “registrant”) for the fiscal quarter ended September 30, 2023;

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(s) 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.

MarketWise, Inc.

Date: November 9, 2023

By: /s/ Porter Stansberry

Name: Porter Stansberry

Title: Chief Executive Officer

Exhibit 31.2

Certification by the Chief Financial Officer pursuant to
Securities Exchange Act Rules 13a-14(a) and 15d-14(a)
as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Erik Mickels, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MarketWise, Inc. (the “registrant”) for the fiscal quarter ended September 30, 2023;
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(s) 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.

MarketWise, Inc.

Date: November 9, 2023

By: /s/ Erik Mickels

Name: Erik Mickels

Title: Chief Financial Officer

Exhibit 32.1

Certification of Chief Executive Officer
pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

I, Porter Stansberry, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of MarketWise, Inc. for the fiscal quarter ended September 30, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of MarketWise, Inc.

	MarketWise, Inc.	
Date: November 9, 2023	By:	/s/ Porter Stansberry
	Name:	Porter Stansberry
	Title:	Chief Executive Officer

Exhibit 32.2

Certification of Chief Financial Officer
pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

I, Erik Mickels, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of MarketWise, Inc. for the fiscal quarter ended September 30, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of MarketWise, Inc.

MarketWise, Inc.

Date: November 9, 2023

By: /s/ Erik Mickels

Name: Erik Mickels

Title: Chief Financial Officer