

Dave

Dave Inc.

Up to 9,998,756 Shares of Class A Stock

**Up to 357,633 Shares of Class A Common Stock Issuable Upon Exercise of Warrants Up to
159,382 Warrants**

This prospectus supplement supplements the prospectus dated April 13, 2022 (the “Prospectus”), which forms a part of our registration statement on Form S-1 (No. 333-262478). This prospectus supplement is being filed to update and supplement the information in the Prospectus with the information contained in our Quarterly Report on Form 10-Q for the three months ended March 31, 2023 (the “Form 10-Q”), filed with the Securities and Exchange Commission on May 9, 2023. Accordingly, we have attached the Form 10-Q to this prospectus supplement.

The Prospectus and this prospectus supplement relate to the offer and sale from time to time by the selling securityholders named in the Prospectus (the “Selling Securityholders”) of up to (i) 10,356,391 shares of our Class A common stock, par value \$0.0001 per share (the “Class A Common Stock”), which consists of up to (a) 656,247 shares of Class A Common Stock issued in a private placement pursuant to subscription agreements entered into on June 7, 2021, (b) 1,514,082 shares of Class A Common Stock that are issuable by us upon conversion of our Class V common stock, par value \$0.0001 per share (the “Class V Common Stock”), (c) 168,515 shares of Class A Common Stock originally issued in a private placement to VPC Impact Acquisition Holdings Sponsor III, LLC (the “Sponsor”) in connection with the initial public offering (the “IPO”) of our predecessor, VPC Impact Acquisition Holdings III, Inc. (“VPCC”), (d) 159,381 shares of Class A Common Stock that are issuable by us upon the exercise of 159,381 warrants originally issued in a private placement to the Sponsor in connection with the IPO at an exercise price of \$368 per share of Class A Common Stock (the “Private Warrants”), (e) 198,254 shares of Class A Common Stock that are issuable by us upon the exercise of 198,254 warrants originally issued in connection with the IPO at an exercise price of \$368 per share of Class A Common Stock that were previously registered (the “Public Warrants”), (f) 7,654,658 shares of Class A Common Stock issued upon consummation of our Business Combination (as defined in the Prospectus) and held by certain of our directors and officers and other holders of registration rights, and (g) 5,254 shares of Class A Common Stock underlying the options held by certain former employees of Dave Inc. prior to the Business Combination and (ii) up to 159,381 Private Warrants. The number of shares and prices in this paragraph have been adjusted to reflect the 1-for-32 reverse stock split which occurred on January 5, 2023.

Our Class A Common Stock and Public Warrants are listed on the Nasdaq Global Market (“Nasdaq”) under the symbols “DAVE” and “DAVEW”, respectively. On May 8, 2023 the closing sale price as reported on Nasdaq of our Class A Common Stock was \$5.15 per share and of our Public Warrants was \$0.0206 per warrant.

This prospectus supplement should be read in conjunction with the Prospectus, which is to be delivered with this prospectus supplement. This prospectus supplement is qualified by reference to the Prospectus, except to the extent that the information in this prospectus supplement updates and supersedes the information contained in the Prospectus.

We are an “emerging growth company” as that term is defined in the Jumpstart Our Business Startups Act of 2012 and, as such, are subject to reduced public company reporting requirements.

Investing in our securities involves a high degree of risk. Before buying any securities, you should carefully read the discussion of material risks of investing in our securities in “Risk Factors” beginning on page 18 of our Annual Report on Form 10-K, filed on March 13, 2023.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of the Prospectus or this prospectus supplement. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is May 9, 2023.

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

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 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: 001-40161

DAVE INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

**1265 South Cochran Ave
Los Angeles, CA**

(Address of principal executive offices)

86-1481509

(I.R.S. Employer
Identification No.)

90019

Zip Code

Registrant's telephone number, including area code: (844) 857-3283

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Class A common stock, par value \$0.0001	DAVE	The Nasdaq Stock Market LLC
Redeemable warrants, each whole warrant exercisable for one share of Class A common stock, each at an exercise price of \$368 per share	DAVEW	The Nasdaq Stock Market LLC

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES NO

As of May 1, 2023, there were 10,402,531 shares of Class A common stock, \$0.0001 par value and 1,514,082 shares of Class V common stock, \$0.0001 par value, issued and outstanding.

DAVE INC.
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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this “Form 10-Q” or this “report”) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that are forward looking and as such are not historical facts. All statements contained in this Form 10-Q other than statements of historical fact, including statements regarding our future results of operations, financial position, market size and opportunity, our business strategy and plans, the factors affecting our performance and our objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “could,” “should,” “would,” “can,” “expect,” “project,” “outlook,” “forecast,” “objective,” “plan,” “potential,” “seek,” “grow,” “target,” “if” and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in the section titled “Risk Factors” set forth in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022 filed with the Securities and Exchange Commission (the “SEC”) on March 13, 2023 (the “Annual Report”). Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this Form 10-Q may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. Forward-looking statements contained in this Form 10-Q involve a number of judgments, risks and uncertainties, including, without limitation, risks related to:

- the ability of Dave to compete in its highly competitive industry;
- the ability of Dave to keep pace with the rapid technological developments in its industry and the larger financial services industry;
- the ability of Dave to manage its growth as a public company;
- the ability of Dave to protect intellectual property and trade secrets;
- changes in applicable laws or regulations and extensive and evolving government regulations that impact operations and business;
- the ability to attract or maintain a qualified workforce;
- level of product service failures that could lead Dave members (“Members”) to use competitors’ services;
- investigations, claims, disputes, enforcement actions, litigation and/or other regulatory or legal proceedings;
- the ability to maintain the listing of Dave Class A Common Stock on Nasdaq;
- the effects of the COVID-19 pandemic, the Russia-Ukraine war or rising inflation on Dave’s business;
- the possibility that Dave may be adversely affected by other economic, business, and/or competitive factors; and
- other risks and uncertainties described in this Form 10-Q, including those described under Item 1A, “Risk Factors” of the Annual Report.

We caution you that the foregoing list of risks and uncertainties that may cause actual results to differ materially from those in the forward-looking statements may not be complete. You should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements and our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect.

Except as required by law, we do not intend to update any of these forward-looking statements after the date of this report or to conform these statements to actual results or revised expectations.

This report contains estimates, projections and other information concerning our industry, our business and the markets for our products. We obtained the industry, market and similar data set forth in this report from our own internal estimates and research and from industry research, publications, surveys and studies conducted by third parties, including governmental agencies. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties, and actual events or circumstances may differ materially from events and circumstances that are assumed in this information. While we believe that the data we use from third parties are reliable, we have not separately verified these data. You are cautioned not to give undue weight to any such information, projections and estimates.

As used in this report, the “Company,” “Dave,” “we,” “us,” “our” and similar terms refer Dave Inc. (f/k/a VPC Impact Acquisition Holdings III, Inc. (“VPCC”)) and its consolidated subsidiaries, unless otherwise noted or the context otherwise requires. “Business Combination” refers to the business combination pursuant we consummated on January 5, 2022 pursuant to the Agreement and Plan of Merger, dated as of June 7, 2021 among VPCC, Dave Inc., a Delaware corporation, and other entities.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

Dave Inc.
Condensed Consolidated Balance Sheets
(in thousands; except share data)

	As of March 31, 2023 <i>(unaudited)</i>	As of December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 51,754	\$ 22,889
Marketable securities	34,423	285
Member advances, net of allowance for credit losses of \$17,365 and \$24,501 as of March 31, 2023 and December 31, 2022, respectively	80,161	104,183
Short-term investments	108,831	168,789
Prepaid income taxes	824	831
Prepaid expenses and other current assets	15,653	11,591
Total current assets	291,646	308,568
Property and equipment, net	1,249	1,026
Lease right-of-use assets (related-party of \$672 and \$735 as of March 31, 2023 and December 31, 2022, respectively)	672	735
Intangible assets, net	11,029	10,163
Debt facility commitment fee, long-term	59	75
Restricted cash	788	788
Other non-current assets	-	137
Total assets	\$ 305,443	\$ 321,492
Liabilities, and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 4,558	\$ 11,418
Accrued expenses	13,612	10,965
Lease liabilities, short-term (related-party of \$265 and \$273 as of March 31, 2023 and December 31, 2022, respectively)	265	273
Legal settlement accrual	3,701	9,450
Other current liabilities	4,182	4,311
Total current liabilities	26,318	36,417
Lease liabilities, long-term (related-party of \$489 and \$550 as of March 31, 2023 and December 31, 2022, respectively)	489	550
Debt facility, long-term	75,000	75,000
Convertible debt, long-term	103,087	102,325
Warrant and earnout liabilities	344	516
Other non-current liabilities	125	124
Total liabilities	\$ 205,363	\$ 214,932
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Preferred stock, par value per share \$0.0001, 10,000,000 shares authorized; 0 shares issued and outstanding at March 31, 2023 and December 31, 2022	-	-
Class A common stock, par value per share \$0.0001, 500,000,000 shares authorized; 10,402,531 and 10,334,220 shares issued at March 31, 2023 and December 31, 2022, respectively; 10,352,968 and 10,284,657 shares outstanding at March 31, 2023 and December 31, 2022, respectively;	1	1
Class V common stock, par value per share \$0.0001, 100,000,000 shares authorized; 1,514,082 shares issued and outstanding at March 31, 2023 and December 31, 2022, respectively;	-	-
Additional paid-in capital	276,799	270,037
Accumulated other comprehensive loss	(892)	(1,675)
Accumulated deficit	(175,828)	(161,803)
Total stockholders' equity	\$ 100,080	\$ 106,560
Total liabilities, and stockholders' equity	\$ 305,443	\$ 321,492

See accompanying notes to the condensed consolidated financial statements.

Dave Inc.
Condensed Consolidated Balance Sheets, Continued
(in thousands)

The following table presents the assets and liabilities of a consolidated variable interest entity (“VIE”), which are included in the condensed consolidated balance sheets above. The assets in the table below may only be used to settle obligations of consolidated VIEs and are in excess of those obligations. All intercompany accounts have been eliminated.

	<u>As of March 31, 2023</u>	<u>As of December 31,</u>
	<i>(unaudited)</i>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 33,919	\$ 12,030
Member advances, net of allowance for credit losses	55,627	71,545
Debt facility commitment fee, current	64	62
Debt facility commitment fee, long-term	44	75
Total assets	\$ 89,654	\$ 83,712
Liabilities		
Accounts payable	2,121	531
Long-term debt facility	75,000	75,000
Total liabilities	\$ 77,121	\$ 75,531

See accompanying notes to the condensed consolidated financial statements.

Dave Inc.
Condensed Consolidated Statements of Operations
(in thousands; except share data)
(unaudited)

	For the Three Months Ended	
	March 31, 2023	March 31, 2022
Operating revenues:		
Service based revenue, net	\$ 52,576	\$ 39,268
Transaction based revenue, net	6,352	3,283
Total operating revenues, net	58,928	42,551
Operating expenses:		
Provision for credit losses	11,953	13,785
Processing and servicing costs	7,118	6,543
Advertising and marketing	9,471	12,204
Compensation and benefits	24,367	17,894
Other operating expenses	18,501	14,798
Total operating expenses	71,410	65,224
Other (income) expenses:		
Interest income	(1,192)	(13)
Interest expense	2,898	1,555
Other strategic financing and transactional expenses	-	961
Changes in fair value of earnout liabilities	(25)	(2,040)
Changes in fair value of derivative asset on loans to stockholders	-	5,572
Changes in fair value of public and private warrant liabilities	(146)	4,065
Total other expense, net	1,535	10,100
Net loss before provision for income taxes	(14,017)	(32,773)
Provision for income taxes	8	22
Net loss	\$ (14,025)	\$ (32,795)
Net loss per share:		
Basic	\$ (1.19)	\$ (2.91)
Diluted	\$ (1.19)	\$ (2.91)
Weighted-average shares used to compute net loss per share		
Basic	11,815,448	11,259,025
Diluted	11,815,448	11,259,025

See accompanying notes to the condensed consolidated financial statements.

Dave Inc.
Condensed Consolidated Statements of Comprehensive Loss
(in thousands)
(unaudited)

For the Three Months Ended,

	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Net loss	\$ (14,025)	\$ (32,795)
Other comprehensive loss:		
Unrealized gain on available-for-sale securities	783	-
Comprehensive loss	\$ (13,242)	\$ (32,795)

See accompanying notes to the condensed consolidated financial statements.

Dave Inc.
Condensed Consolidated Statement of Stockholders' Equity
(in thousands, except share data)
(unaudited)

	Common stock				Additional paid-in capital	Loans to stockholder s	Treasury stock	Accumulated other comprehensiv e loss	Accumulated deficit	Total stockholders' equity
	Class A		Class V							
	Shares	Amount	Shares	Amount						
Balance at January 1, 2023	10,284,657	\$ 1	1,514,082	\$ -	\$ 270,037	\$ -	\$ -	\$ (1,675)	\$ (161,803)	\$ 106,560
Issuance of Class A common stock in connection with stock plans	68,311	-	-	-	1	-	-	-	-	1
Payment for fractional shares after reverse stock split	-	-	-	-	(13)	-	-	-	-	(13)
Stock-based compensation	-	-	-	-	6,774	-	-	-	-	6,774
Unrealized gain on available-for-sale securities	-	-	-	-	-	-	783	-	-	783
Net loss	-	-	-	-	-	-	-	-	(14,025)	(14,025)
Balance at March 31, 2023	10,352,968	\$ 1	1,514,082	\$ -	\$ 276,799	\$ -	\$ -	\$ (892)	\$ (175,828)	\$ 100,080

	Common stock				Additional paid-in capital	Loans to stockholder ers	Treasu ry stock	Accumulat ed other comprehen sive loss	Accumulat ed deficit	Total stockholder s' equity
	Class A		Class V							
	Shares	Amount	Shares	Amount						
Balance at January 1, 2022	9,283,010	\$ 1	1,514,082	\$ -	\$ 86,830	\$ (15,192)	\$ (5)	\$ -	\$ (32,897)	\$ 38,737
Issuance of Class A common stock in connection with stock plans	104,271	-	-	-	1,558	-	-	-	-	1,558
Issuance of Class A common stock pursuant to the PIPE financing	656,247	-	-	-	210,000	-	-	-	-	210,000
Issuance of Class A common stock pursuant to the Merger Agreement	211,415	-	-	-	(26,702)	-	-	-	-	(26,702)
Exercise of Series B-1 preferred stock warrants, net of settlement	14,087	-	-	-	3,365	-	-	-	-	3,365
Conversion of 2019 convertible notes and accrued interest to Class A common stock	7,040	-	-	-	720	-	-	-	-	720
Repurchase of Class A common stock	(6,203)	-	-	-	(1,588)	-	5	-	-	(1,583)
Exercise of warrant for Class A common stock	3	-	-	-	-	-	-	-	-	-
Stockholder loans interest	-	-	-	-	-	(12)	-	-	-	(12)
Exercise of derivative asset and paydown of stockholder loans	(187,945)	-	-	-	(44,885)	15,204	-	-	-	(29,681)
Stock-based compensation	-	-	-	-	3,190	-	-	-	-	3,190
Net loss	-	-	-	-	-	-	-	-	(32,795)	(32,795)
Balance at March 31, 2022	10,081,925	\$ 1	1,514,082	\$ -	\$ 232,488	\$ -	\$ -	\$ -	\$ (65,692)	\$ 166,797

See accompanying notes to the condensed consolidated financial statements.

Dave Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	For the Three Months Ended March 31,	
	2023	2022
Operating activities		
Net loss	\$ (14,025)	\$ (32,795)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,200	1,158
Provision for credit losses	11,953	13,785
Changes in fair value of derivative asset on loans to stockholders	-	5,572
Changes in fair value of earnout liabilities	(25)	(2,040)
Changes in fair value of warrant liabilities	(146)	4,065
Stock-based compensation	6,774	3,190
Non-cash interest	759	(63)
Non-cash lease expense	(6)	(23)
Changes in fair value of marketable securities and short-term investments	440	76
Changes in operating assets and liabilities:		
Member advances, service based revenue	216	(1,618)
Prepaid income taxes	7	22
Prepaid expenses and other current assets	(4,061)	(4,847)
Accounts payable	(6,891)	2,489
Accrued expenses	2,617	(1,039)
Legal settlement accrual	(5,749)	-
Other current liabilities	(129)	(125)
Other non-current liabilities	-	(321)
Other non-current assets	137	2
Net cash used in operating activities	(6,929)	(12,512)
Investing activities		
Payments for internally developed software costs	(1,946)	(2,258)
Purchase of property and equipment	(264)	(228)
Net disbursements and collections of Member advances	11,853	(24,967)
Purchase of short-term investments	(5,082)	-
Sale and maturity of short-term investments	65,390	-
Purchase of marketable securities	(34,145)	(302,115)
Sale of marketable securities	-	32,000
Net cash provided by (used in) investing activities	35,806	(297,568)
Financing activities		
Proceeds from PIPE offering	-	195,000
Proceeds from escrow account	-	29,688
Payment of issuance costs	-	(22,944)
Payment for fractional shares on reverse stock split	(13)	-
Proceeds from issuance of common stock for stock option exercises	1	1,563
Repurchase of common stock	-	(1,583)
Proceeds from borrowings on convertible debt	-	100,000
Net cash (used in) provided by financing activities	(12)	301,724
Net increase (decrease) in cash and cash equivalents and restricted cash	28,865	(8,356)
Cash and cash equivalents and restricted cash, beginning of the period	23,677	32,372
Cash and cash equivalents and restricted cash, end of the period	\$ 52,542	\$ 24,016

Supplemental disclosure of non-cash investing and financing activities:

Property and equipment purchases in accounts payable and accrued liabilities	\$	61	\$	-
Conversion of convertible preferred stock to Class A common stock in connection with the reverse recapitalization	\$	-	\$	72,173
Recapitalization transaction costs liability incurred	\$	-	\$	7,500
Conversion of convertible notes and accrued interest to Class A common stock in connection with the reverse recapitalization	\$	-	\$	720
Conversion of B-1 warrants to Class A common stock in connection with the reverse recapitalization	\$	-	\$	3,365
Discharge of PIPE promissory note in connection with the reverse recapitalization	\$	-	\$	15,000

Supplemental disclosure of cash (received) paid for:

Income taxes	\$	-	\$	(2)
Interest	\$	2,121	\$	1,392

The following table provides a reconciliation of cash and cash equivalents, and restricted cash reported within the condensed consolidated balance sheet with the same as shown in the condensed consolidated statement of cash flows

Cash and cash equivalents	\$	51,754	\$	23,569
Restricted cash		788		447
Total cash, cash equivalents, and restricted cash, end of the period	\$	52,542	\$	24,016

See accompanying notes to the condensed consolidated financial statements.

Note 1 Organization and Nature of Business

Overview:

Dave Inc. (“Dave” or the “Company”), a Delaware corporation, with headquarters located in Los Angeles, California, is a financial services company. Dave was originally incorporated in the State of Delaware on January 14, 2021 as a special purpose acquisition company under the name VPC Impact Acquisition Holdings III, Inc. (“VPCC”) and formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses. On January 5, 2022, we consummated the transactions contemplated by that certain Agreement and Plan of Merger, dated as of June 7, 2021 among VPCC, Dave Inc., a Delaware corporation (“Legacy Dave”), and other entities (the “Business Combination”). In connection with the closing of the Business Combination, we changed our name from “VPC Impact Acquisition Holdings III, Inc.” to “Dave Inc.”

Dave offers a suite of innovative financial products aimed at helping Members improve their financial health. To help Members avoid punitive overdraft fees and access short-term liquidity, Dave offers cash advances through its flagship 0% interest ExtraCash product. Through Dave Banking, the Company provides a digital checking account experience with valuable tools for building long-term financial health. Dave also helps Members generate extra income for spending or emergencies through Dave’s Side Hustle product and Surveys, where Dave presents Members with supplemental work and income opportunities.

ExtraCash:

Many Americans are often unable to maintain a positive balance between paychecks, driving a reliance on overdraft, payday loans, auto title loans and other forms of expensive credit to put food on the table, gas in their car or pay for unexpected emergencies. For example, traditional banks charge up to \$34 for access to as little as \$5 of overdraft, and many others in the financial services sector do not allow for overdraft at all. Dave invented a short-term liquidity alternative called ExtraCash, which allows Members to advance funds to their account and avoid a fee altogether. Members may receive an advance of up to \$500 and may only have one advance outstanding at any given time.

Dave Banking:

Dave offers a full-service digital checking account through its partnership with Evolve Bank and Trust (“Evolve”). The Dave Spending Account does not have overdraft or minimum balance fees.

Budget:

Dave’s automated financial management tool leverages historical bank account data to help Members understand both recurring and commonly occurring charges. Budget notifies Members when there is a chance of an overdraft and allows Members to qualify for Dave’s ExtraCash product for up to \$500 of additional liquidity. Dave charges a \$1 monthly subscription for access to the Budget product.

Side Hustle:

Dave seeks to help Members improve their financial health by presenting new job opportunities to them. Through Dave’s partnership with leading employers, Members can quickly submit applications to improve their income with flexible employment.

Surveys:

Dave’s Surveys product allows for additional income earning opportunities, allowing Members to take paid surveys anytime within the Dave mobile application. This functionality drives engagement within the Dave ecosystem and deepens the Company’s relationship to its Members’ financial wellbeing.

Note 2 Significant Accounting Policies

Basis of Presentation

These unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

On January 4, 2023, the Board approved an amendment to the Company's certificate of incorporation to complete a 1-for-32 reverse stock split effective January 5, 2023. At a special meeting held on December 16, 2022, stockholders approved the reverse stock split. The primary goal of the reverse stock split was to bring the Company's stock price above the share bid price requirement for continued listing on Nasdaq. The effects of the reverse stock split have been reflected in the condensed consolidated financial statements and the footnotes.

Principles of Consolidation

The unaudited condensed consolidated financial statements include the accounts of the Company and a variable interest entity ("VIE"). All intercompany transactions and balances have been eliminated upon consolidation.

In accordance with the provisions of Accounting Standards Codification ("ASC") 810, Consolidation, the Company consolidates any VIE of which the Company is the primary beneficiary. The typical condition for a controlling financial interest ownership is holding a majority of the voting interests of an entity; however, a controlling financial interest may also exist in entities, such as VIEs, through arrangements that do not involve controlling voting interests. ASC 810 requires a variable interest holder to consolidate a VIE if that party has the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. The Company does not consolidate a VIE in which it has a majority ownership interest when it is not considered the primary beneficiary. The Company evaluates its relationships with its VIEs on an ongoing basis to ensure that the Company continues to be the primary beneficiary. The Company is considered the primary beneficiary of Dave OD Funding I, LLC ("Dave OD"), as it has the power over the activities that most significantly impact the economic performance of Dave OD and has the obligation to absorb expected losses and the right to receive expected benefits that could be significant, in accordance with accounting guidance. As a result, the Company consolidated Dave OD and all intercompany accounts have been eliminated. The carrying value of Dave OD's assets and liabilities, after elimination of any intercompany transactions and balances are shown in the condensed consolidated balance sheets. The assets of Dave OD are restricted and its creditors have full recourse against the Company for its liabilities.

Use of Estimates

The preparation of these unaudited condensed consolidated financial statements requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the condensed consolidated financial statements, as well as the reported revenues and expenses incurred during the reporting periods. The Company's estimates are based on its historical experience and on various other factors that the Company believes are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. The Company's critical accounting estimates and assumptions are evaluated on an ongoing basis including those related to the:

- (i) Fair value of warrant liabilities;
- (ii) Fair value of earnout liabilities;
- (iii) Allowance for credit losses; and
- (iv) Income taxes.

Actual results may differ from these estimates under different assumptions or conditions.

Revenue Recognition

Below is detail of operating revenues (in thousands):

**For the Three Months Ended
March 31,**

	2023	2022
Service based revenue, net		
Processing fees, net	\$ 33,002	\$ 21,051
Tips	13,760	13,948
Subscriptions	5,619	4,153
Other	195	116
Transaction based revenue, net	6,352	3,283
Total	\$ 58,928	\$ 42,551

Service Based Revenue, Net

Service based revenue, net primarily consists of optional tips, optional processing fees, and subscriptions charged to Members, net of processor costs associated with advance disbursements. Member advances are treated as financial receivables under ASC 310 Receivables (“ASC 310”) and processing fees, net and tips are also accounted for in accordance with ASC 310.

Processing Fees, Net:

Processing fees apply when a Member requests an expedited cash advance. At the Member’s election, the Company expedites the funding of advance funds within eight hours, as opposed to the customary three business days, of the advance approval. Processing fees are nonrefundable loan origination fees and are recognized as revenues over the average expected contractual term of its advances.

Costs incurred by the Company to fund cash advances are treated as direct loan origination costs. These direct loan origination costs are netted against advance-related income over the average expected contractual term of its advances. Direct origination costs recognized as a reduction of advance-related income during the three months ended March 31, 2023 and 2022, were \$1.3 million and \$0.9 million, respectively.

Tips:

The Company encourages, but does not contractually require its Members who receive a cash advance to leave a discretionary tip. The Company treats tips as an adjustment of yield to the advances and are recognized over the average expected contractual term of its advances.

Subscriptions:

The Company accounts for subscriptions in accordance with ASC 606, Revenue from Contracts with Customers (“ASC 606”). Under ASC 606, the Company must identify the contract with a Member, 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) the Company satisfies the performance obligations. For revenue sources that are within the scope of Topic 606, the Company fully satisfies its performance obligations and recognizes revenue in the period it is earned as services are rendered. Transaction prices are typically fixed, charged on a periodic basis or based on activity. Because performance obligations are satisfied as services are rendered and the transaction prices are fixed, there is little judgment involved in applying ASC 606 that significantly affects the determination of the amount and timing of revenue from contracts with the Company’s Members. Sources of revenue from contracts with Members that are in the scope of ASC 606 include subscription fees, lead generation fees and reward program fees.

Subscription fees of \$1 are received on a monthly basis from Members who subscribe to the Company’s application. The Company continually fulfills its obligation to each Member over the subscription term. The series of distinct services represents a single performance obligation that is satisfied over time. The Company recognizes revenue ratably as the Member receives and consumes the benefits of the platform throughout the contract period.

Price concessions granted to Members who have insufficient funds when subscription fees are due are forms of variable consideration under the Company’s contracts with Members. For price concessions, the Company has elected, as an accounting policy, to account for price concessions for the month at the end of the reporting month based on the actual amount of concessions granted as the impact is considered insignificant.

Other service based revenue consists of lead generation fees from the Company's Side Hustle advertising partners.

Transaction Based Revenue, Net:

Transaction based revenue, net primarily consists of interchange and ATM revenues from the Company's Checking Product, net of certain interchange and ATM-related fees, fees earned from withdrawal-related transactions, volume support from a certain co-branded agreement, and deposit referrals and are recognized at the point in time the transactions occur, as the performance obligations are satisfied and the variable consideration is not constrained. The Company earns interchange fees from Members spend on Dave-branded debit cards, which are reduced by interchange-related costs payable to fulfillment partners. Interchange revenue is remitted by merchants and represents a percentage of the underlying transaction value processed through a payment network. ATM fees earned from the Member's usage of out-of-network ATMs are reduced by related ATM transaction costs during the three months ended March 31, 2023 and 2022, were \$0.3 and \$0.1 million, respectively.

Processing and Servicing Costs

Processor costs consist of amounts paid to third party processors for the recovery of advances, tips, processing fees, and subscriptions. These expenses also include fees paid for services to connect Member's bank accounts to the Company's application. Except for processing and service fees associated with advance disbursements, which are recorded net against revenue, all other processing and service fees are expensed as incurred.

Cash and Cash Equivalents

The Company classifies all highly liquid instruments with an original maturity of three months or less as cash equivalents.

Restricted Cash

Restricted cash primarily represents cash held at financial institutions that is pledged as collateral for specific accounts that may become overdrawn.

Marketable Securities

Marketable securities consist of a money market mutual fund. The fair value of marketable securities is determined by quoted prices in active markets and changes in fair value are recorded in other (income) expense in the condensed consolidated statements of operations.

Short-Term Investments

Short-term investments consist of corporate bonds and notes, asset backed securities, and government securities and are classified as "available-for-sale", as the sale of such securities may be required prior to maturity to implement the Company's strategies. The fair value of short-term investments is determined by quoted prices in active markets with unrealized gains and losses (other than credit related impairment) reported as a separate component of other comprehensive income. For securities with unrealized losses, any credit related portion of the loss is recognized in earnings. If it is more likely than not that the Company will be unable or does not intend to hold the security to recovery of the non-credit related unrealized loss, the loss is recognized in earnings. Realized gains and losses are determined using the specific identification method and recognized in the condensed consolidated statements of comprehensive income. Any related amounts recorded in accumulated other comprehensive income are reclassified to earnings (on a pretax basis).

Member Advances

Member advances include ExtraCash advances, fees, and tips, net of certain direct origination costs and allowance for expected credit losses. Management's intent is to hold advances until the earlier of repayment or payoff date. Members' cash advances are treated as financial receivables under ASC 310.

Advances to Members are not interest-bearing. The Company recognizes these advances at the advanced amount and does not use discounting techniques to determine present value of advances due to their short-term nature.

The Company does not provide modifications to advances and does not charge late fees.

Allowance for Credit Losses

Member advances from contracts with Members as of the balance sheet dates are recorded at their original advance amounts, inclusive of outstanding processing fees and tips, and reduced by an allowance for expected credit losses. The Company pools its Member advances, all of which are short-term (average term of approximately 11 days) in nature and arise from contracts with Members, based on shared risk characteristics to assess their risk of loss, even when that risk is remote. The Company uses an aging method and historical loss rates as a basis for estimating the percentage of current and delinquent Member advances balances that will result in credit losses to derive the allowance for credit losses. The Company considers whether the conditions at the measurement date and reasonable and supportable forecasts about future conditions warrant an adjustment to its historical loss experience. In assessing such adjustments, the Company primarily evaluates current economic conditions, expectations of near-term economic trends and changes in customer payment terms, collection trends and cash collections subsequent to the balance sheet date. For the measurement dates presented herein, given its methods of collecting funds, and that the Company has not observed meaningful changes in its customers' payment behavior, it determined that its historical loss rates remained most indicative of its lifetime expected losses. The Company immediately recognizes an allowance for expected credit losses upon the origination of the advance. Adjustments to the allowance each period for changes in the estimate of lifetime expected credit losses are recognized in operating expenses—provision for credit losses in the condensed consolidated statements of operations.

When the Company determines that a Member advance is not collectible, the uncollectible amount is written-off as a reduction to both the allowance and the gross asset balance. Subsequent recoveries are recorded when received and are recorded as a recovery of the allowance for expected credit losses. Any change in the assumptions used in analyzing a specific Member advance may result in an additional allowance for expected credit losses being recognized in the period in which the change occurs.

Internally Developed Software

Internally developed software is capitalized when preliminary development efforts are successfully completed, management has authorized and committed project funding, it is probable that the project will be completed, and the software will be used as intended. Capitalized costs consist of salaries and other compensation costs for employees incurred for time spent on upgrades and enhancements to add functionality to the software and fees paid to third-party consultants who are directly involved in development efforts. These capitalized costs are included on the condensed consolidated balance sheets as intangible assets, net. Other costs are expensed as incurred and included within other operating expenses in the condensed consolidated statements of operations. Capitalized costs for the three months ended March 31, 2023 and 2022, were \$1.9 million and \$2.3 million, respectively.

Amortization of internally developed software commences when the software is ready for its intended use (i.e., after all substantial testing is complete). Internally developed software is amortized over its estimated useful life of 3 years.

The Company's accounting policy is to perform annual reviews of capitalized internally developed software projects to determine whether any impairment indicators are present as of December 31, or whenever a change in circumstances suggests an impairment indicator is present. If any impairment indicators are present, the Company will perform a recoverability test by comparing the sum of the estimated undiscounted cash flows attributed to the asset group to their carrying value. If the undiscounted cash flows expected to result from the remaining use of the asset (i.e., cash flows when testing recoverability) are less than the asset group's carrying value, the Company will determine the fair value of the asset group and recognize an impairment loss as the amount by which the carrying value of the asset group exceeds its fair value. If based on the results of the recoverability test, no impairment is indicated as the remaining undiscounted cash flows exceed the carrying value of the software asset group, the carrying value of the asset group as of the assessment date is deemed fully recoverable. In addition, the Company evaluates the remaining useful life of an intangible asset that is being amortized each reporting period to determine whether events and circumstances warrant a revision to the remaining period of amortization. If the estimate of an intangible asset's remaining useful life is changed, the remaining carrying value of the intangible asset shall be amortized prospectively over that revised remaining useful life.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Property and equipment are recorded at cost and depreciated over the estimated useful lives ranging from 3 to 7 years using the straight-line method. Maintenance and repair costs are charged to operations as incurred and included within other operating expenses in the condensed consolidated statements of operations.

Impairment of Long-Lived Assets

The Company assesses the impairment of long-lived assets, primarily property and equipment and amortizable intangible assets, whenever events or changes in business circumstances indicate that carrying amounts of the assets may not be fully recoverable. If the sum of the expected undiscounted future cash flows from an asset is less than the carrying amount of the asset, the Company estimates the fair value of the assets. The Company measures the loss as the amount by which the carrying amount exceeds its fair value calculated using the present value of estimated net future cash flows.

Fair Value of Financial Instruments

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

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

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

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

Concentration of Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, principally consist of cash and cash equivalents, restricted cash, Member cash advances, and short-term investments. The Company’s cash and cash equivalents and restricted cash in excess of the Federal Deposit Insurance Corporation (“FDIC”) insured limits were \$51.0 million at March 31, 2023 and at \$20.7 million at December 31, 2022, respectively. The Company’s payment processors also collect cash on the Company’s behalf and will hold these cash balances temporarily until they are settled the next business day. Also, the Company does not believe its marketable securities are exposed to any significant credit risk due to the quality and nature of the securities in which the money is held.

No Member individually exceeded 10% or more of the Company’s Member cash advances balances as of March 31, 2023 and December 31, 2022.

Leases

ASC 842, Leases (“ASC 842”) requires lessees to recognize most leases on the condensed consolidated balance sheet with a corresponding right-of-use asset. Right-of-use assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of fixed lease payments over the lease term. Leases are classified as financing or operating which will drive the expense recognition pattern. Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term. At the time of a lease abandonment, the operating lease

right-of-use asset is derecognized, while the corresponding lease liability is evaluated by the Company based any remaining contractual obligations as of the lease abandonment date.

The Company leases office space under two separate leases, both of which are considered operating leases. Options to extend or terminate a lease are considered as part of calculating the lease term to the extent that the option is reasonably certain of exercise. The leases do not include the options to purchase the leased property. The depreciable life of assets and leasehold improvements are limited by the expected lease term. Covenants imposed by the leases include letters of credit required to be obtained by the lessee.

The incremental borrowing rate (“IBR”) represents the rate of interest the Company would expect to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. When determinable, the Company uses the rate implicit in the lease to determine the present value of lease payments. As the Company’s leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the lease commencement date in determining the present value of lease payments.

Stock-Based Compensation

Stock Option Awards:

ASC 718, Compensation-Stock Compensation (“ASC 718”), requires the estimate of the fair value of all stock-based payments to employees, including grants of stock options, to be recognized in the statement of operations over the requisite service period. Under ASC 718, employee option grants are generally valued at the grant date and those valuations do not change once they have been established. The fair value of each option award is estimated on the grant date using the Black-Scholes Option Pricing Model. As allowed by ASC 718, the Company’s estimate of expected volatility is based on its peer company average volatilities, including industry, stage of life cycle, size, and financial leverage. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant valuation. The Company recognizes forfeitures as they occur.

Restricted Stock Unit Awards:

Restricted stock units (“RSUs”) are valued on the grant date. The fair value of the RSUs that vest based solely on a service condition is equal to the estimated fair value of the Company’s Common Stock on the grant date. This compensation cost is recognized on a straight-line basis over the requisite service period for the entire award. For RSUs that contain both a market condition and a service condition, market volatility and other factors are taken into consideration in determining the grant date fair value and the related compensation expense is recognized on a straight-line basis over the requisite service period of each separately vesting tranche, regardless of whether the market condition is satisfied, provided that the requisite service has been provided. These costs are a component of stock-based compensation expense, presented within compensation and benefits in the condensed consolidated statements of operations. The Company recognizes forfeitures as they occur.

Restricted Stock Awards:

Restricted stock awards (“RSAs”) are valued on the grant date. The fair value of the RSAs is equal to the estimated fair value of the Company’s Common Stock on the grant date. This compensation cost is recognized over the requisite service period as a component of stock-based compensation expense, presented within compensation and benefits in the condensed consolidated statements of operations. The Company recognizes forfeitures as they occur.

RSAs Issued to Non-Employees:

The Company issues shares of restricted stock to consultants for various advisory and consulting-related services. The Company recognized this expense, measured as the estimated value of the shares issued, as a component of stock-based compensation expense, presented within compensation and benefits in the condensed consolidated statements of operations.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense for the three months ended March 31, 2023 and 2022, were \$9.5 million and \$12.2 million, respectively, and are presented within advertising and marketing within the condensed consolidated statements of operations.

Income Taxes

The Company follows ASC 740, Income Taxes (“ASC 740”), which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the condensed consolidated financial statements or tax returns. Under this method, deferred tax assets and liabilities are based on the differences between the condensed consolidated financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more-likely-than-not that the asset will not be realized.

The effective tax rate used for interim periods is the estimated annual effective tax rate, based on the current estimate of full year results, except that those taxes related to specific discrete events, if any, are recorded in the interim period in which they occur. The annual effective tax rate is based upon several significant estimates and judgments, including the estimated annual pre-tax income of the Company in each tax jurisdiction in which it operates, and the development of tax planning strategies during the year. In addition, the Company’s tax expense can be impacted by changes in tax rates or laws and other factors that cannot be predicted with certainty. As such, there can be significant volatility in interim tax provisions.

ASC 740 provides that a tax benefit from an uncertain tax position may be recognized when it is more-likely-than-not that the position will be sustained in a court of last resort, based on the technical merits. If more-likely-than-not, the amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination, including compromise settlements. For tax positions not meeting the more-likely-than-not threshold, no tax benefit is recorded. The Company has estimated \$1.0 million and \$0.9 million of uncertain tax positions as of March 31, 2023 and December 31, 2022, respectively, related to state income taxes, and federal and state research tax credits.

The Company’s policy is to recognize interest expense and penalties accrued on any unrecognized tax benefits as a component of income tax expense within the statement of operations. The Company recognized \$0.002 million and \$0.001 million of interest expense and penalties as a component of income tax expense during the three months ended March 31, 2023 and 2022, respectively.

Segment Information

The Company determines its operating segments based on how its chief operating decision makers manage operations, make operating decisions, and evaluate operating performance. The Company has determined that the Chief Operating Decision Maker (“CODM”) is a joint role shared by the Chief Executive Officer and Chief Financial Officer. Based upon the way the CODM reviews financial information and makes operating decisions and considering that the CODM reviews financial information on a consolidated basis for purposes of allocating resources and evaluating financial performance, the service-based and transaction-based operations constitute a single operating segment and one reportable segment.

Net Loss Per Share Attributable to Stockholders

The Company has two classes of participating securities (Class A Common Stock and Class V Common Stock) issued and outstanding as of March 31, 2023.

Basic net loss attributable to holders of Common Stock per share is calculated by dividing net loss attributable to holders of Common Stock by the weighted-average number of shares outstanding, excluding shares issued in relation to unvested restricted stock awards and vested early exercise options funded by non-recourse notes (refer to Note 16, Related-Party Transactions for further details on the Company’s Loans to Stockholders).

Diluted net loss per share attributable to holders of common stock adjusts the basic net loss per share attributable to stockholders and the weighted- average number of shares outstanding for the potentially dilutive impact of stock options, warrants, and restricted stock using the treasury stock method and convertible preferred stock using the as-if-converted method.

The following table sets forth the computation of the Company's basic and diluted net loss per share attributable to holders of common stock (in thousands, except share data):

	For the Three Months ended	
	March 31, 2023	March 31, 2022
<u>Numerator</u>		
Net loss	\$ (14,025)	\$ (32,795)
Less: noncumulative dividend to convertible preferred stockholders	-	-
Less: undistributed earnings to participating securities	-	-
Net loss attributed to common stockholders—basic	(14,025)	(32,795)
Add: undistributed earnings reallocated to common stockholders	-	-
Net loss attributed to common stockholders—diluted	\$ (14,025)	\$ (32,795)
<u>Denominator</u>		
Weighted-average shares of common stock—basic	11,815,448	11,259,025
Dilutive effect of convertible preferred stock	-	-
Dilutive effect of equity incentive awards	-	-
Weighted-average shares of common stock—diluted	11,815,448	11,259,025
<u>Net loss per share</u>		
Basic	\$ (1.19)	\$ (2.91)
Diluted	\$ (1.19)	\$ (2.91)

The following potentially dilutive shares were excluded from the computation of diluted net loss per share for the periods presented because including them would have been antidilutive:

	For the Three Months ended	
	March 31, 2023	March 31, 2022
Stock options, RSU awards, and PSU awards	2,552,474	904,220
Convertible debt	312,500	312,500
Total	2,864,974	1,216,720

Recent Accounting Pronouncements

Management does not believe that any recently issued, but not yet effective, accounting pronouncements, if currently adopted, would have a material effect on the Company's financial statements.

Recently Adopted Accounting Pronouncements:

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). ASU 2016-13 introduced a new credit loss methodology, the Current Expected Credit Losses ("CECL") methodology, which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. The CECL methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses for loans, held-to maturity debt securities, trade receivables and other receivables measured at amortized cost at the time the financial asset is originated or acquired. Subsequent to the issuance of ASU 2016-13, the FASB issued several additional ASUs to clarify implementation guidance, provide narrow-scope improvements and provide additional disclosure guidance. The Company adopted this ASU on January 1, 2023 and determined that ASU 2016-13 had no material impact on the Company's unaudited condensed consolidated financial statements and related disclosures.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides optional guidance for accounting for contracts, hedging relationships, and other

transactions affected by reference rate reform, if certain criteria are met. In December 2022, the FASB issued ASU No. 2022-06, Reference Rate Reform (Topic 848), Deferral of the Sunset Date of Topic 848. The amendments in this Update defer the sunset date of Topic 848 from December 31, 2022, to December 31, 2024, after which entities will no longer be permitted to apply the relief in Topic 848. The Company has evaluated the effect that the updated standard had on its internal processes, unaudited condensed consolidated financial statements, and related disclosures, and has determined that the adoption did not have a significant impact on its unaudited condensed consolidated financial statements and related disclosures.

Note 3 Marketable Securities

Below is a detail of marketable securities (in thousands):

	<u>March 31, 2023</u>		<u>December 31, 2022</u>	
Marketable securities	\$	34,423	\$	285
Total	\$	34,423	\$	285

At March 31, 2023 and December 31, 2022, the Company's marketable securities consisted of investments in a publicly traded money market mutual fund with a ticket symbol SSPXX. The underlying money market instruments were primarily comprised of certificates of deposit and financial company asset backed commercial paper. At March 31, 2023 the investment portfolio had a weighted-average maturity of 45 days. At December 31, 2022 the investment portfolio had a weighted-average maturity of 48 days. The gain recognized in connection with the investment in marketable securities for the three months ended March 31, 2023 and 2022, was \$0.1 million and \$0.07 million, respectively and recorded as a component of interest income in the condensed consolidated statements of operations.

Note 4 Short-Term Investments

Below is a summary of short-term investments, which are measured at fair value as of March 31, 2023 (in thousands):

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Corporate bonds	\$ 97,887	\$ -	\$ (952)	\$ 96,935
Asset-backed securities	8,885	20	-	8,905
Government securities	2,951	40	-	2,991
Total	\$ 109,723	\$ 60	\$ (952)	\$ 108,831

At March 31, 2023 and December 31, 2022, the Company's short-term investments consisted of investments in corporate bonds and notes, asset backed securities, and government securities with varying maturity dates between 2023 through 2027.

Note 5 Member Cash Advances, Net

Below is a detail of Member cash advances, net as of March 31, 2023 (in thousands):

<u>Days From Origination</u>	<u>Gross Member Advances</u>	<u>Allowance for Credit Losses</u>	<u>Member Advances, Net</u>
1-10	\$ 69,224	\$ (1,912)	\$ 67,312
11-30	10,497	(2,583)	7,914
31-60	6,535	(3,995)	2,540
61-90	5,603	(4,211)	1,392
91-120	5,667	(4,664)	1,003
Total	\$ 97,526	\$ (17,365)	\$ 80,161

Below is a detail of Member cash advances, net as of December 31, 2022 (in thousands):

Days From Origination	Gross Member Advances	Allowance for Credit Losses	Member Advances, Net
1-10	\$ 91,121	\$ (2,224)	\$ 88,897
11-30	10,683	(2,582)	8,101
31-60	9,022	(5,529)	3,493
61-90	8,865	(6,702)	2,163
91-120	8,993	(7,464)	1,529
Total	\$ 128,684	\$ (24,501)	\$ 104,183

Member advances, net, represent outstanding advances, tips, and processing fees, net of direct origination costs, less an allowance for credit losses.

The roll-forward of the allowance for credit losses is as follows (in thousands):

Opening allowance balance at January 1, 2023	\$ 24,501
Plus: provision for credit losses	11,953
Less: amounts written-off	(19,089)
Ending allowance balance at March 31, 2023	\$ 17,365
Opening allowance balance at January 1, 2022	\$ 11,995
Plus: provision for credit losses	13,785
Less: amounts written-off	(9,440)
Ending allowance balance at March 31, 2022	\$ 16,340

Note 6 Intangible Assets, Net

The Company's intangible assets, net consisted of the following (in thousands):

	Weighted Average Useful Lives	March 31, 2023			December 31, 2022		
		Gross Carrying Value	Accumulated Amortization	Net Book Value	Gross Carrying Value	Accumulated Amortization	Net Book Value
Internally developed software	3.0 Years	\$ 23,640	\$ (12,683)	\$ 10,957	\$ 21,694	\$ (11,605)	\$ 10,089
Domain name	15.0 Years	121	(49)	72	121	(47)	74
Intangible assets, net		\$ 23,761	\$ (12,732)	\$ 11,029	\$ 21,815	\$ (11,652)	\$ 10,163

The future estimated amortization expenses as of March 31, 2023, were as follows (in thousands):

2023 (remaining)	\$ 2,646
2024	4,314
2025	2,456
2026	1,571
2027	8
Thereafter	34
Total future amortization	\$ 11,029

Amortization expense for the three months ended March 31, 2023 and 2022, was \$1.1 million and \$1.0 million, respectively. No impairment charges were recognized related to long-lived assets for the for the three months ended March 31, 2023 and 2022.

Amortization expense related to change in useful life of a certain definite-lived intangible asset for the three months ended March 31, 2023 and 2022, was \$0.2 million and \$0, respectively.

Note 7 Accrued Expenses and Other Current Liabilities

Accrued Expenses

The Company's accrued expenses consisted of the following (dollars in thousands):

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
Accrued charitable contributions	\$ 3,558	\$ 3,067
Accrued compensation	2,611	1,534
Sales tax payable	1,354	1,357
Accrued professional and program fees	5,424	4,008
Other	665	999
Total	\$ 13,612	\$ 10,965

Accrued charitable contributions includes amounts the Company has pledged related to charitable meal donations. The Company uses a portion of tips received to make a charitable cash donation to third parties who use the funds to provide meals to those in need. For the three months ended, 2023 and 2022, the Company pledged \$2.5 million and \$1.0 million related to charitable donations, respectively. These costs are expensed as incurred and are presented within other general and administrative expenses in the condensed consolidated statements of operations.

Other Current Liabilities

The Company's other current liabilities consisted of the following (dollars in thousands):

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
Deferred transaction costs	\$ 3,150	\$ 3,150
Other	1,032	1,161
Total	\$ 4,182	\$ 4,311

Other current liabilities includes \$3.2 million in deferred transaction costs associated with the Business Combination. These transaction costs were also capitalized and included within APIC in the condensed consolidated balance sheets. Other current liabilities also includes \$0.7 million in unearned revenue.

Note 8 Convertible Note Payable

On March 21, 2022, the Company entered into a Convertible Note Purchase Agreement ("Purchase Agreement") with FTX Ventures Ltd., (the "Purchaser") owner of FTX US ("FTX"), providing for the purchase and sale of a convertible note in the initial principal amount of \$100.0 million (the "Note"). The Note bears interest at a rate of 3.00% per year (compounded semiannually), payable semi-annually in arrears on June 30th and December 31st of each year. Interest may be paid in-kind or in cash, at the Company's option. Forty-eight months (the "Maturity Date") after the date of the initial issuance of the Note (the "Issuance Date"), the Company will pay the Purchaser the sum of (i) the outstanding principal amount of the Note, plus (ii) all accrued but unpaid interest thereon, plus (iii) all expenses incurred by the Purchaser (the "Redemption Price"). Payment of the Redemption Price on the Maturity Date will constitute a redemption of the Note in whole.

During the term of the Note, the Note will be convertible into shares of the Company's Class A Common Stock, at the option of the Purchaser, upon delivery on one or more occasions of a written notice to the Company electing to convert the Note or all of any portion of the outstanding principal amount of the Note. The initial conversion price of the Note is \$320.00 per share of Common Stock (the "Conversion Price"). The Conversion Price of the Note is subject to adjustment for stock splits, dividends or distributions, recapitalizations, spinoffs or similar transactions. The Note and the shares of Common Stock issuable upon conversion of the Note have not been registered under the Securities Act and may not be offered or sold absent registration or an applicable exemption from registration requirements.

Beginning on the twenty-four-month anniversary of the Issuance Date continuing until the Maturity Date, if the closing price of the Common Stock equals or exceeds 175% of the Conversion Price for 20 out of the 30 consecutive trading days ending immediately preceding the delivery of the notice of the Company's election to convert the Note, the Note will be convertible into shares of Common Stock at the option of the Company, upon delivery of a written notice to the Purchaser electing to convert the Note or all or any portion of the outstanding principal amount of the Note.

At any time prior to the Maturity Date, the Company may, in its sole discretion and upon delivery of a written notice to the Purchaser electing to prepay the Note, prepay the Note without penalty by paying the Purchaser 100% of the Redemption Price. Once the Redemption Price has been delivered to the Purchaser, the Note will be canceled and retired.

The effective interest rate as of March 31, 2023 was 3.01%. As of March 31, 2023, the outstanding balance of the Note, including paid in-kind interest, was \$103.1 million.

Note 9 Warrant Liabilities

As of March 31, 2023, there were 198,251 public warrants (“Public Warrants”) outstanding and 159,382 private placement warrants (“Private Warrants”) outstanding. Public Warrants may only be exercised for a whole number of shares. No fractional Public Warrants were issued upon separation of the units into their component parts upon the closing of the Business Combination and only whole Public Warrants trade. The Public Warrants are exercisable, provided that the Company continues to have an effective registration statement under the Securities Act covering the shares of Class A Common Stock issuable upon exercise of the Public Warrants and a current prospectus relating to them is available (or the Company permits holders to exercise their Public Warrants on a cashless basis and such cashless exercise is exempt from registration under the Securities Act).

The Company filed a registration statement covering the shares of Class A Common Stock issuable upon exercise of the Public Warrants and the Private Warrants. If the Company’s shares of Class A Common Stock are at the time of any exercise of a warrant not listed on a national securities exchange such that they satisfy the definition of a “covered security” under Section 18(b)(1) of the Securities Act, the Company may, at its option, require holders of Public Warrants who exercise their warrants to do so on a “cashless basis” in accordance with Section 3(a)(9) of the Securities Act and, in the event the Company so elects, it will not be required to file or maintain in effect a registration statement, and in the event the Company does not so elect, it will use its best efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available.

The Public Warrants and the Private Warrants have an exercise price of \$368.00 per share, subject to adjustments and will expire five years after the completion of the Business Combination or earlier upon redemption or liquidation.

Redemption of Public Warrants when the price per share of Class A Common Stock equals or exceeds \$576.00:

Once the Public Warrants become exercisable, the Company may redeem the outstanding Public Warrants for cash:

- in whole and not in part;
- at a price of \$0.32 per warrant;
- upon a minimum of 30 days prior written notice of redemption; and if, and only if, the closing price of Class A Common Stock equals or exceeds \$576.00 per share (as adjusted) for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which the Company sends the notice of redemption to the warrant holders.

The Company will not redeem the Public Warrants as described above unless an effective registration statement under the Securities Act covering the Class A Common Stock issuable upon exercise of the warrants is effective and a current prospectus relating to those shares of Class A Common Stock is available throughout the 30-day redemption period.

Redemption of Public Warrants for when the price per share of Class A Common Stock equals or exceeds \$320.00:

Once the Public Warrants become exercisable, the Company may redeem the outstanding Public Warrants:

- in whole and not in part;
- at \$3.20 per warrant upon a minimum of 30 days’ prior written notice of redemption provided that holders will be able to exercise their warrants on a cashless basis prior to redemption and receive that number of shares determined by reference to an agreed table based on the redemption date and the “fair market value” (as defined below) of the Class A Common Stock; and
- if, and only if, the closing price of Class A Common Stock equals or exceeds \$320.00 per Public Share (as adjusted) for any 20 trading days within the 30-trading day period ending three trading days before the Company sends notice of redemption to the warrant holders.

If the Company calls the Public Warrants for redemption, management will have the option to require all holders that wish to exercise the Public Warrants to do so on a “cashless basis,” as described in the warrant agreement. The exercise price and number of shares of Class A Common Stock issuable upon exercise of the warrants may be adjusted in certain circumstances including in the event of a

stock dividend, or recapitalization, reorganization, merger or consolidation. However, the Public Warrants will not be adjusted for issuance of Class A Common Stock at a price below its exercise price. Additionally, in no event will the Company be required to net cash settle the Public Warrants.

The Private Warrants are identical to the Public Warrants, except that the Private Placement Warrants will be non-redeemable so long as they are held by VPC Impact Acquisition Holdings Sponsor III, LLC, which was the sponsor of VPCC and an affiliate of certain of VPCC's officers and directors prior to the Business Combination, (the "Sponsor") or its permitted transferees. If the Private Warrants are held by someone other than the Sponsor or its permitted transferees, the Private Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

Contemporaneously with the execution of the Debt Facility, the Company issued warrants to the Lenders as consideration for entering into the Debt Facility, representing a loan commitment fee. The warrants vest and become exercisable based on the Company's aggregated draw on the Debt Facility in incremental \$10.0 million tranches and terminate upon the earliest to occur of (i) the fifth anniversary of the occurrence of a qualified financing event and (ii) the consummation of a liquidity event. The holders of the warrants have the ability to exercise their right to acquire a number of common shares equal to 0.2% of the fully diluted equity of the Company as of the closing date ("Equity Closing Date") of the Company's next equity financing with proceeds of at least \$40.0 million ("Qualified Financing Event") or immediately prior to the consummation of a liquidity event. The exercise price of the warrants is the greater of (i) 80% of the fair market value of each share of Common Stock at the Equity Closing Date and (ii) \$120.0656 per share, subject to certain down-round adjustments. The warrants meet the definition of a derivative under ASC 815 and will be accounted for as a liability at fair value and subsequently remeasured to fair value at the end of each reporting period with the changes in fair value recorded in the condensed consolidated statement of operations. The initial offsetting entry to the warrant liability was an asset recorded to reflect the loan commitment fee. The loan commitment fee asset will be amortized to interest expense over the commitment period of four years. The Company estimated the fair value of the warrants at the issuance date to be \$0.1 million using the Black-Scholes option-pricing model. Determining the fair value of these warrants under this model requires subjective assumptions. These estimates involve inherent uncertainties and the application of management's judgment.

Immediately prior to the close of the Business Combination, all, or 1,664,394 of the vested warrants were exercised and net settled for 14,087 shares of Legacy Dave's Class A Common Stock after applying the Exchange Ratio.

Note 10 Debt Facility

In January 2021, Dave OD Funding I, LLC ("Borrower") entered into a delayed draw senior secured loan facility (the "Debt Facility") with Victory Park Management, LLC ("Agent"), allowing the Borrower to draw up to \$100 million from various lenders associated with Victory Park Management, LLC (the "Lenders"). The Debt Facility has an interest rate of 6.95% annually plus a base rate defined as the greater of three-month LIBOR (as of the last business day of each calendar month) and 2.55%. Interest is payable monthly in arrears. The Debt Facility has certain financial covenants, including a requirement to maintain a minimum cash, cash equivalents, or marketable securities balance of \$8.0 million. As of March 31, 2023, the Company was in compliance with all covenants. Payments of the loan draws are due at the following dates: (i) within five business days after the date of receipt by the Borrower and the Company (each, a "Credit Party") or any of their subsidiaries of any net cash proceeds in excess of \$250 thousand in the aggregate during any fiscal year from any asset sales (other than certain permitted dispositions), the Borrower shall prepay the loans or remit such net cash proceeds in an aggregate amount equal to 100% of such net cash proceeds; (ii) within five business days after the date of receipt by any Credit Party or any of their subsidiaries, or the Agent as loss payee, of any net cash proceeds from any destruction or taking, the Borrower shall prepay the loans or remit such net cash proceeds in an aggregate amount equal to 100% of such net cash proceeds; (iii) within three business days after the date of receipt by any Credit Party or any of their subsidiaries of any net cash proceeds from the incurrence of any indebtedness of any Credit Party or any of their subsidiaries (other than with respect to permitted indebtedness), the Borrower shall prepay the loans or remit such net cash proceeds in an aggregate amount equal to 100% of such net cash proceeds; and (iv) (a) if extraordinary receipts are received by any Credit Party in the aggregate amount in any fiscal year in excess of \$250 thousand or (b) if an event of default has occurred and is continuing at any time when any extraordinary receipts are received by any Credit Party, then within five business days of the receipt by any Credit Party of any such extraordinary receipts, the Borrower shall prepay the loans or remit such net cash proceeds in an aggregate amount equal to (x) 100% of such extraordinary receipts in excess of \$250 thousand in respect of clause (a) above and (y) 100% of such extraordinary receipts in respect of clause (b) above. As of March 31, 2022 and December 31, 2022, the Company had drawn \$75.0 million on the Debt Facility and had made no repayments. The debt facility matures in January 2025.

Note 11 Commitments and Contingencies

From time to time, the Company is subject to various legal proceedings and claims, either asserted or unasserted, that arise in the ordinary course of business.

Although the outcome of the various legal proceedings and claims cannot be predicted with certainty, management does not believe that any of these proceedings or claims will have a significant adverse effect on the Company's business, financial condition, results of operations, or cash flows.

Martinek v. Dave Inc. (filed January 9, 2020 in the California Superior Court for the County of Los Angeles)

In January 2020, a former employee of the Company filed a complaint in the California Superior Court for the County of Los Angeles against the Company and the Company's Chief Executive Officer, asserting claims for, among other things, breach of contract, breach of fiduciary duty, conversion, and breach of the implied covenant of good faith and fair dealing. The Company settled this matter in January 2023 for approximately \$6.0 million, which was included in the Legal settlement accrual within the condensed consolidated balance sheet for the period ended December 31, 2022.

Stoffers v. Dave Inc. (filed September 16, 2020 in LA County Superior Court)

This is a purported class action lawsuit filed in connection with a July 2020 data breach. The Company is in the process of settling this matter and the estimated settlement amount of approximately \$3.2 million is included in the Legal settlement accrual within the condensed consolidated balance sheets for the period ended March 31, 2023 and December 31, 2022.

Note 12 Leases

In December 2018, the Company entered into a sublease agreement with PCJW Properties LLC ("PCJW"), controlled by Company's founders (including the Company's current CEO), for general office space next to the aforementioned leased property in Los Angeles, California. The lease term is five years subject to early termination by either party. The current monthly lease payment is \$0.006 million, subject to an annual escalation of 4%.

In January 2019, the Company entered into a lease agreement with PCJW for office space located in Los Angeles, California. The lease term is seven years, beginning January 1, 2019 and ending December 31, 2025. The current monthly lease payment is \$0.02 million, subject to an annual escalation of 5%.

In May 2020, the Company entered into a sublease with Whalerock for general office space in West Hollywood, California. Under the terms of the sublease, the lease term is approximately 12 months and the monthly rent was approximately \$0.1 million. The Company began utilizing the office space in June 2021. The lease was abandoned in August 2022.

All leases were classified as operating and operating lease expenses are presented within Other operating expenses in the condensed consolidated statements of operations. The Company does not have any finance leases or sublease arrangements where the Company is the sublessor. The Company's leasing activities are as follows (in thousands):

	For the Three Months Ended	
	March 31, 2023	March 31, 2022
Operating lease cost	\$ 82	\$ 503
Short-term lease cost	-	6
Total lease cost	\$ 82	\$ 509
	For the Three Months Ended	
	March 31, 2023	March 31, 2022
Other information:		
Cash paid for operating leases	\$ 88	\$ 532
Weighted-average remaining lease term - operating lease	2.64	1.96
Weighted-average discount rate - operating lease	10%	10%

The future minimum lease payments as of March 31, 2023, were as follows (in thousands):

<u>Year</u>	<u>Related-Party Commitment</u>
2023 (remaining)	\$ 251
2024	295
2025	310
Thereafter	-
Total minimum lease payments	\$ 856
Less: imputed interest	(102)
Total lease liabilities	\$ 754

Note 13 Fair Value of Financial Instruments

The following are the major categories of assets and liabilities measured at fair value on a recurring basis as of March 31, 2023 and December 31, 2022, using quoted prices in active markets for identical assets (Level 1), significant other observable inputs (Level 2), and significant unobservable inputs (Level 3) (in thousands):

<u>March 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Marketable securities	\$ 34,423	\$ —	\$ —	\$ 34,423
Short-term investments	—	108,831	—	108,831
Total assets	\$ 34,423	\$ 108,831	\$ —	\$ 143,254
Liabilities				
Warrant liabilities - public warrants	\$ 140	\$ —	\$ —	\$ 140
Warrant liabilities - private warrants	-	—	176	176
Earnout liabilities	-	—	28	28
Total liabilities	\$ 140	\$ —	\$ 204	\$ 344

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Marketable securities	\$ 285	\$ —	\$ —	\$ 285
Short-term investments	—	168,789	—	168,789
Total assets	\$ 285	\$ 168,789	\$ —	\$ 169,074
Liabilities				
Warrant liabilities - public warrants	\$ 209	\$ —	\$ —	\$ 209
Warrant liabilities - private warrants	-	—	254	254
Earnout liabilities	-	—	53	53
Total liabilities	\$ 209	\$ —	\$ 307	\$ 516

The Company had no assets and liabilities measured at fair value on a non-recurring basis as of March 31, 2023 and December 31, 2022.

The Company also has the following financial instruments not measured at fair value. The Company has evaluated cash (Level 1), restricted cash (Level 1), Member advances (Level 2), accounts payable (Level 2) and accrued expenses (Level 2), and believes the carrying value approximates the fair value due to the short-term nature of these balances. The fair value of the debt facility (Level 2) and convertible note payable (level 2) approximate their carrying values.

Marketable Securities:

The Company evaluated the quoted market prices in active markets for its marketable securities and has classified its securities as Level 1. The Company's investments in marketable securities are exposed to price fluctuations. The fair value measurements for the securities are based upon the quoted prices of similar items in active markets multiplied by the number of securities owned.

Short-Term Investments:

The following describes the valuation techniques used by the Company to measure the fair value of short-term investments held as of March 31, 2023 and December 31, 2022.

U.S. Government Securities

The fair value of U.S. government securities is estimated by independent pricing services who use computerized valuation formulas to calculate current values. U.S. government securities are categorized in Level 2 of the fair value hierarchy.

Corporate Bonds and Notes

The fair value of corporate bonds and notes is estimated by independent pricing services who use computerized valuation formulas to calculate current values. These securities are generally categorized in Level 2 of the fair value hierarchy or in Level 3 when market-based transaction activity is unavailable and significant unobservable inputs are used.

Asset-Backed Securities

The fair value of these asset-backed securities is estimated by independent pricing services who use computerized valuation formulas to calculate current values. These securities are generally categorized in Level 2 of the fair value hierarchy or in Level 3 when market-based transaction activity is unavailable and significant unobservable inputs are used.

Public Warrants:

As discussed further in Note 9, Warrant Liabilities, in January 2022, upon completion of the Business Combination, public warrants were automatically converted to warrants to purchase Common Stock of the Company. These public warrants met the definition of a derivative under ASC 815, and due to the terms of the warrants, were required to be liability classified. This warrant liability was initially recorded as a liability at fair value, with the offsetting entry recorded as a non-cash expense within the statement of operations. The derivative liability was subsequently recorded at fair value at each reporting period, with changes in fair value reflected in earnings. The gain related to the change in fair value of the public warrant liability for three months ended March 31, 2023 was \$0.07 million, which is presented within changes in fair value of public warrant liabilities in the condensed consolidated statements of operations.

A roll-forward of the Level 1 public warrant liability is as follows (dollars in thousands):

Opening value at January 1, 2023	\$	209
Change in fair value during the period		(69)
Ending value at March 31, 2023	\$	140

Private Warrants:

As discussed further in Note 9, Warrant Liabilities, in January 2022, upon completion of the Business Combination, private warrants were automatically converted to warrants to purchase Common Stock of the Company. These private warrants met the definition of a derivative under ASC 815, and due to the terms of the warrants, were required to be liability classified. This warrant liability was initially recorded as a liability at fair value, with the offsetting entry recorded as a non-cash expense within the condensed consolidated statement of operations. The derivative liability was subsequently recorded at fair value at each reporting period, with changes in fair value reflected in earnings. The gain related to the change in fair value of the private warrant liability for the three months ended March 31, 2023 was \$0.08 million, which is presented within changes in fair value of private warrant liabilities in the condensed consolidated statements of operations.

A roll-forward of the Level 3 private warrant liability is as follows (dollars in thousands):

Opening value at January 1, 2023	\$	253
Change in fair value during the period		(77)
Ending value at March 31, 2023	\$	176

The Company used a Black-Scholes option pricing model to determine the fair value of the private warrant liability. The following table presents the assumptions used to value the private warrant liability for the three months ended March 31, 2023:

Exercise price	\$	368.00
Expected volatility		119.5 %
Risk-free interest rate		3.7 %
Remaining term		3.76
Dividend yield		0 %

Earnout Shares Liability:

As part of the reverse recapitalization, 49,563 shares of Class A Common Stock held by founders of VPCC are subject to forfeiture if the vesting condition is not met over the five year term following the closing date of the Business Combination (“Founder Holder Earnout Shares”). These Founder Holder Earnout Shares were initially recorded as a liability at fair value and subsequently recorded at fair value at each reporting period, with changes in fair value reflected in earnings. The gain related to the change in fair value of the Founder Holder Earnout Shares liabilities for the three months ended March 31, 2023 was \$0.03 million, which is presented within changes in fair value of earnout liabilities in the condensed consolidated statements of operations.

A roll-forward of the Level 3 Founder Holder Earnout Shares liability is as follows (dollars in thousands):

Opening value at January 1, 2023	\$	53
Change in fair value during the period		(25)
Ending value at March 31, 2023	\$	28

The Company used a Monte Carlo Simulation Method to determine the fair value of the Founder Holder Earnout Shares liability. The following table presents the assumptions used to value the Founder Holder Earnout Shares liability for the three months ended March 31, 2023:

Exercise price	\$400-\$480
Expected volatility	90.3 %
Risk-free interest rate	3.7 %
Remaining term	3.77
Dividend yield	0 %

There were no other assets or liabilities that were required to be measured at fair value on a recurring basis as of March 31, 2023 and March 31, 2022.

Note 14 Stockholders’ Equity

As of March 31, 2023, no shares of preferred stock were outstanding, and the Company has no present plans to issue any shares of preferred stock.

Pursuant to the terms of the Company’s amended and restated certificate of incorporation, shares of preferred stock may be issued from time to time in one or more series. The Company’s Board of Directors is authorized to fix the voting rights, if any, designations, powers and preferences, the relative, participating, optional or other special rights, and any qualifications, limitations and restrictions thereof, applicable to the shares of each series of preferred stock. The Company’s Board of Directors is able to, without stockholder approval, issue preferred stock with voting and other rights that could adversely affect the voting power and other rights of the holders of the common stock and could have anti-takeover effects. The ability of the Company’s Board of Directors to issue preferred stock without stockholder approval could have the effect of delaying, deferring or preventing a change of control or the removal of existing management.

Class A and Class V Common Stock:

The Company's Board of Directors has authorized two classes of common stock, Class A Common Stock and Class V Common Stock. The Company had authorized 500,000,000 and 100,000,000 shares of Class A Common Stock and Class V Common Stock, respectively. Shares of Class V Common Stock have 10 votes per share, while shares of Class A Common Stock have one vote per share. The holders of shares of Class A Common Stock and Class V Common Stock shall at all times vote together as a single class on all matters (including the election of directors) submitted to a vote of the Company's stockholders. Shares of Class V Common Stock are convertible into shares of Class A Common Stock on a one-to-one basis at the option of the holders of Class V Common Stock at any time upon written notice to the Company. As of March 31, 2023, the Company had 10,402,531 and 1,514,082 shares of Class A Common Stock and Class V Common Stock issued, respectively. As of March 31, 2023, the Company had 10,352,968 and 1,514,082 shares of Class A Common Stock and Class V Common Stock outstanding, respectively.

Note 15 Stock-Based Compensation

In 2017, the Company's Board of Directors adopted the Dave Inc. 2017 Stock Plan (the "2017 Plan"). The 2017 Plan authorized the award of stock options, restricted stock, and restricted stock units. On January 4, 2022, the stockholders of the Company approved the 2021 Equity Incentive Plan (the "2021 Plan"). The 2021 Plan was previously approved, subject to stockholder approval, by the Company's Board of Directors on January 4, 2022. Upon the consummation of the Business Combination with VPCC, the 2017 Plan was terminated and replaced by the 2021 Plan. The maximum term of stock options granted under the 2021 Plan is 10 years and the awards generally vest over a four-year period.

On January 4, 2022, the stockholders of the Company approved the 2021 Equity Incentive Plan (the "2021 Plan"). The 2021 Plan was previously approved, subject to stockholder approval, by the Company's Board of Directors on January 4, 2022. The 2021 Plan became effective immediately upon the completion of the Business Combination.

The Company recognized \$6.8 million and \$3.2 million of stock-based compensation expense arising from stock option and restricted stock unit grants which is recorded as a component of compensation and benefits in the condensed consolidated statements of operations for the three months ended March 31, 2023 and 2022, respectively.

Stock Options:

Management has valued stock options at their date of grant utilizing the Black-Scholes option pricing model. The fair value of the underlying shares was estimated by using a number of inputs, including recent arm's length transactions involving the sale of the Company's common stock. The Company did not grant any stock options during the three months ended March 31, 2023 and 2022, respectively.

Expected term—The expected term represents the period of time that options are expected to be outstanding. As the Company does not have sufficient historical exercise behavior, it determines the expected life assumption using the simplified method, which is an average of the contractual term of the option and its vesting period.

Risk free interest rate—The risk-free interest rate is based on the implied yield available on U.S. Treasury issues with an equivalent term approximating the expected life of the options depending on the date of the grant and expected life of the options.

Expected dividend yield—The Company bases the expected dividend yield assumption on the fact that it has never paid cash dividends and has no present intention to pay cash dividends.

Expected volatility—Due to the Company's limited operating history and lack of company-specific historical or implied volatility, the expected volatility assumption is based on historical volatilities of a peer group of similar companies whose share prices are publicly available. The Company identified a group of peer companies and considered their historical stock prices. In identifying peer companies, the Company considered the industry, stage of life cycle, size, and financial leverage of such other entities.

Activity with respect to stock options is summarized as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Options outstanding, January 1, 2023	904,220	\$ 21.04	7.3	\$ 655
Granted	-	\$ -		
Exercised	(994)	\$ 1.01		
Forfeited	(38,414)	\$ 23.05		
Expired	(16,501)	\$ 22.11		
Options outstanding, March 31, 2023	848,311	\$ 20.95	6.9	\$ 387
Nonvested options, March 31, 2023	480,297	\$ 23.13	7.9	\$ -
Vested and exercisable, March 31, 2023	368,014	\$ 18.10	5.7	\$ 387

At March 31, 2023, total estimated unrecognized stock-based compensation cost related to unvested stock options prior to that date was approximately \$10.3 million, which is expected to be recognized over a weighted-average remaining period of 3.6 years.

The Company allowed certain stock option holders to exercise unvested options to purchase shares of Common Stock. Shares received from such early exercises are subject to repurchase in the event of the optionee's employment termination, at the original issuance price, until the options are fully vested. As of March 31, 2023 and March 31, 2022, 2,777 and 13,887 shares of Common Stock were subject to repurchase at a weighted-average price of \$22.09 per share. The shares issued pursuant to unvested options have been included in shares issued and outstanding on the condensed consolidated balance sheets as such shares are considered legally outstanding.

On March 3, 2021, the Company granted the Chief Executive Officer stock options to purchase up to 358,001 shares of Common Stock in nine tranches. Each of the nine tranches contain service, market and performance conditions. The market conditions relate to the achievement of certain specified price targets. Vesting commences on the grant date; however, no compensation charges are recognized until the service and performance condition are probable, which is upon the completion of a liquidity event, the achievement of specified price targets for each tranche of shares, and continuous employment. Upon the completion of the Business Combination, the performance condition was met and the Company recorded a cumulative stock-based compensation expense of \$1.9 million. The options have a strike price of \$23.18 per share. The Company determined the fair value of the options on the grant date to be \$10.5 million using a Monte Carlo simulation with key inputs and assumptions such as stock price, term, dividend yield, risk-free interest rate, and volatility. The derived service periods determined by the valuation for each of the nine tranches range from approximately 3 years to approximately 7 years. Each tranche will be expensed monthly over the derived service period unless vesting conditions for a particular tranche are met, at which point all remaining compensation charges related to that particular tranche will be expensed in the period in which the vesting conditions were met.

The following table presents the key inputs and assumptions used to value the options granted to the Chief Executive Officer on the grant date:

Remaining term	10.0 years
Risk-free interest rate	1.5 %
Expected dividend yield	0.0 %
Expected volatility	40.0 %

Restricted Stock Units:

Activity with respect to RSUs is summarized as follows:

	Shares	Weighted-Average Grant-Date Fair Value
Nonvested shares at January 1, 2023	508,506	\$ 122.27
Granted	1,441,747	\$ 7.07
Vested	(67,317)	\$ 97.44
Forfeited	(178,773)	\$ 34.41
Nonvested shares at March 31, 2023	1,704,163	\$ 35.00

At March 31, 2023, total estimated unrecognized stock-based compensation cost related to nonvested RSUs was approximately \$56.9 million, which is expected to be recognized over a weighted-average period of 2.7 years.

During the quarter ended March 31, 2023, the Company granted 629,454 RSUs to certain employees in six tranches. Each of the six tranches contain service and market conditions. The market conditions relate to the achievement of certain specified price targets. Vesting commences on the grant date and the Company determined the fair value of the RSUs on the grant date to be approximately \$3.0 million using a Monte Carlo simulation with key inputs and assumptions such as stock price, term, risk-free interest rate, and volatility. The derived service periods determined by the valuation for each of the six tranches range from approximately 2 years to approximately 3 years. Each tranche will be expensed monthly over the derived service period unless vesting conditions for a particular tranche are met, at which point all remaining compensation charges related to that particular tranche will be expensed in the period in which the vesting conditions were met.

The following table presents the key inputs and assumptions used to value the RSUs that contain service and market conditions on the grant date:

Remaining term	5.0 years
Risk-free interest rate	3.5%
Expected volatility	79.7%

Note 16 Related-Party Transactions

Leasing Arrangements:

For the three months ended March 31, 2023 and 2022, the Company paid \$0.09 million and \$0.08 million, respectively, under lease agreements with PCJW for general office space in Los Angeles, California.

The following is a schedule of future minimum rental payments as of March 31, 2023, under Company's sub-lease for the properties located in Los Angeles, California signed with PCJW (in thousands):

<u>Year</u>	<u>Related-Party Commitment</u>
2023	\$ 251
2024	295
2025	310
Thereafter	-
Total minimum lease payments	\$ 856
Less: imputed interest	(102)
Total lease liabilities	\$ 754

The related-party components of the lease right-of-use assets, lease liabilities, short-term, and lease liabilities, long-term are presented as part of the right-of-use asset and lease liability on the condensed consolidated balance sheets.

VPCC Financing Agreement

A Senior Partner at Victory Park Capital Advisors, LLC joined the board of directors of the Company upon closing of the Business Combination. For more information about the VPC Financing Agreement, refer to Note 10, Debt Facility.

Note 17 401(k) Savings Plan

The Company maintains a 401(k) savings plan for the benefit of its employees. Employees can defer up to 90% of their compensation subject to fixed annual limits. All current employees are eligible to participate in the 401(k) savings plan. Beginning January 2021, the Company began matching contributions to the 401(k) savings plan equal to 100% of the first 4% of wages deferred by each participating employee. The Company incurred expenses for employer matching contributions of \$0.5 million and \$0.4 million for the three months ended March 31, 2023 and 2022, respectively.

Note 18 Subsequent Events

Subsequent events are events or transactions that occur after the condensed consolidated balance sheet date, but before the condensed consolidated financial statements are available to be issued. The Company recognizes in the condensed consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the condensed consolidated balance sheet, including the estimates inherent in the process of preparing the condensed consolidated financial statements. The Company's condensed consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the condensed consolidated balance sheet but arose after the condensed consolidated balance sheet date and before the condensed consolidated financial statements were available to be issued.

Stock Option Repricing

In April 2023, the Company's board of directors approved a stock option repricing, which is subject to stockholder approval, whereby 337,053 previously granted and unexercised options with exercise prices between \$22.09 and \$23.18 per share held by service providers of the Company as of the date approved by its stockholders (the "Repricing Date"), would be repriced to the volume weighted average per share closing price of the Company's common stock on The Nasdaq Stock Market for the thirty (30) trading days ending on and including the Repricing Date. There were no changes in the vesting schedule or maturity term of the options. The Company expects to record the impact of the option repricing in the quarter ending June 30, 2023.

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

The following discussion and analysis of the Company’s financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and the notes related thereto which are included elsewhere in this report. Certain information contained in the discussion and analysis set forth below includes forward-looking statements. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those set forth under “Cautionary Note Regarding Forward-Looking Statements,” “Item 1A. Risk Factors” and elsewhere in our Annual Report on Form 10-K.

Overview

In the story of David vs. Goliath, the small underdog is able to outsmart and defeat his larger adversary. This is the spirit behind the name “Dave.” We have built an integrated and fully digital financial services platform that provides millions of Americans with seamless access to a variety of intuitive financial products at a fraction of the cost and with much greater transparency and higher speed to value than that of the legacy financial services incumbents, such as traditional banks, credit unions and independent finance companies. Our mission is to build products that level the financial playing field. Our near-term strategy is focused on delivering a superior banking experience for anyone living paycheck to paycheck.

Based on our observation and analysis of Member data, legacy financial institutions charge high fees for consumer banking and other financial services products, which disproportionately burdens tens of millions of Americans who can least afford them. We witness this dynamic playing out with our Members who we believe are on average paying between \$300-\$400 per year in overdraft fees, maintenance and other fees to their existing bank for basic checking services.

Further, we see a significant opportunity to address the broader short-term credit market. According to a report by The Financial Health Network (“FHN”), legacy financial institutions charge approximately \$30 billion in fees annually. The FHN estimates that financially “coping” and “vulnerable” populations pay over \$120 billion a year in fees and interest for access to short-term credit. Our prospective Member opportunity is also significant. We estimate that our total addressable market consists of between 160 million to 180 million Americans who are in need of financial stability and are either not served or underserved by legacy financial institutions.

Dave offers a suite of innovative financial products aimed at helping our Members improve their financial health. To help Members avoid punitive overdraft fees and access short-term liquidity, Dave offers cash advances through its flagship 0% interest ExtraCash product. Through Dave Banking, we provide a digital checking account experience, seamlessly integrated with ExtraCash advances, with no hidden fees. With a Dave Banking account, Members have access to valuable tools for building long-term financial health, such as Goals savings accounts and customizable automatic round-up savings on debit spend transactions. We also help Members generate extra income for spending or emergencies through our Side Hustle product, where we present Members with supplemental work opportunities, and through our Surveys product, where Members can earn supplemental income by taking surveys. Our budgeting tool helps Members manage their upcoming bills to avoid overspending.

We have only begun to address the many inequities in financial services, but our progress to date demonstrates the demand for Dave to rewire the financial system for the everyday person. Since inception and through the date of this report, over 10 million Members have registered on the Dave app and over eight million of them have used at least one of our current products and we believe that we have a substantial opportunity to continue growing our Member base going forward. We strongly believe that the value proposition of our platform approach will continue to accelerate as a result of our data-driven perspective of our Members, allowing us to introduce products and services that address their changing life circumstances.

Comparability of Financial Information

Our future results of operations and financial position may not be comparable to historical results as a result of the consummation of the Business Combination.

Key Factors Affecting Operating Results

Our future operating results and cash flows are dependent upon a number of opportunities, challenges and other factors, including Member growth and activity, product expansion, competition, industry trends and general economic conditions.

Member Growth and Activity

We have made significant investments in our platform and our business is dependent on continued Member growth, as well as our ability to offer new products and services and generate additional revenues from our existing members using such additional products and services. Member growth and activity are critical to our ability to increase our scale, capture market share and earn an attractive

return on our technology, product and marketing investments. Growth in Members and Member activity will depend heavily on our ability to continue to offer attractive products and services and the success of our marketing and Member acquisition efforts.

Product Expansion

We aim to develop and offer a best-in-class financial services platform with integrated products and services that improve the financial well-being of our Members. We have invested and continue to make significant investments in the development, improvement and marketing of our financial products and are focused on continual growth in the number of products we offer that are utilized by our Members.

Competition

We face competition from several financial services-oriented institutions. In our reportable segment, as well as in potential new lines of business, we may compete with more established institutions, some of which have more financial resources. We compete at multiple levels, including competition among other financial institutions and lenders in our ExtraCash business, competition for deposits in and debit card spending from our Dave Banking product from traditional banks and digital banking products and competition for subscribers to our personal financial management tools. Some of our competitors may at times seek to increase their market share by undercutting pricing terms prevalent in that market, which could adversely affect our market share for any of our products and services or require us to incur higher member acquisition costs.

Key Components of Statements of Operations

Basis of Presentation

Currently, we conduct business through one operating segment which constitutes a single reportable segment. For more information about our basis of presentation, refer to Note 2 in the accompanying unaudited condensed consolidated financial statements of Dave included in this report.

Service Based Revenue, Net

Service based revenue, net primarily consists of optional tips, optional express processing fees and subscriptions charged to Members, net of processor-related costs associated with advance disbursements. Service based revenue, net also consists of lead generation fees from our Side Hustle advertising partners as well as fees earned related to the Rewards Product for Members who make debit card spending transactions at participating merchants.

Transaction Based Revenue, Net

Transaction based revenue, net primarily consists of interchange and ATM revenues from our Checking Product, net of interchange and ATM-related fees, fees earned from withdrawal-related transactions, volume support from a certain co-branded agreement, and deposit referral fees and are recognized at the point in time the transactions occur, as the performance obligations are satisfied and the variable consideration is not constrained.

Operating Expenses

We classify our operating expenses into the following five categories:

Provision for Credit Losses

The provision for credit losses primarily consists of an allowance for expected credit losses at a level estimated to be adequate to absorb credit losses inherent in the outstanding advances receivable, inclusive of outstanding processing fees and tips along with outstanding amounts aged over 120 days or which become uncollectible based on information available to us during the period. We currently estimate the allowance balance required using historical loss and collections experience, and, if relevant, the nature and volume of the portfolio, economic conditions, and other factors such as collections trends and cash collections received subsequent to the balance sheet date. Changes to the allowance have a direct impact on the provision for credit losses in the unaudited condensed consolidated statement of operations. We consider advances aged more than 120 days or which become uncollectible based on information available to us as impaired. All impaired advances are deemed uncollectible and subsequently written off and are a direct reduction to the allowance for credit losses. Subsequent recoveries, if any, of Member advances written-off are recorded as a reduction to Member advances, resulting in a reduction to the allowance for credit losses and a corresponding reduction to the provision for credit losses in the unaudited condensed consolidated statements of operations when collected.

Processing and Servicing Costs

Processing and servicing fees consist of fees paid to our processing partners for the recovery of advances, optional tips, optional express processing fees and subscriptions. These expenses also include fees paid for services to connect Members' bank accounts to our application. Except for processing and servicing fees associated with advance disbursements which are recorded net against revenue, all other processing and service fees are expensed as incurred.

Advertising and Marketing

Advertising and marketing expenses consist primarily of fees we pay to our advertising and marketing platform partners. We incur advertising, marketing and production-related expenses for online, social media and television advertising and for partnerships and promotional advertising. Advertising and marketing expenses are expensed as incurred although they typically deliver a benefit over an extended period.

Compensation and Benefits

Compensation and benefits expenses represent the compensation, inclusive of stock-based compensation and benefits, that we provide to our employees and the payments we make to third-party contractors. While we have an in-house customer service function, we employ third-party contractors to conduct call center operations and handle routine customer service inquiries and support.

Other Operating Expenses

Other operating expenses consist primarily of technology and infrastructure (third-party Software as a Service "SaaS"), commitments to charity, transaction based costs (program expenses, association fees, processor fees, losses from Member-disputed transactions, bank card fees and fraud), depreciation and amortization of property and equipment and intangible assets, general and recurring legal fees, rent, certain sales tax related costs, office related expenses, public relations costs, professional service fees, travel and entertainment, and insurance. Costs associated with technology and infrastructure, rent, depreciation and amortization of our property and equipment and intangible assets, professional service fees, travel and entertainment, public relations costs, utilities, office-related expenses and insurance technology and infrastructure (third-party subscriptions), depreciation and amortization of property and equipment and intangible assets, general and recurring legal fees, rent, office-related expenses, public relations costs, professional service fees, travel and entertainment and insurance vary based upon our investment in infrastructure, business development, risk management and internal controls and are generally not correlated with our operating revenues or other transaction metrics.

Other (income) expenses

Other (income) expenses consist of interest income, interest expense, other strategic financing and transactional expenses, earnout liabilities fair value adjustments, derivative asset fair value adjustments, and changes in fair value of warrant liabilities.

Provision for income taxes

Provision for income taxes consists of the federal and state corporate income taxes accrued on income resulting from the sale of our services.

Results of Operations

Comparison of the Three Months Ended March 31, 2023 and 2022

Operating revenues

(in thousands, except for percentages)	For the Three Months Ended		Change	
	March 31,		\$	%
	2023	2022	2023/2022	2023/2022
Service based revenue, net				
Processing fees, net	\$ 33,002	\$ 20,978	\$ 12,024	57 %
Tips	13,760	13,948	(188)	-1 %
Subscriptions	5,619	4,154	1,465	35 %
Other	195	188	7	4 %
Transaction based revenue, net	6,352	3,283	3,069	93 %
Total	\$ 58,928	\$ 42,551	\$ 16,377	38 %

Service based revenue, net—

Processing fees, net

Processing fees, net of processor costs associated with advance disbursements, for the three months ended March 31, 2023 were \$33.0 million, an increase of \$12.0 million, or 57%, from \$21.0 million for the three months ended March 31, 2022. The increase was primarily attributable to increases in total advance volume from approximately \$545.1 million to approximately \$798.5 million period over period along with average advance amounts that increased from \$132 to \$154 as of the three months ended March 31, 2022 and 2023, respectively. Processing fees tend to increase as advance volume increases, but may not always trend ratably as processing fees vary depending on the total amount of the advance. The percentage of Members that chose to pay a processing fee to expedite an advance decreased slightly for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022. The average processing fees Members paid to expedite these advances increased modestly for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022.

Tips

Tips for the three months ended March 31, 2023 were \$13.8 million, a decrease of \$0.1 million, or 1%, from \$13.9 million for the three months ended March 31, 2022. The decrease was primarily attributable lower tip engagement from our members, offset by an increase in the average tip amounts from members. Tip amounts tend to increase as advance volume increases, but may not always trend ratably as tips often vary depending on the total amount of the advance.

Subscriptions

Subscriptions for the three months ended March 31, 2023 were \$5.6 million, an increase of \$1.5 million, or 35%, from \$4.2 million for the three months ended March 31, 2022. The increase was primarily attributable to higher subscription engagement with Members on our platform.

Transaction based revenue, net—Transaction based revenue, net for the three months ended March 31, 2023 was \$6.4 million, an increase of \$3.1 million, or 93% from \$3.3 million, for the three months ended March 31, 2022. The increase was primarily attributable to the growth in Members engaging with our Checking Product and corresponding growth in the number of transactions initiated by Members.

Operating expenses

(in thousands, except for percentages)	For the Three Months Ended		Change	
	March 31,		\$	%
	2023	2022	2023/2022	2023/2022
Provision for credit losses	\$ 11,953	\$ 13,785	\$ (1,832)	-13%
Processing and servicing costs	7,118	6,543	575	9%
Advertising and marketing	9,471	12,204	(2,733)	-22%
Compensation and benefits	24,367	17,894	6,473	36%
Other operating expenses	18,501	14,798	3,703	25%
Total	\$ 71,410	\$ 65,224	\$ 6,186	9%

Provision for credit losses—The provision for credit losses totaled \$12.0 million for the three months ended March 31, 2023, compared to \$13.8 million for the three months ended March 31, 2022. The decrease of \$1.8 million, or 13%, was primarily attributable to an increase in provision expense of \$9.6 million related to Member advances aged over 120 days and those that have become uncollectible based on information available to us, offset by a decrease in provision expense of \$11.5 million related to Member advances aged 120 days and under.

The increase in provision expense of \$9.6 million related to Member advances aged over 120 days and those which have become uncollectible based on information available to us, period over period, was primarily driven by an increase in total advance volume from \$451.3 million during the fourth quarter of 2021 to \$801.3 million during the fourth quarter of 2022. All impaired advances deemed uncollectible are subsequently written-off and are a direct reduction to the allowance for credit losses.

The decrease in provision expense related to Member advances aged 120 days and under was primarily attributed to strong collections performance during the three months ended March 31, 2023. The strong collections performance was due in large part to the positive seasonal effects of tax refunds on our Members. This resulted in a decrease in Member advances outstanding as of March 31, 2023 as compared to the three months ended March 31, 2022. This decrease in Member advances outstanding resulted in a decrease to the allowance for credit losses and corresponding lower provision for credit losses expense during the three months ended March 31, 2023 as compared to March 31, 2022. We anticipate fluctuations in Member advances outstanding each period as they are directly correlated with the timing and volume of Member advance activity during the last 30 days prior to the end of the period.

During the three months ended March 31, 2023, loss and collections experience of Member advances improved compared to the three months ended March 31, 2022. The historical loss rates utilized in the calculation of the allowance for credit losses also slightly improved period over period. Any changes to our historical loss and collections experience directly affects the historical loss rates utilized in the calculation of the allowance for credit losses. The changes in the allowance for credit losses, period over period, has a direct impact on the provision for credit losses expense.

For information on the aging of Member advances and a rollforward of the allowance for credit losses, refer to the tables in Note 5 Member Cash Advances, Net in the accompanying unaudited condensed consolidated financial statements included in this report.

Processing and service costs—Processing and servicing costs totaled \$7.1 million for the three months ended March 31, 2023, compared to \$6.5 million for the three months ended March 31, 2022. The increase of \$0.6 million, or 9%, was primarily attributable to the increase in advance volume from approximately \$545.1 million to approximately \$798.5 million, offset by certain payment flow optimizations and cost savings related to price reductions from our processors.

Advertising and marketing—Advertising and marketing expenses totaled \$9.5 million for the three months ended March 31, 2023, compared to \$12.2 million for the three months ended March 31, 2022. The decrease of \$2.7 million, or 22%, was primarily attributable to an optimization of advertising efforts and decreased advertising, marketing, production and promotional spend across various social media platforms and television. Advertising and marketing spend is expected to increase in the second and third quarters of fiscal 2023 as we seek to capitalize on the expected increase in demand for our ExtraCash product compared to the first quarter of fiscal 2023 when demand is typically lower.

Compensation and benefits—Compensation and benefits expenses totaled \$24.4 million for the three months ended March 31, 2023, compared to \$17.9 million for the three months ended March 31, 2022. The increase of \$6.5 million, or 36%, was primarily attributable to the following:

- an increase in payroll and related costs of \$3.6 million, primarily due to hiring and increased headcount throughout the business;
- an increase in stock-based compensation of \$3.6 million, primarily related to restricted stock units granted after Q1 2022 and throughout 2022; offset by
- a decrease in contractor and consulting fees of \$0.7 million.

Other operating expenses—Other operating expenses totaled \$18.6 million for the three months ended March 31, 2023, compared to \$14.8 million for the three months ended March 31, 2022. The increase of \$3.8 million, or 25%, was primarily attributable to the following:

- an increase in expenses related to our Checking Product of \$2.3 million, primarily attributable to processing fees, card fees and fraud related costs associated with the growth in Members and the number of transactions processed;
- an increase in charitable contribution expenses of \$1.5 million, primarily due to amounts pledged to charitable meal donations related to Members' tips;
- an increase in legal fees of \$0.6 million primarily due to ongoing litigation, compliance, employment and general corporate related matters;
- an increase in accounting costs of \$0.4 million, primarily related to various audit, tax and Sarbanes-Oxley compliance readiness related fees associated with the Business Combination in January 2022;
- an increase in technology and infrastructure expenses of \$0.2 million, primarily due to increased costs to support the growth of our business and development of new products and features;
- an increase in depreciation and amortization of \$0.1 million, primarily due to accelerated amortization related to the change in useful life of a certain intangible asset, increased amortization of internally developed software due to increased internally developed capitalized costs, and depreciation related to leasehold improvements and equipment purchases; offset by
- a decrease in insurance related costs of \$0.8 million, primarily related to lower director and officer, general liability and cyber insurance premiums; and
- a decrease in rent expense of \$0.4 million, due to a reduction in leased office space; and
- a decrease in various administrative expenses of \$0.1 million, primarily due to increases in investor relations fees, company meetings, bank service charges, sales tax, licenses and fees, travel and entertainment and other administrative expenses.

Other (income) expense

(in thousands, except for percentages)	For the Three Months Ended		Change	
	March 31,		\$	%
	2023	2022	2023/2022	2023/2022
Interest income	\$ (1,192)	\$ (13)	\$ (1,179)	9069%
Interest expense	2,898	1,555	1,343	86%
Other strategic financing and transactional expenses	-	961	(961)	-100%
Changes in fair value of earnout liabilities	(25)	(2,040)	2,015	-99%
Changes in fair value of derivative asset on loans to stockholders	-	5,572	(5,572)	-100%
Changes in fair value of public and private warrant liabilities	(146)	4,065	(4,211)	-104%
Total	\$ 1,535	\$ 10,100	\$ (8,565)	-85%

Interest income—Interest income totaled \$1.2 million for the three months ended March 31, 2023, compared to \$0.01 million for three months ended March 31, 2022. The increase of \$1.2 million was primarily attributable to interest earned from yields from short-term investments purchased during the quarter ended June 30, 2022.

Interest expense— Interest expense totaled \$2.9 million for the three months ended March 31, 2023, compared to \$1.6 million for the three months ended March 31, 2022. The increase of \$1.3 million, or 86%, was primarily attributable to interest related to increased borrowings from the delayed draw senior secured loan facility (the “Debt Facility”) which Dave OD Funding I, LLC (“Dave OD”) entered into during January 2021, along with interest related to the Note with FTX Ventures and higher interest rates on borrowings under the Debt Facility.

Other strategic financing and transactional expenses—Other strategic financing and transactional expenses totaled \$0 for the three months ended March 31, 2023, compared to \$1.0 million for the three months ended March 31, 2022. The decrease of \$1.0 million was related to certain one-time strategic opportunities in addition to certain one-time post-closing expenses associated with the Business Combination that occurred during the three months ended March 31, 2022.

Changes in fair value of earnout liability—Changes in fair value of earnout liabilities totaled a benefit of \$0.03 million for the three months ended March 31, 2023 compared to \$2.0 million for the three months ended March 31, 2022. The decrease of \$2.0 million, or 99%, was primarily attributable to fair value adjustments associated with certain earnout shares liability due to decreases in our underlying Class A Common Stock price.

Changes in fair value of derivative asset on loans to stockholders—Changes in fair value of derivative asset on loans to stockholders totaled \$0 million for the three months ended March 31, 2023, compared to \$5.6 million for the three months ended March 31, 2022. The decrease of \$5.6 million, or 100% was primarily attributable to the exercise of the call options and the settlement of this derivative asset at the close of the Business Combination in January 2022.

Changes in fair value of warrant liability—Changes in fair value of warrant liability totaled a benefit of \$0.1 million for the three months ended March 31, 2023, compared to an expense of \$4.1 million for the three months ended March 31, 2022. The increase in benefit of \$4.2 million, or 104%, was primarily attributable to fair value adjustments associated with certain public and private warrant liabilities due to decreases in our underlying Class A Common Stock price, offset by fair value adjustments associated with certain warrants issued in connection with the Debt Facility.

Provision for income taxes

(in thousands, except for percentages)	For the Three Months Ended		Change	
	March 31,		\$	%
	2023	2022	2023/2022	2023/2022
Provision for income taxes	8	22	(14)	-64%
Total	\$ 8	\$ 22	\$ (14)	-64%

Provision for income taxes for the three months ended March 31, 2023 decreased by approximately \$0.014 million, or 64%, compared to the three months ended March 31, 2022. This decrease was primarily due to a decrease in state taxes, including gross margin state taxes, resulting from a favorable ruling by the Texas Supreme Court regarding the determination of state sourced service income.

Non-GAAP Financial Measures

In addition to our results determined in accordance with GAAP, we believe the following non-GAAP measure is useful in evaluating our operational performance. We use the following non-GAAP measure to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that the non-GAAP financial information may be helpful in assessing our operating performance and facilitates an alternative comparison among fiscal periods. The non-GAAP financial measure is not, and should not be viewed as, a substitute for GAAP reporting measures.

Adjusted EBITDA

“Adjusted EBITDA” is defined as net loss adjusted for interest expense, net, provision for income taxes, depreciation and amortization, stock-based compensation and other discretionary items determined by management. Adjusted EBITDA is intended as a supplemental measure of our performance that is neither required by, nor presented in accordance with, GAAP. We believe that the use of Adjusted EBITDA provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing our financial measures with those of comparable companies, which may present similar non-GAAP financial measures to investors. However, you should be aware that, when evaluating Adjusted EBITDA, we may incur future expenses similar to those excluded when calculating these measures. In addition, our presentation of these measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Our computation of Adjusted EBITDA may not be comparable to other similarly titled measures computed by other companies, because all companies may not calculate Adjusted EBITDA in the same fashion.

Because of these limitations, Adjusted EBITDA should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. We compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA on a supplemental basis. The reconciliation of net loss to Adjusted EBITDA below should be reviewed, and no single financial measure should be relied upon to evaluate our business.

The following table reconciles net loss to Adjusted EBITDA for the three months ended March 31, 2023 and 2022, respectively:

(in thousands)	For the Three Months Ended	
	March 31,	
	2023	2022
Net loss	\$ (14,025)	\$ (32,795)
Interest expense, net	1,706	1,542
Provision for income taxes	8	22
Depreciation and amortization	1,182	1,105
Stock-based compensation	6,774	3,190
Other strategic financing and transactional expenses	-	961
Changes in fair value of earnout liabilities	(25)	(2,040)
Changes in fair value of derivative asset on loans to stockholders	-	5,572
Changes in fair value of public and private warrant liabilities	(146)	4,065
Adjusted EBITDA	\$ (4,526)	\$ (18,378)

Liquidity and Capital Resources

In the past, we have financed our operations primarily from the issuance of preferred stock, issuances of convertible notes, funds from borrowings under the Debt Facility and the Credit Facility, and funds received as a result of the Business Combination. As of March 31, 2023 and December 31, 2022, our cash and cash equivalents, marketable securities and short-term investments balance was approximately \$195.0 million and 192.0 million, respectively.

As an early-stage company, the expenses we have incurred since inception are consistent with our strategy and approach to capital allocation. We expect to incur net losses in accordance with our operating plan as we continue to expand and improve upon our financial platform.

Our ability to access capital when needed is not assured and, if capital is not available to Dave when, and in the amounts needed, Dave could be required to delay, scale back or abandon some or all of our development programs and other operations, which could materially harm our business, prospects, financial condition and operating results.

We believe that our cash on hand should be sufficient to meet our working capital and capital expenditure requirements for a period of at least 12 months from the date of this report and sufficient to fund our operations. We may raise additional capital through private or public equity or debt financings. The amount and timing of our future funding requirements, if any, will depend on many factors, including the pace and results of our product development efforts. No assurances can be provided that additional funding will be available at terms acceptable to us, if at all. If we are unable to raise additional capital, we may significantly curtail our operations, modify existing strategic plans and/or dispose of certain operations or assets.

Material Cash Requirements

In the normal course of business, we enter into various agreements with our vendors that may subject us to minimum annual requirements. While our contractual commitments will have an impact on our future liquidity, we believe that we will be able to

adequately fulfill these obligations through cash generated from operations and from our existing cash balances. Dave does not have any “off-balance sheet arrangements,” as defined by the SEC regulations.

Although we have fully implemented our remote employee workforce strategy in the U.S., we have not closed our leased office locations. We are required to continue making our contractual payments until our operating leases are formally terminated or expire. Our remaining leases have remaining terms of 7 months to 33 months, subject to renewal options of varying terms, and as of March 31, 2023, we had a total lease liability of \$0.8 million. See Note 12, Leases in the notes to our unaudited condensed consolidated financial statements for additional information regarding our lease liabilities as of March 31, 2023.

In the near term, we expect to continue to generate ExtraCash originations relying primarily on our balance sheet cash and debt facility, as needed. Interest payments on term loan borrowings under the Debt Facility are required to be made on a monthly basis. As of March 31, 2023, \$75.0 million of term loans under the Debt Facility were outstanding. See Note 11, Debt Facility in the notes to our unaudited condensed consolidated financial statements in this report. Additionally, we also have certain contractual payment obligations for interest owed under the \$100.0 million Note we issued and sold pursuant to the Purchase Agreement entered into with FTX Ventures. Interest payments relating to the Note are required to be made or added to the outstanding principal on a semi-annual basis. As of March 31, 2023, \$3.1 million of interest was added to the outstanding principal. For more information on the Purchase Agreement with FTX Ventures, see Note 8, Convertible Note Payable.

We may use cash to acquire businesses and technologies. The nature of these transactions, however, makes it difficult to predict the amount and timing of such cash requirements.

Cash Flows Summary

(in thousands)	For the Three Months Ended	
	March 31, 2023	March 31, 2022
Total cash (used in) provided by:		
Operating activities	\$ (6,929)	\$ (12,512)
Investing activities	35,806	(297,568)
Financing activities	(12)	301,724
Net increase (decrease) in cash and cash equivalents and restricted cash	\$ 28,865	\$ (8,356)

Cash Flows From Operating Activities

During the three months ended March 31, 2023, net cash used in operating activities decreased compared to the three months ended March 31, 2022 due to increases in operating revenues, offset primarily by increases in compensation and other operating expenses to support the growth of the business. Net cash used in operating activities for the three months ended March 31, 2023 included a net loss of \$14.0 million, and excluding non-cash impacts, included an increase in prepaid expenses and other current assets of \$4.1 million, a decrease in accounts payable of \$6.9 million and a decrease in a legal settlement accrual of \$5.7 million. These changes were offset primarily by an increase in accrued expenses of \$2.6 million.

Net cash used in operating activities for the three months ended March 31, 2022 included a net loss of \$32.8 million, adjusted for non-cash items of \$1.1 million for depreciation and amortization, \$13.8 million for provision for credit losses, \$5.6 million for changes in fair value of derivative asset on loans to stockholders, \$4.1 million for an increase in warrant liability fair value, and \$3.2 million for stock-based compensation expense, partially offset by \$2.0 million for decreases in the fair value of earnout liabilities. Excluding non-cash impacts, changes in cash flows from operations included an increase in receivables related to revenue from Member advances of \$1.6 million, an increase in prepaid expenses and other current assets of \$4.8 million, an increase in accrued expenses of \$1.0 million, and a decrease in other non-current liabilities of \$0.3 million. These changes were offset primarily by an increase in accounts payable of \$2.5 million.

Cash Flows From Investing Activities

During the three months ended March 31, 2023, net cash provided by investing activities was \$35.8 million. This included the sale and maturity of short-term investments of \$65.4 million and net disbursements and collections of Member advances of \$11.9 million,

offset by payments for internally developed software costs of \$1.9 million, the purchase of property and equipment of \$0.3 million, the purchase of short-term investments of \$5.1 million, and the purchase of marketable securities of \$34.1 million.

During the three months ended March 31, 2022, net cash used in investing activities was \$297.6 million. This included purchase of marketable securities of \$302.1 million, an increase in net disbursements and collections of Member advances of \$25.0 million, capitalization of internally developed software costs of \$2.3 million, and the purchase of property and equipment of \$0.2 million, partially offset by the sale of marketable securities of \$32 million.

Cash Flows From Financing Activities

During the three months ended March 31, 2023, net cash used in financing activities was \$0.01 million, which primarily consisted of payments for fractional shares that resulted from a reverse stock split.

During the three months ended March 31, 2022, net cash provided by financing activities was \$301.7 million, which consisted of \$195.0 million in proceeds from PIPE offerings, \$100.0 million in proceeds from borrowings related to the Purchase Agreement with FTX Ventures, \$29.7 million in proceeds from the Business Combination, net of redemptions and \$1.6 million in proceeds from stock option exercises, partially offset by \$22.9 million for the payment of costs related to the Business Combination and \$1.6 million related to the repurchase of common stock.

Critical Accounting Estimates

Our unaudited condensed consolidated financial statements have been prepared in accordance with U.S GAAP. The preparation of these unaudited condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the unaudited condensed consolidated financial statements, as well as the reported revenues and expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Our critical accounting estimates and assumptions are evaluated on an ongoing basis including those related to the following:

- (i) Fair value of warrant liabilities;
- (ii) Fair value of earnout liabilities;
- (iii) Allowance for credit losses; and
- (iv) Income taxes.

Actual results may differ from these estimates under different assumptions or conditions. We believe that the accounting estimates discussed below are critical to understanding our historical and future performance, as these estimates relate to the more significant areas involving management's judgments and estimates. Please refer to Note 2 in our accompanying unaudited condensed consolidated financial statements for the three months ended March 31, 2023 and 2022 included in this report on Form 10-Q.

While our significant accounting estimates are described in the notes to our unaudited condensed consolidated financial statements, we believe that the following accounting estimates require a greater degree of judgment and complexity and are the most critical to understanding our financial condition and historical and future results of operations.

Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

Warrant Liabilities

We recorded a warrant liability associated with the Debt Facility. The warrant liability was carried on our unaudited condensed consolidated balance sheets as a long-term liability estimated at fair value and extinguished immediately prior to close of the Business Combination as the warrants were exercised. Changes in the estimated fair value of this warrant liability were driven by changes in the underlying value of our Common stock and were reported as a loss (gain) in the accompanying unaudited condensed consolidated statements of operations. We utilized the binomial option-pricing model to compute the fair value and to mark to market the fair value of the warrant liability at each unaudited condensed consolidated balance sheet date. The binomial option-pricing model considers a range of assumptions related to the fair value of common stock (see below Fair Value of Common Stock for further details), volatility, dividend yield and risk-free interest rate. The binomial option pricing model includes subjective input assumptions that can materially affect the fair value estimates.

We also recorded warrant liabilities for both public and private warrants associated with the Business Combination. The warrant liabilities are carried on our unaudited condensed consolidated balance sheets as a long-term liability estimated at fair value. Changes in the estimated fair value of the warrant liabilities were driven by changes in the underlying value of our Common stock and were reported as a loss (gain) in the accompanying unaudited condensed consolidated statements of operations. We utilize the Black-Scholes model to compute the fair value and to mark to market the fair value of the private placement warrant liability at the time of the Business Combination and at each unaudited condensed consolidated balance sheet date. The public warrants were valued using the Black-Scholes model and public trading price of the warrants, when available. The Black-Scholes model considers a range of assumptions such as stock price, strike price, volatility, time to maturity, dividend yield and risk-free interest rate. The Black-Scholes pricing model includes subjective input assumptions that can materially affect the fair value estimates.

Earnout Liabilities

We recorded earnout liabilities associated with the Business Combination. The earnout liabilities are carried on our unaudited condensed consolidated balance sheets as a long-term liability estimated at fair value. Changes in the estimated fair value of the earnout liabilities are reported as a loss (gain) in the accompanying unaudited condensed consolidated statements of operations. We utilized a Monte Carlo Simulation Method to compute the fair value and to mark to market the fair value of the earnout liabilities at each unaudited condensed consolidated balance sheet date. The Monte Carlo Simulation Method considers a range of assumptions such as stock price, volatility, and risk-free interest rate. The Monte Carlo Simulation Method includes subjective input assumptions that can materially affect the fair value estimates.

Allowance for Credit Losses

Member advances from contracts with Members as of the balance sheet dates are recorded at their original advance amounts reduced by an allowance for expected credit losses. We pool our Member advances, all of which are short-term in nature and arise from contracts with Members, based on shared risk characteristics to assess their risk of loss, even when that risk is remote. We use an aging method and historical loss rates as a basis for estimating the percentage of current and delinquent Member advances balances that will result in credit losses. We consider whether the conditions at the measurement date and reasonable and supportable forecasts about future conditions warrant an adjustment to our historical loss experience. In assessing such adjustments, we primarily evaluate current economic conditions, expectations of near-term economic trends and changes in customer payment terms and collection trends. For the measurement dates presented herein, given our methods of collecting funds, and that we have not observed meaningful changes in our customers' payment behavior, it determined that our historical loss rates remained most indicative of our lifetime expected losses. We immediately recognize an allowance for expected credit losses upon the origination of the advance. Adjustments to the allowance each period for changes in the estimate of lifetime expected credit losses are recognized in operating expenses—provision for credit losses in the condensed consolidated statements of operations.

When we determine that a Member advance is not collectible, the uncollectible amount is written-off as a reduction to both the allowance and the gross asset balance. Subsequent recoveries are recorded when received and are recorded as a recovery of the allowance for expected credit losses. Any change in the assumptions used in analyzing a specific Member advance may result in an additional allowance for expected credit losses being recognized in the period in which the change occurs.

Income Taxes

We follow ASC 740, Income Taxes ("ASC 740"), which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the unaudited condensed consolidated financial statements or tax returns. Under this method, deferred tax assets and liabilities are based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the period in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more-likely-than-not that the asset will not be realized.

The effective tax rate used for interim periods is the estimated annual effective tax rate, based on the current estimate of full year results, except that those taxes related to specific discrete events, if any, are recorded in the interim period in which they occur. The annual effective tax rate is based upon several significant estimates and judgments, including the estimated annual pre-tax income of the Company in each tax jurisdiction in which it operates, and the development of tax planning strategies during the year. In addition, the Company's tax expense can be impacted by changes in tax rates or laws and other factors that cannot be predicted with certainty. As such, there can be significant volatility in interim tax provisions.

ASC 740 provides that a tax benefit from an uncertain tax position may be recognized when it is more-likely-than-not that the position will be sustained in a court of last resort, based on the technical merits. If more-likely-than-not, the amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized upon examination, including compromise settlements. For tax positions not meeting the more-likely-than-not threshold, no tax benefit is recorded. We have estimated \$1.0 million and \$0.5 million

of uncertain tax positions as of March 31, 2023 and 2022, respectively, related to state income taxes and federal and state research tax credits.

Our policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense within the statement of operations.

We are subject to income tax in jurisdictions in which we operate, including the United States. For U.S. income tax purposes, we are taxed as a Subchapter C corporation.

We recognize deferred taxes for temporary differences between the basis of assets and liabilities for financial statement and income tax purposes. We recorded a valuation allowance against our deferred tax assets, net of certain deferred tax liabilities, at March 31, 2023 and December 31, 2022. Based upon management's assessment of all available evidence, we have concluded that it is more-likely-than-not that the deferred tax assets, net of certain deferred tax liabilities, will not be realized.

Emerging Growth Company Status

We are an "emerging growth company" as defined in Section 2(a) of the Securities Act of 1933, as amended, and have elected to take advantage of the benefits of the extended transition period for new or revised financial accounting standards. We expect to remain an emerging growth company and to continue to take advantage of the benefits of the extended transition period, although we may decide to early adopt such new or revised accounting standards to the extent permitted by such standards. We expect to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and non-public companies until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. This may make it difficult or impossible to compare our financial results with the financial results of another public company that is either not an emerging growth company or is an emerging growth company that has chosen not to take advantage of the extended transition period exemptions because of the potential differences in accounting standards used. See Note 2 of our accompanying unaudited condensed consolidated financial statements included in this report for the recent accounting pronouncements adopted and the recent accounting pronouncements not yet adopted for the periods ended March 31, 2023 and 2022.

In addition, we intend to rely on the other exemptions and reduced reporting requirements provided by the JOBS Act for emerging growth companies. Subject to certain conditions set forth in the JOBS Act, if we intend to rely on such exemptions, we are not required to, among other things: (a) provide an auditor's attestation report on our system of internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act; (b) provide all of the compensation disclosure that may be required of non-emerging growth public companies under the Dodd- Frank Wall Street Reform and Consumer Protection Act; (c) comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the unaudited condensed consolidated financial statements (auditor discussion and analysis); and (d) disclose certain executive compensation-related items such as the correlation between executive compensation and performance and comparisons of the Chief Executive Officer's compensation to median employee compensation.

We will remain an emerging growth company under the JOBS Act until the earliest of (1) the last day of the fiscal year (a) following March 4, 2026, (b) in which we have total annual gross revenue of at least \$1.07 billion, (c) in which we are deemed to be a "large accelerated filer" under the rules of the SEC, which means the market value of our common equity that is held by non-affiliates exceeds \$700 million as of the end of the prior fiscal year's second fiscal quarter; and (2) the date on which we have issued more than \$1.0 billion in non-convertible debt securities during the previous three years.

Recently Issued Accounting Standards

Refer to Note 2, "Significant Accounting Policies," of our unaudited condensed consolidated financial statements included in this report for a discussion of the impact of recent accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not required for smaller reporting companies.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

As required by Rules 13a-15 and 15d-15 under the Exchange Act, our Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2023. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were not effective, due to the material weaknesses in our internal control over financial reporting described below. As a result, we performed additional analysis as deemed necessary to ensure that our financial statements were prepared in accordance with U.S. generally accepted accounting principles. Accordingly, management believes that the financial statements included in this Quarterly Report on Form 10-Q present fairly in all material respects our financial position, results of operations and cash flows for the period presented.

Previously Identified Material Weaknesses

As discussed in Part II, Item 9A in our Annual Report, we identified weaknesses in our internal control over financial reporting for the years ended December 31, 2022 and 2021 because:

- We did not design and maintain certain formal accounting policies, procedures, and internal controls to achieve complete, accurate and timely financial accounting, reporting and disclosures, including internal controls over the period-end financial reporting process addressing financial statement and footnote presentation and disclosures, account reconciliations, and journal entries. Additionally, the lack of a sufficient number of accounting and finance professionals resulted in an inability to consistently establish appropriate authorities and responsibilities in pursuit of Dave's financial reporting objectives, as demonstrated by, amongst other things, insufficient segregation of duties within the finance and accounting functions.
- We did not design and maintain effective controls over information technology ("IT") general controls for information systems that are relevant to the preparation of its financial statements, specifically, with respect to: (i) program change management controls to ensure that IT program and data changes affecting financial IT applications and underlying accounting records are identified, tested, authorized and implemented appropriately; (ii) user access controls to ensure appropriate segregation of duties and that adequately restrict user and privileged access to financial applications, programs, and data to appropriate company personnel; and (iii) computer operations controls to ensure that critical batch jobs are monitored and data backups are authorized and monitored.

Remediation Plan and Status

Dave is implementing a plan to remediate the material weaknesses described above. Those remediation measures are ongoing and include (i) hiring additional accounting and IT personnel to bolster its financial reporting, technical and transactional accounting and IT capabilities; (ii) designing and implementing controls to formalize roles and review responsibilities and designing and implementing formal controls over segregation of duties; (iii) designing and implementing formal processes, accounting policies, procedures, and controls supporting Dave's financial close process, including creating standard balance sheet reconciliation templates and journal entry controls; (iv) designing and implementing IT general controls, including controls over change management, the review and update of user access rights and privileges and computer operations controls; and (v) redesigning its internal controls around the allowance for credit losses to detect and prevent future errors.

Changes in Internal Control over Financial Reporting

Other than described above, there were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II —OTHER INFORMATION

Item 1. Legal Proceedings.

For a description of our material pending legal proceedings, please see Note 11, “Commitments and Contingencies,” to the unaudited condensed consolidated financial statements included elsewhere in this report.

From time to time, we may become involved in legal proceedings arising in the ordinary course of business. We are not currently a party to any such litigation or legal proceedings that, in the opinion of our management, are likely to have a material adverse effect on our business. Regardless of outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, negative publicity and reputational harm and other factors.

Item 1A. Risk Factors.

As of the date of this Form 10-Q, there have been no material changes to the risk factors disclosed in in our Annual Report for the year ended December 31, 2022 filed with the SEC on March 13, 2023. Any of these factors could result in a significant or material adverse effect on our results of operations or financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations. We may disclose changes to such risk factors or disclose additional risk factors from time to time in our future filings with the SEC.

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

None

Item 3. Defaults Upon Senior Securities.

None

Item 4. Mine Safety Disclosures.

None

Item 5. Other Information

None

Item 6. Exhibits

<u>Exhibit No.</u>	<u>Description</u>
2.1	Agreement and Plan of Merger, dated as of June 7, 2021, by and among VPC Impact Acquisition Holdings III, Inc., Bear Merger Company I Inc., Bear Merger Company II LLC, and Dave Inc. (incorporated by reference to Exhibit 2.1 to the Company’s Current Report on Form 8-K filed with the Commission on June 7, 2021)
3.1	Second Amended and Restated Certificate of Incorporation of Dave Inc. (incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K filed with the Commission on January 11, 2022)
3.2	Amended and Restated Bylaws of Dave Inc. (incorporated by reference to Exhibit 3.2 to the Company’s Current Report on Form 8-K filed with the Commission on January 11, 2022)
10.1†	Amended Non-employee Director Compensation Policy
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to §302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to §302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002

- 101.INS Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
- 101.SCH Inline XBRL Taxonomy Extension Schema Document
- 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Furnished not filed.

† Indicates a management contract or compensatory plan, contract or arrangement.

SIGNATURES

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

Dated: May 9, 2023

Dave Inc.

By: /s/ Jason Wilk

Jason Wilk

Title: Chief Executive Officer

Dated: May 9, 2023

DAVE INC.

By: /s/ Kyle Beilman

Kyle Beilman

Title: Chief Financial Officer

DAVE INC.
NON-EMPLOYEE DIRECTOR COMPENSATION POLICY
AMENDED AND RESTATED: FEBRUARY 22, 2023

Each member of the Board of Directors (the “**Board**”) of Dave Inc. (the “**Company**”) who is not an employee of the Company (each such member, an “**Outside Director**”) will receive the compensation described in this Non-Employee Director Compensation Policy (the “**Director Compensation Policy**”), as amended, for his or her Board service following the date this Director Compensation Policy was originally adopted effective as of January 5, 2022 (the “**Original Effective Date**”).

The Director Compensation Policy may be amended at any time in the sole discretion of the Board.

Annual Cash Compensation

Each Outside Director will receive the cash compensation set forth below for service on the Board. The annual cash compensation amounts will be payable in arrears, in equal quarterly installments following the end of each fiscal quarter of the Company in which the service occurred. Any amount payable for a partial quarter of service will be pro-rated by multiplying such amount by a fraction, the numerator of which will be the number of days of service that the Outside Director provided in such quarter and the denominator of which will be the number of days in such quarter inclusive. All annual cash fees are vested upon payment.

1. Annual Board Member Service Retainer:
 - a. All Outside Directors: **\$35,000**.
 - b. Outside Director serving as Chairperson: **\$35,000** (in addition to above).
 - c. Outside Director serving as Lead Independent Director: **\$20,000** (in addition to above).
2. Annual Committee Member Service Retainer:
 - a. Member of the Audit Committee: **\$10,000**.
 - b. Member of the Compensation Committee: **\$7,000**.
 - c. Member of the Nominating and Corporate Governance Committee: **\$4,000**.
3. Annual Committee Chair Service Retainer (in lieu of Annual Committee Member Service Retainer):
 - a. Chairperson of the Audit Committee: **\$20,000**.
 - b. Chairperson of the Compensation Committee: **\$14,000**.
 - c. Chairperson of the Nominating and Corporate Governance Committee: **\$8,000**.

Equity Compensation

Equity awards will be granted under the Company’s 2021 Equity Incentive Plan or any successor equity incentive plan adopted by the Board and the stockholders of the Company (the “**Plan**”).

(a) Automatic Annual Grant for Outside Directors. Without any further action of the Board, at the close of business on the date of each annual meeting of the Company’s stockholders (an “**Annual Meeting**”) following the Original Effective Date, each Outside Director who has served as a member of the Board since December 31st of the calendar year prior to such Annual Meeting shall be granted restricted stock units under the Plan covering shares of Class A Common Stock of the Company (each, a “**Share**”) having an RSU Value of **\$165,000** (a “**Annual RSU Award**”); provided that the number of Shares covered by each Annual RSU Award will be rounded down to the nearest whole Share. Each Annual RSU Award shall vest in full on the earlier to occur of (i) the next Annual Meeting or (ii) the one-year anniversary of the date of grant, subject to the applicable Outside Director’s continued service as a member of the Board through such date.

(b) Vesting; Change in Control. All vesting is subject to the Outside Director’s continued service as a member of the Board through each applicable vesting date. Notwithstanding the foregoing, for each Outside Director who remains in continuous service as a member of the Board until immediately prior to the closing of a “**Change in**

Control" (as defined in the Plan), any unvested portion of any restricted stock unit award granted in consideration of such Outside Director's service as a member of the Board shall vest in full immediately prior to, and contingent upon, the consummation of the Change in Control.

(c) **Calculation of RSU Value.** The "**RSU Value**" of a restricted stock unit award to be granted under this policy will equal the number of Shares subject to the restricted stock unit award multiplied by the average closing price of a Share on the stock exchange or a national market system on which the Shares are listed over the 30 trading days preceding the grant date.

(d) **Discretionary Grants.** In addition to the automatic grants described herein, the Board, in its sole discretion, may grant additional equity awards to certain Outside Directors for services to the Company that exceed the standard expectations of an Outside Director or for other circumstances determined appropriate by the Board, including, without limitation, an inducement for the Outside Director to remain on the Board or an initial grant for an individual to become an Outside Director.

(e) **Remaining Terms.** The remaining terms and conditions of each restricted stock unit award granted under this policy will be as set forth in the Plan and the Company's standard form of restricted stock unit award agreement, as amended from time to time by the Board or the Compensation Committee of the Board, as applicable.

Expenses

The Company will reimburse each Outside Director for ordinary, necessary and reasonable out-of-pocket travel expenses to cover in-person attendance at, and participation in, Board and committee meetings; *provided*, that the Outside Director timely submits to the Company appropriate documentation substantiating such expenses in accordance with the Company's travel and expense policy, as in effect from time to time.

**CERTIFICATION 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**

I, Jason Wilk, certify that:

- 1) I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 of Dave Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2023

/s/ Jason Wilk

Chief Executive Officer
(principal executive officer)

**CERTIFICATION 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**

I, Kyle Beilman, certify that:

- 1) I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 of Dave Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2023

/s/ Kyle Beilman

Chief Financial Officer
(principal financial officer)

**CERTIFICATIONS PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Jason Wilk, Chief Executive Officer, and Kyle Beilman, Chief Financial Officer of Dave Inc. (the “Company”), hereby certify as of the date hereof, solely for the purposes of 18 U.S.C. §1350, that:

- (i) the Quarterly Report on Form 10-Q for the period ended March 31, 2023 of the Company (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: May 9, 2023

/s/ Jason Wilk

Chief Executive Officer

/s/ Kyle Beilman

Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.
