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

FORM 10-K

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

For the fiscal year ended December 31, 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)

(Address of principal executive offices, including zip code)

(888) 261-2693

(Registrant's telephone number, including area code)

(Former name or former address, 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 if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☐ Yes ☑ No

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☑ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☑ Yes ☐ No

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

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, based on the closing price of the registrant’s shares of Class A common stock as reported by The Nasdaq Global Market on June 30, 2023 was approximately $46.1 million.

As of March 4, 2024, there were 41,685,981 shares of the registrant’s Class A common stock, with a par value of $0.0001 per share (“Class A common stock”) and 287,842,303 shares of the registrant’s Class B common stock, with a par value of $0.0001 per share (“Class B common stock,” together with Class A common stock, the “common stock”), outstanding.

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Summary Risk Factors

The following is a summary of some of the risks, uncertainties, and assumptions that could materially adversely affect our business, financial position, results of operations, and cash flows. In particular, the following considerations, among others, may offset our competitive strengths or have a negative effect on our business strategy, which could cause a decline in the price of our securities. You should read this summary together with the more detailed description of each risk factor contained below.

- Our business depends on 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. If we are unable to attract new subscribers, or continue to engage existing subscribers, our revenue and operating results may be adversely affected.
- If we fail to adequately market our products and services, or to monitor and manage our use of social media platforms as marketing tools, it could have a material adverse effect on our business, results of operations, and financial condition.
- Failure to maintain and protect our reputation for trustworthiness and independence may harm our business. In addition, in the event the reputation of any of our current or former directors, officers, key contributors, editors, or staff were harmed for any reason, our business, results of operations, and financial condition could suffer.
- If we fail to effectively manage our growth, our business, results of operations, and financial condition could be harmed.
- Our future success depends on attracting, developing, and retaining capable management, editors, and other key personnel.
- Our success depends on our ability to respond to and adapt to changes in technology and consumer behavior.
- If we are unable to successfully integrate acquisitions, identify and integrate future acquisitions, or dispose of assets and businesses, our results of operations could be adversely affected.
- Because we recognize revenue from subscriptions for our services over the term of the subscription, downturns or upturns in new business may not be immediately reflected in our operating results.
- Our business, products, and facilities are at risk of a number of material disruptive events that our operational risk management and business continuity programs may not be adequate to address.
- Disruptions to our third-party technology providers and management systems could harm our business and lead to loss of subscribers.
- We are subject to payment processing risk.
- Failure to comply with laws and regulations or other regulatory action or investigations, including with respect to the federal and state securities laws, could adversely affect our business.
- We could face liability for the information and data we collect and distribute or the reports and other documents produced by our software products.
- Our database and network facilities, and those of our third-party service providers, could fail, become unavailable, or otherwise inadequate, and are subject to cybersecurity risks. Any failure of our internal security measures or breach of our privacy protections could cause us to lose subscribers and subject us to liability.

- We are subject to laws, regulations, and industry standards related to data privacy, data protection, and information security, including industry requirements such as the Payment Card Industry Data Security Standard. Our actual or perceived failure to comply with such obligations could harm our business.
- Changes in our provision for income taxes or adverse outcomes resulting from examination of our income or other tax returns or changes in tax legislation could adversely affect our business, financial condition, and results of operations.
- MarketWise, Inc.'s sole material asset is its interest in MarketWise, LLC, and, accordingly, it will depend on distributions from MarketWise, LLC to pay its taxes and expenses, including payments under the Tax Receivable Agreement. MarketWise, LLC's ability to make such distributions may be subject to various limitations and restrictions.
- The Tax Receivable Agreement requires MarketWise, Inc. to make cash payments to the members of the MarketWise, LLC, other than MarketWise, Inc. (the "MarketWise Members") in respect of certain tax benefits to which MarketWise, Inc. may become entitled, and no such payments will be made to any holders of our Class A common stock unless such holders are also MarketWise Members. The payments MarketWise, Inc. will be required to make under the Tax Receivable Agreement may be substantial.
- The MarketWise Members have significant influence over us, including control over decisions that require the approval of MarketWise, Inc. stockholders.
- The MarketWise Members have the right to have their LLC Units redeemed or exchanged into shares of Class A common stock, which, if exercised, will dilute your economic interest in MarketWise, Inc.
- Under certain circumstances, the Sponsor and certain members of our management team will be entitled to the Sponsor Earnout Shares (as defined below) and the Management Member Earnout Shares (as defined below), as applicable, which will increase the number of shares eligible for future resale in the public market and result in dilution to our stockholders.
- We have identified material weaknesses in our internal control over financial reporting and may identify additional material weaknesses in the future that may cause us to fail to meet our reporting obligations or result in material misstatements of our financial statements. If we fail to remediate any material weaknesses or if we fail to establish and maintain effective control over financial reporting, our ability to accurately and timely report financial results could be adversely affected.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 10-K contains forward-looking statements within the meaning of federal securities law, 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;
- 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;
- the impact of the COVID-19 pandemic or the future outbreak of any other highly infectious or contagious diseases;
- 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 this report 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 I

Item 1. Business.

We 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. That simple idea worked and has guided our decisions ever since.

Today, we are a leading multi-brand platform of subscription businesses that provides premium financial research, software, education, and tools for self-directed investors. We provide our subscribers with the research, education, and tools that they need to navigate the financial markets.

We have evolved significantly since our inception in 1999. 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, Chaikin Analytics, InvestorPlace, and TradeSmith. Our entire investment research product portfolio is 100% digital and channel agnostic. We offer our research across a variety of platforms, including desktop, laptop, and mobile devices, including tablets and mobile phones.

As a result of the expansion of the business, we now have 79 editors and analysts covering a broad spectrum of investments, ranging from commodities to equities, to distressed debt and cryptocurrencies. We offer 37 free and 135 paid products on multiple platforms through our 11 primary customer-facing brands. This diversity of content has allowed our business to succeed and our subscription base to grow through the many economic cycles in our over 20-year history. We have an engaged subscriber base of approximately 737 thousand Paid Subscribers. We define Paid Subscribers as the total number of unique subscribers with at least one paid subscription at the end of a given period.

Our Value Proposition

We empower retail investors with institutional-quality research at a price point that is accessible.

Experienced analysts, with their own unique investment strategies and philosophies, lead our brands. As a result, we do not promote a single, unified view of the markets, but instead we publish a mosaic of opinions, recommendations, and strategies.

This multi-brand approach gives our work far greater breadth, creating more diverse opportunities for our subscribers. Our brands are linked, however, by a continuous commitment to risk management and a contrarian approach to identifying investment opportunities.

Across all our brands, we focus on investments that are unloved, ignored, or unknown. Having an informed perspective in these situations gives our subscribers the best risk-to-reward opportunities.

We recognize that self-directed investors do not have the same research budget and resources at their disposal as institutional investors do. So we strive to provide them with institutional quality research at affordable price points. Unlike traditional institutional research, our offerings are significantly less expensive and more accessible. They are designed to be less technical and therefore more easily understood by the subscribers who aren't finance professionals. At the same time, our offerings have premium content that is highly actionable.

We believe that if we publish research to help our subscribers succeed in the financial markets, they will progressively become better investors, renew their subscriptions, and become long-term customers. We have proven out this thesis throughout our over 20-year history. We have formed lifelong relationships with our subscribers by providing superior value through our offerings.

We provide a comprehensive suite of research solutions.

Through 11 primary customer facing brands, we have 37 free products and 135 paid products. We cover various investment strategies, such as value investing, income, growth, commodities, cryptocurrencies, venture, crowdfunded investing, biotechnology, mutual funds, options, and trading. We find that our subscribers develop personal affinities for specific writers and certain investment styles, and specific brands. When we acquire brands or form joint ventures, which we engage in periodically, we typically maintain the existing brands because we want to avoid disrupting those relationships by interjecting a new company name or persona, since subscribers may not have any prior relationship with us. We sold one of our brands, Crowdability, Inc. ("Buttonwood Publishing"), a business we acquired in 2022 to a related party, during 2023 due to continuing losses.

We typically publish our research reports on a monthly basis, although some of our products publish more frequently. We offer our entire investment research product portfolio across a variety of media, including desktops, laptops, tablets, and mobile.

We also offer financial software and analytical tools.

We continue to expand our research portfolio with software and analytical tool solutions, which include the Chaikin Power Gauge, TradeStops and the Altimeter. Our software and analytical tool solutions represented 10% of our Billings on average from 2021 to 2023. Billings represents fee amounts invoiced to customers.

Our Chaikin Analytics brand offers a suite of stock research tools and portfolio management services that help investors pick winning stocks and drop losing stocks ahead of market shifts. Our TradeSmith brand provides a full suite of portfolio management software tools that enable individual investors to manage their portfolios using algorithms that have been back tested for results and designed to help investors manage their emotions. Our Altimetry brand offers a user-friendly database showing uniform, accounting-based financial summaries for more than 4,500 companies.

We have developed screeners, monitors, portfolio management tools, and a set of proprietary indicators that produce a composite score to rank several thousand publicly traded companies in the United States. Our various digital research platforms integrate our content with public financial data in well-designed user interfaces to provide our users with valuable tools to easily consume our research, keep track of investments, import their portfolios and more.

Our product offerings reinforce each other and produce a strong flywheel effect across our organization. As we launch or add more products, we increase the tools available to our readers and the value we provide to our existing subscribers. This allows us to gather insights and feedback and helps us create new products and solutions.

Our Growth Strategy

We are committed to growing our business by deepening our relationship with existing customers and attracting new subscribers to our platform. We will also pursue strategic growth as opportunities arise. Here's how we grow our business:

Attract more subscribers. We typically acquire new subscribers through an omni-channel marketing strategy that includes display ads, email, external subscriber lists, and direct mail, as well as television and radio at times. We primarily market in these channels through free-to-paid and direct-to-paid content.

We measure our customer-acquisition performance by a matrix of new customer counts and the cost to acquire customers. The mix of our marketing spend across these channels varies among our primary customer-facing brands and depends on how well individual marketing campaigns succeed, the nature of the product, and the type of offer.

We have invested significant resources into our efforts around consumer marketing, including enterprise-wide customer relationship management ("CRM") systems, the leveraging of artificial intelligence ("AI") to analyze this data, and a robust database of customer information.

In all of our marketing efforts, we collect and analyze customer response data by channel and effort, down to the individual advertisement in a marketing campaign. Using this data-driven and time-tested approach, we have developed proprietary practices for customer acquisition that we believe set us apart from other companies.

As we develop our relationship with the customer, we collect information from our subscribers about what products they are purchasing, their customer experience, and any feedback they have on our free and paid products. We use this information to deepen the customer experience and present offers to our subscribers for other products that they are likely to find interesting and useful.

Deepen our relationship with our existing subscribers. In addition to our Paid Subscribers, all of our Free Subscribers have access to our extensive library of free and educational content. We define Free Subscribers 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. As our subscribers learn and gain confidence as investors, they understand the need to deploy diverse investment strategies for different market conditions and they explore our broad and diverse product offerings. They gain an understanding of the high quality of research that we strive to provide, and they tend to purchase additional research and software products.

Our free subscription products serve as a significant source of new Paid Subscribers.

We also offer members-only investing conferences where subscribers interact with our editors and analysts and can network with each other. We have a strong track record of cultivating these relationships with our subscribers, and we intend to continue that going forward.

Launch new products and target new markets. Over our greater than 20-year history, we have developed a breadth of products and services that are designed to educate, empower, and entertain our subscribers and provide them with actionable investment ideas.

We offer a wide array of paid subscription products, ranging from lower priced products (*e.g.*, subscriptions that cost $100 annually) to more expensive products (*e.g.*, subscriptions that can cost up to $5,000 annually). The length of our subscriptions can vary from one year to what we refer to as "membership subscriptions," where subscribers pay upfront for access to our specific products, and then only pay an annual maintenance fee ranging from $49 to $500 per year for the rest of their investing lives.

We have also developed various software applications that provide customers with algorithmic tools to search for trading ideas and manage portfolio risk. We will continue to enhance our value proposition and create additional selling opportunities through an expanded product portfolio.

Selectively pursue strategic growth. Over the past ten years, we have developed several joint ventures and executed strategic acquisitions to accelerate our growth, as well as increase the value of our offerings to our subscribers.

We have a strong track record of driving growth and delivering value through the successful integration of acquisitions and joint ventures. We believe our large subscriber base, easy scalability, marketing expertise, technology-based platform, and integration capabilities provide opportunities for us to drive value-added growth through acquisitions.

We have also made key investments across our platform to create a repeatable, low-cost, and scalable business model. We have invested in business functions from marketing to technology which allow us to scale rapidly.

We plan to continue investing in cutting-edge AI and advanced analytics-driven marketing tools to further optimize our marketing channels.

Competition

The market for investment research and financial information software is evolving and is highly fragmented. As the markets in which we operate continue to mature and new technologies and competitors enter those markets, we expect competition to intensify. Our competitor categories include:

- free online financial news aggregators or customer content platforms, like Yahoo! Finance and Seeking Alpha;
- traditional financial news publishers, like the Wall Street Journal, Investor's Business Daily, and Barron's;
- consumer-focused online subscription businesses, such as The Motley Fool;
- institutional financial software providers, such as Bloomberg, FactSet, and IHS Markit;
- low-cost, "mom and pop" newsletter subscription services, and
- online investing tools, such as Atom Finance and Stocktwits.

For additional information regarding the competitive environment in which we operate, see Item 1A. Risk Factors — *"We face significant competition. Many of our competitors and potential competitors have larger customer bases, more established brand recognition, and greater financial, marketing, technological, and personnel resources than we do, which could put us at a competitive disadvantage. Additionally, some of our competitors and potential competitors are better capitalized than we are and able to obtain capital more easily, which could put us at a competitive disadvantage."*

Our Technology

We use technology to run our business efficiently and to better serve our customers. Our technology combines three cloud-based systems: software-as-a-service ("SaaS"); platform-as-a-service ("PaaS"); and infrastructure-as-a-service ("IaaS").

While we have changed providers in the past and may do so in the future, we currently use top-tier, industry leading service providers for our CRM and marketing, email delivery, subscription billing, data warehouse, and for our data center.

Our infrastructure is highly scalable and allows us to serve all of our subscribers simultaneously and consistently. Our technology architecture is scalable based on overall traffic and capacity. As a result, we do not believe that growth in the number of subscribers hinders or slows down our platform.

We also employ data redundancy solutions on the cloud to reduce the possibility that our customer data will be lost and to ensure that our platform will not experience material downtime. We apply industry-standard data security measures to protect against potential vulnerabilities in our technology.

We have invested heavily in providing a reliable and secure global platform and infrastructure. Our investments in technology, including engineers, online security, customer privacy, reliable infrastructure, and data science capabilities, enable us to efficiently innovate and deliver solutions to our customers. Our cloud platform allows our developers to build and deploy in a lean and agile fashion with a focus on quality and solution adoption.

We continue to build out our AI tools and predictive analytics capacity through identification of additional business cases and additional data features.

Our data center is cloud-based, and through this platform we have been able to integrate the various SaaS and PaaS applications within our technology ecosystem and ensure that we have high availability and redundancy with business continuity in mind in an auto-scaling architecture.

Human Capital Resources

As of December 31, 2023, we had 584 total employees across all of our businesses, of which 581 are full-time. Our employees and independent contractors work from our U.S. offices or remote locations. None of our employees are represented by a labor organization or are party to any collective bargaining arrangement.

We seek to attract, engage, and retain top talent through competitive compensation and benefit programs, and by fostering a culture of high performance, creativity and idea exchange as well as inviting diverse perspectives that will enable our employees to thrive and be successful.

Our compensation programs include both fixed and variable components, an incentive award plan providing for equity grants, and an employee stock purchase plan, all of which we believe incentivizes our employees to perform at high levels, helps them establish long-term financial security, and encourages them to remain with us.

Our benefits package includes health and welfare plans that provide medical, dental, and vision coverage, health savings accounts, medical and dependent care flexible spending accounts, life insurance, disability insurance, 401(k) savings plan with a company match, paid time off and other assistance, fitness and wellness programs.

Intellectual Property

We rely on a combination of trademark and copyright to protect our intellectual property. We have registered certain of our trademarks and service marks in the United States with the U.S. Patent and Trademark Office and in Canada and China, and have registered copyrights on certain publications. In addition, we have registered our domain names, including MarketWise.com, with MarkMonitor. We believe the names and marks associated with our brands are of significant value and are important to our business. Accordingly, as a general policy, we monitor the use of our marks and vigorously oppose any unauthorized use of the marks. We do not hold any patents.

We seek to control access to and distribution of our proprietary information. We enter into confidentiality, nondisclosure, and non-interference agreements with our employees, consultants, customers, and vendors that generally provide that any confidential or proprietary information developed by us or on our behalf be kept confidential, and we limit access to our confidential and proprietary information to a "need to know" basis. In the normal course of business, we provide our intellectual property to third parties through licensing or restricted use agreements. In addition, our internal policies seek to protect our intellectual property against misappropriation, infringement, and unfair competition. We intend to pursue additional intellectual property protection to the extent we believe it would be beneficial and cost effective.

Available Information

Our website address is MarketWise.com. The information contained on, or that can be accessed through, our website is deemed not to be incorporated in this Annual Report on Form 10-K or to be part of this Annual Report on Form 10-K or any other report filed with the U.S. Securities and Exchange Commission ("SEC"). Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as any amendments to those reports, are available free of charge through our website as soon as reasonably practicable after we file them with, or furnish them to, the SEC. The SEC maintains a website at www.sec.gov that contains reports, proxy statements, and other information regarding SEC registrants, including MarketWise, Inc.

Item 1A. Risk Factors.

The risks described below could have a material adverse impact on our business, financial condition, or operating results. Although it is not possible to predict or identify all such risks and uncertainties, they may include, but are not limited to, the factors discussed below. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business or results of operations

Risks Related to Our Business and Industry

Our business depends on our ability to attract new subscribers and to persuade existing subscribers to renew their subscriptions with us and to purchase additional products and services from us. If we are unable to attract new subscribers, or continue to engage existing subscribers, our revenue and operating results may be adversely affected.

To increase our revenue and maintain profitability, we must attract new subscribers and retain and expand the subscriptions of existing subscribers. Our ability to successfully attract and retain subscribers depends in part on the quality of the content, including the performance of the investment research we publish. To the extent the performance of such research fails to meet or exceed the expectations of our subscribers or the performance of relevant benchmarks, our ability to attract new subscribers or retain existing subscribers to such services will be adversely affected.

A substantial amount of our revenue is typically generated from existing subscribers renewing their subscriptions. Our subscribers have no obligation to renew their subscriptions for products after the expiration of the subscription period, which is typically one year, and in the normal course of business some subscribers have elected not to renew their subscriptions. In addition, our subscribers may renew for lower subscription amounts or for shorter contract lengths. We may not accurately predict renewal rates for our subscribers, and our renewal rates may decline or fluctuate as a result of a number of factors, including subscriber engagement and product utilization levels, quality of our content, price changes, expiration of temporary product promotions, number of products or services used by our subscribers, customer satisfaction or dissatisfaction with our products or services, pricing or capabilities of the products and services offered by our competitors, increased competition, reduction in customer spending levels, changes in our renewal policies or practices for subscribers, and deteriorating general economic conditions. We must continually add more new subscribers than the number of subscribers who do not renew their subscriptions to grow our business beyond our current subscriber base, which may involve significantly higher marketing expenses. If our subscribers do not renew their subscriptions, buy additional content, or maintain or increase the amount they spend with us, our revenue will decline and our business will suffer.

Our success also depends on our ability to sell additional products, more subscriptions, or higher-priced and premium editions of our products and services to our current subscribers, which requires increasingly sophisticated and costly sales efforts. We seek to expand existing subscriptions by deepening customer engagement through new touchpoints and expanding our portfolio of tools and products for purchase. The rate at which our existing subscribers purchase new or enhanced services depends on a number of factors, including the quality of our content, general economic conditions, the level of interest and investment in individual stocks and other self-directed investment vehicles versus index funds, exchange-traded funds and other passive investment vehicles, number of products or services used by our subscribers, customer satisfaction or dissatisfaction with our products or services, pricing or capabilities of the products and services offered by our competitors, increased competition, reduction in customer spending levels, and our subscribers' receptiveness to higher-priced and premium tools and products.

Many of our subscribers initially register for subscriptions to our free products and services. We strive to demonstrate the value of our free products to our subscribers, thereby encouraging them to convert to paying subscribers. As of December 31, 2023, we had over 17 million total subscribers, of which approximately 737 thousand were paying subscribers. The actual number of unique subscribers may be lower than we report as one person could count as multiple, active subscribers or paying subscribers. As a result, we may have fewer unique subscribers that we may be able to convert, upsell or cross-sell. Our inability to determine the number of our unique subscribers is a limitation in the data that we measure and may adversely affect our understanding of certain aspects of our business and make it more challenging to manage our business. Most of our active subscribers never convert to a paying subscribers, and if we are unable to convert free subscribers to paying subscribers, our business, results of operations and financial condition could suffer.

If we fail to adequately market our products and services, or to monitor and manage our use of social media platforms as marketing tools, it could have a material adverse effect on our business, results of operations, and financial condition.

Our marketing efforts are designed to identify and attract prospective subscribers primarily within our target market and ultimately convert them into long term subscribers. We also employ marketing to promote our content, drive conversation about our content and services, and promote visits by our subscribers. We utilize a broad mix of marketing programs and platforms, including social media sites, to promote our services and content to current and prospective subscribers.

In order to successfully reach a larger number of prospective subscribers and attract new subscribers, we must continually assess the manner and platforms on which we are marketing our products and services. Rapid changes in technology and the ways in which people are reached can make this process more difficult. If we are unable to effectively and efficiently market our products and services, our business, results of operations, and financial condition may be adversely affected.

For example, historically one of our primary means of communicating with our subscribers and keeping them engaged with our products has been via email communication. Our ability to communicate via email enables us to keep our subscribers updated on new products and present discount and promotional offers, among other things. As consumer habits evolve in the era of web-enabled mobile devices and messaging/social networking apps, email use, particularly among the younger demographic, has declined. In addition, deliverability and other restrictions imposed by third-party email providers and/or applicable law have limited our ability to send emails to our current or prospective subscribers. While we continually work to find new means of communicating and connecting with our subscribers, there is no assurance that such alternative means of communication will be effective. Any failure to develop or take advantage of new means of communication or limitations on those means of communications imposed by laws, device manufacturers, or other sources could have an adverse effect on our business, financial condition, and results of operations.

We may also limit or discontinue use or support of certain marketing sources or activities if advertising costs increase or if we become concerned by perceptions that certain marketing platforms or practices are intrusive or damaging to our brand. If available marketing channels are restricted, our ability to engage with and attract subscribers may be adversely affected. In addition, companies that promote our services or permit us to use their marketing platforms may decide that their relationship with us negatively impacts their business, or they may make business decisions that negatively impact us. For example, if a company that currently promotes our business decides to compete directly with us, enter a similar business, deny us access to its platform, or exclusively support our competitors, we may no longer have access to their marketing channels.

If we are unable to cost-effectively use social media platforms or ad networks as marketing tools, our ability to acquire new subscribers and our financial condition may suffer. Unauthorized or inappropriate use of our social media channels could result in harmful publicity or negative customer experiences, which could have an adverse impact on the effectiveness of our marketing in these channels. In addition, substantial negative commentary by others on social media platforms could have an adverse impact on our ability to successfully connect with consumers.

There are extensive and rapidly evolving regulations governing our ability to market to subscribers, whether via post, email, or social media platforms, and our marketing is subject to the rules and regulations of the U.S. Federal Trade Commission (the “FTC”) and state consumer protection agencies. We have received regulatory inquiries from state consumer protection agencies and could be the subject of further regulatory inquiry in the future. The failure by us, our employees, or third parties acting at our direction to comply with applicable laws and regulations could subject us to regulatory investigations, lawsuits, including class actions, liability, fines, or other penalties and could result in a material adverse effect on our business, results of operations, and financial condition. In addition, an increase in the use of social media platforms for product promotion and marketing may cause an increase in our burden to monitor compliance of such platforms, and increase the risk that such materials could contain problematic product or marketing claims in violation of applicable regulations.

To the extent we promote our content inefficiently or ineffectively, we may not be able to obtain expected subscriber acquisition and retention benefits, and our business, results of operations, and financial condition may be adversely affected.

Failure to maintain and protect our reputation for trustworthiness and independence may harm our business. In addition, our business, results of operations, and financial condition could suffer from attacks on the reputation of any of our current or former directors, officers, key contributors, editors, or editorial staff were harmed for any reason.

We believe our portfolio of brands are highly regarded because of the integrity of their editorial content. Independence is at the core of our brands and business, and we believe that our reputation and the reputation of our brands is one of our greatest corporate assets. Importantly, we believe that one of our greatest competitive advantages is the loyalty that we have gained from our subscribers as a direct result of our brand, reputation for integrity, and ability to deliver high-quality products and services. To protect our brands, our corporate policies, codes of conduct, and workplace culture demand that all of our content providers, whether employees or outside contributors, adhere to rigorous standards of integrity and independence, including guidelines that are designed to prevent any actual, potential, or perceived conflict of interest, and to comply with all applicable laws, including securities laws. The occurrence of events such as our misreporting a market event, the non-disclosure of a security ownership position by one or more of our content providers, the manipulation of a security by one or more of our content providers, or any other breach of our compliance policies could harm our reputation for trustworthiness and reduce our subscriber base. Our content providers have not always lived up to our rigorous standards of integrity and independence and have breached our compliance policies, which may impact our reputation for trustworthiness and independence, and may have an adverse effect on our business, results or operations, and financial condition. For example, in February 2024, we terminated a content provider for violations of our corporate policies and announced a wind-down of the operations of Legacy Research. See *Note 18 – Subsequent Events* to our consolidated financial statements included elsewhere in this annual report.

In the event the reputation of any of our current or former directors, officers, key contributors, editors, or staff were harmed for any reason, we could suffer as a result of our association with such individual, including if the quantity or value of future services we received from the individual was diminished. In particular, we and our operating brands depend heavily on the ideas and reputation of their editors and editorial teams, and often name products and operating companies after members of those editorial teams. Our editors and editorial team members have, in the past been, and continue to be, the subject of regulatory actions, accusations, claims, investigations, lawsuits, and/or settlements, which may have or may continue to have a negative impact on our reputation, subscriber base, and financial results. For example, in February 2024, a former employee was charged by the U.S. Attorney's Office for the Central District of California with touting securities for undisclosed compensation and conspiracy to tout securities for undisclosed compensation, following 2022 charges brought by the SEC against the same individual. Furthermore, if, at any point in the future, any editors, contributors, or other personnel associated with our, our products, or brands, or businesses that we may acquire become the subject of regulatory actions, accusations, claims, investigations, lawsuits, or settlements, any such action may have a negative impact on our reputation, subscriber base, and financial results. These risks apply to our editors, contributors, or other personnel of us that are currently part of our organization, as well as any such people that were part of our organization in the past or become part of our organization in the future, whether by acquisition or otherwise. In addition, any failures by us to continue to effectively instill in our employees the expectation of independence and integrity may devalue our reputation over time. Our reputation may also be harmed by factors beyond our control, such as adverse news reports about our products and services, negative publicity about the investment newsletter industry generally, or negative publicity about key personnel associated with our business. These events could materially adversely affect our business, results of operations, and financial condition.

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

The scope and complexity of our business have increased significantly in recent years. The growth and expansion of our business creates significant challenges for our management, operational, and financial resources. In the event of growth of our operations or the number of our third-party relationships, our information technology systems and our internal controls and procedures may not be adequate to support our operations. To effectively manage our growth, we must continue to improve our operational, financial, and management processes and systems and to effectively expand, train, and manage our employee base. If our organization experiences growth or we are required to implement more complex organizational management structures, we may find it increasingly difficult to maintain the benefits of our corporate culture, including our ability to quickly develop and launch new and innovative products and solutions. This could negatively affect our business performance.

If we experience growth in our operations, we will experience significant demands on our management and our operational and financial infrastructure. We must effectively integrate, develop, and motivate new employees, and we must maintain the beneficial aspects of our corporate culture.

In addition, our growth may make it difficult to evaluate our future prospects. Our ability to forecast our future results of operations is subject to a number of uncertainties, including our ability to effectively plan for and model future growth. We have encountered in the past, and may encounter in the future, risks and uncertainties frequently experienced by growing companies in rapidly changing industries. If we fail to effectively manage our growth, our efficiency, ability to meet our forecasts, and employee morale, productivity, and retention could suffer, and our business, results of operations, and financial condition could be adversely affected.

Our future success depends on attracting, developing, and retaining capable management, editors, and other key personnel.

Our ability to compete in the marketplace depends upon our ability to recruit and retain key employees, including executives to operate our business, technology personnel to run our publishing, commerce, communications, video, and other systems, direct marketers to sell subscriptions, and salespersons to sell our subscriptions, and financial editors and analysts to fulfill our editorial products.

Several of our employees are bound by agreements containing non-competition provisions. There are rapidly evolving laws governing the effectiveness and usage of non-competition provisions. There can be no assurances that these arrangements with key employees will provide adequate protections to us or will not result in management changes that would have material adverse impact on us. In addition, we may incur increased costs to continue to compensate our key executives, as well as other employees, through competitive salaries, stock ownership, and bonus plans. Nevertheless, we can make no assurances that these programs will allow us to retain our management or key employees or hire new employees. The loss of one or more of our key employees, or our inability to attract experienced and qualified replacements, could materially adversely affect our business, results of operations, and financial condition.

In addition, some of our products, particularly our editorial products, reflect the talents, efforts, personalities, investing skills, portfolio returns, and reputations of their respective editors and analysts. As a result, the services of these key editors and analysts form an essential element of our revenue. There is a limited pool of editors and analysts who have the requisite personality, skills, training, and education necessary to meet our standard for our editorial products. We compete with many businesses and organizations that are seeking skilled individuals, particularly those with experience in the financial industry and those with degrees in technical fields, who are particularly critical to our editorial products. Competition for such professionals can be intense, as other companies seek to enhance their positions in the markets we serve.

If we are unable to retain key editors and analysts, or should we lose the services of one or more of them to death, disability, loss of reputation, or any other reason, or should their popularity diminish or their investing returns and investing ideas fail to meet or exceed benchmarks and investor expectations, we may fail to attract new editors and analysts acceptable to our subscribers. Therefore, the loss of services of one or more of our key editors and analysts could have a material adverse effect on our business, results of operations, and financial condition.

We face significant competition. Many of our competitors and potential competitors have larger customer bases, more established brand recognition, and greater financial, marketing, technological, and personnel resources

than we do, which could put us at a competitive disadvantage. Additionally, some of our competitors and potential competitors are better capitalized than we are and are able to obtain capital more easily, which could put us at a competitive disadvantage.

We experience intense competition across all markets for our products, with competitors ranging in size from smaller, specialized publishers to multimillion-dollar corporations. Many of our competitors have larger customer bases, more established name recognition, a greater market share, and larger financial, marketing, technological, and personnel resources than we do. In general, there are few barriers to entry into our industry, and we expect to face additional competition from new entrants into the financial publishing industry. In particular, our services face intense competition from other providers of business, personal finance, and investing content, including:

- free online financial news aggregators and content providers, like Yahoo! Finance and Seeking Alpha;
- traditional financial news publishers, like The Wall Street Journal, Investor's Business Daily, and Barron's;
- consumer-focused online subscription businesses, such as The Motley Fool;
- social media networks, subscription networks, and content platforms, like X, Reddit and Substack; and
- institutional financial software providers, such as Bloomberg, FactSet, and IHS Markit.

Our ability to compete successfully depends on many factors, including the quality, originality, timeliness, insightfulness, and trustworthiness of our content and that of our competitors, the popularity and performance of our contributors, the success of our recommendations and research, our ability to introduce products and services that keep pace with new investing trends, our ability to adopt and deploy new technologies for running our business, the ease of use of services developed by us or our competitors, and the effectiveness of our sales and marketing efforts. Future competitive pressure may result in price reductions, lower sales volumes, reduced margins, or loss of market share, any of which could materially adversely affect our business, results of operations, and financial condition. Accordingly, we cannot guarantee that we will be able to compete effectively with our current or future competitors or that this competition will not significantly harm our business.

Additionally, advances in technology have reduced the cost of production and online distribution of print, audio, and video content, including content like podcasts, which has reduced and/or removed barriers for market entry to providers of both free and paid content. While most of our platforms do not rely on ad-sponsored content, many of our competitors offer ad-sponsored content that enables them to deliver content for low, or no, subscription costs. We compete with these other publications and services for customers, employees, and contributors. In addition, media technologies and platforms are rapidly evolving, and the technologies and platforms through which data is consumed can shift quickly. Certain of our competitors may be better situated to quickly take advantage of consumer preference for new technologies and platforms, and the economics of distributing content through the use of new technologies and platforms may be materially different from the economics of distributing content through our current platforms. If we fail to offer our content in the manner or on the platforms in which our audience desires to consume it, or if we do not have offerings that are as compelling and/or cost effective as those of our competitors, our business, results of operations, and financial condition may be materially adversely affected.

Adverse or weakened conditions in the financial sector, global financial markets, and global economy may impact our results.

Our business results are partly driven by factors outside of our control, including general economic and financial market trends. Any unfavorable changes in the environment in which we operate could cause a corresponding negative effect on our business results, as they may cause customers to become particularly cautious about capital and data content expenditures. As a result, we may experience lower revenue, cash flow, and other financial results in the event of a market downturn. In addition, global macroeconomic conditions and U.S. financial markets remain vulnerable to potential risks posed by exogenous shocks, which could include, among other things, political and financial uncertainty in the United States and Europe, concerns about China's economy, complications involving terrorism, armed conflicts, civil unrest around the world, or other challenges to global trade or travel, such as the effect on the global economy posed by the COVID-19 pandemic.

Furthermore, our average customers are people at or approaching retirement age who may be particularly vulnerable during economic downturns. Therefore, a prolonged period of contraction in the global economy could adversely affect our business, results of operation, and financial condition.

Our success depends on our ability to respond to and adapt to changes in technology and consumer behavior.

We believe the technology landscape has been changing at an accelerating rate over the past several years. Advances in technology have led to an increasing number of methods for delivery of content and have resulted in a wide variety of consumer demands and expectations, which are also rapidly evolving. The increasing number of digital media options available on the Internet, through social networking tools and through mobile and other devices distributing content, is expanding consumer choice significantly. In addition, there has been an increasing focus on technology not merely supplying additional tools for users, but also offering solutions to specific customer problems. Given a multitude of media choices and a dramatic increase in accessible information, consumers may place greater value on when, where, how, and at what price they consume digital content. If we are unable to exploit new and existing technologies to distinguish our products and services from those of our competitors or adapt to new distribution methods that provide optimal user experiences, our business, results of operations, and financial condition may be adversely affected. In addition, our reputation could suffer if we are perceived as not moving quickly enough to meet the changing needs of investors.

Our future success will continue to depend upon our ability to identify and develop new products and enhancements that address the future needs of our target markets and respond to their changing standards and practices. We may not be successful in developing, introducing, marketing, licensing, and implementing new products and enhancements on a timely and cost-effective basis or without impacting the performance, stability, security, or efficiency of existing products and customer systems. Further, any new products and enhancements may not adequately meet the needs of our target markets. Our failure or inability to anticipate and respond to changes in the marketplace, including competitor and supplier developments, may also adversely affect our business, operations, and growth.

As technology continues to evolve, the expenditures necessary to integrate new technology into our products and services could be substantial, and we may incur additional operating expenses if such integration projects take longer than anticipated. Other companies employing new technologies before we are able to do so could aggressively compete with our business. If we are not successful in responding to changes in technology and consumer behavior, we may lose new business opportunities or potential renewals or upgrades from existing subscribers and our business, financial condition, and prospects may be adversely affected.

If we are unable to successfully integrate acquisitions, identify and integrate future acquisitions, or dispose of assets and businesses, our results of operations could be adversely affected.

As a part of our strategic plan, we have acquired businesses and we intend to continue to pursue selective acquisitions to support our business strategy. These acquisitions involve a number of risks and challenges, some of which have caused, and any of which could cause, significant operating inefficiencies and adversely affect our growth and profitability. Such risks and challenges include:

- underperformance relative to our expectations and the price paid for the acquisition;
- unanticipated demands on our management and operational resources;
- failure to improve scalability;
- difficulty in integrating personnel, operations, and systems;
- retention of customers of the combined businesses;
- inability to maintain relationships with key customers, suppliers, and partners of an acquired business;
- assumption of contingent liabilities; and

- acquisition-related earnings charges.

The benefits of an acquisition or an investment may take considerable time to develop, and certain acquisitions have not advanced our business strategy and have fallen short of expected return on investment targets. We have recorded impairment charges because our acquisitions were not successful and may record future impairment charges related to unsuccessful acquisitions. Our ability to continue to make acquisitions will depend upon our success at identifying suitable targets at acceptable prices, which requires substantial judgment in assessing their values, strengths, weaknesses, liabilities, and potential profitability, as well as the availability of capital.

We expect to continue making acquisitions and establishing investments and joint ventures as part of our long-term business strategy. Acquisitions, investments, and joint ventures involve a number of risks. They are time-consuming and may divert management's attention from day-to-day operations, particularly if numerous acquisitions or joint ventures are in process at the same time. Financing an acquisition could result in dilution from issuing equity securities, reduce our financial flexibility because of reductions in our cash balance, or result in a weaker balance sheet from incurring additional debt.

Because we recognize revenue from subscriptions for our services over the term of the subscription, downturns or upturns in new business may not be immediately reflected in our operating results.

We generally recognize revenue from subscribers ratably over the terms of their subscription agreements, which are typically one year, although we also offer our services for a term of one month, and multiple years. As a result, most of the revenue we report in each period is the result of subscription agreements entered into during prior periods. Consequently, a decline in new or renewed subscriptions in any one period may not be reflected in our revenue results for that period. However, any such decline will negatively affect our revenue in future periods. Accordingly, the effect of significant downturns in sales, our failure to achieve internal sales targets, a decline in the market acceptance of our services, or potential decreases in our retention rate may not be fully reflected in our operating results until future periods. Our subscription model also makes it difficult for us to rapidly increase our revenue through additional sales in any period, as revenue from additional sales must be recognized over the applicable subscription term. By contrast, a significant portion of our operating costs are expensed as incurred, which occurs as soon as a subscriber purchases a product. As a result, an increase in subscribers could result in recognition of more costs than revenue in the earlier portion of the subscription term. We may not attain sufficient revenue to maintain positive cash flow from operations or achieve profitability in any given period.

Our business, products, and facilities are at risk of a number of material disruptive events that our operational risk management and business continuity programs may not be adequate to address.

Our business and products are dependent on our ability to provide investment research, software applications, and other products and services on a current and time-sensitive basis. We rely extensively on our computer systems and other network infrastructure, which are located across multiple facilities in the United States. Problems in our network systems may lead to cascading effects involving downtime, overloading of third-party data centers, and other issues that may affect our subscribers. We and our vendors are at risk of disruptions from numerous factors, including major weather events, fires, droughts, floods, earthquakes, volcanic activity, diseases, epidemics, pandemics, violent incidents, terrorist attacks, natural disasters, power loss, telecommunications, Internet, and other critical infrastructure failures, governmental actions, strikes and labor disturbances, riots, civil unrest, terrorism, war, abrupt political change, viruses, responses by various governments and the international community to any such acts, and other events beyond our control. Such events could cause delays in initiating or completing sales, impede our subscribers' access to our products and services, disrupt or shut down critical client-facing and business processes, impede the travel of our personnel, dislocate our critical internal functions and personnel, and in general harm our ability to conduct normal business operations, any of which could negatively impact our financial condition and operating results.

We, and our third-party service providers may modify, enhance, upgrade, and implement new systems, procedures, and controls to reflect changes in our business, technological advancements, and industry trends. These upgrades can create risks associated with implementing new systems and integrating them with existing ones, such as the disruption of our electronic delivery systems, data management, and sales and service processes. If we, or our third-party service providers do not successfully implement, maintain or expand these systems as planned, our operations may be disrupted, our ability to accurately and timely report our financial results could be impaired, and additional deficiencies may arise in our internal control over financial reporting, which may impact our ability to certify our financial results. Moreover, our proprietary information, intellectual property or personal information that we hold has been, and could be in the future, compromised or misappropriated and our reputation may be adversely affected. These risks may affect our ability to provide our comprehensive suite of research and software solutions, including our financial software and analytical tools, adequately protect our intellectual property or achieve and maintain compliance with, or realize available benefits under, applicable laws, regulations and contracts. We may also incur additional costs in relation to any new systems, procedures, and controls, and additional management attention could be required in order to ensure an efficient integration, placing burdens on our internal resources.

Most of our products and services depend heavily on our electronic delivery systems and the Internet. Our ability to deliver information using the Internet may be impaired because of infrastructure failures or outages in our systems or those of our third-party service providers or Internet providers, malicious attacks, or other factors. If disruptions, outages, failures, or slowdowns of our electronic delivery systems or the Internet occur, our ability to distribute our products and services effectively and to serve our subscribers may be impaired.

We are also subject to potential shortcomings in our own business resilience practices, such as failures to fully understand dependencies between different business processes across the locations at which they are performed, inadequate vendor risk assessment and management processes and critical vendor dependencies, concentration of certain critical activities in areas of geopolitical risk or with “single point of failure” employees or employee groups, and possibly ineffective location recovery strategies in the event of a location disruption.

Disruptions to our third-party technology providers and management systems could harm our business and lead to loss of subscribers.

We depend on third-party technology providers and management systems to distribute our content and process transactions. We exercise no control over our third-party vendors or the infrastructure or networks under which they operate, which makes us vulnerable to any errors, interruptions, or delays in their operations. Any disruption in the services provided by these vendors, or an inability to keep up with our growing demands for capacity, could have significant adverse impacts on our business reputation, customer relations, and operating results. Upon expiration or termination of any of our agreements with third-party vendors, we may not be able to replace the services provided to us in a timely manner or at all, or on terms and conditions, including service levels and cost, that are favorable to us, and a transition from one vendor to another vendor could subject us to operational delays and inefficiencies until the transition is complete.

Moreover, our third-party technology providers may disagree with, or choose to take a public stance against, the editorial content produced by certain of our operating brands, or otherwise decide to cease providing services to us. This may result in, among other things, disruption in our operations, copycat behavior by other of our vendors, difficulty retaining or attracting employees, or negative media attention.

We may require additional capital to support business growth, and such capital might not be available on acceptable terms, if at all.

We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new features and products or enhance our existing services, improve our operating infrastructure, or acquire complementary businesses and products. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences, and privileges superior to those of holders of Class A common stock. Any debt financing we may pursue in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. We may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired, and our business may be harmed.

Furthermore, our Credit Facility provides for the ability to borrow up to $150 million, and includes an uncommitted incremental facility feature that permits us to incur up to an additional $65 million of total borrowings, subject to obtaining the consent of each lender providing the additional commitments and other conditions as set forth in the credit agreement governing our Credit Facility. Borrowings under our Credit Facility are secured by substantially all the properties, rights, and assets of our direct subsidiary, MarketWise, LLC, as well as certain of its direct and indirect material U.S. subsidiaries. Additionally, the credit agreement governing our Credit Facility contains certain customary restrictive covenants that limit our ability to incur additional indebtedness and liens, merge with other companies or consummate certain changes of control, acquire other companies, engage in new lines of business, make certain investments, pay dividends, and transfer or dispose of assets, as well as financial covenants that require us to maintain specified leverages. These covenants could limit our ability to seek capital through the incurrence of new indebtedness or, if we are unable to meet our financial covenants, require us to repay any outstanding amounts with sources of capital we may otherwise use to fund our business, operations, and strategy. When our Credit Facility expires, we may not be able to obtain additional financing on similar terms, if at all. If we are unable to renew or replace our Credit Facility on terms satisfactory to us, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired, and our business may be harmed.

We are subject to payment processing risk.

Our subscribers pay for our services using a variety of different payment methods, including credit and debit cards, prepaid gift cards, and direct debit. We rely on internal systems, as well as those of third parties, to process payments. Acceptance and processing of these payment methods are subject to certain rules and regulations, including additional authentication requirements for certain payment methods, and require payment of interchange and other fees, which may increase over time and raise our operating costs and lower our profit margins. For example, we have in the past experienced higher transaction fees from our third-party processors as a result of chargebacks on credit card transactions. Frequently changing credit card company terms and conditions may result in the way we accept payments being deemed non-compliant and potentially cause us to be suspended or terminated by our payment processors. To the extent there are increases in payment processing fees or the cash reserves required by third party payment processors, material changes in the payment ecosystem, such as large re-issuances of payment cards, changes in public perception and confidence in the payment systems we are utilizing, delays in receiving payments from payment processors, changes to rules or regulations concerning payments, loss of payment partners, and/or disruptions or failures in our payment processing systems, partner systems, or payment products, including products we use to update payment information, our revenue, operating expenses, and results of operations could be adversely impacted. In addition, from time to time, we encounter fraudulent use of payment methods, which could impact our results of operations and, if not adequately controlled and managed, could create negative consumer perceptions of our products and services. If we are unable to maintain our fraud and chargeback rate at acceptable levels, card networks may impose fines and/or reserves, our card approval rate may be impacted, and we may be subject to additional card authentication requirements. The termination of our ability to process payments on any major payment method would significantly impair our ability to operate our business.

Risks Related to Legal and Regulatory Matters

Failure to comply with laws and regulations or other regulatory action or investigations, including with respect to the federal and state securities laws, could adversely affect our business.

Various aspects of our business and services are subject to federal, state, and local regulation, as well as regulation outside the United States. We rely upon the “publisher’s exclusion” from the definition of “investment adviser” under Section 202(a)(11)(D) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), and corresponding state securities laws for our investment newsletter business. In order to maintain our qualification for this exclusion, our newsletter publications must be: (1) of a general and impersonal nature, in that the advice provided is not adapted to any specific portfolio or any client’s particular needs; (2) “bona fide” or genuine, in that it contains disinterested commentary and analysis as opposed to promotional material; and (3) of general and regular circulation, in that it is not timed to specific market activity or to events affecting, or having the ability to affect, the securities industry. The United States Supreme Court in *Lowe v. Securities and Exchange Commission*, 472 U.S. 181 (1985), held that a publisher of advice concerning securities, even where that advice consisted of specific recommendations to buy, sell, or hold particular securities, is entitled to rely on the publisher's exclusion where the publisher does not offer individualized advice tailored to any specific portfolio or to any client's particular needs. As long as communications between the publisher and its subscribers remain entirely impersonal and do not develop into the kind of fiduciary relationships that are characteristic of investment adviser-client relationships, the *Lowe* court held that such products and publications presumptively fall within the exclusion and thus the publisher is not subject to registration under the Advisers Act.

We believe our provision of financial research products meets the requirements of the publisher's exclusion. The financial research products we offer to our clients are of a general and impersonal nature and are not individualized or tailored to any client's particular needs. We do not collect any investor suitability information, nor do we perform any suitability analysis. The products are marketed to the general public and do not reflect any fiduciary or person-to-person relationships that are characteristic of investment adviser-client relationships. Our financial research offerings are genuine publications, providing disinterested and impersonal commentary and analysis to our subscribers. We are not compensated by the sponsors or distributors of any investment products highlighted in our publications. We publish our research reports on a routine or periodic basis, and publication is not timed to specific market activity or to events affecting or having the ability to affect the securities industry. The publication frequency of our newsletters varies, though newsletters are generally published on a monthly basis. If we change our business practices in such a way as to not satisfy the publisher's exclusion, or otherwise fails to comply with the regulatory requirements concerning this exclusion, we may face sanctions as an unregistered investment adviser or other results that could have a negative effect on our business.

If we meet the definition of "investment adviser" in the Advisers Act, and do not meet the requirements for reliance on the "publisher's exclusion" from the definition of "investment adviser" or another exclusion, exemption, or exception from the registration requirements under the Advisers Act, we will have to register as an investment adviser with the SEC pursuant to the Advisers Act and potentially with one or more states under similar state laws. Registration requirements for investment advisers are significant. If we are deemed to be an investment adviser and are required to register with the SEC and potentially one or more states as an investment adviser, we will become subject to the requirements of the Advisers Act and the corresponding state laws. The Advisers Act requires: (i) fiduciary duties to clients; (ii) substantive prohibitions and requirements; (iii) contractual requirements; (iv) record-keeping requirements; and (v) administrative oversight by the SEC, primarily by inspection. Requirements and obligations imposed on investment advisers can be burdensome and costly. If it is deemed that we are out of compliance with such rules and regulations, we may also be subject to civil and/or criminal penalties. Applicable state laws may have similar or additional requirements. If we are required to register under these laws, we may no longer be able to continue to offer our investment research services, which may have a significant adverse impact on our business and results of operations.

We could face liability for the information and data we collect and distribute or the reports and other documents produced by our software products.

We may be subject to claims for securities law violations, defamation (including libel and slander), negligence, or other claims relating to the information we publish, including our research. For example, investors may take legal action against us if they rely on published information that contains an error, or a company may claim that we have made a defamatory statement about it or its employees.

We rely on a variety of outside parties as the original sources for the information we use in our published data. These sources include securities exchanges and other data providers. We also incorporate data from a variety of third-party sources. Accordingly, in addition to possible exposure for publishing incorrect information that results directly from our own errors, we could face liability based on inaccurate data provided to us by others.

We could be subject to claims by providers of publicly available data and information we compile from websites and other sources that we have improperly obtained that data in violation of the source's copyrights or terms of use or based on the provisions of legislation that limit the bases on which businesses can collect personal information from and about individuals. We could also be subject to claims from third parties, such as securities exchanges, from which we license and redistribute data and information that we have used or redistributed the data or information in ways not permitted by our license rights, or that we have inadequately permitted our subscribers to use such data. The agreements with such exchanges and other data providers give them extensive data use audit rights, and such audits can be expensive and time consuming and potentially result in substantial fines. Defending claims based on the information we publish could be expensive and time-consuming and could adversely impact our business, operating results, and financial condition.

We may not adequately protect or enforce our own intellectual property and may incur costs to defend against, or face liability for, intellectual property infringement claims (or related claims) of others.

To protect our intellectual property, we rely on a combination of trademarks, copyrights, confidentiality agreements, and various other contractual arrangements with our employees, affiliates, customers, strategic partners, and others. We own several trademark registrations and copyright registrations, and have pending trademark applications, including in the United States and Canada. We may seek additional trademark, patent, and other intellectual property filings, which could be expensive and time-consuming. These trademarks, patents, and other registered intellectual property rights may not be granted and, even if they are, it could be expensive to maintain these rights and the costs of defending our rights could be substantial. Moreover, we may fail to develop and properly manage data and information providers, such as securities exchanges, from which we license and redistribute data and information. We may use or redistribute the data or information from providers in ways not permitted by our license rights, or that we have inadequately permitted our subscribers to use such data. The agreements with such exchanges and other data providers give them extensive data use audit rights, and such audits can be expensive and time consuming and potentially result in substantial fines. Defending claims based on the information we publish could be expensive and time-consuming and could adversely impact our business, operating results, and financial condition.

Our code of conduct, employee handbook, and other internal policies seek to protect our intellectual property against misappropriation, infringement, and unfair competition. We also utilize various tools to police the Internet to monitor piracy and unauthorized use of our content. In addition, whether we grant access to our intellectual property via contract or license third-party content and/or technology, we incorporate contractual provisions to protect our intellectual property and seek indemnification for any third-party infringement claims.

However, we cannot provide any guarantee that the foregoing provisions will be honored by or enforceable against the counterparties to such arrangements, or adequate to protect us from third-party claims, suits, government investigations, and other proceedings involving alleged infringement, misappropriation, dilution, or violation of, or conflict with, third-party intellectual property rights or other related matters, or that these provisions will prevent the theft of our intellectual property, as we may be unable to detect the unauthorized use of, or take appropriate steps to enforce, our intellectual property rights. Our intellectual property rights may not survive a legal challenge to their validity or provide significant protection for us. In addition, our ability to enforce and protect our intellectual property rights may be limited in certain countries outside the United States because of the differences in foreign laws concerning intellectual property rights, which could make it easier for competitors to capture a market position in such countries by utilizing technologies and products that are similar to those developed or owned by or licensed to us. Failure to adequately protect our intellectual property could harm our brand, devalue our proprietary content, and affect our ability to compete effectively. Further, any infringement claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources on our part, which could materially adversely affect our business, results of operations, and financial condition. In addition, the various agreements, policies, procedures, and contractual provisions that we rely on to protect our proprietary rights do not prevent our competitors from independently developing technologies that are substantially equivalent or superior to those contained in our products and services. Although we have generally taken measures to protect our proprietary rights, there can be no assurance that others will not offer products or concepts that are substantially similar to ours and compete with our business.

The software and Internet industries are characterized by the existence of a large number of patents, trademarks, and copyrights and by frequent litigation based on allegations of infringement, misappropriation, dilution, conflict with, or other violations of intellectual property rights. In addition, various “non-practicing entities” that own patents and other intellectual property rights often attempt to aggressively assert their rights in order to extract value from providers of software products or services. From time to time we may introduce or acquire new products, including in areas where we historically have not competed, which could increase our exposure to patent and other intellectual property claims from competitors and non-practicing entities. We have from time to time been subject to claims by third parties alleging infringement, misappropriation, dilution, or violation of, or conflict with, their intellectual property rights and other related claims. Such claims can also be alleged against clients, customers, or distributors of our products or services whom we have agreed to indemnify against third-party claims of infringement. The defense of such claims can be costly and consume valuable management time and attention. We may be faced with an adverse determination in respect of such claims, or we may be forced to settle such claims on unfavorable terms, which in each case can include the payment of damages, the entry into royalty or licensing arrangements on commercially unfavorable terms, or the suspension or cessation of our ability to offer affected products or services, or the requirement that we redesign such affected products or services. There can be no certainty we would prevail in litigation that arises from any such claims. Such claims and litigation could have a material adverse effect on our business, financial condition, or results of operations. In addition, depending on the nature and timing of any such dispute, an unfavorable resolution of a legal matter could materially affect our current or future results of operations or cash flows in a particular quarter.

Our database and network facilities, and those of our third-party service providers, could fail, become unavailable, or otherwise inadequate, and are subject to cybersecurity risks. Failures of our internal security measures or breach of our privacy protections could cause us to lose subscribers and subject us to liability.

Our database and network facilities, and those of our third-party service providers, are vulnerable to attempted cybersecurity attacks that may take a variety of forms, including, infrastructure, botnets, malicious file attacks, cross-site scripting, credential abuse, ransomware, bugs, viruses, worms, malicious software programs, and denial of service attacks that could lead to misappropriation of our data, corruption of our databases, or limitation of access to our information systems. To defend against these threats, we implement a series of controls focusing on both prevention and detection, including firewalls, intrusion detection systems, automated scanning and testing, server hardening, antivirus software, training, and patch management, but cannot guarantee that these efforts will work as planned. We make significant investments in servers, storage, and other network infrastructure to prevent incidents of network failure and downtime, but we cannot guarantee that these efforts will work as planned.

These cybersecurity incidents or other significant disruptions could be caused by persons inside our organization, persons outside our organization with authorized access to systems inside our organization, or by individuals outside our organization. The risk of a cybersecurity incident or disruption, particularly through cyber-attack or cyber-intrusion, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. Although the cybersecurity incidents that we have experienced to date, as well as those reported to us by our third-party partners, have not had a material effect on our business, financial condition or results of operations, such incidents could have a material adverse effect on us in the future.

Our business requires that we securely collect, process, store, transmit, and dispose of confidential information relating to our operations, subscribers, employees, and other third parties. In particular, Paid Subscribers are required to furnish certain information (including name, mailing address, phone number, email address, and credit card information) (collectively “personal information”), which we use to administer our services. We also require Free Subscribers (as defined below) to provide us with some personal information, such as email addresses, during the membership registration process. Additionally, we rely on security and authentication technology licensed from third parties to perform real-time credit card authorization and verification, and at times rely on third parties, including technology consulting firms, to help protect our infrastructure from security threats. As the breadth and complexity of this infrastructure continues to grow, including as a result of the use of mobile technologies, social media and cloud-based services, the risk of security breaches and cyberattacks increases. We strive to invest in systems, processes, controls, and other security measures to guard against the risk of improper access to or release of such information.

However, despite our investments, these measures do not guarantee absolute security, and improper access to or release of confidential information has occurred. Any security incident, including those resulting from a cyberattack, phishing attack, or any unauthorized access, unauthorized usage, virus, or similar incident or disruption, could result in the loss or destruction of, inaccessibility or unauthorized access to, or use, alteration, disclosure, or acquisition of, data, damage to our reputation, litigation, regulatory investigations, or other liabilities. These attacks may come from individual hackers, criminal groups, and/or state-sponsored organizations.

We have suffered in the past, and may in the future suffer, malicious attacks by individuals or groups (including criminal groups and those sponsored by nation-states, terrorist organizations, or global corporations seeking to illicitly obtain technology or other intellectual property) seeking to attack our products and services or penetrate our network infrastructure to gain access to confidential information, including personal information, or to launch or coordinate distributed denial of service attacks. While we have dedicated resources intended to maintain appropriate levels of cybersecurity and implemented systems and processes intended to help identify cyberattacks and protect our network infrastructure, these attacks have become increasingly frequent, sophisticated, and difficult to detect, and often are not detected until after they have been launched against a target. We may be unable to anticipate these attacks or implement sufficient preventative measures, and we therefore cannot assure you that our preventative measures will be successful in preventing compromise and/or disruption of our information technology systems and related data. We furthermore cannot be certain that our remedial measures will fully mitigate the adverse financial consequences of any cyber-attack or incident.

Recent well-publicized security breaches at other companies have led to further enhanced government and regulatory scrutiny of the measures taken by companies to protect against cyberattacks and may in the future result in heightened cybersecurity requirements, including the implementation of more robust internal measures and additional regulatory expectations for oversight of customers, vendors, and service providers. Our information technology systems interact with those of customers, vendors, and service providers. Our contracts with those parties typically require them to implement and maintain adequate security controls, but we may not have the ability to effectively monitor the security measures of all our customers, vendors, and service providers and otherwise meet such additional regulatory expectations.

Additionally, we engage third-party vendors and service providers to store and otherwise process some of our customers' personal information, and they may be the targets of cyberattacks, malicious software, phishing schemes, and fraud. Our ability to monitor our vendors' and service providers' data security is limited, and, in any event, third parties may be able to circumvent those security measures, resulting in the unauthorized access to, misuse, acquisition, disclosure, loss, alteration, or destruction of our and our customers' data, including confidential, sensitive, and other information about individuals.

If our security measures are breached as a result of third-party action, employee error, a defect or bug in our products or those of our third-party service providers, malfeasance, or otherwise and, as a result, someone obtains unauthorized access to our data, including our confidential, sensitive, or other information about individuals or the confidential, sensitive, or other information about individuals of our customers, or other persons, or any of these types of information is lost, destroyed, or used, altered, disclosed, or acquired without authorization, our reputation may be damaged, our business may suffer, and we could incur significant liability. Even the perception of inadequate security may damage our reputation and negatively impact our ability to win new customers and retain and receive timely payments from existing customers. Laws in all 50 U.S. states and outside the U.S., including Europe and the United Kingdom also require notifications of certain incident to a number of third parties, such as customers, regulators, credit reporting agencies or others when certain sensitive information has been compromised as a result of a security breach. In addition, we could be subject to private litigation and actions from government regulators, which could entail significant monetary expenditures and/or penalties and result in significant reputational damage. Finally, we could be required to expend significant capital and other resources to address any data security incident or breach, which may not be covered or fully covered by our insurance and which may involve payments for investigations, forensic analyses, legal advice, public relations advice, system repair or replacement, or other services.

We are subject to laws, regulations, and industry standards related to data privacy, data protection, and information security, including industry requirements such as the Payment Card Industry Data Security Standard. Our actual or perceived failure to comply with such obligations could harm our business.

Our products and websites routinely collect, store, process, and transmit personal information about an individual, including personally identifiable information and personal financial information such as credit card information. We are subject to various laws and related regulations relating to data privacy, data protection, and information security. Such laws and regulations restrict and set standards for how personal information is collected, processed, stored, used, and disclosed, and mandate certain security requirements, implement notice requirements regarding privacy practices, and provide individuals with certain rights regarding the maintenance, use, disclosure, and sale of their protected personal information. If we are found to have breached any such laws, regulations, or industry standards, we may be subject to enforcement actions that require us to change our business practices in a manner that may negatively impact our revenue, as well as expose us to litigation, fines, regulatory enforcement, injunctive orders to cease or change our data processing activities, civil and/or criminal penalties, and adverse publicity that could cause our customers to lose trust in us, negatively impacting our reputation and business in a manner that harms our financial position.

In the United States, both federal and various state governments have adopted or are considering, laws, guidelines, or rules for the collection, distribution, use, and storage of information collected from or about consumers or their devices. For example, California enacted the California Consumer Privacy Act of 2018 (the “CCPA”), which came into force in 2020. The CCPA creates a broad range of individual privacy rights for California residents and increases the privacy and security obligations of businesses handling personal information. The CCPA is enforceable by the California Attorney General and the California Privacy Protection Agency (as described below), and there is also a private right of action relating to certain data security incidents that may increase security breach litigation. Furthermore, California voters approved the California Privacy Rights Act (the “CPRA”) on November 3, 2020, which further amends and expands the CCPA, and became effective on January 1, 2023. The CPRA’s amendments to the CCPA impose additional data protection obligations on covered companies, including certain consumer rights processes, the right to correct personal information, and opt-outs for certain uses of sensitive personal information and the sharing of personal information for targeted advertising purposes; such requirements look back to January 2022. The CPRA’s amendments also created a new enforcement bureau, the California Privacy Protection Agency. In addition, starting January 1, 2023, personal information collected about California’s residents acting in a personnel/employee or business-to-business context came fully within scope of the CCPA.

The CCPA has also encouraged similar laws in other states across the country. For example, Virginia enacted the Virginia Consumer Data Protection Act (the “VCDPA”), another comprehensive state privacy law, which also became effective January 1, 2023. Also in 2021, Colorado enacted the Colorado Privacy Act (the “CPA”) and Connecticut enacted the Connecticut Data Privacy Rights Act (the “CTDPA”), both of which go into effect July 1, 2023, and Utah enacted the Utah Consumer Privacy Act (the “UCPA”), which went into effect December 31, 2023. Additional states are continuing to adopt similar laws and others are continuing to consider the adoption of similar laws. A number of other proposals exist for new federal and state privacy legislation that, if passed, could increase our potential liability, increase our compliance costs, modify our data processing practices and materially and adversely affect our business, prospects, financial condition and operating results.

Our compliance with these changing and increasingly burdensome, and sometimes conflicting regulations and requirements, may cause us to incur substantial costs or require us to change our business practices, which may impact financial results. If we fail to comply with these regulations or requirements, we may be exposed to litigation expenses and possible significant liability, fees, or fines. We cannot fully predict the impact of the CCPA, VCDPA, CPA, CTDPA and UCPA, or subsequent guidance, regulations or rules on our business or operations, including those that are still in draft form, but it may increase our compliance costs and potential liability, particularly in the event of a data breach, and could have a material adverse effect on our business, including how we use personal information, our financial condition, and the results of our operations or prospects. We are also subject to payment card association operating rules, certification requirements, and rules governing electronic funds transfers, including the Payment Card Industry Data Security Standard (the “PCI DSS”), a security standard applicable to companies that collect, store, or transmit certain data regarding credit and debit cards, holders, and transactions. Under the PCI DSS and our contracts with our card processors, if there is a breach of payment card information that we store, we could be liable to the banks that issue the payment cards for their related expenses and penalties. In addition, if we fail to follow payment card industry data security standards, even if there is no compromise of customer information, we could incur significant fines, have significant reserves imposed on our accounts, or lose our ability to give our customers the option of using payment cards. If we were unable to accept payment cards, our business would be materially harmed.

In addition, laws in countries outside of the United States create significant compliance obligations and liability. For example, to the extent our operations are subject to the EU General Data Protection Regulation (Regulation 2016/679 and applicable national supplementing laws and the UK data protection regime consisting primarily of the UK General Data Protection Regulation and the UK Data Protection Act 2018 (together referred to as the “GDPR”), this will create an ongoing compliance commitment and substantial costs, in relation to our collection, processing, sharing, disclosure, transfer and other use of personal data. Ensuring compliance with the GDPR could involve substantial costs, and it is possible that, despite our efforts, competent authorities or third parties will assert that our business practices fail to comply. If our operations are found to be in violation of the GDPR, we may be required to change our business practices and/or be subject to significant civil penalties, regulatory enforcement, business disruption, and reputational harm, any of which could have a material adverse effect on our business. In particular, if we or our vendors fail to comply with the GDPR and the applicable national data protection laws of the EU or European Economic Area member states, or if regulators assert we have failed to comply with these laws, it may lead to regulatory enforcement actions, which can result in significant monetary penalties and other administrative penalties.

We are also subject to evolving EU and UK privacy laws on cookies, tracking technologies and e-marketing practices. Recent European court decisions, and regulators’ recent decisions and guidance are driving increased attention to cookies, tracking technologies, and e-marketing practices. If the trend of increasing enforcement continues, this could increase our liability exposure and lead to substantial costs. It could also require significant systems changes, limit the effectiveness of our marketing activities, divert the attention of our technology personnel, adversely affect our margins, increase costs and subject us to additional liabilities. It may lead to broader restrictions and impairments on our marketing and personalization activities and may negatively impact our efforts to understand users.

As we continue to expand into other foreign countries and jurisdictions, we may also be subject to additional laws and regulations that may affect how we conduct business.

For example, Brazil enacted the General Data Protection Law, New Zealand enacted the New Zealand Privacy Act, China enacted its Personal Information Protection Law, and Canada introduced the Digital Charter Implementation Act.

We make disclosures and statements regarding our use of personal information through our privacy policies and statements through our products and websites as required by privacy or data protection regulations. Failure (or perceived failure) to comply with our public statements or to adequately disclose our privacy or data protection practices could result in costly investigations by governmental authorities, litigation, and fines, as well as reputational damage and customer loss, which could have material impacts on our revenue and operations. This includes, but is not limited to, lawsuits and enforcement actions brought under the federal FTC Act, state unfair competition laws, state wiretap statutes, and similar laws and regulations.

We also from time to time acquire other companies that collect and process personal information. While we perform due diligence on the technology systems of these companies, there can be no assurance that such companies have not suffered data breaches or system intrusions prior to, or continuing after, our acquisition for which we may be liable.

While we maintain insurance coverage that is intended to address certain aspects of cybersecurity and data protection risks, such coverage may not be sufficient to cover all or the majority of the costs, losses, or types of claims. Our insurance covers reimbursement for lost net profits or increased net loss of profits resulting from adverse publicity concerning an actual or alleged network impairment or privacy event. While it does not cover the costs for improvements to our systems, it does cover costs to restore our system operations.

Our use of AI may create significant compliance obligations and liability. For example, the EU is about to adopt a proposed regulation related to AI which will impose onerous obligations on developers, manufacturers, importers and users of AI systems. Other jurisdictions are also considering adopting regulation on AI. Our use of this technology could thus result in additional compliance costs, regulatory investigations and actions, and consumer lawsuits. Further, our use of AI may conflict with certain privacy laws and could create liability risks.

Compliance with ever evolving federal and state laws relating to consumer protection and communication privacy laws, and any failure by us to comply may result in significant liability, negative publicity, and/or an erosion of trust, which could materially adversely affect our business, results of operations, and financial condition.

Laws, regulations, and standards covering marketing, advertising, and other activities conducted by telephone, email, mobile devices, and the internet may be or become applicable to our business, such as the Telephone Consumer Protection Act (the "TCPA"), the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (the "CAN-SPAM Act"), and similar state consumer protection and communication privacy laws, such as California's Invasion of Privacy Act.

We utilize a broad mix of marketing programs and platforms to promote our services and content to current and prospective subscribers. Two of our primary means of communicating with our subscribers has been via email and text messages. Actual or perceived improper sending of such email or text messaging communications may subject us to potential risks, including liabilities or claims relating to consumer protection laws such as the TCPA and the CAN-SPAM Act. We strive to ensure that all of our marketing communications comply with the requirements set forth in the TCPA and CAN-SPAM Act, any violations could result in the Federal Communications Commission (FCC) and FTC, respectively, seeking civil penalties against us. Numerous class-action suits under federal and state laws have been filed in recent years against companies who conduct email marketing, telemarketing and/or SMS texting programs, with many resulting in multi-million-dollar settlements to the plaintiffs. Any current or future such litigation against us could be costly and time-consuming to defend.

In recent years, consumer protection regulations, particularly in connection with marketing on the Internet and consumer privacy, have become more aggressive, and we expect that new laws and regulations will continue to be enacted at the local, state, national, and international levels. In addition, there is extensive regulatory scrutiny of financial publishers and investment newsletters because of concerns over schemes involving touting, front running, "pumping and dumping," scalping, undisclosed conflicts of interest, deceptive marketing, and false performance claims and testimonials. Any new legislation and enhanced scrutiny, alone or combined with increasingly aggressive enforcement of existing laws, could make our ability to comply with applicable laws and regulations more difficult and expensive. In addition, we have been, and may in the future continue to be, the subject of requests from or investigations by state and federal regulatory bodies, and may be subject to continued or increased regulatory scrutiny in the future. Any of the foregoing could have a material adverse effect on our business, results of operations, and financial condition.

Adverse litigation judgments or settlements resulting from legal proceedings relating to our business operations could materially adversely affect our business, results of operations, and financial condition.

From time to time, we are subject to allegations, and have been and may become party to legal claims and regulatory proceedings, relating to our business operations. Such claims may include defamation, libel, intellectual property infringement, securities law violations, misappropriation, dilution, violation, fraud or negligence, or other theories of liability, in each case relating to the articles, commentary, investment recommendations, or other information we provide through our services. Such allegations, claims, and proceedings may be brought by third parties, including customers, partners, employees, governmental or regulatory bodies, or competitors, and may include class actions.

Defending against such claims and proceedings is costly and time consuming and may divert management's attention and personnel resources from our normal business operations. The outcome of many of these claims and proceedings cannot be predicted, and any claims asserted against us regardless of merit or eventual outcome, may harm our reputation. Our insurance or indemnities may not cover all claims that may be asserted against us. If any of these claims or proceedings were to be determined adversely to us, a judgment, fine, or settlement involving a payment of a material sum of money were to occur, or injunctive relief were issued against us, our business, results of operations, and financial condition could be materially adversely affected.

Our failure to comply with the anti-corruption, trade compliance, and economic sanctions laws and regulations of the United States and applicable international jurisdictions could materially adversely affect our reputation and results of operations.

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

Our business also must be conducted in compliance with applicable economic sanctions laws and regulations, such as laws administered by the U.S. Department of the Treasury's Office of Foreign Assets Control, the U.S. Department of State, the U.S. Department of Commerce, the United Nations Security Council, and other relevant sanctions authorities. Our operations expose us to the risk of violating, or being accused of violating, anti-corruption, trade compliance, and economic sanctions laws and regulations, and those risks may be heightened as we continue to expand globally. Our failure to successfully comply with these laws and regulations may expose us to reputational harm, significant sanctions, including criminal fines, imprisonment, civil penalties, disgorgement of profits, injunctions, and debarment from government contracts, and other remedial measures. Investigations of alleged violations can be expensive and disruptive. Despite our compliance efforts and activities, we cannot assure compliance by our employees or representatives for which we may be held responsible, and any such violation could materially adversely affect our reputation, business, financial condition, and results of operations.

Changes in our provision for income taxes or adverse outcomes resulting from examination of our income or other tax returns or changes in tax legislation could adversely affect our business, financial condition, and results of operations.

Our provision for income taxes is subject to volatility and could be adversely affected by a number of factors, including earnings differing materially from our projections, changes in the valuation of our deferred tax assets and liabilities, expected timing and amount of the release of any tax valuation allowances, tax effects of share-based compensation, outcomes as a result of tax examinations, or changes in tax laws, regulations, accounting principles, including accounting for uncertain tax positions, or interpretations thereof.

To the extent that our provision for income taxes is subject to volatility or adverse outcomes as a result of tax examinations, our operating results could be harmed. Significant judgment is required to determine the recognition and measurement attribute prescribed in GAAP relating to accounting for income taxes. In addition, we are subject to examinations of our income tax returns by the U.S. Internal Revenue Service (the "IRS") and other tax authorities. We assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. There may be exposure that the outcomes from these examinations will have an adverse effect on our business, financial condition, and results of operations.

Risks Related to Our Organizational Structure

MarketWise, Inc.'s sole material asset is its interest in MarketWise, LLC, and, accordingly, it will depend on distributions from MarketWise, LLC to pay its taxes and expenses, including payments under the Tax Receivable Agreement. MarketWise, LLC's ability to make such distributions may be subject to various limitations and restrictions. In certain circumstances, tax distributions payable to MarketWise, Inc. may be substantial and in

excess of its tax liabilities and obligations under the Tax Receivable Agreement. To the extent that MarketWise, Inc. does not distribute such excess cash, MarketWise Members would benefit from any value attributable to such cash balances as a result of their ownership of Class A common stock following an exchange of their LLC Units.

MarketWise, Inc. is a holding company and has no material assets other than its equity interest in MarketWise, LLC. As such, MarketWise, Inc. has no independent means of generating revenue or cash flow, and its ability to pay taxes and operating expenses or declare and pay dividends in the future, if any, will be dependent upon the financial results and cash flows of MarketWise, LLC and its subsidiaries, and distributions MarketWise, Inc. receives from MarketWise, LLC. There can be no assurance that MarketWise, LLC and its subsidiaries will generate sufficient cash flow to distribute funds to MarketWise, Inc., or that applicable state law and contractual restrictions, including negative covenants in any debt agreements of MarketWise, LLC or its subsidiaries, will permit such distributions.

Moreover, MarketWise, Inc. also incurs expenses related to its operations, including payments under the Tax Receivables Agreement, which could be substantial. Because MarketWise, Inc. has no independent means of generating revenue, MarketWise, Inc.'s ability to make tax payments and payments under the Tax Receivable Agreement is dependent on the ability of MarketWise, LLC to make distributions to MarketWise, Inc. in an amount sufficient to cover MarketWise, Inc.'s tax obligations and obligations under the Tax Receivables Agreement.

MarketWise, LLC is treated as a partnership for U.S. federal income tax purposes and, as such, generally will not be subject to any entity-level U.S. federal income tax. Instead, taxable income will be allocated to its equityholders, including MarketWise, Inc. Accordingly, MarketWise, Inc. will incur income taxes on its allocable share of any net taxable income of MarketWise, LLC. Under the terms of the Third Amended and Restated Limited Liability Company Operating Agreement of MarketWise, LLC (the "MarketWise Operating Agreement"), MarketWise, LLC is obligated, subject to various limitations and restrictions, including with respect to any debt agreements, to make tax distributions to owners of the common units issued by MarketWise, LLC ("LLC Units"), including MarketWise, Inc. MarketWise, Inc. intends, as MarketWise, LLC's sole manager, to cause MarketWise, LLC to make cash distributions to the owners of LLC Units in an amount sufficient to (i) fund all or part of such owners' tax obligations in respect of taxable income allocated to such owners and (ii) cover MarketWise, Inc.'s operating expenses, including payments under the Tax Receivable Agreement. However, MarketWise, LLC's ability to make such distributions may be subject to various limitations and restrictions, such as restrictions on distributions under contracts or agreements to which MarketWise, LLC is then a party, including debt agreements, or any applicable law, or that would have the effect of rendering MarketWise, LLC insolvent. If MarketWise, Inc. does not have sufficient funds to pay tax or other liabilities or to fund our operations, it may have to borrow funds, which could materially adversely affect its liquidity and financial condition and subject us to various restrictions imposed by any such lenders.

As a result of (i) potential differences in the amount of net taxable income allocable to the MarketWise Members, (ii) the lower tax rates currently applicable to corporations as opposed to individuals, and (iii) the favorable tax benefits that MarketWise, Inc. anticipates from any redemptions or exchanges of LLC Units for its Class A common stock or cash pursuant to the MarketWise Operating Agreement in the future, tax distributions payable to MarketWise, Inc. may be in amounts that exceed its actual tax liabilities and obligations to make payments under the Tax Receivable Agreement with respect to the relevant taxable year. MarketWise, Inc.'s board of directors ("Board of Directors") will determine the appropriate uses for any excess cash so accumulated, which may include, among other uses, the payment of other expenses or dividends on MarketWise, Inc.'s stock, although MarketWise, Inc. will have no obligation to distribute such cash (or other available cash) to its stockholders. Except as otherwise determined by MarketWise, Inc. as the sole manager of MarketWise, LLC, no adjustments to the exchange ratio for LLC Units and corresponding shares of our Class A common stock will be made as a result of any cash distribution by MarketWise, Inc. or any retention of cash by MarketWise, Inc. To the extent MarketWise, Inc. does not distribute such excess cash as dividends on its Class A common stock, it may take other actions with respect to such excess cash—for example, holding such excess cash or lending it (or a portion thereof) to MarketWise, LLC, which may result in shares of our Class A common stock increasing in value relative to the value of the LLC Units. The MarketWise Members may benefit from any value attributable to such cash balances if they acquire shares of our Class A common stock in exchange for their LLC Units, notwithstanding that such holders may previously have participated as holders of the LLC Units in distributions by MarketWise, LLC that resulted in such excess cash balances.

The Tax Receivable Agreement requires MarketWise, Inc. to make cash payments to the MarketWise Members in respect of certain tax benefits to which MarketWise, Inc. may become entitled, and no such payments will be made to any holders of our Class A common stock unless such holders are also MarketWise Members. The payments MarketWise, Inc. will be required to make under the Tax Receivable Agreement may be substantial.

MarketWise, Inc. is a party to the Tax Receivable Agreement with the MarketWise Members and MarketWise, LLC. Under the Tax Receivable Agreement, MarketWise, Inc. generally is required to make cash payments to the MarketWise Members equal to 85% of the tax benefits, if any, that MarketWise, Inc. actually realizes, or in certain circumstances is deemed to realize, as a result of (1) the increases in the tax basis of assets of MarketWise, LLC resulting from any redemptions or exchanges of LLC Units for our Class A common stock or cash by the MarketWise Members pursuant to the MarketWise Operating Agreement, or certain distributions (or deemed distributions) by MarketWise, LLC and (2) certain other tax benefits arising from payments under the Tax Receivable Agreement. No such payments will be made to any holders of our Class A common stock unless such holders are also MarketWise Members.

The payment obligations under the Tax Receivable Agreement are MarketWise, Inc.'s obligations and not the obligations of MarketWise, LLC, and the amount of the cash payments that MarketWise, Inc. will be required to make under the Tax Receivable Agreement may be substantial. Any payments made by MarketWise, Inc. to the MarketWise Members under the Tax Receivable Agreement will not be available for reinvestment in the business and will generally reduce the amount of cash that might have otherwise been available to MarketWise, Inc. and its subsidiaries. To the extent 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. Furthermore, MarketWise, Inc.'s future obligations to make payments under the Tax Receivable Agreement could make MarketWise, Inc. and its subsidiaries a less attractive target for an acquisition, particularly in the case of an acquirer that cannot use some or all of the tax benefits that are the subject of the Tax Receivable Agreement. Payments under the Tax Receivable Agreement are not conditioned on the MarketWise Members' continued ownership of LLC Units or our Class A common stock or our Class B common stock.

MarketWise, Inc.'s failure to make any payment required under the Tax Receivable Agreement (including any accrued and unpaid interest) within 90 calendar days of the date on which the payment is required to be made will constitute a material breach of a material obligation under the Tax Receivable Agreement, which will terminate the Tax Receivable Agreement and accelerate future payments thereunder, unless the applicable payment is not made because (i) MarketWise, Inc. is prohibited from making such payment under the terms of the Tax Receivable Agreement or the terms governing certain of its indebtedness or (ii) MarketWise, Inc. does not have, and despite using commercially reasonable efforts cannot obtain, sufficient funds to make such payment.

Estimating the amount and timing of MarketWise, Inc.'s realization of tax benefits subject to the Tax Receivable Agreement is by its nature imprecise. The actual increases in tax basis, as well as the amount and timing of MarketWise, Inc.'s ability to use any deductions (or decreases in gain or increases in loss) arising from such increases in tax basis, as dependent upon significant future events, including the timing of redemptions or exchanges by the MarketWise Members; the price of MarketWise, Inc. Class A common stock at the time of any exchange; the extent to which such exchanges are taxable; the depreciation and amortization periods that apply to the increase in tax basis; the amount of gain recognized by the MarketWise Members; the amount, character and timing of taxable income MarketWise, Inc. generates in the future; the timing and amount of any earlier payments that MarketWise, Inc. may have made under the Tax Receivable Agreement; the tax rates and laws then applicable; and the portion of MarketWise, Inc.'s payments under the Tax Receivable Agreement that constitute imputed interest or give rise to depreciable or amortizable tax basis. Accordingly, estimating the amount and timing of payments that may become due under the Tax Receivable Agreement is also by its nature imprecise and dependent upon significant future events, including those noted above in respect of estimating the amount and timing of MarketWise, Inc.'s realization of tax benefits.

In certain cases, future payments under the Tax Receivable Agreement to the MarketWise Members may be accelerated or significantly exceed the actual benefits MarketWise, Inc. realizes in respect of the tax attributes subject to the Tax Receivable Agreement.

The Tax Receivable Agreement provides that if (i) MarketWise, Inc. materially breaches any of its material obligations under the Tax Receivable Agreement, (ii) certain mergers, asset sales, other forms of business combinations, or other changes of control were to occur, or (iii) MarketWise, Inc. elects an early termination of the Tax Receivable Agreement, then MarketWise, Inc.'s future obligations, or its successor's future obligations, under the Tax Receivable Agreement to make payments thereunder would accelerate and become due and payable, based on certain assumptions, including an assumption that MarketWise, Inc. would have sufficient taxable income to fully utilize all potential future tax benefits that are subject to the Tax Receivable Agreement, and an assumption that, as of the effective date of the acceleration, any MarketWise Member that has LLC Units not yet exchanged shall be deemed to have exchanged such LLC Units on such date, even if MarketWise, Inc. does not receive the corresponding tax benefits until a later date when the LLC Units are actually exchanged.

As a result of the foregoing, MarketWise, Inc. would be required to make an immediate cash payment equal to the estimated present value of the anticipated future tax benefits that are the subject of the Tax Receivable Agreement, based on certain assumptions, which payment may be made significantly in advance of the actual realization, if any, of those future tax benefits and, therefore, MarketWise, Inc. could be required to make payments under the Tax Receivable Agreement that are greater than the specified percentage of the actual tax benefits it ultimately realizes. In these situations, MarketWise, Inc.'s obligations under the Tax Receivable Agreement could have a substantial negative impact on MarketWise, Inc.'s liquidity and could have the effect of delaying, deferring, or preventing certain mergers, asset sales, other forms of business combinations, or other changes of control. In addition, to the extent that MarketWise, Inc. is unable to make payments under the Tax Receivable Agreement for any reason, the unpaid amounts will be deferred and will accrue interest until paid. There can be no assurance that MarketWise, Inc. will be able to fund or finance its obligations under the Tax Receivable Agreement.

MarketWise, Inc. will not be reimbursed for any payments made to the MarketWise Members under the Tax Receivable Agreement in the event that any tax benefits are disallowed.

Payments under the Tax Receivable Agreement will be based on the tax reporting positions that MarketWise, Inc. determines, and the IRS or another tax authority may challenge all or part of the tax basis increases or other tax benefits MarketWise, Inc. claims, as well as other related tax positions it takes, and a court could sustain any such challenge. MarketWise, Inc.'s ability to settle or to forgo contesting such challenges may be restricted by the rights of the MarketWise Members pursuant to the Tax Receivable Agreement, and such restrictions apply for as long as the Tax Receivable Agreement remains in effect. In addition, MarketWise, Inc. will not be reimbursed for any cash payments previously made to the MarketWise Members under the Tax Receivable Agreement in the event that any tax benefits initially claimed by MarketWise, Inc. and for which payment has been made to the MarketWise Members are subsequently challenged by a taxing authority and are ultimately disallowed. Instead, any excess cash payments made by MarketWise, Inc. to the MarketWise Members will be netted against any future cash payments that MarketWise, Inc. might otherwise be required to make to the MarketWise Members under the terms of the Tax Receivable Agreement. However, MarketWise, Inc. might not determine that it has effectively made an excess cash payment to the MarketWise Members for a number of years following the initial time of such payment, and, if any of its tax reporting positions are challenged by a taxing authority, MarketWise, Inc. will not be permitted to reduce any future cash payments under the Tax Receivable Agreement until any such challenge is finally settled or determined. Moreover, the excess cash payments MarketWise, Inc. previously made under the Tax Receivable Agreement could be greater than the amount of future cash payments against which MarketWise, Inc. would otherwise be permitted to net such excess. The applicable U.S. federal income tax rules for determining applicable tax benefits MarketWise, Inc. claims are complex and factual in nature, and there can be no assurance that the "IRS" or a court will not disagree with MarketWise, Inc.'s tax reporting positions. As a result, payments could be made under the Tax Receivable Agreement in excess of the tax savings that MarketWise, Inc. actually realizes in respect of the tax attributes with respect to the MarketWise Members that are the subject of the Tax Receivable Agreement.

If MarketWise, Inc. were to become a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes, MarketWise, Inc. and MarketWise, LLC might be subject to potentially significant tax inefficiencies, and MarketWise, Inc. would not be able to recover payments previously made by it under the Tax Receivable Agreement even if the corresponding tax benefits were subsequently determined to have been unavailable due to such status.

We intend to operate such that MarketWise, LLC does not become a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes. A “publicly traded partnership” is a partnership the interests of which are traded on an established securities market or are readily tradable on a secondary market or the substantial equivalent thereof. Under certain circumstances, redemptions, exchanges or other transfers of the LLC Units could cause MarketWise, LLC to be treated as a publicly traded partnership. Applicable U.S. Treasury regulations provide for certain safe harbors from treatment as a publicly traded partnership, and we intend to operate such that transfers of LLC Units qualify for one or more such safe harbors. For example, we intend to limit the number of unitholders of MarketWise, LLC, and the MarketWise Operating Agreement provides for limitations on the ability of holders of LLC Units to redeem, exchange, or otherwise transfer their LLC Units and provides MarketWise, Inc., as the sole manager of MarketWise, LLC, with the right to impose restrictions (in addition to those already in place) on the ability of holders of LLC Units to redeem, exchange, or otherwise transfer their LLC Units to the extent MarketWise, Inc. believes it is necessary to ensure that MarketWise, LLC will continue to be treated as a partnership for U.S. federal income tax purposes.

If MarketWise, LLC were to become a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes, significant tax inefficiencies might result for MarketWise, Inc. and for MarketWise, LLC. In addition, MarketWise, Inc. may not be able to realize tax benefits covered under the Tax Receivable Agreement, and MarketWise, Inc. would not be able to recover any payments previously made by it under the Tax Receivable Agreement, even if the corresponding tax benefits (including any claimed increase in the tax basis of MarketWise, LLC’s assets) were subsequently determined to have been unavailable.

If MarketWise, Inc. were deemed to be an investment company under the Investment Company Act of 1940, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business.

Under Sections 3(a)(1)(A) and (C) of the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”), a company generally will be deemed to be an “investment company” for purposes of the Investment Company Act if (1) it is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting, or trading in securities or (2) it engages, or proposes to engage, in the business of investing, reinvesting, owning, holding, or trading in securities and it owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. MarketWise, Inc. does not believe that it is an “investment company” as such term is defined in either of those sections of the Investment Company Act.

As the sole managing member of MarketWise, LLC, MarketWise, Inc. will control MarketWise, LLC. On that basis, MarketWise, Inc. believes that its interest in MarketWise, LLC is not an “investment security” as that term is used in the Investment Company Act. However, if MarketWise, Inc. were to cease participation in the management of MarketWise, LLC, its interest in MarketWise, LLC could be deemed an “investment security” for purposes of the Investment Company Act.

MarketWise, Inc. and MarketWise, LLC intend to conduct their respective operations so that MarketWise, Inc. will not be deemed an investment company. However, if MarketWise, Inc. were to be deemed an investment company, restrictions imposed by the Investment Company Act, including limitations on MarketWise’s capital structure and its ability to transact with affiliates, could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business.

Risks Related to Ownership of Our Class A common stock

We qualify as an “emerging growth company” and a smaller reporting company, and the reduced disclosure requirements applicable to emerging growth companies and smaller growth companies may make its securities less attractive to investors.

We qualify as an “emerging growth company,” as defined in Section 2(a)(19) of the U.S. Securities Act of 1933, as amended (the “Securities Act”). For as long as we continue to be an emerging growth company, we may choose to take advantage of certain exemptions and relief from various reporting requirements that are applicable to other public companies, including, but not limited to: (i) not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2022, as amended ("SOX"); (ii) reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements; and (iii) exemptions from the requirements of holding nonbinding advisory votes on executive compensation and stockholder approval of any golden parachute payments not previously approved. We will remain an emerging growth company until December 31, 2025 (the last day of the fiscal year ending after the fifth anniversary of ADAC's initial public offering), though we may cease to be an emerging growth company earlier if (1) we have more than $1.07 billion in annual gross revenue, (2) we qualify as a "large accelerated filer" as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or (3) we issue, in any three-year period, more than $1.0 billion in non-convertible debt securities held by non-affiliates. We currently intend to take advantage of each of the reduced reporting requirements and exemptions described above. As a result, our securityholders may not have access to certain information they may deem important.

Further, the Jumpstart Our Business Startups Act of 2012, as amended, (the "JOBS Act") exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a 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 financial statements with another public company, which is neither an emerging growth company nor a company that has opted out of using the extended transition period, difficult because of the potential differences in accounting standards used.

Additionally, we qualify as a "smaller reporting company" as defined in Item 10(f)(1) of Regulation S-K under the Securities Act. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited financial statements in its periodic reports. To the extent we take advantage of such reduced disclosure obligations, it may also make comparison of our financial statements with other public companies difficult or impossible.

It is difficult to predict whether investors will find our securities less attractive as a result of our taking advantage of these exemptions and relief granted to emerging growth companies and smaller reporting companies. If some investors find our securities less attractive as a result, the trading prices of our securities may be lower than they otherwise would be, there may be a less active trading market for our securities and the market price of our securities may be more volatile.

Once we lose our "emerging growth company" and/or "smaller reporting company" status, we will no longer be able to take advantage of certain exemptions from reporting, and we will also be required to comply with the auditor attestation requirements of Section 404 of SOX. We will incur additional expenses in connection with such compliance and our management will need to devote additional time and effort to implement and comply with such requirements.

The dual class structure of our common stock may adversely affect the trading price or liquidity of our Class A common stock.

We cannot predict whether our dual-class structure, combined with the concentrated control of our founder, Chief Executive Officer ("CEO") and Chairman of our Board of Directors, F. Porter Stansberry, will result in a lower or more volatile market price of our Class A common stock or in adverse publicity or other adverse consequences. For example, certain index providers have announced restrictions on including companies with multiple class share structures in certain of their indexes. For example, in July 2017, FTSE Russell and Standard & Poor's announced that they would cease to allow most newly public companies utilizing dual or multi-class capital structures to be included in their indices. Under the announced policies, our dual class capital structure would make us ineligible for inclusion in any of these indices. Given the sustained flow of investment into passive strategies that seek to track certain indexes, exclusion from stock indexes would likely preclude investment by many of these funds and could make our Class A common stock less attractive to other investors. As a result, the market price of our Class A common stock could be adversely affected.

The MarketWise Members have significant influence over us, including control over decisions that require the approval of MarketWise, Inc. stockholders.

The MarketWise Members control in the aggregate, based on the information available to us, at least 87% of the voting power represented by all of our outstanding classes of stock. Of the MarketWise Members, Monument & Cathedral, LLC controls in the aggregate, based on the information available to us, at least 42% of the voting power represented by all of our outstanding classes of stock, and our CEO and Chairman controls in the aggregate, based on information available to us, at least 18% of the voting power represented by all of our outstanding classes of stock. As a result, the MarketWise Members (and Monument & Cathedral, LLC and F. Porter Stansberry, in particular) may exercise significant influence over all matters requiring stockholder approval, including the election and removal of directors and the size of our Board of Directors, appointment and removal of officers, any amendment of our Charter or MarketWise, Inc.'s bylaws (our "Bylaws"), and any approval of significant corporate transactions (including a sale of substantially all of MarketWise, LLC's assets), and will continue to have significant control over our management and policies, including policies around financing, compensation, and declaration of dividends.

Certain MarketWise Members or affiliates of MarketWise Members are members of our Board of Directors, including our CEO and Chairman. These members of our Board of Directors can take actions that have the effect of delaying or preventing a change of control of MarketWise, LLC or discouraging others from making tender offers for our shares, which could prevent stockholders from receiving a premium for their shares. These actions may be taken even if other stockholders oppose them. The concentration of voting power with the MarketWise Members may have an adverse effect on the price of our securities. The interests of the MarketWise Members may not be consistent with your interests as a securityholder.

Our Chairman and CEO has other professional responsibilities which could conflict with the interests of our shareholders.

Our Chairman of the Board of Directors and Chief Executive Officer, F. Porter Stansberry, is also the owner and managing-member of Porter & Company, LLC ("Porter & Co."), a boutique investment research firm. As a result, Mr. Stansberry does not devote his full time and attention to the affairs of MarketWise, Inc. Mr. Stansberry may have actual or apparent conflicts of interest with respect to matters involving or affecting each company. For example, conflicts may arise if there are issues or disputes under the informal commercial arrangements that exist between Porter & Co. and us. A conflict of interest between our business and Porter & Co. could lead to decisions being made that are not in our best interests and actions being taken that harm our reputation for trustworthiness, which could reduce our subscriber base and have an adverse effect on our business, results of operations and financial condition.

The MarketWise Members have the right to have their LLC Units redeemed or exchanged into shares of Class A common stock, which, if exercised, will dilute your economic interest in MarketWise, Inc.

We have an aggregate of approximately 908,564,019 shares of our Class A common stock authorized but unissued, including 288,092,303 shares of our Class A common stock issuable upon redemption or exchange of LLC Units that are held by the MarketWise Members. Under the terms of 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 or, at our option, cash. 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 the MarketWise Members' LLC Units are so redeemed or exchanged. While any redemption or exchange of LLC Units and corresponding cancellation of our Class B common stock will reduce the MarketWise Members' economic interest in MarketWise and its voting interest in MarketWise, Inc., the related issuance of our Class A common stock will dilute your economic interest in us. During the year ended December 31, 2023, pursuant to the terms of the MarketWise Operating Agreement, MarketWise Members exchanged an aggregate of 3,000,000 LLC Units, together with an equal number of shares of Class B common stock for 3,000,000 newly-issued shares of our Class A common stock. The timing or size of any future issuances of our Class A common stock resulting from the redemption or exchange of LLC Units cannot be predicted.

Under certain circumstances, the Sponsor and certain members of our management team will be entitled to the Sponsor Earnout Shares and the Management Member Earnout Shares, as applicable, which will increase the number of shares eligible for future resale in the public market and result in dilution to our stockholders.

If at any time prior to July 21, 2025 (i) the last reported sale price of Class A common stock equals or exceeds $12.00 per share for any 20 trading days within any 30-trading day period or (ii) we consummate a transaction that results in our stockholders having the right to exchange their shares of Class A common stock for cash, securities, or other property having a value equal to or exceeding $12.00 per share, Ascendant Sponsor L.P., a Cayman Islands exempted limited partnership and related parties (the “Sponsor”) will be entitled to the release from escrow of 1,525,500 shares of our Class A common stock (representing 50% of the 3,051,000 shares subject to the earn-out escrow) and certain members of our management team will be entitled to an aggregate of 1,000,000 newly issued shares of Class A common stock. Furthermore, if at any time prior to July 21, 2025 (i) the last reported sale price of Class A common stock equals or exceeds $14.00 per share for any 20 trading days within any 30-trading day period or (ii) we consummate a transaction that results in our stockholders having the right to exchange their shares of Class A common stock for cash, securities, or other property having a value equal to or exceeding $14.00 per share, the Sponsor will be entitled to the release from escrow of an additional 1,525,500 shares of our Class A common stock (representing the remaining 50% of the 3,051,000 shares subject to the earn-out escrow) (together with the initial 1,525,00 shares of Class A common stock subject to earn-out escrow, the “Sponsor Earnout Shares”) and certain members of our management team will be entitled to an additional 1,000,000 newly issued shares of Class A common stock in the aggregate (together with the initial 1,000,000 shares of Class A common stock to the management team, the “Managing Member Earnout Shares”). To the extent the Management Member Earnout Shares are issued, there will be dilution to the holders of Class A common stock and an increase the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market or the fact that the Management Member Earnout Shares may be issued could adversely affect the market price of our securities.

We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect our securityholders, which could depress the price of our securities.

Our Charter authorizes us to issue one or more series of preferred stock. Our Board of Directors will have the authority to determine the relative rights, limitations, preferences, privileges, restrictions, and other terms of the shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by stockholders. Our preferred stock could be issued with voting, liquidation, dividend, and other rights superior to the rights of Class A common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discourage bids for our securities at a premium to the market price, and materially and adversely affect the market price and the voting and other rights of the holders of our securities.

As a result of our business combination with a special purpose acquisition company, regulatory obligations may impact us differently than other publicly traded companies.

On July 21, 2021, we consummated the Transactions with Ascendant Digital Acquisition Corp., a special purpose acquisition company (“ADAC”), pursuant to which we became a publicly traded company. As a result of this transaction, regulatory obligations have, and may continue, to impact us differently than other publicly traded companies. For instance, the SEC and other regulatory agencies may issue additional guidance or apply further regulatory scrutiny to companies like us that have completed a business combination with a special purpose acquisition company. Managing this regulatory environment, which has and may continue to evolve, could divert management’s attention from the operation of our business, negatively impact our ability to raise additional capital when needed, or have an adverse effect on the price of our securities.

The requirements of being a public company require significant resources and management attention and affect our ability to attract and retain executive management and qualified members to our Board of Directors.

As a public company, we have, and will continue to incur legal, regulatory, finance, accounting, investor relations, and other expenses that we did not previously incur as a private company, including costs associated with public company reporting requirements and costs of recruiting and retaining non-executive directors. We are now subject to the Exchange Act, including the reporting requirements thereunder, SOX, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Nasdaq rules and other applicable securities rules and regulations. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time-consuming, or costly (although these costs currently unable to be estimated with any degree of certainty), and increase demand on our systems and resources, particularly after we are no longer an "emerging growth company" or a "smaller reporting company." The expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing. Our management will need to devote a substantial amount of time to ensure that we comply with all of these requirements, diverting the attention of management away from revenue-producing activities. Further, these rules and regulations may make it more difficult and more expensive for us to obtain certain types of insurance, including directors' and officers' liability insurance, which could make it more difficult for us to attract and retain qualified members of our Board of Directors. We may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. In addition, enhanced legal and regulatory regimes and heightened standards relating to corporate governance and disclosure for public companies result in increased legal and financial compliance costs and make some activities more time consuming.

Pursuant to Section 404 of SOX, once we are no longer an emerging growth company or a smaller reporting company, we may be required to furnish an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. When our independent registered public accounting firm is required to undertake an assessment of our internal control over financial reporting, the cost of complying with Section 404 of SOX will significantly increase, and management's attention may be further diverted from other business concerns, which could adversely affect our business and results of operations. We may need to hire more employees in the future or engage outside consultants to comply with the requirements of Section 404 of SOX, which will further increase cost and expense.

If we are unable to satisfy its obligations as a public company, we could be subject to delisting of our Class A common stock, fines, sanctions, and other regulatory actions and potentially civil litigation.

We have previously identified material weaknesses in our internal control over financial reporting and may identify additional material weaknesses in the future that may cause us to fail to meet our reporting obligations or result in material misstatements of its financial statements. If we fail to remediate any material weaknesses or if we fail to establish and maintain effective control over financial reporting, our ability to accurately and timely report financial results could be adversely affected.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. generally accepted accounting principles. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected on a timely basis.

Prior to the completion of the Transactions, we had been a private company with limited accounting personnel and other resources to address its internal control over financial reporting. During the course of preparing for the Transactions, our management and independent registered public accounting firm determined that we had material weaknesses in internal controls related to (i) the lack of contemporaneous documentation and account reconciliation and (ii) the lack of a formal or documented risk assessment process.

We have implemented a number of steps to enhance our internal control over financial reporting and addressed the material weaknesses, including enhancing our internal review procedures related to the financial reporting process and the implementation of new software tools. Our efforts to remediate the material weaknesses identified above were successful as of December 31, 2023.

Our failure to remediate additional material weaknesses in the future, could adversely affect our ability to report financial information, including filing of quarterly or annual reports with the SEC on a timely and accurate basis. Moreover, our identification of additional material weaknesses could prohibit us from producing timely and accurate financial statements, which may adversely affect the market price of shares of our Class A common stock and we may be unable to maintain compliance with listing requirements.

If we fail to maintain effective internal control over financial reporting and disclosure controls and procedures, we may suffer harm to our reputation and investor confidence levels.

The process of designing and implementing effective internal controls is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a system of internal controls that is adequate to satisfy its reporting obligations as a public company. If we are unable to maintain appropriate internal financial reporting controls and procedures, it could cause us to fail to meet our reporting obligations on a timely basis, result in material misstatements in our consolidated financial statements, and harm our operating results.

In connection with the implementation of the necessary procedures and practices related to internal control over financial reporting, we may identify additional deficiencies that we may not be able to remediate in time to meet the deadline imposed by SOX for compliance with the requirements of Section 404 of SOX.

If we fail to implement the requirements of Section 404 of SOX in the required timeframe once we are no longer an emerging growth company or a smaller reporting company, we may be subject to sanctions or investigations by regulatory authorities, including the SEC and the Nasdaq. Furthermore, if we are unable to conclude that our internal controls over financial reporting is effective, we could lose investor confidence in the accuracy and completeness of our financial reports, the market price of our securities could decline, and we could be subject to sanctions or investigations by regulatory authorities. Failure to implement or maintain effective internal control over financial reporting and disclosure controls and procedures required of public companies could also restrict our future access to the capital markets.

An active, liquid trading market for our securities may not develop or be sustained.

There can be no assurance that an active trading market for our Class A common stock will develop or, if such a market develops, that we will be able to maintain an active trading market for those securities on the Nasdaq or any other exchange in the future. If an active market for our securities does not develop or is not maintained, or if MarketWise, Inc. fails to satisfy the continued listing standards of the Nasdaq for any reason and its securities are delisted, it may be difficult for our securityholders to sell their securities without depressing the market price for the securities or at all. An inactive trading market may also impair our ability to both raise capital by selling shares of capital stock, attract and motivate employees through equity incentive awards and acquire other companies, products, or technologies by using shares of capital stock as consideration.

The market price and trading volume of our securities has been volatile, could decline significantly, and you could lose all or part of your investment.

Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market, or political conditions, could reduce the market price of our Class A common stock in spite of our operating performance, which may limit or prevent investors from readily selling their Class A common stock and may otherwise negatively affect the liquidity of our Class A common stock. There can be no assurance that the market price of Class A common stock will not continue to fluctuate widely or decline significantly in the future, or that you will lose all or part of your investment, in response to a number of factors, including, among others, the following:

- actual or anticipated fluctuations in our annual or quarterly financial condition and operating results;
- actual or anticipated changes in our growth rate relative to our competitors;
- failure to meet or exceed financial estimates and projections of the investment community

- speculation in the press or investment community about our business or industry;
- issuance of new or updated research or reports by securities analysts, or the failure of securities analysts to provide adequate coverage of our Class A common stock in the future;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- Class A common stock and volume fluctuations attributable to inconsistent trading volume levels of our Class A common stock;
- additions or departures of key personnel;
- disputes or other developments related to proprietary rights;
- additional or unexpected changes or proposed changes in laws or regulations or differing interpretations thereof affecting our business or enforcement of these laws and regulations, or announcements relating to these matters;
- announcement or expectation of additional equity or debt financing efforts;
- equity sales by us, the MarketWise Members, our insiders, or our other stockholders;
- general economic and market conditions, including any impacts associated with inflation and increased interest rates; and
- other factors described in this “Risk Factors” section and elsewhere in this report.

In addition, broad market and industry factors may negatively affect the market price of our Class A common stock, regardless of our actual operating performance, and factors beyond our control may cause our stock price to decline rapidly and unexpectedly. In addition, in the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Litigation of this type could result in substantial costs and diversion of management’s attention and resources, which could harm our business, financial condition, results of operations or prospects. Any adverse determination in litigation could also subject us to significant liabilities.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the price and trading volume of our securities could decline.

The trading market for our securities depends in part on the research and reports that securities or industry analysts publish about us or our business. We will not control these analysts, and the analysts who publish information about us may have relatively little experience with us or our industry, which could affect their ability to accurately forecast our results and could make it more likely that we fail to meet their estimates. If few or no securities or industry analysts cover us, the trading price for our securities would be negatively impacted. If one or more of the analysts who covers us downgrades our securities, publishes incorrect or unfavorable research about us, ceases coverage of us, or fails to publish reports on us regularly, demand for and visibility of our securities could decrease, which could cause the price or trading volumes of our securities to decline.

We may be subject to securities class action, which may harm our business and operating results.

Companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and damages, and divert management’s attention from other business concerns, which could seriously harm our business, results of operations, financial condition, or cash flows.

We may also be called on to defend ourselves against lawsuits relating to our business operations. Some of these claims may seek significant damages amounts. Due to the inherent uncertainties of litigation, the ultimate outcome of any such proceedings cannot be accurately predicted. A future unfavorable outcome in a legal proceeding could have an adverse impact on our business, financial condition, and results of operations. In addition, current and future litigation, regardless of its merits, could result in substantial legal fees, settlements, or judgment costs and a diversion of management's attention and resources that are needed to successfully run our business.

Continued payment of dividends on our Class A common stock are subject to the continued discretion of our Board of Directors and, consequently, shareholders' ability to achieve a return on their investment could become limited to appreciation in the price of our common stock.

In 2023, we commenced paying quarterly dividends on shares of our Class A common stock. Our continued declaration and payment of dividends and institution of any other distributions of capital to shareholders will nonetheless be at the discretion of our Board of Directors and will depend on many factors, including our earnings, financial condition and results of operations, capital requirements, level of indebtedness, covenants contained within agreements governing our indebtedness, contractual restrictions with respect to payment of dividends, ability to obtain cash or other assets from our subsidiaries, restrictions imposed by applicable law, general business conditions and other factors that our Board of Directors may deem relevant. There can be no assurance that we will continue to pay dividends in the future. Therefore, the success of an investment in shares of our Class A common stock may in the future depend only upon any future appreciation in their value. There is no guarantee that shares of our Class A common stock will appreciate or even maintain their value.

Investments in equity securities are subject to loss in value.

The Company may allocate a portion of its cash on hand to investments meeting pre-determined guidelines, including U.S.-listed equity securities, with the objective to provide an acceptable rate of return while complying with established risk tolerances and liquidity parameters. See *Item 7 "Management's Discussion & Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources"* for more information. The Company's holdings may be concentrated in a relatively small number of issuers. A significant decline in the market value of our investments, which are exposed to market volatility, may negatively affect the Company's financial condition and results of operations. Additionally, we are required under accounting principles to include changes in unrealized gains and losses on equity securities in the Company's reported net income (loss), even though the Company has not actually realized any gain or loss by selling such securities. Accordingly, changes in the market prices of such securities can have a significant impact on the Company's reported results for the period, even though those changes do not bear on the performance of the Company's operating business.

Delaware law and our Charter and Bylaws contain certain provisions, including anti-takeover provisions, that limit the ability of stockholders to take certain actions and could delay or discourage takeover attempts that stockholders may consider favorable.

Our Charter and Bylaws and the General Corporation Law of the State of Delaware (the "DGCL"), contain provisions that could have the effect of rendering more difficult, delaying, or preventing an acquisition that stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock, and therefore depress the trading price of our Class A common stock. These provisions could also make it difficult for stockholders to take certain actions, including electing directors who are not nominated by the current members of our Board of Directors or taking other corporate actions, including effecting changes in our management. Among other things, Charter and Bylaws include the following provisions:

- a classified Board of Directors with staggered, three-year terms;
- the ability of our Board of Directors to issue shares of preferred stock, including "blank check" preferred stock, and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- prohibition on cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- the limitation of the liability of, and the indemnification of, our directors and officers;

- the ability of our Board of Directors to amend the Bylaws, which may allow our Board of Directors to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquirer to amend the Bylaws to facilitate an unsolicited takeover attempt; and
- advance notice procedures with which stockholders must comply to nominate candidates to our Board of Directors or to propose matters to be acted upon at a stockholders' meeting, which could preclude stockholders from bringing matters before annual or special meetings of stockholders and delay changes in our Board of Directors and also may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us.

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

The provisions of our Charter requiring exclusive forum in the Court of Chancery of the State of Delaware and the federal district courts of the United States for certain types of lawsuits may have the effect of discouraging lawsuits against our directors and officers.

Our Charter provides that, to the fullest extent permitted by law, and unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, in the event that the Chancery Court does not have jurisdiction, the federal district court for the District of Delaware) will be the sole and exclusive forum for (i) any derivative action, suit or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our current or former directors, officers, other employees, or stockholders to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL or our Bylaws or Charter (as each may be amended from time to time) or as to which the DGCL confers exclusive jurisdiction on the Court of Chancery of the State of Delaware, or (iv) any action asserting a claim governed by the internal affairs doctrine. Our Charter also provides that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. However, there is uncertainty as to whether a court would enforce such provision, and investors cannot waive compliance with federal securities laws and the rules and regulations thereunder. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder and our Charter provides that the exclusive forum provision will not apply to claims seeking to enforce any liability or duty created by the Exchange Act.

These provisions may have the effect of discouraging lawsuits against our directors and officers. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with any applicable action brought against us, a court could find the choice of forum provisions contained in our Charter to be inapplicable or unenforceable in such action.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 1C. Cybersecurity.

Cybersecurity Risk Management and Strategy

We maintain a cybersecurity program, including policies and procedures designed to protect our systems, operations, and the data utilized and entrusted to us, including by us, from anticipated threats or hazards. We utilize a variety of protective measures as a part of our cybersecurity program. These measures include, where appropriate, access controls, patch management, identity verification and endpoint management software, employee cybersecurity awareness training programs, tools to report anomalous activity, and monitoring of data usage, hardware and software.

Incident Response and Recovery Planning. We have established and maintain incident response and recovery plans that address our response to a cybersecurity incident, and such plans are evaluated on a regular basis.

Third-Party Risk Management. We maintain a risk-based approach to identifying and overseeing cybersecurity risks presented by third parties, including vendors, service providers and other external users of our systems, as well as the systems of third parties that could adversely impact our business in the event of a cybersecurity incident affecting those third-party systems.

Education and Awareness. We provide regular training for our employees regarding cybersecurity threats and our security policies to equip our employees with tools to address cybersecurity threats, and to communicate our evolving information security policies, standards, processes and practices.

In addition to our internal exercises to test aspects of our cybersecurity program, we periodically engage independent third parties to assess the risks associated with our information technology resources and information assets. Among other matters, these third parties analyze data on the interactions of users of our information technology resources, including our employees, and conduct penetration tests and scanning exercises to assess the performance of our cybersecurity systems and processes.

We have not identified any cybersecurity threats that have materially affected or are reasonably likely to materially affect our business strategy, results of operations, cash flows, or financial condition. However, despite our efforts, we cannot eliminate all risks from cybersecurity threats, or provide assurances that we have not experienced undetected cybersecurity incidents.

Cybersecurity Governance

Our Board, in coordination with the Nominating and Governance (“Nom Gov”) Committee, oversees our cybersecurity program, including the management of risks from cybersecurity threats. The Nom Gov Committee receives regular presentations and reports on cybersecurity risks from our Chief Information Officer (“CIO”), which address a wide range of topics including recent developments, vulnerability assessments, third-party and independent reviews, the threat environment, incident response planning, remediation efforts, employee training and awareness (including the results of our annual cybersecurity training), and information security considerations arising with respect to our peers and third parties. On a regular basis, our Nom Gov Committee discusses our approach to cybersecurity risk management with our CIO, including planned initiatives to help the Board evaluate the effectiveness of our cybersecurity program. The Board receives occasional updates from the Nom Gov Committee and CIO on the effectiveness of our cybersecurity program. When appropriate, the Board also receives reports concerning the detection, mitigation and remediation of cybersecurity threats and incidents

Our CIO has over 25 years of software engineering experience including over ten years of being responsible for MarketWise’s cybersecurity. In coordination with our executive team, our CIO and our Senior Vice President of IT Operations work collaboratively across the Company to implement a program intended to protect our information systems from cybersecurity threats and to promptly respond to any cybersecurity incidents in accordance with our incident response plan. Our CIO and management monitor the prevention, detection, mitigation and remediation of cybersecurity threats and incidents in real time and report such threats and incidents to the Board.

Item 2. Properties.

We lease all of our properties and do not own any real property. Our headquarters house our executive management team, content-producing teams, and the functional groups of information technology, accounting and finance, human resources, and legal.

For leases that are scheduled to expire during the next 12 months, we may negotiate new lease agreements, renew existing lease agreements, or use alternate facilities. We believe that our properties are adequate for our needs and believe that we should be able to renew any of these leases or secure similar property without an adverse impact on our operations.

Location	Type	Square Feet
Baltimore, MD	Office Space and headquarters	46,000
Delray Beach, FL	Office Space	19,000
Tampa, FL	Office Space	2,600
Fernandina Beach, FL	Office Space	2,200
Arlington, VA	Office Space	300

Item 3. Legal Proceedings.

We are subject to various legal proceedings, claims, and governmental inspections, audits, or investigations that arise in the ordinary course of our business. Although the outcomes of these claims cannot be predicted with certainty, in the opinion of management, the ultimate resolution of these matters would not be expected to have a material adverse effect on our financial position, results of operations, or cash flows.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

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

Market Information

Our Class A common stock is traded on The Nasdaq Global Market, or Nasdaq, under the symbol "MKTW." Our Class B common stock is not listed or traded on any exchange.

Holders

As of December 31, 2023, there were 43 holders of record of our Class A common stock, which does not reflect the beneficial ownership of shares held in nominee name, and 26 holders of record of our Class B common stock.

Dividend Policy

In 2023, we commenced paying quarterly dividends on shares of our Class A common stock and distributions on our LLC units. We also declared a special dividend and a special distribution on October 18, 2023. There can be no assurance that we will continue to pay dividends in the future.

The payment of any future dividends and distributions will be at the discretion of our Board of Directors and will depend on our results of operations, capital requirements, financial condition, prospects, contractual arrangements, any limitations on payment of dividends present in any debt agreements, and other factors that our Board of Directors may deem relevant.

Use of Proceeds

On July 28, 2020, ADAC consummated its initial public offering of 41,400,000 units, inclusive of 5,400,000 units sold to the underwriters upon the election to fully exercise their over-allotment option, at a price of $10.00 per unit, generating total gross proceeds of $414.0 million. Each unit consisted of one Class A ordinary share of ADAC, and one-third of one redeemable warrant of ADAC. Each whole warrant entitled the holder thereof to purchase one Class A ordinary share, par value $0.0001, for $11.50 per share, subject to adjustment. UBS Securities LLC acted as the sole book-running manager. The securities sold in the offering were registered under the Securities Act on registration statements on Form S-1 (No. 333-239623). The registration statements became effective on July 24, 2020.

Simultaneously with the consummation of the initial public offering and the exercise of the over-allotment option, ADAC consummated a private placement of 10,280,000 Private Placement Warrants (as defined and discussed in our Current Report on Form 8-K filed with the SEC on July 28, 2021) to its Sponsor, Ascendant Sponsor LP, at a price of $1.00 per Private Placement Warrant, generating total additional proceeds of $10,280,000. Such securities were issued pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act.

ADAC incurred $23.4 million in transaction costs, including $14.5 million of underwriting fees. Following the initial public offering, the exercise of the over-allotment option and the sale of the Private Placement Warrants, a total of $414.6 million was placed in a trust account. On July 21, 2021, after deducting payments to existing stockholders of $387.7 million in connection with the exercise of their redemption rights, the payment of the $14.5 million of deferred underwriting fees, and a total of $48.8 million in expenses in connection with the Transaction (defined below) paid from the trust account, and after including the proceeds of $150.0 million from the issuance and sale of our Class A common stock from the PIPE investment, we recorded $113.6 million net cash proceeds, which has been used to fund operating expenses.

Securities Authorized for Issuance Under Equity Compensation Plans

Information regarding the Securities Authorized for Issuance under Equity Compensation Plans can be found under Item 12 of this report.

Issuer Purchases of Equity Securities

In November 2021, our Board of Directors authorized the repurchase of up to $35.0 million in aggregate of shares of our Class A common stock. There were no share repurchases made by or on behalf of MarketWise, Inc. of its common stock during the three months ended December 31, 2023. The share repurchase program expired by its terms on November 3, 2023.

Item 6. [Reserved.]

Not applicable.

Item 7. 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," "the Company," "we," "us," and "our"), should be read together with our audited consolidated financial statements as of December 31, 2023 and 2022 and for each of the years ended December 31, 2023, 2022 and 2021 included elsewhere in this 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 sections entitled "Risk Factors" and "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, Chaikin Analytics, InvestorPlace, and TradeSmith. 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.

2023 Highlights

In May, we initiated paying dividends to our Class A common stockholders and distributions to holders of our LLC Units.

In September, our Company's founder, Porter Stansberry, returned to the Board of Directors and in October, was appointed Chairman of the Board and CEO. He immediately 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, and enacted several leadership changes and headcount reduction initiatives. We also announced a special dividend and distribution totaling approximately $50 million.

In October, we reorganized our reporting structure by merging our Empire Financial Research business that was previously included in our Roundtable Research reporting unit into our 1729 Research reporting unit, which is one of our three reporting units. See also *Note 2 – Summary of Significant Accounting Policies - Segment Information* to our consolidated financial statements included elsewhere in this Form 10-K.

In December, as a result of continuing losses, we sold our Buttonwood Publishing business, which we had acquired in 2022, to a related party, for contingent consideration estimated at $1.3 million based on the level of subscription sales the buyer achieves from certain customers beginning from the sale date through December 1, 2026. We recorded impairment charges totaling approximately $2.6 million related to this business and in connection with the sale transaction.

The following table presents net cash provided by operating activities ("CFFO"), and the related margin as a percentage of net revenue, and Adjusted CFFO (as defined below), a non-GAAP measure, and the related margin as a percentage of Billings, for each of the periods presented. For more information on Adjusted CFFO and Adjusted CFFO Margin (as defined below), see "— Non-GAAP Financial Measures."

(In thousands)	Year Ended December 31,		
	2023	2022	2021
Net cash provided by operating activities	$ 62,428	$ 48,374	$ 63,632
Total net revenue	448,182	512,403	549,183
Net cash provided by operating activities margin	**13.9 %**	**9.4 %**	**11.6 %**
Adjusted CFFO	$ 66,368	$ 59,324	$ 197,081
Billings	382,411	459,487	729,893
Adjusted CFFO Margin	**17.4 %**	**12.9 %**	**27.0 %**

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 this 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, 2023 generated average customer lifetime Billings of approximately $1,494, resulting in a LTV/CAC ratio (as defined below) of approximately 2.3x. On average, over the past three years, it has taken approximately 1.1 to 1.6 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 and typically achieve 90-day payback periods to cover this variable component of the direct marketing spend.

As of December 31, 2023, our Paid Subscriber base was 737 thousand, down 104 thousand, or 12.4% as compared to 841 thousand at December 31, 2022. Our base is comprised of subscribers obtained through both direct-to-paid acquisition and free-to-paid conversions. Since 2021, direct-to-paid acquisition has accounted for approximately 58% 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 42% of our annual Paid Subscriber acquisition.

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 Subscribers 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 December 31, 2023 was $503, which decreased 3.1% from $519 as of December 31, 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 rate at which Paid Subscribers that have purchased less than $600 of our products over their lifetime convert into subscribers that have purchased more than $600. 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 rate at which high value Paid Subscribers that have purchased more than $600 of our products over their lifetime convert into subscribers that have purchased more than $5,000. 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. As of December 31, 2023, our high-value composition rate and ultra high-value composition rate were 48% and 40%, respectively.

We may face challenges and uncertainty in retaining and expanding relationships with existing subscribers due to the wind-down of operations of Legacy Research announced in February 2024 and any reputational harm associated with misconduct of former employees as discussed in the Risk Factor *Failure to maintain and protect our reputation for trustworthiness and independence may harm our business* included elsewhere in this annual report.

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. 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. 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.

	Year Ended December 31,		
	2023	2022	2021
Free Subscribers	16,446,752	15,702,545	13,699,910
Active Free Subscribers	4,067,199	4,295,508	4,528,969
Paid Subscribers	737,140	841,277	971,534
ARPU	$ 503	$ 519	$ 742
New "Marketing" Billings (in thousands)	$ 278,260	$ 333,612	$ 596,732
Net "Renewal" Billings (in thousands)	$ 96,767	$ 120,272	$ 121,205
Other Billings (in thousands)	$ 7,384	$ 5,603	$ 11,956
Total Billings (in thousands)	$ 382,411	$ 459,487	729,893

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 and offers to purchase other publications 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 0.7 million, or 4.7%, to 16.4 million at December 31, 2023 as compared to 15.7 million at December 31, 2022. As of December 31, 2023, Active Free Subscribers decreased by 0.2 million, or 5.3%, to 4.1 million as compared to 4.3 million as of December 31, 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 2.0 million, or 14.6%, to 15.7 million as of December 31, 2022 as compared to 13.7 million as of December 31, 2021. As of December 31, 2022, Active Free Subscribers decreased by 0.2 million, or 5.2%, to 4.3 million as compared to 4.5 million as of December 31, 2021.

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 Paid Subscribers. We grow our Paid Subscriber base through performance marketing directly to prospective and existing subscribers across a variety of media, channels, and platforms.

Total Paid Subscribers decreased by 104 thousand, or 12.4%, to 737 thousand as of December 31, 2023 as compared to 841 thousand at December 31, 2022, driven by soft consumer engagement and a significant decrease in direct marketing spend as we focus on maintenance of profitability . The decreases from these factors were compounded by the loss of approximately 16 thousand paid subscribers as part of the sale of Buttonwood Publishing in fourth quarter 2023.

Total Paid Subscribers decreased by 130 thousand, or 13.4%, to 841 thousand as of December 31, 2022 as compared to 972 thousand as of December 31, 2021, driven by volatility across asset classes, high-inflation environment, and fears of recession that left prospective and existing subscribers hesitant to purchase or upgrade as they assessed the latest economic data and the Federal Reserve's potential next steps. These trends, which began in first quarter 2022, continued to slow our new subscriber acquisition through fourth quarter 2022. The decreases from these factors were partially offset by the addition of approximately 16 thousand paid subscribers that joined our list with the Buttonwood Publishing transaction in third quarter 2022.

Subscriber count churn has ranged from approximately 2.3% to 2.7% per month between 2021 and 2023. Almost all of the subscribers who churned in 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 70% from 2021 to 2023, is a more meaningful gauge of subscriber satisfaction.

Average Revenue Per User ("ARPU"). 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 $16, or 3.1%, to $503 as of December 31, 2023 as compared to $519 as of December 31, 2022. The year-over-year decrease was driven by a 17% decrease in trailing four quarter Billings, while trailing four quarter average 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 decreased by $223, or 30.1%, to $519 as of December 31, 2022 as compared to $742 as of December 31, 2021. The year-over-year decrease was driven by a 37% decrease in trailing four quarter Billings in 2021, which significantly outpaced the decrease in trailing four quarter average Paid Subscribers of 10%. The decrease in trailing four quarter Billings was due in part to the volatility across asset classes, high-inflation environment, and fears of recession that had been in place since first quarter 2022, which we believe left prospective and existing subscribers hesitant to purchase or upgrade as they assess the latest economic data and the Federal Reserve's potential next steps. Most of our new subscribers join us via entry level publications, which are generally at lower price points, and thus are initially dilutive to ARPU.

While they have declined somewhat recently, 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, 1.5 years, and 0.9 years for the years ended December 31, 2023, 2022 and 2021, respectively. Our payback period remains elevated primarily due to a combination of increased customer acquisition costs and the hesitancy of these subscribers to make additional purchases. The payback period was lower in 2021 with conversion rates still relatively high and, to a far lesser degree, lower costs for media spend as demand was somewhat constrained as the pandemic lingered.

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.

We break down our Billings into three sub-categories: New Marketing Billings, Net Renewal Billings, and Other Billings.

New Marketing Billings are Billings from all new subscription sales. New Marketing Billings decreased by $55.4 million, or 16.6%, to $278.3 million in 2023 as compared to $333.6 million in 2022. Soft consumer engagement driven by external factors led us to significantly decrease our direct marketing spend to maintain profitability. As a result, we generated fewer new subscribers. Existing subscribers were also reluctant to purchase higher priced subscriptions, also contributing to the decline.

New Marketing Billings decreased by $263.1 million, or 44.1%, to $333.6 million in 2022 as compared to $596.7 million in 2021. The same factors impacting 2023 began in 2022. However, the decline in 2022 was far more substantial as we came off of record levels of engagement, direct marketing spend, and a partial year of low inflation in 2021.

Net Renewal Billings are Billings from renewals and maintenance fee payments. Net Renewal Billings decreased by $23.5 million, or 19.5%, to $96.8 million in 2023 as compared to $120.3 million in 2022. This is primarily a function of a significant decrease (approximately 120 thousand) in average Paid Subscribers in 2023 versus 2022.

Net Renewal Billings decreased by $0.9 million, or 0.8%, to $120.3 million in 2022 as compared to $121.2 million in 2021. A decrease in net renewal billings from term subscriptions of $9.6 million was almost entirely offset by an increase in net renewal billings from membership maintenance fees of $8.7 million, following a significant 40% increase in membership subscribers in 2021. Those new membership subscribers will first pay maintenance fees on the anniversary of their first membership subscription.

Other Billings are Billings from revenue share, advertising and conferences. Other Billings increased by $1.8 million or 31.8 % to $7.4 million in 2023 as compared to $5.6 million in 2022 as a result of increasing revenue share activity with external parties.

Other Billings decreased by $6.4 million or 53.1% to $5.6 million in 2022 as compared to $12.0 million in 2021 as a result of decreasing revenue share activity with external parties.

Total Billings decreased by $77.1 million, or 16.8%, to $382.4 million in 2023 as compared to $459.5 million in 2022. Levels of engagement as measured by landing page visits steadied in 2023; however the overall rate of conversion to paid products continued to decline. Many external factors that began in 2022 continue to impact prospective and existing subscribers such as inflation, volatility across asset classes and federal reserve tightening. While the growth of 12 month inflation rates has declined year over year, the consumer price index was still up 3.4%. We believe this continues to create reluctance among prospective and existing subscribers to purchase our higher priced subscriptions.

Billings decreased by $270.4 million, or 37.0%, to $459.5 million in 2022 as compared to $729.9 million in 2021. We believe the decrease is due in large part to reduced engagement of prospective and existing subscribers. This began in the second half of 2021 as consumers prioritized travel and leisure in lieu of spending time focusing on their investments. 2022 brought additional challenges 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.

Components of MarketWise's Results of Operations

Net Revenue

We generate net revenue primarily from services provided in 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.

We earn net revenue from the sale of advertising placements on our websites and from the sale of print products and events. 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.

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.

During the year ended December 31, 2023 we recorded stock-based compensation related to the MarketWise, Inc. 2021 Incentive Award Plan effective on July 21, 2021 (as amended, the "2021 Incentive Award Plan"), our Employee Stock Purchase Plan ("ESPP"), and profits interests. During the year ended December 31, 2022 we recorded stock-based compensation related to our 2021 Incentive Award Plan and our ESPP. During the year ended December 31, 2021 we recorded stock-based compensation related to our 2021 Incentive Award Plan and the incentive compensation equity interest which MarketWise, LLC granted to certain key employees prior to consummation of the Transaction ("Class B Units'').

We recognized stock-based compensation expenses related to our 2021 Incentive Award Plan and our ESPP of $22.6 million and $9.0 million for the years ended December 31, 2023 and 2022, respectively.

Stock-based compensation expense during 2021 is primarily related to the Class B Units. We recognized stock-based compensation expenses related to the Class B Units of $1,058.4 million for the year ended December 31, 2021, which includes profits distributions to holders of Class B Units of $123.4 million. Prior to the Transactions, the Class B Units were classified as liabilities as opposed to equity and remeasured to fair value at the end of each reporting period, with the change in fair value being charged to stock-based compensation expense. Because the Class B Units were classified as liabilities on our consolidated balance sheet prior to the Transactions, all profits distributions made to the holders of the Class B Units were considered to be stock-based compensation expenses.

Upon completion of the Transactions, all Class B Units of MarketWise, LLC fully vested as of the transaction date, and the original operating agreement of MarketWise, LLC ("Prior MarketWise Operating Agreement") was terminated and replaced by the MarketWise Operating Agreement consistent with the Company's Up-C structure. The MarketWise Operating Agreement does not contain the put and call options that existed under the Prior MarketWise Operating Agreement, and the LLC Units are treated as common equity under the MarketWise Operating Agreement and do not generate stock-based compensation expense. Therefore, the Class B Units liability was reclassified to equity as of the transaction date and stock-based compensation expense associated with the Class B Units ceased after the transaction date.

As a result of the Transactions, in which all Class B Units were converted into LLC Units, we no longer recognize stock-based compensation expenses related to the Class B Units for periods after the consummation of the Transactions. While going forward we do not expect to incur the levels of stock-based compensation expense we have historically as a result the liability-award classification of the Class B Units, we will continue to incur stock-based compensation expense in the ordinary course of business.

See also *Note 11 – Stock-Based Compensation* to our consolidated financial statements included elsewhere in this Form 10-K.

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

(In thousands)	Year Ended December 31, 2023		
	2023	2022	2021
Cost of revenue	$ 2,922	$ 1,972	$ 171,804
Sales and marketing	3,185	2,209	48,098
General and administrative	17,277	4,864	843,449
Total stock based-compensation expense	$ 23,384	$ 9,045	$ 1,063,351

Cost of Revenue

Cost of revenue consists primarily of payroll and payroll-related costs associated with producing and publishing MarketWise's content, 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.

Within cost of revenue are stock-based compensation expenses related to the 2021 Incentive Award Plan and the ESPP of $2.9 million and $2.0 million for the years ended December 31, 2023 and 2022, respectively.

Cost of revenue also includes stock-based compensation expenses related to the Class B units of $170.5 million for the year ended December 31, 2021, which includes profits distributions to holders of Class B Units of $22.8 million.

Sales and Marketing

Sales and marketing expenses consist primarily of payroll and related costs, 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.

Within sales and marketing are stock-based compensation expenses related to the 2021 Incentive Award Plan and the ESPP of $3.2 million and $2.2 million for the years ended December 31, 2023 and 2022, respectively.

Sales and marketing also includes stock-based compensation expenses related to the Class B units of $46.4 million for the year ended December 31, 2021, which includes profits distributions to holders of Class B Units of $3.8 million.

General and Administrative

General and administrative expenses consist primarily of payroll and related costs associated with our finance, legal, information technology, human resources, executive, and administrative personnel, legal fees, corporate insurance, office expenses, professional fees, and travel and entertainment costs.

Within general and administrative are stock-based compensation expenses related to the 2021 Incentive Award Plan and the ESPP of $16.5 million and $4.9 million for the years ended December 31, 2023 and 2022, respectively.

General and administrative also includes stock-based compensation expenses related to the Class B units of $841.5 million for the year ended December 31, 2021, which includes profits distributions to holders of Class B Units of $96.8 million.

Research and Development

Research and development expenses consist primarily of payroll and related costs, technical services, software expenses, and hosting expenses. Research and development expenses are exclusive of depreciation and amortization shown as a separate line item.

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.

Impairment Losses

Impairment losses include charges for deferred contract acquisition costs, intangible assets, and right of use assets related to our Buttonwood Publishing business.

Related Party Expense

Related party expenses primarily consist of Board of Director compensation, revenue share expenses, and expenses for certain corporate functions performed by a related party for certain historic periods.

Other Income (Expense), Net

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

Interest (Expense) Income, Net

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

Net Income (Loss) Attributable to Noncontrolling Interests

The Transactions occurred on July 21, 2021. As a result, net income (loss) for the year ended December 31, 2021 was attributed to the pre-Transactions period from January 1, 2021 through July 21, 2021 and to the post-Transactions period from July 22, 2021 through December 31, 2021. Net income (loss) in the pre-Transactions period was attributable to consolidated MarketWise, LLC and its respective noncontrolling interests and in the post-Transactions period was attributable to consolidated MarketWise, Inc. and its respective noncontrolling interests.

- Net income for the years ended December 31, 2023 and 2022 were fully in the post-Transactions period and therefore attributable to consolidated MarketWise, Inc. and its respective noncontrolling interests. As of December 31, 2023, MarketWise, Inc.'s controlling interest in MarketWise, LLC was 11.2% and the noncontrolling interest was 88.8%. For the year ended December 31, 2023 net income attributable to controlling interests included a $1.8 million tax provision, which is 100% attributable to the controlling interest.
- Net loss for year ended December 31, 2021 was attributed to the pre-Transactions period from January 1, 2021 through July 21, 2021 and to the post-Transactions period from July 22, 2021 through December 31, 2021. Immediately following the Transactions, MarketWise, Inc.'s controlling interest in MarketWise, LLC was 7.9% and its noncontrolling interest was 92.1%. For the post-Transactions period, net income attributable to controlling interests included a $15.7 million gain on warrant liabilities and a $2.4 million tax provision, both of which are 100% attributable to the controlling interest.

Results of Operations

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

(In thousands)	Year Ended December 31, 2023		
	2023	2022	2021
Net revenue	$ 443,245	$ 510,040	$ 547,899
Related party revenue	4,937	2,363	1,284
Total net revenue	448,182	512,403	549,183
Operating expenses:			
Cost of revenue[(1)(2)]	56,802	62,697	239,251
Sales and marketing[(1)(2)]	198,592	235,326	296,934
General and administrative[(1)(2)]	125,176	114,810	960,183
Research and development[(1)(2)]	8,831	8,817	7,487
Depreciation and amortization	3,821	3,091	2,676
Impairment losses	2,583	—	—
Related party expense	572	379	10,245
Total operating expenses	396,377	425,120	1,516,776
Income (loss) from operations	51,805	87,283	(967,593)
Other income (expense), net	(611)	15,672	16,178
Interest (expense) income, net	4,904	(295)	(110)
Income (loss) before income taxes	56,098	102,660	(951,525)
Income tax expense	1,803	1,490	2,358
Net income (loss)	54,295	101,170	(953,883)
Net income attributable to noncontrolling interests	52,513	83,180	59,426
Net income (loss) attributable to MarketWise, Inc.	$ 1,782	$ 17,990	$ (1,013,309)

(1) Included within cost of revenue, sales and marketing, and general and administrative expenses are stock-based compensation expenses as follows:

(In thousands)	Year Ended December 31, 2021		
	2023	2022	2021
Cost of revenue	$ 2,922	$ 1,972	$ 171,804
Sales and marketing	3,185	2,209	48,098
General and administrative	17,277	4,864	843,449
Total stock based-compensation expense	$ 23,384	$ 9,045	$ 1,063,351

(2) 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:

	Year Ended December 31, 2023		
	2023	2022	2021
Net revenue	100.0 %	100.0 %	100.0 %
Operating expenses:			
Cost of revenue(1)	12.7 %	12.2 %	43.6 %
Sales and marketing(1)	44.3 %	45.9 %	54.1 %
General and administrative(1)	27.9 %	22.4 %	174.8 %
Research and development(1)	2.0 %	1.7 %	1.4 %
Depreciation and amortization	0.9 %	0.6 %	0.5 %
Impairment losses	0.6 %	— %	— %
Related party expense	0.1 %	0.1 %	1.9 %
Total operating expenses	88.4 %	83.0 %	276.2 %
Income (loss) from operations	11.6 %	17.0 %	(176.2)%
Other income (expense), net	(0.1)%	3.1 %	2.9 %
Interest (expense) income, net	1.1 %	(0.1)%	0.0 %
Income (loss) before income taxes	12.5 %	20.0 %	(173.3)%
Income tax expense	0.4 %	0.3 %	0.4 %
Net income (loss)	12.1 %	19.7 %	(173.7)%
Net income attributable to noncontrolling interests	11.7 %	16.2 %	10.8 %
Net income (loss) attributable to MarketWise, Inc.	0.4 %	3.5 %	(184.5)%

(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 Years Ended December 31, 2023 and 2022

Net Revenue

(In thousands)	Year Ended December 31,			
	2023	2022	$ Change	% Change
Net revenue	$ 448,182	$ 512,403	$ (64,221)	(12.5)%

The decrease in net revenue was primarily driven by a $56.5 million decrease in term subscription revenue and a $10.0 million decrease in membership subscription revenue, partially offset by a $2.3 million increase in non-subscription revenue. Revenue from Buttonwood Publishing, the business we acquired in August 2022, was $3.9 million and $2.0 million for the years ended December 31, 2023 and 2022, respectively.

Term subscription revenue decreased during the year ended December 31, 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 2023 period. Membership subscription revenue, which is initially deferred and recognized over a five-year period, decreased during the year ended December 31, 2023 as a result of lower volume of membership subscriptions in current and prior years.

Operating Expenses

(In thousands)	Year Ended December 31, 2023	2022	$ Change	% Change
Operating expenses:				
Cost of revenue	$ 56,802	$ 62,697	$ (5,895)	(9.4)%
Sales and marketing	198,592	235,326	(36,734)	(15.6)%
General and administrative	125,176	114,810	10,366	9.0 %
Research and development	8,831	8,817	14	0.2 %
Depreciation and amortization	3,821	3,091	730	23.6 %
Impairment losses	2,583	—	2,583	N/M
Related party expenses	572	379	193	50.9 %
Total operating expenses	$ 396,377	$ 425,120	$ (28,743)	(6.8)%

Cost of Revenue

Cost of revenue decreased primarily driven by a $3.1 million decrease in salaries, taxes and benefits, a $2.1 million decrease in credit card fees, a $1.2 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 $1.0 million increase in stock-based compensation expense and a $0.8 million increase in freelance editorial expense.

Sales and Marketing

Sales and marketing expense decreased primarily driven by a $53.0 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. This was partially offset by a $14.2 million increase in amortization of deferred contract acquisition costs, a $1.1 million increase in salaries, taxes and benefits, and a $1.0 million increase in stock-based compensation expense.

General and Administrative

General and administrative expense increased primarily driven by a $12.4 million increase in stock-based compensation expense which included $10.7 million related to grants of fully vested shares and $0.7 million related to the accelerated vesting of RSUs of certain former executives, a $9.6 million increase in incentive compensation, and a $2.6 million increase related to sales tax. This was partially offset by a $3.8 million decrease in severance expense, a $3.2 million decrease in professional fees, a $3.1 million decrease in salaries, taxes and benefits, a $1.1 million decrease in non-software subscriptions, a $1.0 million decrease in insurance expense, and a $0.9 million decrease in software expense.

Impairment Losses

Impairment losses increased due to charges related to deferred contract acquisition costs, intangible assets, and operating lease right of use assets related to our Buttonwood Publishing business that we sold in December 2023.

Comparison of the Years Ended December 31, 2022 and 2021

Net Revenue

(In thousands)	Year Ended December 31, 2022	2021	$ Change	% Change
Net revenue	$ 512,403	$ 549,183	$ (36,780)	(6.7)%

The decrease in net revenue was primarily driven by a $38.1 million decrease in term subscription revenue and a $1.8 million decrease in non-subscription revenue, partially offset by a $3.1 million increase in membership subscription revenue. Revenue from Buttonwood Publishing, the business we acquired in August 2022, was $2.0 million for the year ended December 31, 2022.

Term subscription revenue decreased during the year ended December 31, 2022 primarily due to lower Billings as compared to the 2021 period — our highest Billings in company history — which was driven by reduced engagement of prospective and existing subscribers in the 2022 period. Membership subscription revenue for the year ended December 31, 2022 benefited from the recognition of the deferred revenue we recorded in prior years. Membership subscription revenue, which is initially deferred and recognized over a five-year period, increased as a result of higher volume of membership subscriptions in current and prior years, which continued to benefit us for the year ended December 31, 2022.

Operating Expenses

(In thousands)	Year Ended December 31, 2022	Year Ended December 31, 2021	$ Change	% Change
Operating expenses:				
Cost of revenue	$ 62,697	$ 239,251	$ (176,554)	(73.8)%
Sales and marketing	235,326	296,934	(61,608)	(20.7)%
General and administrative	114,810	960,183	(845,373)	(88.0)%
Research and development	8,817	7,487	1,330	17.8 %
Depreciation and amortization	3,091	2,676	415	15.5 %
Related party expenses	379	10,245	(9,866)	(96.3)%
Total operating expenses	$ 425,120	$ 1,516,776	$ (1,091,656)	(72.0)%

Cost of Revenue

Cost of revenue decreased primarily driven by a $170.5 million decrease in stock-based compensation expense related to holders of Class B Units, a $5.7 million decrease in credit card fees, a $1.9 million decrease in freelance editorial expense, and a $1.5 million decrease in outsourced customer service. This was partially offset a $2.6 million increase in salaries, taxes and benefits, and a $0.7 million increase in stock-based compensation expense related to awards under the 2021 Incentive Award Plan.

Approximately $22.8 million of the decrease in Class B stock-based compensation expense was due to distributions, and $147.7 million of the decrease was related to the change in fair value and the accelerated vesting of the Class B units, both of which were related to the Transactions.

Sales and Marketing

Sales and marketing expense decreased primarily driven by a $46.4 million decrease in stock-based compensation expense related to holders of Class B Units, and a $46.0 million decrease in marketing as we have reduced our marketing spend as part of our cost reduction initiatives and due to higher per unit subscriber acquisition costs resulting from higher post-COVID increases in demand for display advertising. This was partially offset by a $26.0 million increase in amortization of deferred contract acquisition costs, and a $4.6 million increase in salaries, taxes and benefits.

Approximately $3.8 million of the decrease in Class B stock-based compensation expense was due to distributions, and $42.6 million of the decrease was related to the change in fair value and the accelerated vesting of the Class B units, both of which were related to the Transactions.

General and Administrative

General and administrative expense decreased primarily driven by a $841.5 million decrease in stock-based compensation expense related to holders of Class B Units, a $16.7 million decrease in incentive compensation and profits interest expenses, and a $3.8 million decrease related to sales tax. This was partially offset by a $9.4 million increase in severance expense, a $4.0 million increase in professional fees primarily due to higher fees related to the warrant exchange transaction and fees capitalized related to the Transactions in third quarter 2021, a $2.9 million increase in stock-based compensation related to awards under the 2021 Incentive Award Plan and the ESPP, a $2.9 million increase in software expense, and a $1.5 million increase in insurance expense.

Approximately $96.8 million of the decrease in Class B stock-based compensation expense was due to distributions, and $744.7 million of the decrease was related to the change in fair value and the accelerated vesting of the Class B units, both of which were related to the Transactions.

Related Party Expense

Related party expense decreased driven by a discretionary, one-time, non-employee bonus payment of $10.0 million to the Company's founder, who is a Class B common stockholder, in July 2021.

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)	**Year Ended December 31,**			**% change**	
	2023	**2022**	**2021**	**2023 vs 2022**	**2022 vs 2021**
Adjusted CFFO	$ 66,368	$ 59,324	$ 197,081	11.9 %	(69.9)%
Adjusted CFFO Margin	17.4 %	12.9 %	27.0 %		

Adjusted CFFO / Adjusted CFFO Margin

In addition to our results determined in accordance with GAAP, we disclose the non-GAAP financial measure Adjusted CFFO and Adjusted CFFO Margin. We define Adjusted CFFO as cash flow from operations *plus* profits distributions that were recorded as stock-based compensation expense from the Class B Units, *plus* or *minus* any non-recurring items. Profits distributions to Class B unitholders included amounts attributable to the holders' potential tax liability with respect to the Class B Units (*i.e.*, there was no tax withholding, and the full amount of allocable profit was distributed, subject to the terms of the Prior MarketWise Operating Agreement). 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, and for internal planning and forecasting purposes.

We have presented Adjusted CFFO because we believe it provides investors with greater comparability of our ability to generate cash without the effects of stock-based compensation expense related to holders of Class B Units that will not continue following the consummation of the Transactions, in which all Class B Units were converted into LLC Units. Following the consummation of the Transactions, we will make certain tax distributions to the MarketWise Members in amounts sufficient to pay individual income taxes on their respective allocation of the profits of MarketWise, LLC at then prevailing individual income tax rates. These distributions will not be recorded on MarketWise, Inc.'s income statement, and will be reflected on MarketWise, Inc.'s cash flow statement as cash used in financing activities. The cash used to make these distributions will not be available to us for use in the business.

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)	Year Ended December 31,			% change	
	2023	2022	2021	2023 vs 2022	2022 vs 2021
Net cash provided by operating activities	$ 62,428	$ 48,374	$ 63,632	29.1 %	(24.0)%
Profits distributions to Class B unitholders included in stock-based compensation expense	—	—	123,449	N/M	(100.0)%
Non-recurring expenses	3,940	10,950	10,000	(64.0)%	9.5 %
Adjusted CFFO	**$ 66,368**	**$ 59,324**	**$ 197,081**	11.9 %	(69.9)%

The following table provides the calculation of net cash provided by operating activities margin 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)	Year Ended December 31,			% change	
	2023	2022	2021	2023 vs 2022	2022 vs 2021
Net cash provided by operating activities	$ 62,428	$ 48,374	$ 63,632	29.1 %	(24.0)%
Total net revenue	448,182	512,403	549,183	(12.5)%	(6.7)%
Net cash provided by operating activities margin	**13.9 %**	**9.4 %**	**11.6 %**		
Adjusted CFFO	$ 66,368	$ 59,324	$ 197,081	11.9 %	(69.9)%
Billings	382,411	459,487	729,893	(16.8)%	(37.0)%
Adjusted CFFO Margin	**17.4 %**	**12.9 %**	**27.0 %**		

CFFO for the year ended December 31, 2023 was primarily due to net income of $54.3 million adjusted for non-cash items of $37.1 million and a net decrease in our operating assets and liabilities of $29.0 million.

Adjusted CFFO increased by $7.0 million, or 11.9%, in 2023. Adjusted CFFO in 2023 was impacted by a decrease of $77.1 million in Billings, and net changes in working capital of $29.0 million, partially offset by non-cash charges including stock-based compensation of $37.1 million.

The difference between Adjusted CFFO and CFFO in 2023 is $3.9 million, which are one-time costs related to severance payments. The difference between Adjusted CFFO and CFFO in 2022 is $11.0 million, which are one-time costs related to severance payments and professional fees related to our warrant exchange transaction.

Adjusted CFFO decreased by $137.8 million, or 69.9%, in 2022, primarily driven by an decrease of $270.4 million in Billings.

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 $120.5 million and $94.1 million as of December 31, 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 year ended December 31, 2023, the Company earned interest income of $5.7 million on our cash portfolio.

The Company may allocate a portion of our “float” to investments meeting pre-determined guidelines, including U.S.-listed equity securities, with the objective to provide an acceptable rate of return while complying with established risk tolerances and liquidity parameters. The Board of Directors is responsible for approving investment decisions. Gains and losses on marketable securities may fluctuate significantly from period to period in the future and could have a significant impact on the Company’s results of operations.

As of December 31, 2023, our principal sources of liquidity were cash, cash equivalents, and restricted cash of $155.2 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. The 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.

In 2023, we commenced paying quarterly dividends on shares of our Class A common stock and distributions on our LLC units. We also declared a special dividend and a special distribution on October 18, 2023. There can be no assurance that we will continue to pay dividends or in the future. The payment of any future dividends and distributions will be at the discretion of our Board of Directors and will depend on our results of operations, capital requirements, financial condition, prospects, contractual arrangements, any limitations on payment of dividends present in any debt agreements, and other factors that our Board of Directors may deem relevant.

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.

Tax Receivable Agreement

MarketWise, Inc. intends, as MarketWise, LLC's sole manager, to cause MarketWise, LLC to make cash distributions to MarketWise, Inc. in an amount sufficient to cover MarketWise, Inc.'s obligations under the Tax Receivable Agreement. However, MarketWise, LLC's ability to make such distributions to MarketWise, Inc. may be subject to various limitations and restrictions, such as restrictions on distributions under contracts or agreements to which MarketWise, LLC is then a party, including debt agreements, or any applicable law, or that would have the effect of rendering MarketWise, LLC insolvent. 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. MarketWise, Inc.'s failure to make any payment required under the Tax Receivable Agreement (including any accrued and unpaid interest) within 90 calendar days of the date on which the payment is required to be made will constitute a material breach of a material obligation under the Tax Receivable Agreement, which will terminate the Tax Receivable Agreement and accelerate future payments thereunder, unless the applicable payment is not made because (i) MarketWise, LLC is prohibited from making such payment under the terms of the Tax Receivable Agreement or the terms governing certain of its indebtedness or (ii) MarketWise, LLC does not have, and despite using commercially reasonable efforts cannot obtain, sufficient funds to make such payment. See "Certain Relationships and Related Party Transactions—Tax Receivable Agreement" and "Certain Relationships and Related Party Transactions—MarketWise Operating Agreement" for additional information. Any payments made by MarketWise, Inc. to the MarketWise Members under the Tax Receivable Agreement will not be available for reinvestment in the business and will generally reduce the amount of cash that might have otherwise been available to MarketWise, Inc. and its subsidiaries.

The Tax Receivable Agreement provides that if (i) MarketWise, Inc. materially breaches any of its material obligations under the Tax Receivable Agreement, (ii) certain mergers, asset sales, other forms of business combinations, or other changes of control were to occur, or (iii) MarketWise, Inc. elects an early termination of the Tax Receivable Agreement, then MarketWise, Inc.'s future obligations, or its successor's future obligations, under the Tax Receivable Agreement to make payments thereunder would accelerate and become due and payable, based on certain assumptions, including an assumption that MarketWise, Inc. would have sufficient taxable income to fully utilize all potential future tax benefits that are subject to the Tax Receivable Agreement, and an assumption that, as of the effective date of the acceleration, any MarketWise Member that has LLC Units not yet exchanged shall be deemed to have exchanged such LLC Units on such date, even if MarketWise, Inc. does not receive the corresponding tax benefits until a later date when the LLC Units are actually exchanged. As a result of the foregoing, MarketWise, Inc. would be required to make an immediate cash payment equal to the estimated present value of the anticipated future tax benefits that are the subject of the Tax Receivable Agreement, based on certain assumptions, which payment may be made significantly in advance of the actual realization, if any, of those future tax benefits and, therefore, MarketWise, Inc. could be required to make payments under the Tax Receivable Agreement that are greater than the specified percentage of the actual tax benefits it ultimately realizes.

Share Repurchase Program

As previously disclosed in our Annual Report, on November 4, 2021, our Board of Directors authorized the repurchase of up to $35.0 million in aggregate of shares of the Company's Class A common stock, with the authorization to expire on November 3, 2023. During the year ended December 31, 2022, we repurchased 2,484,717 shares totaling $13.1 million in the aggregate, including fees and commissions. 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 Facilities

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 3 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 December 31, 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 December 31, 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)	Year Ended December 31,		
	2023	2022	2021
Net cash provided by operating activities	$ 62,428	$ 48,374	$ 63,632
Net cash used in investing activities	(1,897)	(13,238)	(8,311)
Net cash used in financing activities	(63,953)	(16,192)	(30,678)

Operating Activities

For the year ended December 31, 2023, net cash provided by operating activities was $62.4 million, primarily due to net income of $54.3 million adjusted for net non-cash items which increased cash by $37.1 million, and net changes in our operating assets and liabilities which reduced cash by $29.0 million, largely due to timing differences in the net receipt of cash. The non-cash items include stock-based compensation expense of $23.4 million, impairment losses of $2.6 million, deferred income taxes of $1.8 million, and loss on sale of business of $1.6 million. The changes in operating assets and liabilities were primarily driven by a decrease in deferred revenue, which reduced cash by $67.1 million due to our overall decrease in sales, partially offset by a net decrease in deferred contract acquisition costs of $31.3 million, and an increase in accrued expenses of $9.1 million.

For the year ended December 31, 2022, net cash provided by operating activities was $48.4 million, primarily due to net income of $101.2 million adjusted for net non-cash items which reduced cash by $0.1 million, and net changes in our operating assets and liabilities which reduced cash by $52.9 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 $15.7 million, which was partially offset by stock-based compensation expense and deferred income taxes of $9.0 million and $1.5 million, respectively. The changes in operating assets and liabilities were primarily driven by a decrease in deferred revenue, which reduced cash by $52.0 million due to our overall decrease in sales, a decrease in trade and other payables, which decreased cash by $4.0 million, a decrease in other current and long-term liabilities, which decreased cash by $3.8 million, partially offset by a decrease in accounts receivable due to our overall decrease in sales, which increased cash by $3.8 million, and a net increase due to deferred contract acquisition costs of $5.5 million.

For the year ended December 31, 2021, net cash provided by operating activities was $63.6 million, primarily due to net loss of $953.9 million adjusted for non-cash charges of $927.8 million and a contribution to cash resulting from net changes in our operating assets and liabilities of $89.8 million. The non-cash adjustments primarily related to stock-based compensation expenses of $939.0 million, which was driven by the increase in fair value as a result of a higher probability assigned to the market approach due to the signing of a letter of intent with ADAC during December 2020, and the granting and vesting of certain Class B Units. The changes in operating assets and liabilities were primarily driven by an increase in deferred revenue of $175.6 million due to our overall increase in sales, and an increase in accrued expenses of $14.2 million, partially offset by a net increase in deferred contract acquisition costs of $95.8 million.

Investing Activities

For the year ended December 31, 2023, net cash used in investing activities was $1.9 million, primarily driven by the payment of $1.7 million related to capitalized software development costs.

For the year ended December 31, 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 acquisition.

For the year ended December 31, 2021, net cash used in investing activities was $8.3 million, primarily driven by the payment of $7.1 million related to the acquisition of Chaikin, and $0.9 million to acquire intangible assets.

Financing Activities

For the year ended December 31, 2023, net cash used in financing activities was $64.0 million, primarily due to $52.9 million in distributions to noncontrolling interests and $5.7 million in dividends paid. We initiated paying dividends to Class A common stockholders and distributions to holders of LLC Units in 2023. In addition, we paid a special dividend and special distribution in 2023.

For the year ended December 31, 2022, net cash used in financing activities was $16.2 million, primarily due to $13.1 million in share repurchases and $4.6 million in distributions to noncontrolling interests.

For the year ended December 31, 2021, net cash used in financing activities was $30.7 million, primarily due to $135.5 million in distributions to members and $5.5 million in distributions to noncontrolling interests, which is offset by a $113.6 million inflow from proceeds from the Transactions.

Critical Accounting Estimates

Our consolidated financial statements have been prepared in accordance with GAAP. The preparation of these 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, the following accounting policies involve a greater degree of judgment and complexity. Accordingly, these are the policies management believes are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of operations.

Revenue Recognition

We primarily earn revenue from services provided in delivering subscription-based financial research, publications, and SaaS offerings to individual subscribers through our online platforms using the five-step method described in Note 2 to our consolidated financial statements.

Subscription revenues are recognized evenly over the duration of the subscriptions, in an amount that reflects the consideration we expect to be entitled to in exchange for those services. Subscribers are typically billed in advance of the subscriptions. The key estimates related to our revenue recognition are related to our estimated customer lives for our membership subscriptions, determination of standalone selling prices, and the amortization period for our capitalized contract costs.

We also offer membership subscriptions where we receive an upfront payment upon entering into the contract and receive a lower amount annually thereafter. Certain upfront fees on membership subscriptions are paid in installments over a 12-month period and, from time to time, over multiple years. We recognize revenue related to membership subscriptions over the estimated customer lives, which is five years. Management has determined the estimated life of membership customers based on historic customer attrition rates. The estimated life of membership customers was five years for each of the years ended December 31, 2023, 2022 and 2021.

Our contracts with subscribers may include multiple performance obligations if subscription services are sold with other subscriptions, products, or events within one contract. For such contracts, we allocate net revenues to each performance obligation based on its relative standalone selling price. We generally determine standalone selling prices based on the prices charged to subscribers on a standalone basis.

We capitalize incremental costs that are directly related to the acquisition or renewal of customer contracts, to the extent that the costs are expected to be recovered and if we expect the benefit of these costs to be longer than one year. We have elected to utilize the practical expedient and expense costs to obtain a contract with a subscriber when the expected benefit period is one year or less. Our capitalizable incremental costs include sales commissions to employees and fees paid to marketing vendors that are generally calculated as a percentage of the customer sale. We also capitalize revenue share fees that are payable to other companies, including related parties, who share their customer lists with us for each successful sale we make to a customer from their list. Capitalized costs are amortized on a straight-line basis over the shorter of the expected customer life and the expected benefit related directly to those costs, which is approximately four years. The amortization period for contract costs was approximately four years for each of the years ended December 31, 2023, 2022 and 2021.

Transactions and Valuation of Goodwill and Other Acquired Intangible Assets

When we acquire a business, we allocate the fair value of purchase consideration to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values as of the acquisition date. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill.

Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets. Significant estimates in valuing assets acquired and liabilities assumed include, but are not limited to, future expected cash flows from acquired customers, trade names, acquired technology from a market participant perspective, and determining useful lives and discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. While management believes the assumptions and estimates it has made in the past have been appropriate, they are inherently uncertain and subject to refinement. During the measurement period, which is up to one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings. We did not have significant measurement period adjustments during the years ended December 31, 2023, 2022 and 2021.

Stock-Based Compensation

Historically, MarketWise, LLC granted Class B Units to certain key employees. Prior to the Transactions, the Class B Units were classified as liabilities as opposed to equity and remeasured to fair value at the end of each reporting period, with the change in value being charged to stock-based compensation expense. Because the Class B Units were classified as liabilities on our consolidated balance sheet, all profits distributions made to the holders of the Class B Units were considered to be stock-based compensation expenses. Expense was recognized using the greater of the expenses as calculated based on (i) the legal vesting of the underlying units and (ii) a straight-line basis.

Because the Class B Units were not publicly traded, we estimated the fair value of the Class B Units. Historically, the fair values of Class B Units were estimated by the board of managers of MarketWise, LLC based on our equity value. The board of managers of MarketWise, LLC considered, among other things, contemporaneous valuations of our equity value prepared by an unrelated third-party valuation firm in accordance with the guidance provided by the American Institute of Certified Public Accountants Practice Guide, Valuation of Privately-Held-Company Equity Securities Issued as Compensation. To estimate the fair value of the Class B Units, a two-step valuation approach was used. First the equity value was estimated using a market approach and a discounted cash flow approach by projecting the net cash flows into the future and discounting these cash flows to present value by applying a market discount rate. This calculated equity value was then allocated to the common units outstanding using an option pricing model by determining the distributions available to unit holders in a hypothetical liquidation. The board of managers of MarketWise, LLC exercised reasonable judgment and considered several objective and subjective factors to determine the best estimate of the fair value of the Sponsor Earnout Shares and Management Member Earnout Shares Class B Units, including:

- our historical and expected operating and financial performance;
- current business conditions;
- our stage of development and business strategy;
- macroeconomic conditions;
- our weighted average cost of capital;
- risk-free rates of return;
- the volatility of comparable publicly traded peer companies; and
- the lack of an active public market for our equity units.

Upon consummation of the Transactions, the vesting of all outstanding awards was accelerated and each Class B Unit was exchanged for LLC Units in MarketWise, LLC.

Recently Issued Accounting Pronouncements

See the section titled “Recently Issued and Adopted Accounting Pronouncements” in Note 2 of the notes to our consolidated financial statements included in this Report for more information.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 8. Financial Statements and Supplementary Data.

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

To the stockholders and the Board of Directors of MarketWise, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of MarketWise, Inc. and subsidiaries (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income (loss), stockholders' deficit/members' deficit, and cash flows, for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

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

/s/ Deloitte & Touche LLP

Baltimore, Maryland

March 7, 2024

We have served as the Company’s auditor since 2018.

MARKETWISE, INC.
Consolidated Balance Sheets
(In thousands, except share and per share data)

	December 31, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 155,174	$ 158,575
Accounts receivable	4,528	4,040
Prepaid expenses	9,305	11,725
Related party receivables	5,182	1,512
Deferred contract acquisition costs	91,480	99,960
Other current assets	2,172	3,363
Total current assets	267,841	279,175
Property and equipment, net	690	892
Operating lease right-of-use assets	7,331	9,468
Intangible assets, net	6,255	16,047
Goodwill	31,038	31,307
Deferred contract acquisition costs, noncurrent	73,420	97,658
Deferred tax assets	9,693	7,332
Other assets	287	629
Total assets	$ 396,555	$ 442,508
Liabilities and stockholders' deficit		
Current liabilities:		
Trade and other payables	$ 559	$ 686
Related party payables, net	1,137	1,004
Accrued expenses	55,041	45,976
Deferred revenue and other contract liabilities	287,751	315,231
Operating lease liabilities	1,446	1,484
Other current liabilities	27,959	21,125
Total current liabilities	373,893	385,506
Deferred revenue and other contract liabilities, noncurrent	304,342	348,273
Other liabilities, noncurrent	746	1,281
Related party tax receivable agreement liability, noncurrent	2,151	—
Operating lease liabilities, noncurrent	4,366	5,831
Total liabilities	685,498	740,891
Commitments and Contingencies (Note 10)	—	—
Stockholders' deficit		
Common stock - Class A, par value of $0.0001 per share, 950,000,000 shares authorized; 36,384,981 and 29,039,655 shares issued and outstanding at December 31, 2023 and 2022, respectively	4	3
Common stock - Class B, par value of $0.0001 per share, 300,000,000 shares authorized; 288,092,303 and 291,092,303 shares issued and outstanding at December 31, 2023 and 2022, respectively	29	29
Preferred stock - par value of $0.0001 per share, 100,000,000 shares authorized; 0 shares issued and outstanding at December 31, 2023 and 2022, respectively	—	—
Additional paid-in capital	115,164	106,852
Accumulated other comprehensive income	65	44
Accumulated deficit	(126,343)	(128,125)
Total stockholders' deficit attributable to MarketWise, Inc.	(11,081)	(21,197)

Noncontrolling interest	(277,862)	(277,186)
Total stockholders' deficit	(288,943)	(298,383)
Total liabilities and stockholders' deficit	$ 396,555	$ 442,508

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

MARKETWISE, INC.
Consolidated Statements of Operations
(In thousands, except per share data)

	Year Ended December 31,		
	2023	2022	2021
Net revenue	$ 443,245	$ 510,040	$ 547,899
Related party revenue	4,937	2,363	1,284
Total net revenue	448,182	512,403	549,183
Operating expenses:			
Cost of revenue [(1) (2)]	56,802	62,697	239,251
Sales and marketing [(1) (2)]	198,592	235,326	296,934
General and administrative [(1) (2)]	125,176	114,810	960,183
Research and development [(2)]	8,831	8,817	7,487
Depreciation and amortization	3,821	3,091	2,676
Impairment losses	2,583	—	—
Related party expense	572	379	10,245
Total operating expenses	396,377	425,120	1,516,776
Income (loss) from operations	51,805	87,283	(967,593)
Other (expense) income, net	(611)	15,672	16,178
Interest (expense) income, net	4,904	(295)	(110)
Income (loss) before income taxes	56,098	102,660	(951,525)
Income tax expense	1,803	1,490	2,358
Net income (loss)	54,295	101,170	(953,883)
Net income attributable to noncontrolling interests	52,513	83,180	59,426
Net income (loss) attributable to MarketWise, Inc.	$ 1,782	$ 17,990	$ (1,013,309)

	Year Ended December 31, 2023	Year Ended December 31, 2022	Period from July 22, 2021 through December 31, 2021
Earnings per share – basic	$ 0.06	$ 0.73	$ 0.73
Earnings per share – diluted	$ 0.05	$ 0.73	$ 0.73
Weighted average shares outstanding – basic	31,707	24,635	25,035
Weighted average shares outstanding – diluted	33,312	24,747	25,035

As a result of the Transactions, the capital structure has changed and earnings per share information is only presented for the periods after the date of the Transactions. See Note 12 – Earnings Per Share.

[(1)] *Included within cost of revenue, sales and marketing, and general and administrative expenses are stock-based compensation expenses as follows (see Note 11 – Stock-Based Compensation):*

	Year Ended December 31,		
	2023	2022	2021
Cost of revenue	$ 2,922	$ 1,972	$ 171,804
Sales and marketing	3,185	2,209	48,098
General and administrative	17,277	4,864	843,449
Total stock-based compensation expense	$ 23,384	$ 9,045	$ 1,063,351

[(2)] *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 consolidated financial statements.

MARKETWISE, INC.
Consolidated Statements of Comprehensive Income (Loss)
(In thousands)

	Year Ended December 31,		
	2023	2022	2021
Net income (loss)	$ 54,295	$ 101,170	$ (953,883)
Other comprehensive income (loss)			
Cumulative translation adjustment	21	53	(101)
Total comprehensive income (loss)	$ 54,316	$ 101,223	$ (953,984)

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

MARKETWISE, INC.

Consolidated Statements of Stockholders’ Deficit / Members’ Deficit

(In thousands, except share and unit data)

	Class A Members’ units		Common Stock - Class A		Common Stock - Class B		Preferred Stock		Additional paid-in capital	Accumulated deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders’ Deficit / Members’ Deficit Attributable to MarketWise, Inc.	Noncontrolling Interest	Total Stockholders’ Deficit / Members’ Deficit
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount						
Balance at January 1, 2021	547,466	(914,728)	—	—	—	—	—	—	—	—	(17)	(914,745)	(5,865)	(920,610)
Activity prior to the Transactions:														
Class A units transferred to Class B	(18,947)	—	—	—	—	—	—	—	—	—	—	—	—	—
Acquisition of Chaikin	—	—	—	—	—	—	—	—	—	—	—	—	810	810
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	—	—	(101)	(101)	—	(101)
Distributions	—	(15,098)	—	—	—	—	—	—	—	—	—	(15,098)	(831)	(15,929)
Distributions related to the recapitalization	—	(120,353)	—	—	—	—	—	—	—	—	—	(120,353)	—	(120,353)
Net loss, January 1, 2021 through July 21, 2021	—	(1,031,561)	—	—	—	—	—	—	—	—	—	(1,031,561)	(1,050)	(1,032,611)
Effects of the Transactions:														
Net proceeds	—	—	—	—	—	—	—	—	113,641	—	—	113,641	—	113,641
Reclassification of Class B Units from liability to equity on July 21, 2021 (date of the Transactions)	—	—	—	—	—	—	—	—	1,528,228	—	—	1,528,228	—	1,528,228
Reverse capitalization on July 21, 2021	(528,519)	2,081,740	—	—	—	—	—	—	—	(164,367)	—	1,917,373	(1,917,373)	—
Issuance of common stock - Class A and Class B	—	—	24,952,096	2	291,092,303	29	—	—	(31)	—	—	—	—	—
Establishment of warrant liabilities	—	—	—	—	—	—	—	—	(45,021)	—	—	(45,021)	—	(45,021)
Establishment of deferred taxes	—	—	—	—	—	—	—	—	11,136	—	—	11,136	—	11,136
Establishment of noncontrolling interest	—	—	—	—	—	—	—	—	(1,511,911)	—	109	(1,511,802)	1,511,802	—
Activity subsequent to the Transactions:														
Equity-based compensation	—	—	200,373	—	—	—	—	—	3,998	—	—	3,998	—	3,998
Issuance of stock for derivative settlement	—	—	66,203	—	—	—	—	—	662	—	—	662	—	662
Repurchases of stock	—	—	(500,270)	—	—	—	—	—	(3,340)	—	—	(3,340)	—	(3,340)
Distributions	—	—	—	—	—	—	—	—	—	—	—	—	(4,686)	(4,686)

Consolidated Statements of Stockholders' Deficit / Members' Deficit

(In thousands, except share and unit data)

	Class A Members' units		Common Stock - Class A		Common Stock - Class B		Preferred Stock		Additional paid-in capital	Accumulated deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Deficit / Members' Deficit Attributable to MarketWise, Inc.	Noncontrolling Interest	Total Stockholders' Deficit / Members' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount						
Remeasurement of deferred taxes due to change in ownership interest in MarketWise, LLC	—	—	—	—	—	—	—	—	186	—	—	186	—	186
Net income, July 22, 2021 through December 31, 2021 (see note below)	—	—	—	—	—	—	—	—	—	18,252	—	18,252	60,476	78,728
Balance at December 31, 2021	—	$ —	24,718,402	$ 2	291,092,303	$ 29	—	$ —	$ 97,548	$ (146,115)	$ (9)	$ (48,545)	$ (356,717)	$ (405,262)
Equity-based compensation	—	—	—	—	—	—	—	—	9,045	—	—	9,045	—	9,045
Proceeds from issuance of common stock	—	—	378,331	—	—	—	—	—	827	—	—	827	—	827
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	—	—	—	—	—	—	—	—	(515)	—	—	(515)	—	(515)
Acquisition of noncontrolling interest - Chaikin	—	—	—	—	—	—	—	—	(1,257)	—	—	(1,257)	960	(297)
Distributions	—	—	—	—	—	—	—	—	—	—	—	—	(4,609)	(4,609)
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	—	—	53	53	—	53
Remeasurement of deferred taxes due to change in noncontrolling interest	—	—	—	—	—	—	—	—	(142)	—	—	(142)	—	(142)

MARKETWISE, INC.
Consolidated Statements of Stockholders' Deficit / Members' Deficit
(In thousands, except share and unit data)

	Class A Members' units		Common Stock - Class A		Common Stock - Class B		Preferred Stock		Additional paid-in capital	Accumulated deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Deficit / Members' Deficit Attributable to MarketWise, Inc.	Noncontrolling Interest	Total Stockholders' Deficit / Members' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount						
Net income (loss)	—	—	—	—	—	—	—	—	—	17,990	—	17,990	83,180	101,170
Balance at December 31, 2022	—	$ —	29,039,655	$ 3	291,092,303	$ 29	—	$ —	$ 106,852	$ (128,125)	$ 44	$ (21,197)	$ (277,186)	$ (298,383)
Equity-based compensation	—	—	—	—	—	—	—	—	22,638	—	—	22,638	—	22,638
Proceeds from issuance of common stock	—	—	4,637,519	1	—	—	—	—	678	—	—	679	—	679
Vesting of restricted stock units	—	—	2,259,892	—	—	—	—	—	—	—	—	—	—	—
Restricted stock units withheld to pay taxes	—	—	(601,959)	—	—	—	—	—	(1,045)	—	—	(1,045)	—	(1,045)
Shares withheld to pay taxes	—	—	(1,950,126)	—	—	—	—	—	(4,988)	—	—	(4,988)	—	(4,988)
Dividends declared	—	—	—	—	—	—	—	—	(8,437)	—	—	(8,437)	—	(8,437)
Distributions declared to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	—	—	(55,736)	(55,736)
Issuance per redemption of Class B shares for Class A shares	—	—	3,000,000	—	(3,000,000)	—	—	—	(2,167)	—	—	(2,167)	2,547	380
Remeasurement of deferred taxes due to change in noncontrolling interest	—	—	—	—	—	—	—	—	1,633	—	—	1,633	—	1,633
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	—	—	21	21	—	21
Net income (loss)	—	—	—	—	—	—	—	—	—	1,782	—	1,782	52,513	54,295
Balance at December 31, 2023	—	$ —	36,384,981	$ 4	288,092,303	$ 29	—	$ —	$ 115,164	$ (126,343)	$ 65	$ (11,081)	$ (277,862)	$ (288,943)

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

MARKETWISE, INC.
Consolidated Statement of Cash Flows
(In thousands)

	Year ended December 31,		
	2023	2022	2021
Cash flows from operating activities:			
Net income (loss)	$ 54,295	$ 101,170	$ (953,883)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	3,821	3,091	2,676
Impairment and other charges	2,583	287	—
Stock-based compensation	23,384	9,045	210,912
Change in fair value of derivative liabilities – Class B Units	—	—	728,079
Change in fair value of derivative liabilities – other	1,779	(15,665)	(18,017)
Deferred taxes	1,803	1,490	2,358
Unrealized gains on foreign currency	23	(97)	(38)
Noncash lease expense	2,135	1,925	1,894
Loss on sale of business	1,583	—	—
Gain on sale of cryptocurrencies	—	—	(105)
Changes in operating assets and liabilities:			
Accounts receivable	(488)	3,765	4,593
Related party receivables and payables, net	(2,284)	(982)	(1,167)
Prepaid expenses	2,420	1,318	(4,513)
Other current assets and other assets	1,533	(543)	(744)
Cryptocurrency intangible assets	—	—	109
Deferred contract acquisition costs	31,329	5,453	(95,835)
Trade and other payables	(200)	(3,975)	(7,282)
Accrued expenses	9,065	(477)	14,205
Deferred revenue	(67,092)	(51,980)	175,553
Derivative liabilities	(3,060)	—	662
Operating lease liabilities	(1,501)	(1,671)	(1,154)
Other current and long-term liabilities	1,300	(3,780)	5,329
Net cash provided by operating activities	62,428	48,374	63,632
Cash flows from investing activities:			
Cash paid for acquisitions, net of cash acquired	(170)	(12,770)	(7,139)
Acquisition of noncontrolling interests, including transaction costs	—	(297)	—
Purchases of property and equipment	(65)	(35)	(157)
Purchases of intangible assets	—	—	(892)
Capitalized software development costs	(1,662)	(136)	(123)
Net cash used in investing activities	(1,897)	(13,238)	(8,311)
Cash flows from financing activities:			
Net proceeds from the Transactions	—	—	113,641
Issuance of related party notes receivable	—	—	(11)
Proceeds from related party notes receivable	—	1,159	—
Proceeds from issuance of common stock	678	827	—
Shares and restricted stock units withheld to pay taxes	(6,032)	(515)	—
Repurchases of stock	—	(13,054)	(3,340)
Dividends paid	(5,744)	—	—
Distributions to members	—	—	(135,451)
Distributions to noncontrolling interests	(52,855)	(4,609)	(5,517)
Net cash used in financing activities	(63,953)	(16,192)	(30,678)
Effect of exchange rate changes on cash	21	53	8
Net increase in cash, cash equivalents and restricted cash	(3,401)	18,997	24,651

Cash, cash equivalents and restricted cash — beginning of period	158,575	139,578	114,927
Cash, cash equivalents and restricted cash — end of period	$ 155,174	$ 158,575	$ 139,578

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

1. Organization

Description of Business and Basis of Presentation

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.

Reverse Recapitalization with Ascendant Digital Acquisition Corp.

On July 21, 2021, as contemplated by the Business Combination Agreement, dated as of March 1, 2021, by and among Ascendant Digital Acquisition Corp. (“ADAC”), MarketWise, LLC, all of the members of MarketWise, LLC (other than MarketWise, Inc., the “MarketWise Members”), and Shareholder Representative Services LLC, (as amended, the “Transaction Agreement”), ADAC was domesticated and continues as a Delaware corporation, changing its name to “MarketWise, Inc.”

As a result of, and upon the effective time thereof, among other things, (1) each of the then issued and outstanding Class A ordinary shares, par value $0.0001 per share, of ADAC (the “ADAC Class A ordinary shares”) automatically converted, on a one-for-one basis, into a share of Class A common stock, par value $0.0001 per share, of MarketWise, Inc. (the “Class A common stock”); (2) each of the then issued and outstanding redeemable warrants of ADAC automatically converted into a redeemable warrant to acquire one share of Class A common stock (the “warrants”); and (3) each of the then issued and outstanding units of ADAC that had not been previously separated into the underlying ADAC Class A ordinary shares and underlying warrants upon the request of the holder thereof were cancelled and entitled the holder thereof to one share of Class A common stock and one-half of one warrant. No fractional warrants were issued upon such separation.

On July 21, 2021, as contemplated by the Transaction Agreement, MarketWise, Inc. and MarketWise, LLC consummated the business combination contemplated by the Transaction Agreement whereby (i) MarketWise, LLC restructured its capitalization, appointed MarketWise, Inc. as its managing member, and issued to MarketWise, Inc. 28,003,096 common units of MarketWise, LLC (the “LLC Units”), and 30,979,993 warrants to purchase LLC Units and (ii) MarketWise, Inc. issued 291,092,303 shares of Class B common stock, par value $0.0001 per share, of MarketWise, Inc. (the “Class B common stock” and, together with the Class A common stock, the “common stock”) to the MarketWise Members.

On March 1, 2021, concurrently with the execution of the Transaction Agreement, ADAC entered into subscription agreements with certain investors (collectively, the “PIPE Investors”) who subscribed for 15,000,000 shares of Class A common stock at $10.00 per share for an aggregate commitment amount of $150,000 (the “PIPE Investment” and, together with the other transactions described above and all transactions contemplated by or pursuant to the Transaction Agreement, the “Transactions”). The PIPE Investment was consummated on July 21, 2021 substantially concurrently with the closing of the other Transactions.

Immediately after giving effect to the Transactions, there were 28,003,096 shares of Class A common stock (including 3,051,000 Sponsor Earn Out Shares (as defined and discussed in our Current Report on Form 8-K filed with the Securities and Exchange Commission (“SEC”) on July 28, 2021) the “Original Report”), 291,092,303 shares of Class B common stock, and 30,979,993 warrants outstanding (including 10,280,000 Private Placement Warrants (as defined in the Original Report)). Upon the consummation of the Transactions, ADAC’s ordinary shares, warrants, and units ceased trading on The New York Stock Exchange, and MarketWise, Inc.’s Class A common stock and warrants began trading on the Nasdaq under the symbols “MKTW” and “MKTW W,” respectively.

Immediately after giving effect to the Transactions, (1) ADAC's public stockholders owned approximately 0.1% of the outstanding MarketWise, Inc. common stock, (2) the MarketWise Members owned approximately 91.2% of the outstanding MarketWise, Inc. common stock, (3) Ascendant Sponsor LP, a Cayman Islands exempted limited partnership and related parties (the "Sponsor") collectively owned approximately 3.2% of the outstanding MarketWise, Inc. common stock (including 3,051,000 Sponsor Earn Out Shares), and (4) the PIPE Investors owned approximately 4.7% of the outstanding MarketWise, Inc. common stock.

The Transaction was accounted for as a reverse recapitalization in accordance with generally accepted accounting principles in the United States of America ("GAAP"). Under the guidance in Accounting Standards Codification ("ASC") Topic 805, MarketWise, LLC is treated as the "acquirer" for financial reporting purposes. As such, MarketWise, LLC is deemed the accounting predecessor of the combined business and MarketWise, Inc. the successor registrant for SEC purposes, meaning that MarketWise, LLC's financial statements for previous periods will be disclosed in the registrant's future periodic reports filed with the SEC. The reverse recapitalization was treated as the equivalent of MarketWise, LLC issuing stock for the net assets of ADAC, accompanied by a recapitalization.

As part of the recapitalization Transactions, we recorded net cash proceeds from the Transactions of $113.6 million in equity. This cash amount includes: (1) the reclassification of ADAC's Trust Account of $414.6 million to cash and cash equivalents that became available at the time of the Transactions; (2) proceeds of $150.0 million from the issuance and sale of MarketWise Class A common stock in the PIPE investment; (3) payment of $48.8 million in non-recurring transaction costs; (4) settlement of $14.5 million in deferred underwriters' discount; and (5) the payment of $387.7 million to redeeming stockholders of ADAC. We also recorded (1) $45.0 million in equity related to the establishment of the initial value of the warrants; and (2) $11.1 million in equity related to the establishment of the initial value of deferred taxes.

2. Summary of Significant Accounting Policies

Basis of Consolidation

The accompanying 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 consolidated financial statements. As of December 31, 2023, MarketWise, Inc. had a 11.2% 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 consolidated financial statements.

The consolidated financial statements have been prepared in accordance with GAAP. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of 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 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, grant-date fair value of equity awards, determination of standalone selling prices, estimated life of membership 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, as modified by the Jumpstart Our Business Startups Act of 2012, as amended (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 of 2022, as amended ("SOX"), 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 Exchange Act) 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 an 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 audited 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.

Variable Interest Entity

The usual condition for a controlling financial interest is ownership of a majority of the voting interests of an entity. However, a controlling financial interest may also exist through arrangements that do not involve controlling voting interests when an entity is insufficiently capitalized, or when an entity is not controlled through its voting interests, which is referred to as a variable interest entity.

We evaluate our ownership, contractual and other interests in entities to determine if we have a variable interest in an entity. These evaluations are complex, involve judgment, and the use of estimates and assumptions based on available historical information, among other factors. If we hold a contractual or ownership interest in an entity and we determine that the entity is a VIE and that we are determined to be the primary beneficiary, we consolidate such entity in our consolidated financial statements. The primary beneficiary of a VIE is the party that meets both of the following criteria: (1) has the power to make decisions that most significantly affect the economic performance of the VIE; and (2) has the obligation to absorb losses or the right to receive benefits that in either case could potentially be significant to the VIE. Periodically, we determine whether any changes in the interest or relationship with the entity impact the determination of whether we are still the primary beneficiary. If we are not deemed to be the primary beneficiary in a VIE, we account for the investment or other variable interests in a VIE in accordance with applicable GAAP.

Segment Information

Operating segments are components of an enterprise that engage in business activities that may generate revenues and expenses for which separate financial information is available and is evaluated regularly by our chief operating decision-maker ("CODM") in deciding how to allocate resources and assess performance. Our Chief Executive Officer serves as the CODM.

Based on the financial information presented to and reviewed by our CODM in assessing our performance and for the purposes of allocating resources, we have determined our operating subsidiaries represent individual operating segments with similar economic characteristics that meet the criteria for aggregation into a single reportable segment for financial statement purposes. Accordingly, we have a single reportable segment.

In October 2023, the Company reorganized its reporting structure by merging its Empire Financial Research business that was previously included in its Roundtable Research reporting unit into its 1729 Research reporting unit. Accordingly, assets and liabilities were reassigned to 1729 Research, including goodwill of $7,665 which was determined using a relative fair value approach. Significant assumptions of the valuation included, but were not limited to, prospective financial information, growth rates, volatility metrics, discount rates, and inflation factors.

Long-lived assets were located in the United States as of December 31, 2023 and 2022.

Cash and Cash Equivalents and Restricted Cash

We consider all financial instruments purchased with an original maturity of three months or less at the time of purchase to be cash equivalents. Our cash equivalents are composed of money market funds and certificates of deposit.

We hold certain restricted cash with credit card processors as reserves for chargebacks and refunds. As the reserves are based on our credit card receivables which are collected within twelve months of each reporting period, the restricted cash has been included in other current assets on the consolidated balance sheets. We did not have restricted cash as of December 31, 2023 and 2022.

Accounts Receivable

Our accounts receivable primarily consist of receivables from third-party credit card providers which are stated at net realizable value. We did not record an allowance for doubtful accounts for the years ended December 31, 2023 and 2022.

Concentration of Credit Risk and Other Risks and Uncertainties

Financial instruments that potentially subject us to significant concentrations of credit risk consist primarily of cash. We maintain deposits in federally insured financial institutions in excess of federally insured limits. We are exposed to credit risk in the event of a default by the financial institutions holding our cash to the extent recorded on the consolidated balance sheets. Management believes we are not exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held.

No individual customer accounted for more than 10% of revenue for the years ended December 31, 2023, 2022 and 2021.

Derivative Financial Instruments

From time to time, we utilize instruments which may contain embedded derivative instruments as part of our overall strategy to compensate and retain key employees and independent contractors (see *Note 8 – Derivative Financial Instruments* below for additional information). Our derivative instruments are recorded at fair value on the consolidated balance sheets. Our derivative instruments have not been designated as hedges; therefore, both realized and unrealized gains and losses are recognized in earnings. For the purposes of cash flow presentation, realized and unrealized gains or losses are included within cash flows from operating activities. Upfront cash payments received upon the issuance of derivative instruments are included within cash flows from financing activities within the consolidated statements of cash flows.

Property and Equipment, Net

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. Leasehold improvements are amortized using the straight-line method over the shorter of the related asset’s estimated useful life or the remaining term of the lease. Maintenance and repairs are charged to operations as incurred. Upon sale or retirement of assets, the cost and related accumulated depreciation are removed from the balance sheet and the resulting gain or loss is reflected in operations.

Business Combinations

We allocate the fair value of purchase consideration to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values as of the acquisition date. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets. Significant estimates in valuing assets acquired and liabilities assumed include, but are not limited to, future expected cash flows from acquired customers, trade names, acquired technology and deferred revenue from a market participant perspective, as well as determining useful lives and discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and as a result, actual results may differ from estimates. During the measurement period, which is up to one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded in earnings.

Goodwill and Intangible Assets

Goodwill

Goodwill represents the excess of the aggregate fair value of the consideration transferred in a business combination over the fair value of the assets acquired, net of liabilities assumed. Goodwill is not amortized but is evaluated for impairment annually, or more frequently if events or changes in circumstances indicate the goodwill may be impaired. Our annual impairment testing date is the first day of the fourth quarter.

Events or changes in circumstances which could trigger an impairment review include significant changes in the manner of our use of the acquired assets or the strategy for our overall business, significant negative industry or economic trends, significant underperformance relative to historical or projected future results of operations, a significant adverse change in the business climate, an adverse action or assessment by a regulator, unanticipated competition or a loss of key personnel. We have the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of the reporting unit is less than its carrying amount, including goodwill. If, after assessing the totality of events or circumstances, we determine it is not more likely than not that the fair value of the reporting unit is less than its carrying amount, then the quantitative goodwill impairment test is not required. However, if we conclude otherwise, then we are required to perform the quantitative goodwill impairment test.

The quantitative goodwill impairment test involves comparing the estimated fair value of the reporting unit with its respective carrying amount, including goodwill. If the estimated fair value exceeds the carrying amount, goodwill is considered not to be impaired and no additional steps are necessary. If, however, the estimated fair value of the reporting unit is less than the carrying amount, then an impairment loss is recognized in an amount equal to the excess, limited to the total amount of goodwill allocated to that reporting unit.

No goodwill impairment charges have been recorded during the years ended December 31, 2023, 2022 and 2021.

Intangible Assets, Net

Intangible assets, net consists primarily of identifiable intangible assets that are subject to amortization such as developed technology, customer relationships, and trade names resulting from our acquisitions. Intangible assets arising from acquisitions are recorded at fair value on the date of acquisition and amortized over their estimated economic lives on a straight-line basis which approximates the pattern in which the economic benefits of the assets will be consumed. Intangible assets are presented net of accumulated amortization in the consolidated balance sheet.

Cryptocurrencies

We purchased cryptocurrencies during the year ended December 31, 2018 primarily to be redeemed by customers as part of certain marketing campaigns. We recognized our portfolio of cryptocurrencies as intangible assets since cryptocurrencies are not considered cash and cash equivalents and do not have physical substance. We believe that the cryptocurrencies have an indefinite life since there are no significant legal, regulatory, contractual or economic factors that would limit the cryptocurrencies' useful life.

Our indefinite-lived cryptocurrency holdings are not amortized but are evaluated for impairment annually, or more frequently if events or changes in circumstances indicate the carrying amount may not be recoverable. We utilize the quoted market values of the cryptocurrencies in the impairment test on the cryptocurrency holdings. We sold cryptocurrencies on hand after the marketing campaigns ended and recognized gains of $0, $0 and $105 during the years ended December 31, 2023, 2022 and 2021, respectively, in other income, net on the consolidated statement of operations. As of December 31, 2023, we do not hold any cryptocurrencies.

The cash flows associated with the cryptocurrencies are recognized in the consolidated statement of cash flows as operating activities due to the nature of the transactions.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for indications of possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Recoverability is measured by comparison of the carrying amounts to the future undiscounted cash flows attributable to these assets or asset groups. An impairment loss is recognized to the extent an asset group is not recoverable, and the carrying amount exceeds the projected discounted future cash flows arising from these assets.

Revenue Recognition

We recognize revenue in accordance with Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and the related amendments ("ASC 606").

We determine revenue recognition through the following steps:

- Identify the contract, or contracts, with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when, or as, a performance obligation is satisfied

Research and software-as-a-service ("SaaS") subscriptions

We primarily earn revenue from services provided in delivering subscription-based financial research, publications and SaaS offerings to individual customers through our online platforms. Revenues are recognized evenly over the duration of the subscriptions, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. Customers are typically billed in advance of the subscriptions.

We also offer membership subscriptions where we receive an upfront payment upon entering into the contract and receive a lower amount annually (a "maintenance fee") thereafter. The right to discounts on future maintenance fee payments is considered a material right which is recognized as revenue when the customer exercises the option or when the option expires. Certain upfront fees on membership subscriptions are paid in installments, generally over a twelve-month period. We recognize revenue related to membership subscriptions over the estimated customer lives, which was five years for each of the years ended December 31, 2023, 2022 and 2021. We have determined the estimated life of membership customers based on historic customer attrition rates.

Advertising and other

We earn revenue from the sale of advertising placements on our websites. We also earn revenue from the sale of print products and events, such as webinars and conferences. In addition we recognize revenue that we refer to as "revenue share," where we earn a fee for each successful sale that third party companies or related parties generate from our customer list.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer, and is the unit of account in ASC 606. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

As part of certain marketing campaigns, we may offer a "performance guarantee" such that if we do not meet the guarantee conditions, the customer will receive, for example, an extension to their subscription term for no additional consideration. These offers are considered to be material rights for our customers and we allocate a portion of the transaction price to the material right performance obligation. Revenue associated with the material rights is recognized immediately if we have met the guarantee conditions, or over the extended subscription term if we have not met the guarantee conditions.

Our performance obligations are satisfied over time as subscriptions are available to customers or at a point-in-time as products are delivered to customers. Accordingly, revenue from subscription services is recognized over the duration of the subscription. Our advertising performance obligations are satisfied at a point-in-time, and revenue is recognized when impressions are delivered. Revenue from products is recognized at a point-in-time when delivered. Revenue from events is recognized over the duration of the event.

In addition, we apply the sales-based or usage-based royalty exception to revenue share, which are sales of functional intellectual property. Revenue is recognized at a point-in-time as fees are earned on successful sales from the customer lists.

Contracts with Multiple Performance Obligations

Our contracts with customers may include multiple performance obligations if subscription services are sold with other subscriptions, products or events within one contract. For such contracts, we allocate the transaction price to each performance obligation based on its relative standalone selling price. We generally determine standalone selling prices based on the prices charged to customers on a standalone basis.

Contract Balances

A contract asset is defined as an entity's right to consideration for goods or services that the entity has transferred to a customer but customer payment is contingent on a future event. A contract liability is defined to occur if the customer's payment of consideration precedes the entity's performance and represents the entity's obligation to transfer goods or services to a customer for which the entity has received consideration. Timing of revenue recognition may differ from the timing of invoicing to customers. We record a receivable when revenue is recognized prior to invoicing, or deferred revenue when revenue is recognized subsequent to invoicing. No contract assets are recorded on our consolidated balance sheets as of December 31, 2023 and 2022.

Deferred revenue is primarily comprised of unearned revenue related to subscription services. Subscribers typically pay all or a portion of the subscription fees by credit card prior to the start of the subscriptions. Contract receivables are presented as accounts receivable due to processing time with credit card providers.

Subscribers may be able to cancel certain subscriptions for a full or pro-rated refund for a certain period of time, which is usually not more than 90 days after the start of their subscriptions. After the refund period, we have no obligation to refund any of the consideration received. Refund obligations are a significant estimate which we recognize as of each reporting period based on historical trends and record a contract liability for this amount in deferred revenue and other contract liabilities on the consolidated balance sheets.

Assets Recognized from Costs to Obtain a Contract with a Customer

We capitalize incremental costs that are directly related to the acquisition or renewal of customer contracts, to the extent that the costs are expected to be recovered and if we expect the benefit of these costs to be longer than one year. We have elected to utilize the practical expedient and expense costs to obtain a contract with a customer when the expected benefit period is one year or less. Our capitalizable incremental costs include sales commissions to employees and fees paid to marketing vendors that are generally calculated as a percentage of the customer sale. We also capitalize revenue share fees that are payable to other companies, including related parties, who share their customer lists with us for each successful sale we make to a customer from their list. Capitalized costs are amortized on a straight-line basis over the shorter of the expected customer life or the expected benefit related directly to those costs, which is approximately four years.

Leases

We follow the provisions of ASU No. 2016-02, *Leases* ("ASU 2016-02"). We determine if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, operating lease liabilities, and operating lease liabilities, noncurrent in the consolidated balance sheets. We do not have any finance lease agreements.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset includes any lease payments made and excludes payments received for lease incentives. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

We elected to use the practical expedient for short-term leases, and therefore do not record right-of-use assets or lease liabilities with lease durations of twelve months or less. Rather, the lease payments for short-term leases are recognized on the consolidated statements of operations on a straight-line basis over the lease term. We have also elected the practical expedient on not separating lease components from nonlease components for our office leases.

Variable payments, such as common area charges, maintenance, insurance and taxes, are primarily based on the amount of space we occupy. These payments in our leases are not dependent on an index or a rate and are excluded from the measurement of the lease liabilities and recognized in the consolidated statements of operations in the period in which the obligation for those payments is incurred. We remeasure our lease payments when the contingency underlying such variable payments is resolved such that some or all of the remaining payments become fixed.

Cost of Revenue

Cost of revenue consists primarily of payroll and payroll-related costs associated with producing and publishing our content, customer service, credit card processing fees, product costs and allocated overhead.

Sales and Marketing

Sales and marketing expenses consist primarily of payroll and payroll-related costs, amortization of deferred contract acquisition costs, allocated overhead, agency costs, advertising campaigns, and branding initiatives. Conferences, webinars and other event costs are expensed during the period in which the event takes place. Other sales and marketing and advertising costs are expensed as they are incurred.

Advertising expense was $44,270, $97,704 and $144,561 for the years ended December 31, 2023, 2022 and 2021, respectively.

Research and Development

Research and development expenses consist primarily of payroll and related costs, allocated overhead, technical services, software expenses, and hosting expenses.

General and Administrative

General and administrative expenses consist primarily of payroll and related costs, including severances, associated with our finance, legal, information technology, human resources, executive and administrative personnel, legal fees, corporate insurance, office expenses, professional fees, and travel and entertainment costs.

Stock-Based Compensation

Stock-based compensation expenses are included in cost of revenue, sales and marketing, and general and administrative expenses in a manner consistent with the employee's salary and benefits in the consolidated statements of operations.

2021 Incentive Award Plan

On July 21, 2021, the MarketWise, Inc. 2021 Incentive Award Plan (the "2021 Incentive Award Plan") became effective. As of December 31, 2023, 33,960,802 shares of Class A common stock were reserved for issuance pursuant to the 2021 Incentive Award Plan, and the maximum number of shares that may be issued pursuant to the exercise of incentive stock options granted under the 2021 Incentive Award Plan is 32,045,000, in each case, subject to certain adjustments set forth therein.

The 2021 Incentive Award Plan provides for the grant of stock options, including incentive stock options, or ISOs, and nonqualified stock options, or NSOs; restricted stock; restricted stock units, or RSUs; stock appreciation rights, or SARs; and other stock or cash-based awards.

Equity-based compensation with service conditions is measured based on the grant date fair value of the awards and recognized as compensation expense over the period during which the recipient is required to perform services in exchange for the award (the requisite service period). We have elected to use a straight-line attribution method for recognizing compensation costs relating to awards that have service conditions only. Forfeitures are recorded as they occur.

2021 ESPP

As a result of the Transactions, we adopted the 2021 Employee Stock Purchase Plan ("ESPP") effective on January 1, 2022. Under the ESPP, the Company authorizes the grant of the right to purchase shares of Class A common stock by employees who qualify under the ESPP. As of December 31, 2023, the Company has reserved for issuance a total of 6,728,300 shares of Class A common stock for the ESPP. The current offering period began on July 1, 2023 and ended on December 31, 2023.

The ESPP is implemented through a series of offerings under which eligible employees are granted purchase rights to purchase shares of the Company's Class A common stock on specified dates during such offerings. Under the ESPP, the Company has determined the offering period to occur in six month intervals, with the purchase occurring as of the last trading day of each offering period. On each purchase date, eligible employees will purchase the shares at a price per share equal to 85% of the lesser of (1) the fair market value of the Company's Class A common stock on the first trading day of the offering period, or (2) the fair market value of the Company's Class A common stock on the purchase date, as defined in the ESPP. The fair value of the ESPP is determined using the Monte Carlo model as of the beginning of each offering period and is expensed ratably over the six month offering period.

Profits Interests

During the year ended December 31, 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.

Class B Units

As more fully described above, we completed our Transactions in July 2021, and all Class B Units issued by MarketWise, LLC fully vested as of the transaction date, and the original operating agreement of MarketWise, LLC ("Prior MarketWise Operating Agreement") was terminated and replaced by a new operating agreement ("MarketWise Operating Agreement") consistent with the Company's Up-C structure. This MarketWise Operating Agreement does not contain the put and call options that existed under the Prior MarketWise Operating Agreement, and the MarketWise, LLC common units are treated as common equity under the new operating agreement and do not generate stock-based compensation expense.

Prior to the Transactions, under the old operating agreement, and as part of our compensation and retention strategy, MarketWise, LLC granted incentive compensation units ("Class B Units") to certain key employees, which are profit interests for United States federal income tax purposes. The Class B Units were accounted for as a substantive class of equity and allowed the recipient to realize value only to the extent that the value of the award appreciated.

The Class B Units contained service-based vesting conditions and had different vesting terms depending upon the employee which ranged from vesting immediately to eight years; vesting was accelerated upon the completion of the Transactions. Compensation cost was recognized on a straight-line basis over the requisite service period until vesting for the entire award, but at least equaled the number of vested units determined by the underlying vesting schedule. Forfeitures were accounted for in the period in which they occur.

The Class B Units were subject to a put and call option whereby MarketWise, LLC could elect to redeem or be required to redeem these units at a value determined by a predefined formula based on a multiplier of its net income as defined by management. Employees may not exercise the put option until 25 months have elapsed from the issuance date. Since the redemption price is not representative of fair value, the employees are not considered to be subject to the risks and rewards of share ownership, and the Class B Units were classified as liabilities in the accompanying consolidated balance sheet. Prior to the completion of the Transactions, the liability for Class B units was remeasured to fair value at the end of each reporting period.

Since Class B Units were classified as liabilities, all cash distributions made to the unitholders of the Class B Units pursuant to the Prior MarketWise Operating Agreement were considered to be stock-based compensation expenses. See also *Note 11 – Stock-Based Compensation*.

Capitalized Software Development Costs

For internal use software, we capitalize external costs and payroll and payroll-related costs related to employees that developed new or additional software functionality. Costs incurred during the preliminary project and post-implementation stages are expensed as incurred and included in research and development in the consolidated statements of operations. These capitalized costs are amortized using the straight-line method over the software's expected useful life, which is generally three years.

Capitalized Implementation Costs

We capitalize implementation costs incurred in cloud computing hosting arrangements that are service contracts and amortize such costs using the straight-line method over the term of the related hosting arrangement and any expected renewal periods. These costs include external direct costs for materials and services and payroll and payroll-related costs of employees devoting time to the project. Software maintenance and training costs are expensed in the period in which they are incurred. The capitalized implementation costs are capitalized within other current assets and other assets on the consolidated balance sheets.

Fair Value Measurement

Assets and liabilities recorded at fair value on a recurring basis in the balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair values. Fair value is defined as the exchange price that would be received for an asset or an exit price that would be paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. GAAP establishes a three-tier fair value hierarchy for disclosure of fair value measurements as follows:

Level 1—Observable inputs such as unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;

Level 2—Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active;

Level 3— Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The carrying amount of our financial instruments, including accounts receivable, trade and other payables, accrued expenses and related party receivables and payables, approximate their respective fair values because of their short maturities. The fair value of stock-based compensation liabilities for Class B Units, the derivatives liabilities associated with our deferred compensation arrangements, and the warrant liabilities were determined using unobservable Level 3 inputs. We have not elected the fair value option for any financial assets and liabilities for which such an election would have been permitted.

Warrant Liability

Warrants are accounted for as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance in Financial Accounting Standards Board ("FASB") ASC 480, *Distinguishing Liabilities from Equity* ("ASC 480") and ASC 815, *Derivatives and Hedging* ("ASC 815"). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company's own ordinary shares, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding.

As more fully described in *Note 17 – Warrant Exchange* the Private Placement Warrants and Public Warrants were exchanged for Class A common stock of MarketWise, Inc. in September 2022.

Foreign Currency Translation

A subsidiary is an entity in Singapore, and its functional currency is the local currency. Gains and losses on transactions denominated in currencies other than the functional currency are included in determining net income (loss) for the period. Assets and liabilities of our foreign subsidiary are translated using the exchange rates in effect at the balance sheet date. Results of operations are translated using weighted average exchange rates. Adjustments arising from the translation of our foreign subsidiary's functional currency into U.S. dollars are reported as foreign currency translation adjustments in accumulated other comprehensive loss in the consolidated statements of members' deficit.

Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in other income, net in the accompanying consolidated statement of operations when realized. Foreign currency transaction activity was immaterial for the years ended December 31, 2023, 2022 and 2021.

Comprehensive Income (Loss)

Comprehensive income (loss) is currently comprised of changes in foreign currency translation adjustments.

Income Taxes

Prior to the Transactions, we were a pass-through entity for income tax purposes. Subsequent to the Transactions, the portion of earnings allocable to MarketWise, Inc. is subject to corporate level tax rates at the federal, state and local levels. Therefore, the amount of income taxes recorded prior to the Transactions are not representative of the expenses expected in the future.

The computation of the effective tax rate and provision at each interim period requires the use of certain estimates and significant judgment including, but not limited to, the expected operating income for the year, projections of the proportion of income that is subject to tax, permanent differences between our GAAP earnings and taxable income, and the likelihood of recovering deferred tax assets existing as of the balance sheet date. The estimates used to compute the provision for income taxes may change throughout the year as new events occur, additional information is obtained or as tax laws and regulations change. Accordingly, the effective tax rate for future interim periods may vary materially.

We account for income taxes pursuant to the asset and liability method which requires us to recognize current tax liabilities or receivables for the amount of taxes we estimate are payable or refundable for the current year, deferred tax assets and liabilities for the expected future tax consequences attributable to temporary differences between the financial statement carrying amounts and their respective tax bases of assets and liabilities and the expected benefits of net operating loss and credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period enacted. A valuation allowance is provided when it is more likely than not that a portion or all of a deferred tax asset will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income and the reversal of deferred tax liabilities during the period in which related temporary differences become deductible.

The benefit of tax positions taken or expected to be taken in our income tax returns is recognized in the financial statements if such positions are more likely than not of being sustained upon examination by taxing authorities. Differences between tax positions taken or expected to be taken in a tax return and the benefit recognized and measured pursuant to the interpretation are referred to as “unrecognized benefits.” A liability is recognized (or amount of net operating loss carryover or amount of tax refundable is reduced) for an unrecognized tax benefit because it represents a potential future obligation to the taxing authority for a tax position that was not recognized. Interest costs and related penalties related to unrecognized tax benefits are required to be calculated, if applicable and are recognized as general and administrative expenses.

Tax Receivable Agreement Obligation

In connection with the Transactions, concurrently with the Closing, we have entered into a Tax Receivable Agreement (“TRA”) with owners of MarketWise, LLC prior to the Transactions (that is, the MarketWise Members). The TRA generally provides for the payment by us to the MarketWise Members of 85% of the cash tax benefits, if any, that we are deemed to realize as a result of tax basis adjustments as a result of sales and exchanges of LLC Units in connection with, or following the Transactions, and certain distributions with respect to units. These tax basis adjustments generated over time may increase (for tax purposes) the depreciation and amortization deductions available to us and, therefore, may reduce the amount of U.S. federal, state and local tax that we would otherwise be required to pay in the future, although the IRS may challenge all or part of the validity of that tax basis, and a court could sustain such challenge. The tax basis adjustments upon sales or exchanges of units for shares of Class A common stock and certain distributions with respect to LLC Units may also decrease gains (or increase losses) on future dispositions of certain assets to the extent tax basis is allocated to those assets. Actual tax benefits realized by us may differ from tax benefits calculated under the Tax Receivable Agreement as a result of the use of certain assumptions in the TRA, including the use of an assumed weighted average state and local income tax rate to calculate tax benefits. The payments that we may make under the TRA are expected to be substantial.

We account for the effects of these increases in tax basis and associated payments under the TRA when exchanges occur as follows:

a. recognize a contingent liability for the TRA obligation when it is deemed probable and estimable, with a corresponding adjustment to additional paid-in-capital, based on the estimate of the aggregate amount that MarketWise, Inc. will pay;

b. record an increase in deferred tax assets for the estimated income tax effects of the increases in tax basis based on enacted federal and state tax rates at the date of the exchange;

c. to the extent we estimate that we will not realize the full benefit represented by the deferred tax asset, based on an analysis that will consider, among other things, our expectation of future earnings, we reduce the deferred tax asset with a valuation allowance; and,

d. The effects of changes in any of the estimates and subsequent changes in the enacted tax rates after the initial recognition will be included in our net income.

Earnout Shares

Pursuant to the Transaction Agreement, at the closing of the Transactions, we placed 3,051,000 shares of MarketWise, Inc. Class A common stock into escrow to be released to the Sponsor if certain conditions are met ("Sponsor Earnout Shares"). In addition, certain management members of the Company have been allocated 2,000,000 shares of Class A common stock in aggregate, with shares to be placed in escrow, and released at any time during a 4-year period following closing of the Transaction, if certain conditions are met ("Management Member Earnout Shares"). The Sponsor Earnout Shares and Management Member Earnout Shares (together, the "Earnout Shares") will be released as follows:

1) 50% when the volume weighted average price (the "VWAP) of Class A common stock is greater than or equal to $12.00 for a period of at least 20 trading days within a consecutive 30-trading-day period, or based on the per share equity value in a transaction in which our stockholders sell their shares; and

2) 50% when the volume weighted average price (the "VWAP) of Class A common stock is greater than or equal to $14.00 for a period of at least 20 trading days within a consecutive 30-trading-day period, or based on the per share equity value in a transaction in which our stockholders sell their shares.

The Earnout Shares are classified as equity transactions at initial issuance and at settlement when the release conditions are met. Until the shares are issued and released, the Earnout Shares are not included in shares outstanding. The Earnout Shares are not considered stock-based compensation. As of the date of the Transactions, the Earnout Shares had a fair value of $26.0 million for 5,051,000 shares of Class A common stock.

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.

The Transactions occurred on July 21, 2021. As a result, net income (loss) for the year ended December 31, 2021 was attributed to the pre-Transactions period from January 1, 2021 through July 21, 2021 and to the post-Transactions period from July 22, 2021 through December 31, 2021. Net income (loss) in the pre-Transactions period was attributable to consolidated MarketWise, LLC and its respective noncontrolling interests and in the post-Transactions period was attributable to consolidated MarketWise, Inc. and its respective noncontrolling interests.

Net income for the years ended December 31, 2023 and 2022 was fully attributable to consolidated MarketWise, Inc. and its respective noncontrolling interests in the post-Transactions period. As of December 31, 2023, MarketWise, Inc.'s controlling interest in MarketWise, LLC was 11.2% and the noncontrolling interest was 88.8%. For the year ended December 31, 2023 net income attributable to controlling interests included a $1,803 tax provision which is 100% attributable to the controlling interest.

Earnings Per Share

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

Basic net income per share is based on the weighted average number of shares of Class A common stock issued and outstanding after the closing of the Transactions. Diluted net income per share is based on the weighted average number of shares of Class A common stock issued and outstanding and the effect of all dilutive common stock equivalents and potentially dilutive share based compensation awards outstanding during the period after the closing of the Transactions. Class B common stock is not a participating security, therefore it is not included in the earnings per share calculation.

Recently Issued and Adopted Accounting Pronouncements

In November 2023, the FASB issued Accounting Standards Update ("ASU") 2023-07, *Improvements to Reportable Segment Disclosures,* ("ASU 2023-07") which is aimed at improving reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 also requires additional interim disclosures. ASU 2023-07 is effective for the Company for the annual period beginning January 1, 2024, and interim periods beginning on January 1, 2025. Early adoption is permitted. The enhanced segment disclosure requirements apply retrospectively to all prior periods presented in the financial statements, and prior period disclosures shall be based on the significant segment expense categories identified and disclosed in the period of adoption.

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures*. Under ASU 2023-09, companies must annually (1) disclose specific categories in the rate reconciliation, and (2) provide additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than 5 percent of the amount computed by multiplying pretax income (or loss) by the applicable statutory income tax rate).

ASU 2023-09 improves the transparency of income tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. It also includes certain other amendments to improve the effectiveness of income tax disclosures.

ASU 2023-09 is effective for the Company on January 1, 2025. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The Company is currently evaluating the guidance and expects it to only impact disclosures, with no impact to results of operations, cash flows, or financial condition.

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.

	Year Ended December 31, 2023				
	Subscriptions	**Advertising**	**Revenue Share (Related Party)**	**Revenue Share (Third-party)**	**Total**
Timing of transfer:					
Transferred over time	$ 442,333	$ —	$ —	$ —	$ 442,333
Transferred at a point in time	—	732	4,937	180	5,849
Total	$ 442,333	$ 732	$ 4,937	$ 180	$ 448,182

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

	Year Ended December 31, 2022				
	Subscriptions	Advertising	Revenue Share (Related Party)	Revenue Share (Third-party)	Total
Timing of transfer:					
Transferred over time	$ 508,894	$ —	$ —	$ —	$ 508,894
Transferred at a point in time	—	744	2,363	402	3,509
Total	$ 508,894	$ 744	$ 2,363	$ 402	$ 512,403

	Year Ended December 31, 2021				
	Subscriptions	Advertising	Revenue Share (Related Party)	Revenue Share (Third-party)	Total
Timing of transfer:					
Transferred over time	$ 543,881	$ —	$ —	$ —	$ 543,881
Transferred at a point in time	—	2,479	1,284	1,539	5,302
Total	$ 543,881	$ 2,479	$ 1,284	$ 1,539	$ 549,183

Revenue recognition by subscription type was as follows:

	Year Ended December 31,		
	2023	2022	2021
Membership subscriptions	$ 185,354	$ 195,370	$ 192,273
Term subscriptions	256,979	313,524	351,608
Non-subscription revenue	5,849	3,509	5,302
Total	$ 448,182	$ 512,403	$ 549,183

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.

Net revenue by principal geographic areas was as follows:

	Year Ended December 31,		
	2023	2022	2021
United States	$ 448,091	$ 512,083	$ 547,026
International	91	320	2,157
Total	$ 448,182	$ 512,403	$ 549,183

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 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:

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

	As of December 31,	
	2023	2022
Contract balances		
Accounts receivable	$ 4,528	$ 4,040
Obligations for refunds	3,157	4,676
Deferred revenue – current	284,594	310,555
Deferred revenue – non-current	304,342	348,273

We recognized $315,066 and $335,608 of revenue during the years ended December 31, 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 $4,528 and $4,040 as of December 31, 2023 and 2022, respectively, related to the timing of cash settlement with credit card processors.

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, 2021	$ 107,236
Royalties and sales commissions – additions	68,938
Revenue share and cost per acquisition fees – additions	98,747
Amortization of capitalized costs	(71,850)
Balance at December 31, 2021	$ 203,071
Royalties and sales commissions – additions	35,223
Revenue share and cost per acquisition fees – additions	57,173
Amortization of capitalized costs	(97,849)
Balance at December 31, 2022	$ 197,618
Royalties and sales commissions – additions	28,609
Revenue share and cost per acquisition fees – additions	52,131
Amortization of capitalized costs	(112,069)
Impairment of capitalized costs	(1,389)
Balance at December 31, 2023	$ 164,900

We recognized an impairment of capitalized costs associated with contracts with customers during the year ended December 31, 2023 which was related to the sale of Buttonwood Publishing. See *Note 4 – Acquisitions and Disposals*. We did not recognize any impairment on capitalized costs associated with contracts with customers for the years ended December 31, 2022 and 2021.

Remaining Performance Obligations

As of December 31, 2023, the Company had $592,093 of remaining performance obligations presented as deferred revenue in the consolidated balance sheets. We expect to recognize approximately 49% of that amount as revenues over the next twelve months, with the remainder recognized thereafter.

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

4. Acquisitions and Disposals

Buttonwood Publishing Sale

On December 1, 2023, we sold certain assets of Crowdability, Inc. ("Buttonwood Publishing"), a business we acquired in 2022 to a related party. The Company will receive contingent consideration based on the level of subscription sales the buyer achieves from certain customers beginning from the sale date through December 1, 2026, as defined in the sale agreement. The fair value of the contingent consideration was estimated to be $1,253. The contingent consideration will be remeasured at the end of each reporting period.

As a result of continuing losses with respect to the Buttonwood Publishing business and the sale transaction, we recorded impairment charges related to certain capitalized deferred contract acquisition costs, tradenames, customer relationships, and operating lease right of use assets totaling $1,389, $603, $541, and $50, respectively, during the year ended December 31, 2023.

As of the sale date, Buttonwood Publishing was a reporting unit, and its goodwill was included in the loss on disposal, which totaled $1,583. The assets and liabilities of the disposal group as of December 1, 2023 were as follows:

Goodwill	$	354
Customer relationships, net		6,891
Other current liabilities		(40)
Deferred revenue, current		(1,914)
Operating lease liabilities, noncurrent		(50)
Deferred revenue, noncurrent		(2,405)
Net assets disposed	$	2,836

Buttonwood Publishing Acquisition

During third quarter 2022, we acquired 100% ownership of certain assets and liabilities from Crowdability, Inc., 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 goodwill that arose from the acquisition was largely attributable to expanding our copy and editorial talent base and synergies which we expected to achieve from cross-marketing and providing complementary products to our existing and acquired customers and was fully expected to be deductible for tax purposes. The acquired intangible assets related to the Buttonwood Publishing transaction were amortized over their estimated useful lives. Accordingly, tradenames were amortized over 9.0 years and customer relationships were amortized over 6.5 years. Amortization for the acquired intangible assets was $1,388 and $632 for the years ended December 31, 2023 and 2022, respectively. Revenue from Buttonwood Publishing was $3,918 and $1,961 for the years ended December 31, 2023 and 2022, respectively.

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

Chaikin Acquisition

On January 21, 2021, we acquired 90% ownership of Chaikin Holdings LLC ("Chaikin") a provider of analytical tools and software for investors, for cash of $7,139, net of cash acquired. We acquired Chaikin to expand our product offerings and our customer base. The Chaikin acquisition 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:

Cash	$	151
Other current assets		138
Customer relationships		3,664
Tradenames		657
Software		247
Goodwill		5,187
Other noncurrent assets		443
Total assets acquired		10,487
Liabilities assumed		(2,387)
Net assets acquired	$	8,100
Cash consideration	$	7,290
Noncontrolling interest		810
Total consideration	$	8,100

The excess purchase consideration over the fair values of assets acquired and liabilities assumed was recorded as goodwill. The goodwill arising from the acquisition is largely attributable to synergies which we expect to achieve from cross-marketing and providing complementary products to our existing and acquired customers, and is expected to be fully deductible for tax purposes. The acquired intangible assets of Chaikin are amortized over their estimated useful lives. Accordingly, the trade name will be amortized over 8.5 years and customer relationships will be amortized over 6 years. Amortization for the acquired intangible assets was $688 and $648 for the years ended December 31, 2022 and 2021, respectively. Revenue from Chaikin was $29,438 and $7,514 for the years ended December 31, 2022 and 2021, respectively.

During third quarter 2022, we acquired additional noncontrolling interests totaling 3.7% in Chaikin, to obtain 93.7% ownership for $297.

5. Goodwill and Intangible Assets, Net

Goodwill

The changes in the carrying amounts of goodwill are as follows:

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

Balance at January 1, 2021	$ 18,101
Acquisition of Chaikin	5,187
Balance at December 31, 2021	23,288
Acquisition of Buttonwood Publishing	8,019
Balance at December 31, 2022	31,307
Acquisition of Investor Channel	85
Sale of Buttonwood Publishing (see *Note 4 – Acquisitions and Disposals*)	(354)
Balance at December 31, 2023	$ 31,038

The Company has three reporting units with goodwill and one reportable segment. The reporting units to which goodwill is allocated that have negative carrying amounts are as follows:

	As of December 31,	
	2023	2022
1729 Research	$ 13,799	$ 6,134
Legacy Research	6,046	5,961
Alta	11,193	11,193

Intangible assets, net

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

	December 31, 2023			
	Cost	Accumulated Amortization	Net Book Value	Weighted-Average Remaining Useful Life (in years)
Finite-lived intangible assets:				
Customer relationships	$ 12,443	$ (10,371)	$ 2,072	3.0
Tradenames	3,588	(2,611)	977	3.9
Capitalized software development costs	4,714	(2,595)	2,119	3.7
Finite-lived intangible assets, net	20,745	(15,577)	5,168	
Indefinite-lived intangible assets:				
Internet domain names	1,087	—	1,087	
Indefinite-lived intangible assets, net	1,087	—	1,087	
Intangible assets, net	$ 21,832	$ (15,577)	$ 6,255	

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

	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	

We recorded amortization expense related to finite-lived intangible assets of $3,554, $2,760 and $2,245 for the years ended December 31, 2023, 2022 and 2021, respectively, within depreciation and amortization in the accompanying consolidated statement of operations. These amounts include amortization of capitalized software development costs of $737, $514 and $410 for the years ended December 31, 2023, 2022 and 2021, respectively.

We recorded additions to capitalized software development costs of $1,712, $135 and $370 for the years ended December 31, 2023, 2022 and 2021, respectively. This amount includes acquired software of $0, $0 and $247 for the years ended December 31, 2023, 2022 and 2021, respectively.

As of December 31, 2023, the total expected future amortization expense for finite-lived intangible assets is as follows:

2024	$ 2,330
2025	1,484
2026	1,065
2027	143
2028	91
Thereafter	55
Finite-lived intangible assets, net	$ 5,168

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:

	December 31, 2023			
	Level 1	Level 2	Level 3	Aggregate Fair Value
Assets:				
Money market funds	$ 121,345	$ —	$ —	$ 121,345
Contingent consideration receivable	—	—	1,253	1,253
Total assets	121,345	—	1,253	122,598
Liabilities:				
Profits interests, noncurrent	—	—	746	746
Total liabilities	$ —	$ —	$ 746	$ 746

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

	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

The level 3 assets relate to contingent consideration receivable associated with the Buttonwood Publishing sale, and the level 3 liabilities relate to certain employee contracts with embedded derivatives, and profits interests. See *Note 4 – Acquisitions and Disposals*, *Note 8 – Derivative Financial Instruments* and *Note 11 – Stock-Based Compensation*.

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

The following table provides quantitative information regarding the recurring Level 3 fair value measurements inputs for the contingent consideration receivable, profits interests, and derivative liabilities at their measurement dates:

	As of December 31, 2023
Contingent consideration receivable	
Discount rate	27.40 %
Revenue discount rate	5.80 %
Profits interests	
Discount rate	25.00 %
Discount for lack of marketability	30.50 %
Derivative liabilities	
Volatility	39.40 %
Discount Rate	23.00 %
Credit spread	1.50 %
Risk-free rate	4.20 %

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 $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. The key input for these nonrecurring Level 3 fair value measurements was the 22.8% discount rate. Additional impairments were recorded in December 2023, as further described in *Note 4 – Acquisitions and Disposals.*

The following table summarizes the change in fair value of the derivative liabilities during the years ended December 31, 2021, 2022, and 2023:

Balance – January 1, 2021	$	597,578
Incremental Class B Units		206,914
Establishment of warrant liabilities on July 21, 2021 (date of the Transactions)		45,021
Change in fair value of derivative instruments		(18,017)
Change in fair value of Class B Units		728,079
Reclassification of Class B Units from liability to equity on July 21, 2021 (date of the Transactions)		(1,528,228)
Balance – December 31, 2021		31,347
Change in fair value of derivative instruments		(15,665)
Warrants exchanged for Class A common stock (see *Note 17 – Warrant Exchange*)		(14,401)
Balance – December 31, 2022		1,281
Change in fair value of derivative instruments		1,779
Settlement of derivative instruments		(3,060)
Balance – December 31, 2023	$	—

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

The following table summarizes the change in fair value of the Class B Units by income statement line item during the years ended December 31, 2023, 2022 and 2021:

	Year Ended December 31,		
	2023	2022	2021
Cost of revenue	$ —	$ —	$ 136,417
Sales and marketing	—	—	10,870
General and administrative	—	—	580,792
Total change in fair value of Class B Units	$ —	$ —	$ 728,079

To derive the fair value of the Class B Units, we estimated the fair value of Class B Units using a valuation technique. For more information regarding the valuation of the Class B Units, see *Note 11 – Stock-Based Compensation.*

As more fully described in Note 1, we completed our Transactions in July 2021, and all Class B Units fully vested as of the transaction date, and the original operating agreement was terminated and replaced by a new operating agreement consistent with the Company's Up-C structure. This new operating agreement does not contain the put and call options that existed under the previous operating agreement, and the LLC Units under the new operating agreement are treated as common equity and do not generate stock-based compensation expense. The Class B Units liability was reclassified to equity as of the transaction date.

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 $71, $1,493 and $287 for the years ended December 31, 2023, 2022 and 2021, respectively. The capitalized implementation costs are capitalized within other current assets and other assets on the consolidated balance sheets. Amortization expense related to capitalized cloud computing implementation costs was $939, $372 and $210 for the years ended December 31, 2023, 2022 and 2021, respectively.

Property and Equipment, Net

Property and equipment, net consists of the following:

		As of December 31,	
	Estimated Useful Lives	2023	2022
Furniture and fixtures	5 years	$ 960	$ 960
Computers, software and equipment	3 years	1,520	1,458
Leasehold improvements	Shorter of estimated useful life or remaining term of lease	1,271	1,278
		3,751	3,696
Less: Accumulated depreciation and amortization		(3,061)	(2,804)
Total property and equipment, net		$ 690	$ 892

Depreciation and amortization expense for property and equipment was $267, $331 and $431 for the years ended December 31, 2023, 2022 and 2021, respectively.

Accrued Expenses

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

Accrued expenses consist of the following:

	As of December 31,	
	2023	2022
Commission and variable compensation	$ 29,817	$ 24,207
Payroll and benefits	10,941	5,258
Other accrued expenses	14,283	16,511
Total accrued expenses	$ 55,041	$ 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 were intended to compensate the employees or independent contractors for services provided and retain their future services. These embedded derivative instruments were issued in the form of phantom interests in Net Income, as defined by our Board of Directors, that grant the holder value equal to a percentage of Net Income multiplied by a price multiple, or contained an option that granted appreciation rights upon exercise, and which became exercisable upon occurrence of an initial public offering. All derivative instruments are recorded at fair value as derivative liabilities on our consolidated balance sheets.

During the year ended December 31, 2023, the embedded derivative instruments were settled at fair value. The following table presents information on the location and amounts of derivative instruments gains and losses:

		Year Ended December 31,		
Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income Statement	2023	2022	2021
Warrants	Other income, net	$ —	$ 14,931	$ 15,689
Phantom Interests in Net Income	General and administrative	1,281	734	2,328
Option	General and administrative	—	—	(662)
Total		$ 1,281	$ 15,665	$ 17,355

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

9. Debt

On October 29, 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 “Credit Facility”), including a $5 million letter of credit sublimit, and allows for revolving commitments under the Credit Facility to be increased or new term commitments to be established by up to $65 million. The existing lenders under the Credit Facility are entitled, but not obligated, to provide such incremental commitments. The Credit Facility has a term of three years, maturing on October 29, 2024.

The 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 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). The Company may use the proceeds of borrowings under the Credit

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

Facility to finance permitted acquisitions and for working capital and other general corporate purposes. As of December 31, 2023, there were no outstanding advances under the 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 December 31, 2023, we were in compliance with these covenants.

10. Commitments and Contingencies

Leases

We lease office facilities under operating lease agreements in the United States which have an initial term of twelve months or longer as of December 31, 2023. As of December 31, 2023, remaining lease terms vary from 5 months to 5 years. For two leases we have the option to extend the lease terms for a period of 5 years, for one lease we have the option to extend the lease term for a period of 3 years, for one lease we have the option to extend the lease term for a period of 1 year, and for one lease we have the option to extend the lease term month to month. The renewal options are not considered in the remaining lease term as we are not reasonably certain that we will exercise such option.

The components of lease expense were as follows:

	Year Ended December 31,		
	2023	2022	2021
Operating lease cost	$ 2,639	$ 2,590	$ 2,435
Variable lease costs	100	86	97
Total lease costs	$ 2,739	$ 2,676	$ 2,532

Other information related to leases was as follows:

	As of December 31,		
	2023	2022	2021
Lease Term and Discount Rate			
Weighted average remaining lease term (in years)	3.9	4.7	5.7
Weighted average discount rate	7.0 %	6.8 %	7.0 %

When recording the present value of lease liabilities, a discount rate is required. We have concluded that the rates implicit in the various operating lease agreements are not readily determinable. As a result, we instead used our incremental borrowing rate, which is calculated based on hypothetical borrowings to fund each respective lease over the lease term, as of the lease commencement date, assuming that borrowings are secured by the various leased properties. The incremental borrowing rates are determined based on an assessment of our implied credit rating, using ratings scales from reputable rating agencies that consider a number of qualitative and quantitative factors.

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

Market rates are derived as of the lease commencement dates with reference to companies with the same debt rating that operate in a similar industry.

As of December 31, 2023, maturities of lease liabilities were as follows:

Year Ending December 31:	Operating Leases
2024	$ 1,806
2025	1,789
2026	1,697
2027	686
2028	700
Thereafter	—
Total lease payments	$ 6,678
Less: Imputed interest	(866)
Total lease liabilities	$ 5,812

Supplemental cash flow information related to leases is included in *Note 15 – Supplemental Cash Flow Information.*

Contingencies

From time to time, we may be involved in disputes or regulatory inquiries, which arise in the ordinary course of business. When we determine that a loss is both probable and reasonably estimable, a liability is recorded and disclosed if the amount is material to us in aggregate. When a material loss contingency is reasonably possible, we do not record a liability, but instead disclose the nature and the amount of the claim and an estimate of the loss or range of loss, if such an estimate can reasonably be made. While it is not feasible to predict or determine the ultimate outcome of these matters, the Company believes that none of its current legal proceedings will have a material adverse effect on its financial position or results of operations and no corresponding liability has been recorded for any periods presented.

In May 2023 and January 2024, a subsidiary of the Company, Common Sense Publishing, LLC trading as Palm Beach Research Group ("Palm Beach Research Group"), received third-party subpoenas from the SEC in connection with charges against a former employee who was previously terminated for cause in November 2021. Palm Beach Research Group has responded to the subpoenas, and we have conducted our own internal investigation with the assistance of outside counsel. On January 29, 2024, the U.S. Attorney's Office for the Central District of California charged the same former employee by information with one count of touting securities for undisclosed compensation and one count of participation in a criminal conspiracy to tout securities for undisclosed compensation. It is not possible at this time to determine whether Palm Beach Research Group will incur, or to reasonably estimate the amount of, any losses in connection with this matter.

11. Stock-Based Compensation

During the years ended December 31, 2023 and 2022 we recorded stock-based compensation related to our 2021 Incentive Award Plan, profits interests, and our ESPP, and during the year ended December 31, 2021, we recorded stock-based compensation related to the Class B Units and our 2021 Incentive Award Plan. As more fully described in Note 1, we completed our Transactions in July 2021, and all Class B Units fully vested as of the transaction date, and the original operating agreement was terminated and replaced by a new operating agreement consistent with the Company's Up-C structure. This new operating agreement does not contain the put and call options that existed under the previous operating agreement, and the LLC Units are treated as common equity under the new operating agreement and do not generate stock-based compensation expense.

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

Included within cost of revenue, sales and marketing, and general and administrative expenses are stock-based compensation expenses as follows:

	Year Ended December 31,		
	2023	2022	2021
Cost of revenue	$ 2,922	$ 1,972	$ 171,804
Sales and marketing	3,185	2,209	48,098
General and administrative	17,277	4,864	843,449
Total stock-based compensation expense	$ 23,384	$ 9,045	$ 1,063,351

Total stock-based compensation expense includes: expense related to our new 2021 Incentive Award Plan, our ESPP, profits interests, the vesting of Class B units, the change in fair value of Class B liability awards, and profits distributions to Class B unitholders, as follows:

	Year Ended December 31,		
	2023	2022	2021
2021 Incentive Award Plan	$ 22,297	$ 8,608	$ 4,909
Employee Stock Purchase Plan	341	437	—
Profits interests	746	—	—
Vested Class B units and change in fair value of Class B liability awards	—	—	934,993
Profits distributions to Class B unitholders	—	—	123,449
Total stock-based compensation expense	$ 23,384	$ 9,045	$ 1,063,351

2021 Incentive Award Plan

During the year ended December 31, 2023, we granted 5,098,818 restricted stock units (“RSUs”) and 4,202,000 fully vested shares of Class A common stock to certain employees, service providers and members of our Board of Directors in aggregate under our 2021 Incentive Award Plan.

For employees and service providers, both RSUs and 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 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 will have a total market value equal to the SAR value calculated as (x) number of shares underlying 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 RSUs 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, vested or exercised and forfeited, from January 1, 2023 to December 31, 2023 are summarized as follows:

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

	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		1.83	—		—
Vested (RSUs) or Exercised (SARs)	(2,259,892)		3.28	—		—
Forfeited	(1,360,208)		2.66	(161,289)		4.05
Outstanding at December 31, 2023	7,740,261	$	2.57	1,586,184	$	4.05
Exercisable at December 31, 2023	—	$	—	825,291	$	4.05

The stock compensation expense related to the RSU and SAR grants was $11,633 and $8,608 for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023, 825,291 of the SARs were exercisable and have a remaining contractual term of 7.1 years. For the fully vested shares, we issued 2,251,874 shares of Class A common stock after withholding for taxes, resulting in compensation expense of $10,664 during the year ended December 31, 2023.

Employee Stock Purchase Plan

The Company recognized $341 of stock-based compensation expense related to the ESPP during the year ended December 31, 2023. During the year ended December 31, 2023, we issued 435,519 shares under the ESPP for cash proceeds of $680. As of December 31, 2023, $12 has been withheld on behalf of employees for a future purchase period.

Profits Interests

The Company recognized $746 of stock-based compensation expense related to the profits interests during the year ended December 31, 2023.

Class B Units

We recognized stock-based compensation expenses of $1,058,442 for the year ended December 31, 2021, which includes profits distributions to Class B unitholders issued by MarketWise, LLC of $123,449. The amount of stock-based compensation expense related to the Class B Units included in each of the line items in the accompanying consolidated statements of operations is as follows:

	Year Ended December 31,					
	2023		2022		2021	
Cost of revenue	$	—	$	—	$	170,536
Sales and marketing		—		—		46,417
General and administrative		—		—		841,489
Total stock based-compensation expense	$	—	$	—	$	1,058,442

The following is a rollforward of Class B Units activity for the year ended December 31, 2021:

Unvested at January 1, 2021	75,044
Granted	17,690
Vested	(92,734)
Unvested at December 31, 2021	—

The weighted-average grant-date fair value of Class B Units granted was $2,195.16 per unit during the year ending December 31, 2021.

Because the Class B Units were not publicly traded, we estimated the fair value of its Class B Units in each reporting period. The fair values of Class B Units were estimated by the board of managers of MarketWise, LLC based on its equity value. The board of managers of MarketWise, LLC considered, among other things, contemporaneous valuations of our equity value prepared by an unrelated third-party valuation firm in accordance with the guidance provided by the American Institute of Certified Public Accountants Practice Guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation.*

At the date of the Transactions on July 21, 2021, the $10 market value per share was used.

For the three and six months ended June 30, 2021, the fair value of the Class B Units of MarketWise, LLC was estimated using a probability-weighted expected return method. This method considered two scenarios: one based on a market approach according to a proposed acquisition of the Company and allocated through a liquidation waterfall, and the other based on the Company continuing as a private entity according to a discounted cash flow analysis, and allocated using an option pricing model. The results of these two methods were weighted to derive the fair value of the Class B Units as of March 31, 2021 and June 30, 2021.

The discounted cash flow method estimates the equity value of the Company by projecting the Company’s net cash flows into the future and discounting these net cash flows to present value by applying a discount rate. Key inputs for this valuation include the Company’s projected cash flows and discount rate. Changes to these inputs could have a material impact on the accompanying consolidated financial statements.

The option pricing model allocates the equity value to each class of common units by preparing a breakpoint analysis to determine which securities would receive value at each threshold of a hypothetical liquidation. Then applying a Black-Scholes option pricing analysis to determine the incremental value of each respective breakpoint and allocating that value to each participating security based on its pro-rata ownership in the breakpoint. Key inputs for this valuation include the equity value of the Company, risk-free rate, allocation thresholds, and stock volatility.

The Company considered several objective and subjective factors to determine the best estimate of the fair value of the Class B Units, including:

- the Company’s historical and expected operating and financial performance;
- current business conditions;
- indications of value from external investors and their proposed value for the business;
- the Company’s stage of development and business strategy;
- macroeconomic conditions;
- the Company’s weighted average cost of capital;
- risk-free rates of return;
- the volatility of comparable publicly traded peer companies; and
- the lack of an active public market for the Company’s equity units.

See also Note 2, *Summary of Significant Accounting Policies — Stock-Based Compensation.*

12. Earnings Per Share

On July 21, 2021, we completed the Transactions pursuant to the Transaction Agreement which materially impacted the number of shares outstanding. We analyzed the calculation of earnings per share for periods prior to the Transactions, and determined that it resulted in values that would not be meaningful to the users of the consolidated financial statements, as our capital structure completely changed as a result of the Transactions. Therefore, earnings per share information has not been presented for periods prior to the Transactions.

Net income (loss) for the year ended December 31, 2021 was attributed to the pre-Transactions period from January 1, 2021 through July 21, 2021 and to the post-Transactions period from July 22, 2021 through December 31, 2021. During the pre-Transactions period, net income (loss) was attributable to consolidated MarketWise, LLC and its respective noncontrolling interests. During the post-Transactions period, net income was attributable to consolidated MarketWise, Inc. and its respective noncontrolling interests. Immediately following the Transactions, MarketWise, Inc.'s controlling interest in MarketWise, LLC was 7.9% and its noncontrolling interest was 92.1%. For the post-Transaction period from July 22, 2021 through December 31, 2021, net income attributable to controlling interests included a $15,689 gain on warrant liabilities and a $2,358 tax provision, both of which are 100% attributable to the controlling interest.

Weighted average shares outstanding in the table below have not been retroactively restated to give effect to the reverse recapitalization for periods prior to the date of the Transactions. See Note 1 – *Description of Organization and Reverse Recapitalization with Ascendant Digital Acquisition Corp.* for more information regarding the Transactions. Class B common stock is not a participating security, therefore it is not included in the earnings per share calculation.

The following table sets forth the computation of basic and diluted earnings per share for the respective periods:

	Year Ended December 31, 2023	Year Ended December 31, 2022	Period from July 22, 2021 through December 31, 2021
Basic earnings per share:			
Numerator:			
Net income	$ 54,295	$ 101,170	$ 78,728
Less: Net income attributable to noncontrolling interests	52,513	83,180	60,476
Net income attributable to Class A common stockholders	$ 1,782	$ 17,990	$ 18,252
Denominator:			
Weighted average shares outstanding (in thousands)	31,707	24,635	25,035
Basic earnings per share	$ 0.06	$ 0.73	$ 0.73
Diluted earnings per share:			
Numerator:			
Net income	$ 54,295	$ 101,170	$ 78,728
Less: Net income attributable to noncontrolling interests	52,513	83,180	60,476
Net income attributable to Class A common stockholders	$ 1,782	$ 17,990	$ 18,252
Denominator:			
Weighted average shares outstanding (in thousands)	33,312	24,747	25,035
Diluted earnings per share	$ 0.05	$ 0.73	$ 0.73

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

- Public Warrants and Private Placement Warrants: the Public and Private Placement Warrants were "out of the money" for the period from July 21, 2021 through December 31, 2021, 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 out of the money during the portion of the year ended December 31, 2022 prior to the warrant exchange transaction in September 2022, and there are no warrants outstanding thereafter. For more details on the warrant exchange, see *Note 17 – Warrant Exchange*.

- Sponsor Earnout Shares 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 all 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 December 31, 2022.

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

- Stock appreciation rights: The diluted earnings per share calculation 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 December 31, 2023.

13. 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 standalone 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.

The components of income tax expense consisted of the following:

	Year Ended December 31,		
	2023	2022	2021
Current income tax expense (benefit):			
Federal	$ —	$ —	$ —
State	—	—	—
Deferred income tax expense (benefit):			
Federal	1,517	1,294	1,942
State	286	196	416
Total income tax expense (benefit)	$ 1,803	$ 1,490	$ 2,358

A reconciliation of the U.S. statutory income tax rate to the Company's effective income tax rate is as follows:

	Year Ended December 31,		
	2023	2022	2021
Statutory federal tax rate	21.00 %	21.00 %	21.00 %
State income taxes, net of federal benefit	3.85 %	3.85 %	4.50 %
Fair value of warrant liabilities	— %	(3.61)%	— %
Permanent items	2.12 %	(2.13)%	(0.55)%
Income attributable to noncontrolling interests	(23.76)%	(17.66)%	(25.20)%
Effective income tax rate	3.21 %	1.45 %	(0.25)%

The Company's effective tax rate was 3.21% and 1.45% in 2023 and 2022, respectively, in comparison to the U.S. statutory rate of 21.00%. Our effective tax rates in 2023 and 2022 differ from the U.S. federal statutory rate primarily because we generally do not record income taxes for the noncontrolling portion of pre-tax income. Further, the year over year difference includes the effects of the change in income allocation to the non-controlling interest.

Details of the Company's deferred tax assets and liabilities are as follows:

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

	December 31,	
	2023	2022
Deferred tax assets:		
Reserves	$ 231	$ 182
Accrued expenses	168	170
Deferred revenue	6,421	7,100
Derivatives	—	29
Stock-based compensation	315	240
Investment in MarketWise, LLC	29,869	29,088
Net operating loss carryforwards	3,238	3,147
Investment in flow-through partnerships	1,036	712
Lease liabilities	162	165
Tax Receivable Agreement	2,211	—
Charitable contributions	26	9
Intangible assets	278	—
Research and development capitalization	123	86
Total deferred tax assets	$ 44,078	$ 40,928
Deferred tax liabilities		
Deferred expense	$ (4,279)	$ (4,236)
Right-of-use asset	(207)	(216)
Fixed assets	(30)	(18)
Intangible assets	—	(38)
Capital loss	—	—
Total deferred tax liabilities	$ (4,516)	$ (4,508)
Valuation allowance	(29,869)	(29,088)
Net deferred tax assets	$ 9,693	$ 7,332

We had a federal net operating loss carryforward ("NOL") of $13,030 and $5,997, which can be carried forward indefinitely as of December 31, 2023 and 2022, respectively. We also had state net operating losses of $8,220 and $4,145 as of December 31, 2023 and 2022, respectively, with varying carryforward periods. As of December 31, 2023 and 2022, it is more likely than not that future operations will generate sufficient taxable income to realize the NOL and therefore, no valuation allowance was recorded on the NOL.

As a result of the Transactions, 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 of $29,869 and $29,088 for certain deferred tax assets that are not more likely than not to be realized as of December 31, 2023 and 2022, respectively.

The deferred tax asset is remeasured at the end of the reporting period to reflect the change in relative ownership of MarketWise, LLC held by the Company. The impact of the remeasurement of the noncontrolling interest is reflected in the consolidated statements of stockholders' deficit / members' deficit.

The Company did not record any penalties or interest related to uncertain tax positions, as management has concluded that no such positions exist, on the consolidated balance sheets as of December 31, 2023 and 2022. The Company does not expect any changes to uncertain tax positions within the next 12 months.

The Company is subject to examination for tax years beginning with the year ended December 31, 2020. The Company is currently under IRS examination of MarketWise, LLC for tax year 2020 and Stansberry China, LLC for tax year 2021. The Company is not currently subject to income tax audits in any state jurisdictions for any tax year.

Tax Receivable Agreement

As part of the Transactions, we entered into Tax Receivable Agreements ("TRAs") with certain shareholders. Pursuant to our election under Section 754 of the Code, 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 will represent approximately 85% of the calculated tax savings based on basis adjustments and other carryforward attributes assumed being utilized 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 period ended December 31, 2023, Members of MarketWise, LLC exchanged an aggregate of 3,000,000 common units of MarketWise, LLC ("LLC Units") together with an equal number of shares of Class B common stock for 3,000,000 newly issued shares of Class A common stock. As a result, the deferred tax asset and corresponding TRA liability balances were $2,211 and $2,151, respectively, as of December 31, 2023. No payments have been made under the TRA and no payments are expected in the next 12 months.

14. Related Party Transactions

We have certain revenue share agreements with related parties. Accordingly, we recognized revenue from related parties of $4,937, $2,363 and $1,284 for the years ended December 31, 2023, 2022 and 2021, respectively.

We incurred costs related to revenue share agreements with related parties which are capitalized within deferred contract acquisition costs. We capitalized $6,578, $3,110 and $10,326 for the years ended December 31, 2023, 2022 and 2021, respectively.

A related party provided call center support and other services to the Company for which we recorded an expense within cost of revenue of $511, $800 and $1,260 for the years ended December 31, 2023, 2022 and 2021, respectively.

A related party provided marketing and copywriting services to the Company for which we recorded an expense within cost of revenue of $1,845, $400 and $50 for the years ended December 31, 2023, 2022 and 2021, respectively.

A related party also provided certain corporate functions to the Company and the costs of these services are recorded within related party expense in the accompanying consolidated statement of operations. We recorded $102, $85 and $92 for the years ended December 31, 2023, 2022 and 2021, respectively. We held balances of $1,220 and $1,043 as of December 31, 2023 and December 31, 2022 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 consolidated balance sheet.

We earned fees and provided certain accounting and marketing services to companies owned by certain Class B unitholders. As a result, we recognized $737, $656 and $358 in other income, net for the years ended December 31, 2023, 2022 and 2021, respectively. Related party receivables related to these services were $239 and $403 as of December 31, 2023 and 2022, respectively.

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

We lease offices from related parties. Lease payments made to related parties were $1,800, $1,824 and $1,536 for the years ended December 31, 2023, 2022 and 2021, respectively, and rent expense of $2,438, $2,378 and $2,224 were recognized in general and administrative expenses for the years ended December 31, 2023, 2022 and 2021, respectively, related to leases with related parties. At December 31, 2023 and 2022, respectively, ROU assets of $7,261 and $9,210 and lease liabilities of $5,740 and $7,041 are associated with leases with related parties.

In April 2020 MarketWise, LLC provided a loan to a Class A unitholder and recognized a related party note receivable from the unitholder of $1,148. We recognized $17 and $10 in interest income for the years ended December 31, 2022 and 2021, respectively. The related party note receivable balance was $1,158 as of December 31, 2021. This loan was repaid in October 2022.

In July 2021, the Company's Board of Directors approved and made a discretionary, one-time, lifetime-award, non-employee bonus payment of $10,000 to the Company's founder, who is a Class B common stockholder, which was recorded within related party expense in the consolidated statement of operations.

15. Supplemental Cash Flow Information

Supplemental cash flow disclosures are as follows:

	Year Ended December 31,		
	2023	2022	2021
Supplemental Disclosures of Cash Flow Information:			
Cash paid for interest	$ 775	$ 864	$ 67
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	(2,015)	(2,264)	(1,761)
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	—	(51)	398
Supplemental Disclosures of Non-Cash Investing and Financing Activities:			
Capitalized software included in accounts payable	50	38	12
Reconciliation of Cash and Cash Equivalents and Restricted Cash:			
Cash and cash equivalents	$ 155,174	$ 158,575	$ 139,078
Restricted cash	—	—	500
Total	$ 155,174	$ 158,575	$ 139,578

16. 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 December 31, 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.

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

	Authorized	Issued	Outstanding
Common stock - Class A	950,000,000	36,384,981	36,384,981
Common stock - Class B	300,000,000	288,092,303	288,092,303
Preferred stock	100,000,000	—	—
Total	1,350,000,000	324,477,284	324,477,284

Each share of Class A and Class B common stock entitles the holder 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 the MarketWise Members' 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.

In 2023, we commenced paying quarterly dividends on shares of our Class A common stock and distributions on our LLC units. We also declared a special dividend and a special distribution on October 18, 2023. There can be no assurance that we will continue to pay dividends or in the future. The payment of any future dividends and distributions will be at the discretion of our Board of Directors and will depend on our results of operations, capital requirements, financial condition, prospects, contractual arrangements, any limitations on payment of dividends present in any debt agreements, and other factors that our Board of Directors may deem relevant.

The dividends and distributions during the year ended December 31, 2023 were as follows:

		Dividends		Distributions	
Date declared	Date paid	per share	Total	per unit	Total
May 9, 2023	July 20, 2023	$ 0.01	$ 440	$ 0.01	$ 2,911
August 3, 2023	October 26, 2023	$ 0.01	$ 462	$ 0.01	$ 2,893
October 18, 2023	December 1, 2023	$ 0.15	$ 7,064	$ 0.15	$ 43,251
October 18, 2023	To be paid on January 25, 2024	$ 0.01	$ 471	$ 0.01	$ 2,881

On November 4, 2021, our Board of Directors 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 year ended December 31, 2023, and we repurchased 2,484,717 and 500,270 shares totaling $13,054 and $3,340 in aggregate, including fees and commissions of $25 and $5 for the years ended December 31, 2022 and 2021, respectively. 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.

17. 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 of the warrants 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. These costs were recorded in general and administrative expenses on the 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.

18. Subsequent Events

On February 8, 2024, the Board of Directors committed to a strategic realignment and reorganization plan (the "Reorganization") impacting its Legacy Research Group business ("Legacy Research"). As part of the Reorganization, the Company plans to wind-down the operations of Legacy Research. The Reorganization, including the closure of the Legacy Research subsidiary brands, is in response to misconduct discovered at Legacy Research where certain managers violated the Company's policies. We believe the reorganization demonstrates the Company's commitment to providing reliable and independent financial research to its subscribers. The Reorganization is currently expected to be completed in the first half of fiscal 2024. We have 104 employees at Legacy Research, which represents approximately 18% of the Company's total employees, who will either be offered a new role within the Company or have their positions eliminated. As part of this Reorganization, we plan to make every effort to serve our existing Legacy Research customers by offering similar products published by other MarketWise brands. However, the Company is currently unable in good faith to estimate the amount or range of amounts expected to be incurred in connection with the Reorganization and wind-down, both with respect to each major type of cost associated therewith and with respect to the total cost, and the impacts on the Company's overall results of operations. The Company plans to disclose this information after it determines such estimates or range of estimates.

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

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Annual Report, we carried out an evaluation, under the supervision and with the participation of our management, including our CEO (principal executive officer) and Chief Financial Officer (principal financial officer, "CFO"), of 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")).

Our CEO and CFO have concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2023.

Previously Disclosed Material Weaknesses

The material weaknesses as previously reported in Part II, Item 9A "Controls and Procedures" of our Annual Report on Form 10-K for the year ended December 31, 2022, in connection with our assessment of the effectiveness of internal control over financial reporting as of December 31, 2022, have been remediated.

The controls and processes we implemented to remediate the identified material weakness related to the lack of contemporaneous documentation and account reconciliation included:

- hiring qualified personnel with appropriate levels of experience in accounting, technology, risk assessment, and internal controls;
- implementing a new revenue recognition application, including the design and implementation of 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.

The controls and processes we implemented to remediate the identified material weakness related to the lack of a formal or documented risk assessment process included:

- hiring qualified 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 cybersecurity risk assessment process;
- establishing a Disclosure Task Force with participants across business units to ensure the completeness and accuracy of financial reporting disclosures; and
- establishing regular director and executive management meetings to oversee Company risks and performance.

These controls are adequately designed and have operated effectively for a sufficient period during the year ended December 31, 2023. Accordingly, the material weaknesses were determined to be remediated as of December 31, 2023.

Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act).

Management conducted an evaluation of the effectiveness of its internal controls over financial reporting as of December 31, 2023, based on the updated framework in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on this evaluation, management concluded that as of December 31, 2023, the two material weaknesses 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, that were previously disclosed, were remediated and our internal control over financial reporting was effective.

Changes in Internal Control Over Financial Reporting

Other than the completed remediation efforts described above in connection with the previously identified material weaknesses in our 2022 Form 10-K, there have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during our most recent quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving the desired control objectives. Our management recognizes that any control system, no matter how well designed and operated, is based upon certain judgments and assumptions and cannot provide absolute assurance that its objectives will be met. Similarly, an evaluation of controls cannot provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected.

Item 9B. Other Information.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this item is incorporated by reference to the section captioned “Directors and Executive Officers” in our definitive Proxy Statement for the 2024 Annual Meeting of stockholders and incorporated herein by reference or will be provided in an amendment to this Annual Report on Form 10-K.

Item 11. Executive Compensation.

The information required by this item will either be set forth under the “Executive Compensation” section in the definitive Proxy Statement for the 2024 Annual Meeting of stockholders and incorporated herein by reference or will be provided in an amendment to this Annual Report on Form 10-K.

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

The information required by this item will be either set forth under the sections captioned "Voting Securities and Principal Holders Thereof," and "Executive Compensation" in the definitive Proxy Statement for the 2024 Annual Meeting of stockholders and incorporated herein by reference or will be provided in an amendment to this Annual Report on Form 10-K.

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

The information required by this item will be either set forth under the "Directors and Executive Officers" section in the definitive Proxy Statement for the 2024 Annual Meeting of stockholders and incorporated herein by reference or will be provided in an amendment to this Annual Report on Form 10-K.

Item 14. Principal Accountant Fees and Services.

The information required by this item will be either set forth under the "Audit Committee Pre-Approval of Audit and Non-Audit Services" section in the definitive Proxy Statement for the 2024 Annual Meeting of stockholders and incorporated herein by reference or will be provided in an amendment to this Annual Report on Form 10-K.

PART IV

Item 15. Exhibit and Financial Statement Schedules.

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

Exhibit No.	Description
2.1†	Business Combination Agreement, dated as of March 1, 2021, by and among Ascendant Digital Acquisition Corp., Beacon Street Group, LLC, Members of Beacon Street Group, LLC, and Shareholder Representative Services LLC (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on July 28, 2021).
2.2†	Amendment No. 1 to Business Combination Agreement, dated as of May 21, 2021, by and among Ascendant Digital Acquisition Corp., Beacon Street Group, LLC, and Shareholder Representative Services LLC (incorporated by reference to Exhibit 2.2 to the Registrant's Current Report on Form 8-K, filed with the SEC on July 28, 2021).
2.3†	Amendment No. 2 to Business Combination Agreement, dated as of June 16, 2021, by and among Ascendant Digital Acquisition Corp., MarketWise, LLC, and Shareholder Representative Services LLC (incorporated by reference to Exhibit 2.3 to the Registrant's Current Report on Form 8-K, filed with the SEC on July 28, 2021).
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).
4.1	Warrant Agreement, dated July 23, 2020, between Ascendant Digital Acquisition Corp. and Continental Stock Transfer & Trust Company, as warrant agent (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on July 28, 2020).
4.2	Specimen Warrant Certificate of the Registrant (incorporated by reference to Exhibit 4.3 to the Registrant's Registration Statement on Form S-1 (File No. 333-239623), filed with the SEC on July 2, 2020).
4.3	Specimen Common Stock Certificate of MarketWise, Inc. (incorporated by reference to Exhibit 4.3 to the Registrant's Registration Statement on Form S-4 (File No. 333-254720), filed with the SEC on May 28, 2021).
4.4	Amendment No. 1 to Warrant Agreement, dated September 15, 2022, by and between MarketWise, Inc. and Continental Stock Transfer & Trust Company (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on September 15, 2022).
4.5	Description of Registrant's Securities

10.1	Amended and Restated Registration Rights Agreement dated July 21, 2021, by and among MarketWise, Inc., Ascendant Sponsor LP, and certain members of Ascendant Sponsor LP and of MarketWise, LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on July 28, 2021).
10.2	Tax Receivable Agreement dated July 21, 2021, by and among MarketWise, Inc., MarketWise, LLC, and certain members of MarketWise, LLC (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed with the SEC on July 28, 2021).
10.3†	Third A&R Operating Agreement dated July 21, 2021, by and among MarketWise, Inc., MarketWise, LLC and the members of MarketWise, LLC (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K, filed with the SEC on July 28, 2021).
10.4+	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K, filed with the SEC on July 28, 2021).
10.5+	MarketWise, Inc. Non-Employee Director Compensation Policy (Effective August 2, 2023) (incorporated by reference to Exhibit 10.6 to the Registrant's Periodic Report on Form 10-Q, filed with the SEC on November 9, 2023).
10.6+	2021 MarketWise, Inc. Incentive Award Plan (incorporated by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K, filed with the SEC on July 28, 2021).
10.7+	2021 MarketWise, Inc. Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.7 to the Registrant's Current Report on Form 8-K, filed with the SEC on July 28, 2021).
10.8+	Employment Agreement, effective as of July 30, 2018, by and between MarketWise, LLC (f/k/a S & A Holdings (2013), LLC) and Marco Ferri (incorporated by reference to Exhibit 10.15 to the Registrant's Registration Statement on Form S-4 (File No. 333-254720), filed with the SEC on May 28, 2021).
10.9†+	Letter Agreement, dated as of January 25, 2023, by and between MarketWise, Inc. and Marco Ferri (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on January 31, 2023).
10.10	Loan and Security Agreement, dated as of October 29, 2021, by and among MarketWise, LLC, as borrower, the guarantors party thereto, the lenders from time to time party thereto, HSBC Bank USA, National Association, as administrative agent, collateral agent, joint lead arranger, and joint bookrunner, and BMO Capital Markets Corp., as joint lead arranger and joint bookrunner.(incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on November 1, 2021).
10.11†	First Amendment to Loan and Security Agreement, dated as of May 2, 2023, by and among MarketWise, LLC, as borrower, the guarantors party thereto, the lenders from time to time party thereto, HSBC Bank USA, National Association, as administrative agent, collateral agent, joint lead arranger, and joint bookrunner, and BMO Capital Markets Corp., as joint lead arranger and joint bookrunner (incorporated by reference to Exhibit 10.3 to the Registrant's Periodic Report on Form 10-Q, filed with the SEC on August 10, 2023).
10.12	Guaranty, dated as of October 29, 2021, by the guarantors identified therein in favor of HSBC Bank USA, National Association, as agent. (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed with the SEC on November 1, 2021).
10.13+	Offer Letter, effective as of December 27, 2022, by and between MarketWise, Inc. and Dr. Stephen Sjuggerud. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K/A filed with the SEC on January 3, 2023).
10.14+	MarketWise, Inc. Executive Severance Plan, effective as of December 16, 2022 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on January 13, 2023)
10.15+	Letter Agreement, dated as of February 14, 2023, by and between MarketWise, Inc. and Amber Lee Mason (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on February 15, 2023).
10.16†	Voting Agreement, dated as of April 17, 2023, by and between MarketWise, Inc., Monument & Cathedral Holdings, LLC and the other persons and entities listed on Schedule A thereto (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on April 21, 2023).
10.17†	Settlement Agreement, dated as of April 28, 2023, by and between MarketWise, Inc., F. Porter Stansberry and Stokes Holdings, LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on May 2, 2023).

10.18†+	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).
10.19	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).
10.20+	Letter Agreement, dated October 16, 2023, by and between the Company and Marco Ferri (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on October 19, 2023).
10.21+	Consulting Agreement, dated October 16, 2023, by and among the Company, Marco Ferri and Marco Ferri, P.A. (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed with the SEC on October 19, 2023).
10.22+	Letter Agreement, dated October 20, 2023, by and between the Company and F. Porter Stansberry (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on October 23, 2023).
10.23+	Letter Agreement, dated October 30, 2023, by and between the Company and Amber Mason (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on November 1, 2023).
10.24+	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement (Employees) (incorporated by reference to Exhibit 10.3 to the Registrant's Periodic Report on Form 10-Q, filed with the SEC on November 9, 2023).
10.25+	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement (Non-Employee Directors) (incorporated by reference to Exhibit 10.4 to the Registrant's Periodic Report on Form 10-Q, filed with the SEC on November 9, 2023).
10.26+	Form of Restricted Stock Grant Notice and Restricted Stock Agreement (incorporated by reference to Exhibit 10.5 to the Registrant's Periodic Report on Form 10-Q, filed with the SEC on November 9, 2023).
10.27+	MarketWise, Inc. Form of Stock Appreciation Right Grant Notice and Stock Appreciation Right Agreement (incorporated by reference to Exhibit 99.4 to the Registrant's Registration Statement on Form S-8, filed with the SEC on September 27, 2021).
10.28+	MarketWise, Inc. Form of Stock Option Grant Notice and Stock Option Agreement (incorporated by reference to Exhibit 99.6 to the Registrant's Registration Statement on Form S-8, filed with the SEC on September 27, 2021).
10.29+	MarketWise, Inc. Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement (incorporated by reference to Exhibit 99.3 to the Registrant's Registration Statement on Form S-8, filed with the SEC on September 27, 2021).
10.30+	MarketWise, Inc. Form of Restricted Stock Grant Notice and Restricted Stock Agreement (incorporated by reference to Exhibit 99.5 to the Registrant's Registration Statement on Form S-8, filed with the SEC on September 27, 2021).
10.31+	Letter Agreement, dated November 10, 2023, by and between the Company and Chad Curlett (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on November 16, 2023).
10.32	MarketWise, Inc. Insider Trading Policy
21.1	List of Subsidiaries of MarketWise, Inc.
23.1	Consents of Experts and Counsel
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.
97.1+	MarketWise, Inc. Policy for Recovery of Erroneously Awarded Compensation.

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.

Item 16. Form 10-K Summary.

None.

SIGNATURES

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

MARKETWISE, INC.

Date: March 7, 2024	By:	/s/ Porter Stansberry
	Name:	Porter Stansberry
	Title:	Chief Executive Officer
	By:	/s/ Erik Mickels
	Name:	Erik Mickels
	Title:	Chief Financial Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Porter Stansberry and Erik Mickels, and each of them, with full power to act without the other, such person's true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign this Form 10-K and any and all amendments thereto, and to file the same, with exhibits and schedules thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing necessary or desirable to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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

Signature	Title	Date
/s/ Porter Stansberry Porter Stansberry	Chief Executive Officer and Chairman (Principal Executive Officer)	March 7, 2024
/s/ Erik Mickels Erik Mickels	Chief Financial Officer (Principal Financial and Accounting Officer)	March 7, 2024
/s/ Dr. David Eifrig Dr. David Eifrig	Director	March 7, 2024
/s/ Michael Palmer Michael Palmer	Director	March 7, 2024
/s/ Van Simmons Van Simmons	Director	March 7, 2024
/s/ Matthew Smith Matthew Smith	Director	March 7, 2024
/s/ Glenn Tongue Glenn Tongue	Director	March 7, 2024
/s/ Matthew Turner Matthew Turner	Director	March 7, 2024

MARKETWISE, INC.

DESCRIPTION OF SECURITIES REGISTERED UNDER SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

The Class A common stock, par value $0.0001 per share ("Class A Common Stock") of MarketWise, Inc. ("MarketWise", "we," "our," or "us") is listed on The Nasdaq Stock Market LLC ("Nasdaq") under the symbol "MKTW" and is registered under Section 12 of the Securities Exchange Act of 1934. All outstanding shares of Class A Common Stock are validly issued, fully paid and nonassessable.

The following description of the terms of our common stock is not complete and is qualified in its entirety by reference to our Certificate of Incorporation (the "Charter"), and our Bylaws (the "Bylaws"), both of which are exhibits to our Annual Reports on Form 10-K.

Our authorized capital stock consists of 950,000,000 shares of Class A Common Stock, 300,000,000 shares of Class B common stock, par value $0.0001 per share ("Class B Common Stock"), and 100,000,000 shares of preferred stock, par value $0.0001 per share.

Voting Rights

Holders of shares of our Class A Common Stock and Class B Common Stock are each entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. Holders of shares of our Class A Common Stock will vote together with holders of our Class B Common Stock as a single class on all matters presented to our stockholders for their vote or approval, except for certain amendments to the Charter described below or as otherwise required by applicable law or the Charter.

Dividend Rights

Holders of shares of our Class A Common Stock are entitled to receive dividends when and if declared by our board of directors out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock.

Declaration and payment of any dividend will be subject to the discretion of our board of directors. The time and amount of dividends will be dependent upon our business prospects, results of operations, financial condition, cash requirements and availability, debt repayment obligations, capital expenditure needs, contractual restrictions, covenants in the agreements governing our current and future indebtedness, industry trends, the provisions of Delaware law affecting the payment of distributions to stockholders, and any other factors our board of directors may consider relevant. We currently intend to declare and pay cash dividends on our Class A Common Stock on a quarterly basis.

Liquidation Rights

Upon our dissolution or liquidation, after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of shares of our Class A Common Stock and our Class B Common Stock will be entitled to receive ratable portions of the remaining assets available for distribution; provided, that each holder of shares of our Class B Common Stock shall not be entitled to receive more than $0.0001 per share of our Class B Common Stock owned of record by such holder on the record date for such distribution and, upon receiving such amount, shall not be entitled to receive any other assets or funds with respect to such shares of our Class B Common Stock.

Other Matters

Holders of shares of our Class A Common Stock do not have preemptive, subscription, redemption, or conversion rights with respect to such shares of our Class A Common Stock. There will be no redemption or sinking fund provisions applicable to our Class A Common Stock.

Forum Selection

The Charter provides that (A) (i) any derivative action or proceeding brought on our behalf , (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our current or former director, officer, other employee, or stockholder to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the General Corporation Law of the State of Delaware (the "DGCL"), the Charter, or the Bylaws (as either may be amended or restated) or as to which the DGCL confers exclusive jurisdiction on the Court of Chancery of the State of Delaware, or (iv) any action asserting a claim governed by the internal affairs doctrine of the law of the State of Delaware shall, to the fullest extent permitted by law, be exclusively brought in the Court of Chancery of the State of Delaware or, if such court does not have subject matter jurisdiction thereof, the federal district court of the State of Delaware; and (B) the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Notwithstanding the foregoing, the exclusive forum provision shall not apply to claims seeking to enforce any liability or duty created by the Exchange Act. The Charter also provides that, to the fullest extent permitted by law, any person or entity purchasing or otherwise acquiring or holding any interest in shares of our capital stock shall be deemed to have notice of and consented to the foregoing. By agreeing to this provision, however, stockholders will not be deemed to have waived compliance with the federal securities laws and the rules and regulations thereunder.

Classified Board of Directors

The Charter provides that our board of directors is divided into three classes, with the classes as nearly equal in number as possible and each class serving three-year staggered terms. The Charter also provides that, subject to the rights of the holders of any series of preferred stock then outstanding, for as long as the Charter provides for a classified board of directors, any director, or the entire board of directors, may otherwise be removed only for cause by an affirmative vote of at least a majority of the voting power of all the outstanding shares of our capital stock entitled to vote generally in the election of directors, at a meeting duly called for that purpose. These provisions may have the effect of deferring, delaying, or discouraging hostile takeovers, or changes in control of us or our management.

Anti-Takeover Provisions

The Charter and Bylaws contain provisions that may delay, defer or discourage another party from acquiring control of us. We expect that these provisions, which are summarized below, will discourage coercive takeover practices or inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate our board of directors, which we believe may result in an improvement of the terms of any such acquisition in favor of our stockholders. However, they also give our board of directors the power to discourage acquisitions that some stockholders may favor.

Authorized but Unissued Shares

The authorized but unissued shares of our common stock and preferred stock are available for future issuance without stockholder approval, subject to any limitations imposed by Nasdaq rules. These additional shares may be used for a variety of corporate finance transactions, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved common stock and preferred stock could make more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger, or otherwise.

Advance Notice Requirements for Stockholder Proposals and Director Nominations

The Bylaws provide for an advance notice procedure for stockholder proposals to be brought before an annual meeting of stockholders, including proposed nominations of candidates for election to our board of directors. In order for any matter to be "properly brought" before a meeting, a stockholder will have to comply with advance notice and duration of ownership requirements and provide us with certain information. Stockholders at an annual meeting may only consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of our board of directors or by a qualified stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has delivered timely written notice in proper form to our secretary of the stockholder's intention to bring such business before the meeting. These provisions could have the effect of delaying stockholder actions that are favored by the holders of a majority of our outstanding voting securities until the next stockholder meeting.

Stockholder Action by Written Consent

Under the terms of the Charter, subject to the terms of any series of preferred stock, any action required or permitted to be taken by the stockholders must be effected at an annual or special meeting of the stockholders and may not be effected by written consent in lieu of a meeting.

Special Meetings of Stockholders

The Bylaws provide that only the chairperson of our board of directors or a majority of our whole board of directors may call special meetings of the stockholders.

Amendment of Certificate of Incorporation or Bylaws

The DGCL provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or bylaws, unless a corporation's certificate of incorporation or bylaws, as the case may be, requires a greater percentage.

Section 203 of the DGCL

Section 203 of the DGCL provides that if a person acquires 15% or more of the voting stock of a Delaware corporation, such person becomes an "interested stockholder" and may not engage in certain "business combinations" with such corporation for a period of three years from the time such person acquired 15% or more of such corporation's voting stock, unless: (1) the board of directors of such corporation approves the acquisition of stock or the merger transaction before the time that the person becomes an interested stockholder; (2) the interested stockholder owns at least 85% of the outstanding voting stock of such corporation at the time the merger transaction commences (excluding voting stock owned by directors who are also officers and certain employee stock plans); or (3) the merger transaction is approved by the board of directors and at a meeting of stockholders, not by written consent, by the affirmative vote of two-thirds of the outstanding voting stock not owned by the interested stockholder. A Delaware corporation may elect in its certificate of incorporation or bylaws not to be governed by this particular Delaware law. The Charter does not contain a provision opting out of Section 203 of the DGCL.

Limitations on Liability and Indemnification of Officers and Directors

The Charter and Bylaws provide indemnification and advancement of expenses for our directors and officers to the fullest extent permitted by the DGCL. In addition, as permitted by Delaware law, the Charter includes provisions that eliminate the personal liability of our directors for monetary damages resulting from breaches of certain fiduciary duties as a director. The effect of this provision is to restrict our rights and the rights of our stockholders in derivative suits to recover monetary damages against a director for breach of fiduciary duties as a director. These provisions may be held not to be enforceable for violations of the federal securities laws of the United States.

Corporate Opportunity Doctrine

Delaware law permits corporations to adopt provisions renouncing any interest or expectancy in certain opportunities that are presented to the corporation or its officers, directors, or stockholders. Under the Charter, we will, to the fullest extent permitted by Delaware law, renounce any interest or expectancy that we otherwise would be entitled to have in, all rights to be offered an opportunity to participate in, any business opportunity that from time to time may be presented to the Sponsor or its affiliates (other than MarketWise and its subsidiaries), and any of its or their respective principals, members, directors, partners, stockholders, officers, employees, or other representatives (other than any such person who is also an officer or employee of MarketWise or its subsidiaries), or any director or stockholder who is not employed by MarketWise or its subsidiaries (each such person, an "exempt person"). The Charter provides that, to the fullest extent permitted by law, no exempt person will have any duty to refrain from (1) engaging in a corporate opportunity in the same or similar lines of business in which MarketWise or its subsidiaries now engage or propose to engage or (2) otherwise competing, directly or indirectly, with MarketWise or any of its subsidiaries. In addition, to the fullest extent permitted by law, if an exempt person acquires knowledge of a potential transaction or other business opportunity which may be a corporate opportunity for itself or himself or its or his affiliates or for MarketWise or its subsidiaries, such exempt person will have no duty to communicate or offer such transaction or business opportunity to MarketWise or any of its subsidiaries and such exempt person may take any such opportunity for themselves or offer it to another person or entity. The forgoing provisions shall not apply to an opportunity that was expressly offered to an exempt person solely in their capacity as a director, executive officer, or employee of MarketWise or its subsidiaries.

Dissenters' Rights of Appraisal and Payment

Under the DGCL, with certain exceptions, our stockholders will have appraisal rights in connection with a merger or consolidation of MarketWise. Pursuant to the DGCL, stockholders who properly request and perfect appraisal rights in connection with such merger or consolidation will have the right to receive payment of the fair value of their shares as determined by the Delaware Court of Chancery.

Stockholders' Derivative Actions

Under the DGCL, any of our stockholders may bring an action in our name to procure a judgment in our favor, also known as a derivative action; *provided* that the stockholder bringing the action is a holder of our shares at the time of the transaction to which the action relates or such stockholder's stock thereafter devolved by operation of law.

Exhibit 10.32

MarketWise

Insider Trading Policy

Effective August 2, 2023

Introduction

Purpose

Insider trading is a serious crime that involves trading in the securities of any company while in possession of material nonpublic information about that company.

The Board of Directors of MarketWise, Inc. has adopted this Insider Trading Policy (this "***Policy***") to provide guidelines to all directors, officers, employees, and contractors of MarketWise, Inc. and its affiliates (collectively, the "***Company***") with respect to **trading in MarketWise, Inc. securities, as well as the securities of other publicly traded companies**. This Policy outlines your responsibilities to avoid insider trading and implements certain procedures to help you avoid even the appearance of insider trading.

Insider trading is prohibited by this Policy, and violation of this Policy may result in Company-imposed sanctions, including reduction in compensation or dismissal for cause.

A good rule of thumb: When in doubt, do not trade.

Scope

This Policy is applicable to the Company, including its directors, officers, employees, and contractors, as well as their respective immediate family members. As someone subject to this Policy, you are fully responsible for ensuring that you, entities under your influence or control (including any corporations, partnerships or trusts), and members of your household comply with this Policy. This includes family members residing with you, anyone else living in your household, and any family members not living with you whose transactions in the Company's securities are directed by you, or subject to your influence and control.

Responsibilities

The head of Compliance is responsible for the administration of this Policy. In the absence of the head of Compliance, responsibility for administering this Policy will rest with the General Counsel or such other employee as may be designated by the head of Compliance.

Actions taken by the Company or any Company personnel do not constitute legal advice nor do they insulate you from the consequences of noncompliance with this Policy or insider trading laws.

Background

Federal and state laws prohibit trading in the securities of a company while in possession of material nonpublic information. These laws also prohibit providing material nonpublic information to others so that they can trade. Violating such laws can result in serious criminal and civil charges against you and the Company.

This Policy extends to all activities within and outside your Company duties. Every officer, director, employee, and contractor must review this Policy.

Questions regarding the Policy should be directed to the Company's head of Compliance.

Definitions

Insiders - Insiders include officers, directors, employees and contractors of a company, or anyone else who has material nonpublic information about a company. Insiders have independent fiduciary duties to their company and its stockholders not to trade on material nonpublic information relating to the company's securities.

Insider Trading - Insider trading occurs when any person purchases or sells a security while in possession of material nonpublic information relating to the security. Insider trading may result in civil penalties, including disgorgement of profits and civil fines or criminal penalties, including imprisonment and fines of up to $5 million for individuals and $25 million for corporations.

Material Information - A fact is considered "material" if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, sell or hold a security, or if the fact is likely to have a significant effect on the market price of the security. The materiality of a fact depends upon the circumstances. Material information can be positive or negative and can relate to virtually any aspect of a company's business or to any type of security, debt or equity. Also, information that something is likely to happen in the future—or even just that it may happen —could be deemed material.

Nonpublic Information - Information is "nonpublic" if it is not available to the general public. In order for information to be considered public, it must be widely disseminated in a manner making it generally available to investors through newswire services such as Dow Jones, Reuters, Bloomberg, Business Wire, The Wall Street Journal, Associated Press or United Press International; a broadcast on widely available radio or television programs; publication in a widely available newspaper, magazine, or news website; a Regulation FD-compliant conference call; or public disclosure documents filed with the U.S. Securities and Exchange Commission (the "***SEC***") that are available on the SEC's website. **Publication of information in any Company newsletter, email or other platform that is not accessible by the general public does not constitute wide dissemination, and such information is considered "nonpublic."**

Purchase and Sale - Purchase and Sale are defined broadly under the federal securities law. "Purchase" includes not only the actual purchase of a security, but any contract to purchase or otherwise acquire a security. "Sale" includes not only the actual sale of a security, but any contract to sell or otherwise dispose of a security. These definitions extend to a broad range of transactions, including conventional cash-for-stock transactions, conversions, the exercise of stock options, and acquisitions and exercises of warrants or puts, calls, or other derivative securities.

Securities - Securities includes stocks, bonds, notes, debentures, options, warrants, and other convertible securities, as well as derivative instruments.

1. Policies Prohibiting Insider Trading

1.1 No officer, director, employee or contractor, including their respective immediate family members, shall purchase or sell any type of security while in possession of material nonpublic information relating to the security or the issuer of such security, **whether the issuer of such security is MarketWise, Inc. or any other company**.

1.2 *Blackout Period.* No officer, director, employee or contractor subject to blackout period trading restrictions (as designated and amended from time to time by the Chief Executive Officer and/or General Counsel and maintained by the Legal Department) shall purchase or sell any security of the Company during a "Blackout Period." For the avoidance of doubt, this prohibition applies to the sale of Class A common stock relating to the redemption of units of MarketWise, LLC.

A Blackout Period is the period beginning on the 7th calendar day before the end of any fiscal quarter of the Company and ending upon the commencement of the second full trading day after the public release of Company earnings data for such fiscal quarter or during any other trading suspension period declared by the Company.

The Blackout Period does not apply to the following:

(a) purchases of the Company's securities from the Company or sales of the Company's securities to the Company;

(b) exercises of stock options, other equity awards or securities issued by the Company or subsidiary of the Company that are exchangeable for Class A common stock of the Company, or the surrender of shares to the Company in payment of the exercise price or in satisfaction of any tax withholding obligations in a manner permitted by the applicable equity award agreement, or vesting of equity-based awards that, in each case, do not involve a market sale of the Company's securities (the "cashless exercise" of a Company stock option through a broker does involve a market sale of the Company's securities, and therefore would not qualify under this exception);

(c) *bona fide* gifts of the Company's securities unless the individual making the gift knows, or is reckless in not knowing, the recipient intends to sell the securities while the donor is in possession of material nonpublic information about the Company;

(d) purchases of Company securities in the employee stock purchase plan resulting from your periodic contribution of money to the plan pursuant to the election you made at the time of your enrollment in the plan. This Policy does apply, however, to your sales of Company securities purchased pursuant to the plan; or

(e) purchases or sales of the Company's securities made pursuant to any binding contract, specific instruction or written plan entered into while the purchaser or seller, as applicable, was unaware of any material nonpublic information and which contract, instruction, or plan (i) meets all requirements of the affirmative defense provided by Rule 10b5-1 ("Rule 10b5-1") promulgated under the Securities Exchange Act of 1934, as amended (the "1934 Act"), (ii) was precleared in advance pursuant to this Policy and (iii) has not been amended or modified in any respect after such initial preclearance without such amendment or modification being precleared in advance pursuant to this Policy. For more information about Rule 10b5-1 trading plans, see Section 10 below.

1.3 *Event-Specific Blackout Periods*. From time to time, events will occur that are material to the Company and cause certain officers, directors, employees or contractors to be in possession of material nonpublic information. When that happens, the Company will recommend that those in possession of the material nonpublic information suspend all trading in the Company's securities until the information is no longer material or has been publicly disclosed. When such event-specific blackout periods occur, those subject to it will be notified by the Company. The event-specific blackout period will not be announced to those not subject to it, and those subject to it or otherwise aware of it should not disclose it to others. Even if the Company has not notified you that you are subject to an event-specific blackout period, if you are aware of material nonpublic information about the Company, you should not trade in Company securities. Any failure by the Company to designate you as subject to an event-specific blackout period, or to notify you of such designation, does not relieve you of your obligation not to trade in the Company's securities while possessing material nonpublic information.

1.4 *No Tipping***.** No officer, director, employee or contractor shall directly or indirectly communicate (or "tip") material nonpublic information to anyone outside the Company (except in accordance with the Company's policies regarding the protection or authorized external disclosure of Company information) or to anyone within the Company other than as required.

1.5 *Additional Prohibited Transactions***.** The Company has determined that there is a heightened legal risk and/or the appearance of improper or inappropriate conduct if the persons subject to this Policy engage in certain types of transactions. Therefore, officers, directors, employees, and contractors shall comply with the following policies with respect to certain prohibited transactions in the Company's securities:

- Short Sales. Short sales of the Company's securities are prohibited by this Policy. In addition, as noted below, Section 16(c) of the 1934 Act absolutely prohibits Section 16 reporting persons from making short sales of the Company's equity securities, i.e., sales of shares that the insider does not own at the time of sale, or sales of shares against which the insider does not deliver the shares within 20 days after the sale.
- Publicly Traded Options. Transactions in puts, calls or other derivative securities involving the Company's equity securities, on an exchange or in any other organized market, are prohibited by this Policy. Such prohibition shall not apply to transactions involving warrants to purchase Class A common stock originally issued by the Company, provided, however, that all other applicable restrictions in this Policy will apply to such transactions.
- Hedging Transactions. Certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, allow an officer, director, employee or contractor to lock in much of the value of his or her stock holdings, often in exchange for all or part of the potential for upside appreciation in the stock. Such transactions allow the officer, director, employee or contractor to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, the officer, director, employee or contractor may no longer have the same objectives as the Company's other stockholders. Therefore, such transactions involving the Company's equity securities are prohibited by this Policy.
- Purchases of the Company's Securities on Margin; Pledging the Company's Securities to Secure Margin or Other Loans. Purchasing on margin means borrowing from a brokerage firm, bank or other entity in order to purchase the Company's securities (other than in connection with a cashless exercise of stock options under the Company's equity plans). Margin purchases of the Company's securities are prohibited by this Policy. Pledging the Company's securities as collateral to secure loans is also prohibited. This prohibition means, among other things, that you cannot hold the Company's securities in a "margin account" (which would allow you to borrow against your holdings to buy securities).

2. Rules Regarding Insider Trading

2.1 Insiders may not trade in the Company's securities while in possession of material nonpublic information relating to the Company, nor may they tip such information to anyone outside the Company (except in accordance with the Company's policies regarding the protection or authorized external disclosure of Company information) or to anyone within the Company other than as required.

2.2 In addition to family members, this Policy applies to any entities you control, including any corporations, partnerships or trusts, and transactions by these entities should be treated for the purposes of this Policy and applicable securities laws as if they were for your own account.

2.3 Examples of insider trading cases include actions brought against officers, directors, employees and contractors who traded in a company's securities after learning of significant confidential corporate developments; friends, business associates, family members, and other Tippees (defined below) of such officers, directors, employees and contractors who traded in the securities after receiving such information; and other persons who misappropriated, and took advantage of, confidential information from their employers. The following are hypothetical illustrations of insider trading violations.

- **Trading by an Insider.** An officer of X Corporation learns that earnings to be reported by X Corporation will increase dramatically. Prior to the public announcement of such earnings, the officer purchases X Corporation's stock. The officer, an insider, is liable for all profits as well as penalties of up to three times the amount of all profits. The officer is also subject to, among other things, criminal prosecution, including up to $5 million in additional fines and 20 years in jail. Depending upon the circumstances, X Corporation and the individual to whom the officer reports could also be liable as controlling persons.
- **Trading by a Tippee.** An officer of X Corporation tells a friend that X Corporation is about to publicly announce that it has concluded an agreement for a major acquisition. This tip causes the friend to purchase X Corporation's stock in advance of the announcement. The officer is jointly liable with his friend for all of the friend's profits, and each is liable for all civil penalties of up to three times the amount of the friend's profits. The officer and his friend are also subject to criminal prosecution and other remedies and sanctions, as described above.

3. Examples of Material Information; Public Disclosure

3.1 Examples of material information include, but are not limited to, information about: dividends; corporate earnings or earnings forecasts; possible mergers, acquisitions, tender offers, or dispositions; major new products or product developments; important business developments such as major contract awards or cancellations or developments regarding strategic collaborators; management or control changes; significant borrowing or financing developments, including pending public sales or offerings of debt or equity securities; defaults on borrowings; bankruptcies; cybersecurity or data security incidents; and significant litigation or regulatory actions. Material information does not have to be related to a company's business. For example, the contents of a forthcoming newspaper column that is expected to affect the market price of a security can be material.

3.2 The circulation of rumors, even if accurate and reported in the media, does not constitute effective public dissemination. In addition, even after a public announcement, a reasonable period of time must lapse in order for the market to react to the information. Generally, one should allow two full trading days following publication as a reasonable waiting period before such information is deemed to be public.

4. Tipping

4.1 Insiders may be liable for communicating or tipping material nonpublic information to a third party (a "***Tippee***"), and insider trading violations are not limited to trading or tipping by insiders. Persons other than insiders can also be liable for insider trading, including Tippees who trade on material nonpublic information tipped to them or individuals who trade on material nonpublic information that has been misappropriated. Insiders may be held liable for tipping even if they receive no personal benefit from tipping and even if no close personal relationship exists between them and the Tippee.

4.2 Tippees inherit an insider's duties and are liable for trading on material nonpublic information illegally tipped to them by an insider. Similarly, just as insiders are liable for the insider trading of their Tippees, so are Tippees who pass the information along to others who trade. In other words, a Tippee's liability for insider trading is no different from that of an insider. Tippees can obtain material nonpublic information by receiving overt tips from others or through, among other things, conversations at social, business, or other gatherings.

5. Penalties

5.1 Penalties for trading on or tipping material nonpublic information can extend significantly beyond any profits made or losses avoided, both for individuals engaging in such unlawful conduct and their employers. Enforcement remedies available to the government or private plaintiffs under the federal securities laws include:

- SEC administrative sanctions;
- securities industry self-regulatory organization sanctions;
- civil injunctions;
- damage awards to private plaintiffs;
- disgorgement of all profits;
- civil fines for the violator of up to three times the amount of profit gained or loss avoided;
- civil fines for the employer or other controlling person of a violator (i.e., where the violator is an employee or other controlled person) of up to the greater of $1.425 million or three times the amount of profit gained or loss avoided by the violator;
- criminal fines for individual violators of up to $5 million ($25 million for an entity); and
- jail sentences of up to 20 years.

5.2 In addition, insider trading could result in serious sanctions by the Company against an individual, including termination of employment. Insider trading violations are not limited to violations of the federal securities laws. Other federal and state civil or criminal laws, such as the laws prohibiting mail and wire fraud and the Racketeer Influenced and Corrupt Organizations Act (RICO), may also be violated in connection with insider trading.

6. Size of and Reason for Transaction Do Not Matter

The size of the transaction or the amount of profit received does not have to be significant to result in prosecution. The SEC has the ability to monitor even the smallest trades, and the SEC performs routine market surveillance. Brokers or dealers are required by law to inform the SEC of any possible violations by people who may have material nonpublic information. The SEC aggressively investigates even small insider trading violations.

7. Prohibition of Records Falsification/False Statements

Federal securities laws require the Company to maintain proper internal books and records and to devise and maintain an adequate system of internal accounting controls. The SEC has adopted rules that prohibit (i) any person from falsifying records or accounts subject to the above requirements, and (ii) officers or directors from making any materially false, misleading or incomplete statement to any accountant in connection with any audit or filing with the SEC. Falsifying records or accounts or making materially false, misleading, or incomplete statements in connection with an audit or filing with the SEC could also result in criminal penalties for obstruction of justice.

8. Procedures to Prevent Insider Trading

The following procedures have been established, and will be maintained and enforced, by the Company to prevent insider trading.

8.1 *Blackout Periods***.** The period during which the Company prepares quarterly financials is a sensitive time for insider trading purposes, as Company personnel may be more likely to possess, or be presumed to possess, material nonpublic information. To avoid the appearance of impropriety and assist Company personnel in planning transactions in the Company's securities for appropriate times, no officer, director, key employee or key contractor subject to blackout period trading restrictions (as designated and amended from time to time and maintained by the Legal Department) shall purchase or sell any security of the Company during the Blackout Period. Please refer to Section 1.2 for additional information on Blackout Periods.

Exceptions to the Blackout Period policy may be approved only by the Company's General Counsel or, in the case of exceptions for directors, the Audit Committee of the Board of Directors.

From time to time, the Company, through the Board of Directors, a Board Committee, the General Counsel or Chief Financial Officer, may recommend that officers, directors, employees, contractors or others suspend trading in the Company's securities because of developments that have not yet been disclosed to the public. Subject to the exceptions noted above (refer to Section 1.2), all those affected should not trade in the Company's securities while the suspension is in effect, and should not disclose to others that the Company has suspended trading.

8.2 *Preclearance of All Trades by All Officers, Directors, Key Employees and Key Contractors*. To provide assistance in preventing inadvertent violations of applicable securities laws and to avoid the appearance of impropriety in connection with the purchase and sale of the Company's securities, all transactions in the Company's securities (including, without limitation, acquisitions and dispositions of Company stock, the exercise of stock options, elective transactions under 401(k)/ESPP/deferred compensation plans, election or changes to elections for dividend reinvestment transactions, and the sale of Company stock issued upon exercise of stock options) by officers, directors, key employees and key contractors subject to preclearance trading restrictions (as designated and amended from time to time and maintained by the Legal Department) (each, a "***Preclearance Person***"), including immediate family members of such Preclearance Persons, must be precleared by the Company's General Counsel or designee, except for certain exempt transactions as explained in Section 10 of this Policy. Preclearance does not relieve you of your responsibility under SEC rules.

A request for preclearance using the Preclearance Certification (see **Exhibit A**) must be submitted to preclear@marketwise.com ***at least two (2) business days*** in advance of the proposed transaction, and include the ***identity of the Preclearance Person, the type of proposed transaction (for example, an open market purchase, a privately negotiated sale, an option exercise, etc.), the proposed date of the transaction, and the number of shares or other securities to be involved***. In addition, the Preclearance Person must execute a certification (see **Exhibit A**) that he or she is not aware of material nonpublic information about the Company. The General Counsel or designee shall have sole discretion to decide whether to clear any contemplated transaction. The Chief Financial Officer shall have sole discretion to decide whether to clear transactions by the General Counsel or persons or entities subject to this Policy as a result of their relationship with the General Counsel. All trades that are precleared must be effected ***within three (3) business days of receipt of the preclearance***, unless a specific exception has been granted by the General Counsel or designee. ***Trades cannot exceed the precleared number of shares or dollar value.*** A precleared trade (or any portion of a precleared trade) that has not been effected during the three-business day period must be precleared again prior to execution. Notwithstanding receipt of preclearance, if the Preclearance Person becomes aware of material nonpublic information or becomes subject to a Blackout Period before the transaction is effected, the transaction may <u>not</u> be completed.

None of the Company, the General Counsel or the Company's other employees will have any liability for any delay in reviewing, or refusal of, a request for preclearance submitted pursuant to this Section. Notwithstanding any preclearance of a transaction pursuant to this Section, none of the Company, the General Counsel or the Company's other employees assumes any liability for the legality or consequences of such transaction to the person engaging in such transaction.

8.3 *Post-Termination Transactions***.** With the exception of the preclearance requirement, this Policy continues to apply to transactions in the Company's securities even after termination of service to the Company. If you are in possession of material nonpublic information when your service terminates, you may not trade in the Company's securities until that information has become public (through an SEC filing or otherwise) or is no longer material.

8.4 *Information Relating to the Company***.**

- Access to Information. Access to material nonpublic information about the Company, including the Company's business, earnings or prospects, should be limited to officers, directors, employees and contractors of the Company as required. In addition, such information should not be communicated to anyone outside the Company under any circumstances (except in accordance with the Company's policies regarding the protection or authorized external disclosure of Company information) or to anyone within the Company on an other than as required.

  In communicating material nonpublic information to employees and contractors of the Company, all officers, directors, employees and contractors must take care to emphasize the need for confidential treatment of such information and adherence to the Company's policies with regard to confidential information.
- Inquiries from Third Parties. Inquiries from third parties, such as industry analysts or members of the media, about the Company should be directed to the head of Investor Relations.

9. Limitations on Access to Company Information

The following procedures are designed to maintain confidentiality with respect to the Company's business operations and activities.

9.1 All officers, directors, employees and contractors should take all steps and precautions necessary to restrict access to, and secure, material nonpublic information by, among other things:

- maintaining the confidentiality of Company-related transactions;
- conducting their business and social activities so as not to risk inadvertent disclosure of confidential information. Review of confidential documents in public places should be conducted so as to prevent access by unauthorized persons;
- restricting access to documents and files (including computer files) containing material nonpublic information to individuals only as required (including maintaining control over the distribution of documents and drafts of documents);
- promptly removing and cleaning up all confidential documents and other materials from conference rooms following the conclusion of any meetings;
- disposing of all confidential documents and other papers once there is no longer any business or other legally required need;
- restricting access to areas likely to contain confidential documents or material nonpublic information;
- safeguarding laptop computers, tablets, memory sticks, CDs, and other items that contain confidential information; and
- avoiding the discussion of material nonpublic information in places where the information could be overheard by others, such as in elevators, restrooms, hallways, restaurants, airplanes, or taxicabs.

9.2 Personnel involved with material nonpublic information, to the extent feasible, should conduct their business and activities in areas separate from other Company activities.

10. Rule 10b5-1 Trading Plans

The trading restrictions set forth do not apply to transactions under a previously established contract, plan or instruction to trade in the Company's stock in accordance with the terms of Rule 10b5-1 and all applicable state laws (a "Trading Plan") that:

(a) has been submitted to and preapproved by the Company's General Counsel, or such other person as the Board of Directors may designate from time to time, at least 30 days before the commencement of any transactions under the Trading Plan;

(b) includes a "Cooling Off Period" for:
  (i) Section 16 reporting persons that extends to the later of 90 days after adoption or modification of a Trading Plan or two business days after filing the Form 10-K or Form 10-Q covering the fiscal quarter in which the Trading Plan was adopted, up to a maximum of 120 days; and
  (ii) employees and any other persons, other than the Company, that extends 30 days after adoption or modification of a Trading Plan;

(c) for Section 16 reporting persons, includes a representation in the Trading Plan that the Section 16 reporting person is (1) not aware of any material nonpublic information about the Company or its securities; and (2) adopting the Trading Plan in good faith and not as part of a plan or scheme to evade Rule 10b-5;

(d) you entered into in good faith at a time when you were not in possession of material nonpublic information about the Company; and

(e) either (i) specifies the amounts, prices, and dates of all security transactions under the Trading Plan; (ii) provides a written formula, algorithm, or computer program for determining the amount, price, and date of the transactions; or (iii) prohibits you from exercising any subsequent influence over the transactions.

You may adopt more than one Trading Plan at a time. You may only amend or revoke a Trading Plan outside of quarterly trading Blackout Periods when you do not possess material nonpublic information. Any amendment or revocation of a Trading Plan must be preapproved by the General Counsel or his or her designee at least 30 days before you trade under an amended Trading Plan or outside of a revoked Trading Plan, and at least 180 days before you establish a new Trading Plan.

The Company reserves the right to publicly announce, or respond to inquiries from the media regarding, the implementation of Trading Plans or the execution of transactions made under a Trading Plan. The Company also reserves the right from time to time to suspend, discontinue or otherwise prohibit transactions under a Trading Plan if the General Counsel or his or her designee or the Board of Directors, in its discretion, determines that such suspension, discontinuation or other prohibition is in the best interests of the Company.

The cashless exercise of options under Trading Plans is permitted only through "same-day sales," in which the option holder does not pay for the stock up front, but rather receives cash equal to the difference between the stock value and option exercise price.

Transactions prohibited under Section 1.5 of this Policy, including, but not limited to, short sales and hedging transactions, may not be carried out through a Trading Plan.

10.5 Compliance of a Trading Plan with the terms of Rule 10b5-1 and the execution of transactions pursuant to the Trading Plan are the sole responsibility of the person initiating the Trading Plan, and none of the Company, the General Counsel or his or her designee, or the Company's other employees assume any liability for any delay in reviewing and/or refusing a Trading Plan submitted for approval nor the legality or consequences relating to a person entering into or trading under a Trading Plan.

10.6 Trading Plans do not exempt you from complying with Section 16 short-swing profit rules or liability.

10.7 During an open trading window, you may make trades outside of the Trading Plan. However, the Trading Plan must also continue to be followed.

11. Questions and Reporting Concerns

If you are concerned that the Policy has been violated, or have any questions about the Policy, you should contact the head of Compliance at compliance@marketwise.com.

Certification of Compliance

By digitally signing the MarketWise, Inc. **Insider Trading Policy**, I acknowledge that I have received and read the Policy, and agree to comply with the terms of the Policy.

Exhibit A – Preclearance Certification

Instructions: To request the preclearance of a trade in MarketWise, Inc. securities, complete the certification below and paste into an email addressed to preclear@marketwise.com with subject "Preclearance Request." *Reminder – Preclearance requests should be submitted at least two (2) business days prior to when you wish to execute the transaction to allow adequate time for review and approval. Additionally, approved transactions are to be completed within three (3) business days of receiving approval or less should a blackout period begin.* ***Incomplete requests will not be accepted or approved.***

Copy, Paste & Complete Text below this line into email

Via E-mail (signature not required)

To: Legal Department

From: ____

Re: Request for Preclearance for transactions in MarketWise, Inc. securities.

I am requesting preclearance for the following trade of MarketWise, Inc. securities (choose one):

- Purchase: _____________ shares of MarketWise, Inc.
- Sell: ____________ shares of MarketWise, Inc.
  - ________ of these shares will be sold through broker-assisted cashless (option) exercises occurring in connection with the proposed sale.
  - ________ of these shares are already owned by me (i) from prior purchases, (ii) the vesting of restricted stock (either at the time of sale or previously) or (iii) prior option exercises where shares were acquired.
- Other: _______________ shares of MarketWise, Inc. are a:
  - Gift (please explain):____.
  - Transfer for estate planning/divorce/bequest (please explain):__________________ ____.
  - Other (please explain): ____.

By completing this form and submitting it to the MarketWise Legal Department, I hereby represent all of the following:

1. I have read and am in compliance with the MarketWise, Inc. Insider Trading Policy, including the Preclearance and Blackout requirements of the Insider Trading Policy.
2. I am not currently in possession of material non-public information regarding MarketWise, Inc., and at the time I complete the transaction noted above, I will not be in possession of material non-public information regarding MarketWise, Inc.
3. I understand that preclearance is good for three (3) business days (or less if the normal quarterly Blackout Period starts or a special trading blackout is declared).

Exhibit 21.1

Subsidiaries of MarketWise, Inc.

Entity Name	Jurisdiction of Formation
MarketWise, LLC	Delaware
Alta Finance Group, LLC	Delaware
MarketWise Solutions, LLC	Maryland
Bonner & Partners, LLC	Maryland
Casey Research, LLC	Florida
Chaikin Resources, LLC	Delaware
Chaikin Analytics, LLC	Delaware
Chaikin Investments, LLC	Delaware
Common Sense Publishing, LLC	Florida
Empire Financial Research, LLC	Delaware
1729 Research, LLC	Maryland
InvestorPlace Media, LLC	Delaware
KOC Publishing, LLC	Delaware
Legacy Research Group, LLC	Florida
Moat Research, LLC	Delaware
Omnia Research, LLC	Florida
Roundtable Research, LLC	Delaware
Signal to Noise, LLC	Delaware
Stansberry & Associates Investment Research, LLC	Maryland
Stansberry China, LLC	Delaware
Tradesmith, LLC	Florida
VRSH, LLC d/b/a Altimetry	Delaware
Winans Media Group, LLC	Maryland

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-258734 on Form S-3 and Registration Statement No. 333-259822 on Form S-8 of our report dated March 7, 2024, relating to the financial statements of MarketWise, Inc. appearing in this Annual Report on Form 10-K for the year ended December 31, 2023.

/s/ Deloitte & Touche LLP

Baltimore, MD

March 7, 2024

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 Annual Report on Form 10-K of MarketWise, Inc. (the "registrant") for the fiscal year ended December 31, 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: March 7, 2024

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 Annual Report on Form 10-K of MarketWise, Inc. (the "registrant") for the fiscal year ended December 31, 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: March 7, 2024

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 Annual Report on Form 10-K of MarketWise, Inc. for the fiscal year ended December 31, 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 Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of MarketWise, Inc.

MarketWise, Inc.

Date: March 7, 2024

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 Annual Report on Form 10-K of MarketWise, Inc. for the fiscal year ended December 31, 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 Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of MarketWise, Inc.

MarketWise, Inc.

Date: March 7, 2024

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

MarketWise

POLICY FOR RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

Effective October 2, 2023

INTRODUCTION

MarketWise, Inc. (the "***Company***") has adopted this Policy for Recovery of Erroneously Awarded Compensation (the "***Policy***"), effective as of October 2, 2023 (the "***Effective Date***"). Capitalized terms used in this Policy but not otherwise defined herein are defined in Section 1.

PURPOSE

The purpose of this Policy is to describe certain circumstances in which Officers will be required to repay or return Erroneously Awarded Compensation to the Company. Each Officer shall be required to sign and return to the Company the Acknowledgement Form attached hereto as Exhibit A, pursuant to which such Officer shall acknowledge that he or she shall be bound by the terms and comply with this Policy.

1. DEFINITIONS

"***Applicable Rules***" means Section 10D of the Exchange Act, Rule 10D-1 promulgated thereunder, the listing rules of the national securities exchange or association on which the Company's securities are listed, and any applicable rules, standards or other guidance adopted by the Securities and Exchange Commission ("***SEC***") or any national securities exchange or association on which the Company's securities are listed.

"***Committee***" means the committee of the Board responsible for executive compensation decisions comprised solely of independent directors (as determined under the Applicable Rules), or in the absence of such a committee, a majority of the independent directors serving on the Board.

"***Erroneously Awarded Compensation***" means the amount of Incentive-Based Compensation received by a current or former Officer that exceeds the amount of Incentive-Based Compensation that would have been received by such current or former Officer based on a restated Financial Reporting Measure, as determined on a pre-tax basis in accordance with the Applicable Rules; provided, however, that for Incentive-Based Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in a Restatement: (i) the amount of Erroneously Awarded Compensation must be based on a reasonable estimate of the effect of the Restatement on the stock price or total shareholder return measure upon which the Incentive-Based Compensation was received; and (ii) the Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to the stock exchange.

"***Exchange Act***" means the Securities Exchange Act of 1934, as amended.

"***Financial Reporting Measure***" means any measure determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures derived wholly or in part from such measures, including GAAP, IFRS and non-GAAP/IFRS financial measures, as well as stock or share price and total shareholder return. For the avoidance of doubt, a Financial Reporting Measure need not be presented in the Company's financial statements or included in a filing with the SEC.

"***GAAP***" means United States generally accepted accounting principles.

"***IFRS***" means international financial reporting standards as adopted by the International Accounting Standards Board.

"***Impracticable***" means (a) the direct costs paid to third parties to assist in enforcing recovery would exceed the Erroneously Awarded Compensation; provided that the Company (i) has made reasonable attempts to recover the Erroneously Awarded Compensation, (ii) documented such attempt(s), and (iii) provided such documentation to the relevant listing exchange or association, (b) to the extent permitted by the Applicable Rules, the recovery would violate the Company's home country laws pursuant to an opinion of home country counsel; provided that the Company has (i) obtained an opinion of home country counsel, acceptable to the relevant listing exchange or association, that recovery would result in such violation, and (ii) provided such opinion to the relevant listing exchange or association, or (c) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and the regulations thereunder.

"***Incentive-Based Compensation***" means, with respect to a Restatement, any compensation that is granted, earned, or vested based wholly or in part upon the attainment of one or more Financial Reporting Measures and received by a person: (a) after beginning service as an Officer; (b) who served as an Officer at any time during the performance period for that compensation; (c) while the issuer has a class of its securities listed on a national securities exchange or association; and (d) during the applicable Three-Year Period.

"***Officer***" means each person who serves as an executive officer of the Company, as defined in Rule 10D-1(d) under the Exchange Act.

"***Restatement***" means an accounting restatement to correct the Company's material noncompliance with any financial reporting requirement under securities laws, including restatements that correct an error in previously issued financial statements (a) that is material to the previously issued financial statements or (b) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

"***Three-Year Period***" means, with respect to a Restatement, the three completed fiscal years immediately preceding the date that the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare such Restatement, or, if earlier, the date on which a court, regulator or other legally authorized body directs the Company to prepare such Restatement. The "Three-Year Period" also includes any transition period (that results from a change in the Company's fiscal year) within or immediately following the three completed fiscal years identified in the preceding sentence. However, a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months shall be deemed a completed fiscal year.

2. PERSONS SUBJECT TO POLICY

This Policy shall apply to current and former Officers of the Company.

3. COMPENSATION SUBJECT TO POLICY

This Policy shall apply to Incentive-Based Compensation received on or after the Effective Date. For purposes of this Policy, the date on which Incentive-Based Compensation is "received" shall be determined under the Applicable Rules, which generally provide that Incentive-Based Compensation is "received" in the fiscal period during which the relevant Financial Reporting Measure is attained or satisfied, without regard to whether the grant, vesting or payment of the Incentive-Based Compensation occurs thereafter.

4. RECOVERY OF COMPENSATION

In the event that the Company is required to prepare a Restatement, the Company shall recover, reasonably promptly, the portion of any Incentive-Based Compensation that is Erroneously Awarded Compensation, unless the Committee has determined that recovery would be Impracticable. Recovery shall be required in accordance with the preceding sentence regardless of whether the applicable Officer engaged in misconduct or otherwise caused or contributed to the requirement for the Restatement and regardless of whether or when restated financial statements are filed by the Company. For clarity, the recovery of Erroneously Awarded Compensation under this Policy will not give rise to any Officer's right to voluntarily terminate employment for "good reason," or due to a "constructive termination" (or any similar term of like effect) under any plan, program or policy of or agreement with the Company or any of its affiliates.

5. MANNER OF RECOVERY; LIMITATION ON DUPLICATIVE RECOVERY

The Committee shall, in its sole discretion, determine the manner of recovery of any Erroneously Awarded Compensation, which may include, without limitation, reduction or cancellation by the Company or an affiliate of the Company of Incentive-Based Compensation or Erroneously Awarded Compensation, reimbursement or repayment by any person subject to this Policy of the Erroneously Awarded Compensation, and, to the extent permitted by law, an offset of the Erroneously Awarded Compensation against other compensation payable by the Company or an affiliate of the Company to such person. The applicable Officer may be required to reimburse the Company for any and all expenses reasonably incurred (including legal fees) by the Company in recovering such Erroneously Awarded Compensation in accordance with the immediately preceding sentence.

Notwithstanding the foregoing, unless otherwise prohibited by the Applicable Rules, to the extent this Policy provides for recovery of Erroneously Awarded Compensation already recovered by the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 or Other Recovery Arrangements, the amount of Erroneously Awarded Compensation already recovered by the Company from the recipient of such Erroneously Awarded Compensation may be credited to the amount of Erroneously Awarded Compensation required to be recovered pursuant to this Policy from such person.

6. ADMINISTRATION

This Policy shall be administered, interpreted and construed by the Committee, which is authorized to make all determinations necessary, appropriate or advisable for such purpose. The Board of Directors of the Company (the "***Board***") may re-vest in itself the authority to administer, interpret and construe this Policy in accordance with applicable law, and in such event references herein to the "Committee" shall be deemed to be references to the Board. Subject to any permitted review by the applicable national securities exchange or association pursuant to the Applicable Rules, all determinations and decisions made by the Committee pursuant to the provisions of this Policy shall be final, conclusive, and binding on all persons, including the Company and its affiliates, equityholders, and employees. The Committee may delegate administrative duties with respect to this Policy to one or more directors or employees of the Company, as permitted under applicable law, including any Applicable Rules.

7. INTERPRETATION

This Policy will be interpreted and applied in a manner that is consistent with the requirements of the Applicable Rules, and to the extent this Policy is inconsistent with such Applicable Rules, it shall be deemed amended to the minimum extent necessary to ensure compliance therewith.

8. NO INDEMNIFICATION; NO LIABILITY

The Company shall not indemnify or insure any person against the loss of any Erroneously Awarded Compensation pursuant to this Policy, nor shall the Company directly or indirectly pay or reimburse any person for any premiums for third-party insurance policies that such person may elect to purchase to fund such person's potential obligations under this Policy. None of the Company, an affiliate of the Company or any member of the Committee or the Board shall have any liability to any person as a result of actions taken under this Policy.

9. APPLICATION; ENFORCEABILITY

Except as otherwise determined by the Committee or the Board, the adoption of this Policy does not limit, and is intended to apply in addition to, any other clawback, recoupment, forfeiture or similar policies or provisions of the Company or its affiliates, including any such policies or provisions of such effect contained in any employment agreement, bonus plan, incentive plan, equity-based plan or award agreement thereunder or similar plan, program or agreement of the Company or an affiliate or required under applicable law (the "***Other Recovery Arrangements***"). The remedy specified in this Policy shall not be exclusive and shall be in addition to every other right or remedy at law or in equity that may be available to the Company or an affiliate of the Company.

10. SEVERABILITY

The provisions in this Policy are intended to be applied to the fullest extent of the law; provided, however, to the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.

11. AMENDMENT AND TERMINATION

The Board or the Committee may amend, modify or terminate this Policy in whole or in part at any time and from time to time in its sole discretion. This Policy will terminate automatically when the Company does not have a class of securities listed on a national securities exchange or association.

<u>Exhibit A</u>

MARKETWISE, INC. POLICY FOR RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

ACKNOWLEDGEMENT FORM

By signing below, the undersigned acknowledges and confirms that the undersigned has received and reviewed a copy of the MarketWise, Inc. Policy for Recovery of Erroneously Awarded Compensation (the "***Policy***"). Capitalized terms used but not otherwise defined in this Acknowledgement Form (this "***Acknowledgement Form***") shall have the meanings ascribed to such terms in the Policy.

By signing this Acknowledgement Form, for good and valuable consideration, the receipt of which is acknowledged, the undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy, that compensation received by the undersigned may be subject to reduction, cancellation, forfeiture and/or recoupment to the extent necessary to comply with the Policy, notwithstanding any other agreement to the contrary, and that the Policy will apply both during and after the undersigned's employment with the Company as applicable. Further, by signing below, the undersigned agrees to abide by the terms of the Policy, including, without limitation, by returning any Erroneously Awarded Compensation (as defined in the Policy) to the Company to the extent required by, and in a manner permitted by, the Policy.

The undersigned further acknowledges and agrees that the undersigned is not entitled to indemnification in connection with any enforcement of the Policy and expressly waives any rights to such indemnification under the Company's organizational documents or otherwise.

____
Signature

____
Print Name

____
Date