



MONUMENT CIRCLE ACQUISITION CORP.

FORM 10-Q

(Quarterly Report)

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**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

June 30, 2022

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: **001-39876**

Monument Circle Acquisition Corp.

(Exact name of Registrant as specified in its Charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

85-3252655

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

**One EMMIS Plaza, 40 Monument Circle, Suite 700
Indianapolis, IN 46204**

(Address of principal executive offices and zip code)

(317) 266-0100

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Units, each consisting of one share of Class A common stock, \$0.0001 par value, and one-half of one warrant	MONCU	Nasdaq Capital Market
Shares of Class A common stock	MON	Nasdaq Capital Market
Warrants included as part of the units	MONCW	Nasdaq Capital Market

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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 Exchange Act). Yes ☒ No ☐

As of August 12, 2022, there were 25,000,000 shares of Class A common stock, \$0.0001 par value, and 6,250,000 shares of Class B common stock, \$0.0001 par value, issued and outstanding.

MONUMENT CIRCLE ACQUISITION CORP.

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**MONUMENT CIRCLE ACQUISITION CORP.
CONDENSED BALANCE SHEETS**

	June 30, 2022 (Unaudited)	December 31, 2021
ASSETS		
Current assets		
Cash	\$ 19,320	\$ 607,255
Prepaid expenses	205,206	173,519
Total current assets	224,526	780,774
Investments held in Trust Account	250,290,005	250,023,702
Total assets	\$ 250,514,531	\$ 250,804,476
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable and accrued expenses	\$ 266,238	\$ 468,737
Promissory note - related party	300,000	—
Total current liabilities	566,238	468,737
Warrant liabilities	1,950,000	9,947,605
Deferred underwriting fee payable	8,750,000	8,750,000
Total liabilities	11,266,238	19,166,342
Commitments and contingencies		
Class A common stock subject to possible redemption, 25,000,000 shares at \$10.00 redemption value at June 30, 2022 and December 31, 2021	250,063,275	250,000,000
Stockholders' deficit		
Preferred stock, \$0.0001 par value; 1,000,000 shares authorized; none issued or outstanding	—	—
Class A common stock, \$0.0001 par value; 240,000,000 shares authorized; none issued or outstanding (excluding 25,000,000 shares subject to possible redemption at June 30, 2022 and December 31, 2021)	—	—
Class B common stock, \$0.0001 par value; 60,000,000 shares authorized; 6,250,000 shares issued and outstanding at June 30, 2022 and December 31, 2021	625	625
Accumulated deficit	(10,815,607)	(18,362,491)
Total stockholders' deficit	(10,814,982)	(18,361,866)
Total liabilities and stockholders' deficit	\$ 250,514,531	\$ 250,804,476

The accompanying notes are an integral part of the unaudited condensed financial statements.

MONUMENT CIRCLE ACQUISITION CORP.
UNAUDITED CONDENSED STATEMENTS OF OPERATIONS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
General and administrative expenses	\$ 417,405	\$ 330,060	\$ 685,875	\$ 582,845
Loss from operations	<u>(417,405)</u>	<u>(330,060)</u>	<u>(685,875)</u>	<u>(582,845)</u>
Other income (expense):				
Change in fair value of warrant liabilities	2,432,350	(4,541,500)	7,997,605	3,980,000
Transaction costs allocated to warrant liabilities	—	—	—	(683,466)
Interest earned on investments held in Trust Account	317,483	6,233	339,771	11,097
Other income (expense), net	<u>2,749,833</u>	<u>(4,535,267)</u>	<u>8,337,376</u>	<u>3,307,631</u>
Income (loss) before provision for income taxes	2,332,428	(4,865,327)	7,651,501	2,724,786
Provision for income taxes	41,342	—	41,342	—
Net income (loss)	<u>\$ 2,291,086</u>	<u>\$(4,865,327)</u>	<u>\$ 7,610,159</u>	<u>\$ 2,724,786</u>
Basic weighted average shares outstanding of Class A common stock	25,000,000	25,000,000	25,000,000	22,375,691
Basic net income (loss) per common share, Class A common stock	<u>\$ 0.07</u>	<u>\$ (0.16)</u>	<u>\$ 0.24</u>	<u>\$ 0.10</u>
Basic weighted average shares outstanding of Class B common stock	6,250,000	6,250,000	6,250,000	6,166,022
Basic net income (loss) per common share, Class B common stock	<u>\$ 0.07</u>	<u>\$ (0.16)</u>	<u>\$ 0.24</u>	<u>\$ 0.10</u>
Diluted weighted average shares outstanding of Class A common stock	25,000,000	25,000,000	25,000,000	22,375,691
Diluted net income (loss) per common share, Class A common stock	<u>\$ 0.07</u>	<u>\$ (0.16)</u>	<u>\$ 0.24</u>	<u>\$ 0.10</u>
Diluted weighted average shares outstanding of Class B common stock	6,250,000	6,250,000	6,250,000	6,250,000
Diluted net income (loss) per common share, Class B common stock	<u>\$ 0.07</u>	<u>\$ (0.16)</u>	<u>\$ 0.24</u>	<u>\$ 0.10</u>

The accompanying notes are an integral part of the unaudited condensed financial statements.

MONUMENT CIRCLE ACQUISITION CORP.
UNAUDITED CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT

For the three and six months ended June 30, 2022

	Class B Common Stock		Additional Paid- in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount			
BALANCE, DECEMBER 31, 2021	6,250,000	\$ 625	\$ —	\$ (18,362,491)	\$ (18,361,866)
Net income	—	—	—	5,319,073	5,319,073
BALANCE, MARCH 31, 2022 (unaudited)	6,250,000	625	—	(13,043,418)	(13,042,793)
Class A common stock subject to possible redemption adjustment	—	—	—	(63,275)	(63,275)
Net income	—	—	—	2,291,086	2,291,086
BALANCE, JUNE 30, 2022 (unaudited)	6,250,000	\$ 625	\$ —	\$ (10,815,607)	\$ (10,814,982)

For the three and six months ended June 30, 2021

	Class B Common Stock		Additional Paid- in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount			
BALANCE, DECEMBER 31, 2020	6,267,500	\$ 627	\$ 24,373	\$ (3,292)	\$ 21,708
Forfeiture of Founder Shares (1)	(17,500)	(2)	2	—	—
Accretion of Class A common stock to redemption amount	—	—	(24,375)	(24,892,536)	(24,916,911)
Net income	—	—	—	7,590,113	7,590,113
BALANCE, MARCH 31, 2021 (unaudited)	6,250,000	625	—	(17,305,715)	(17,305,090)
Net loss	—	—	—	(4,865,327)	(4,865,327)
BALANCE, JUNE 30, 2021 (unaudited)	6,250,000	\$ 625	\$ —	\$ (22,171,042)	\$ (22,170,417)

(1) Shares issued and outstanding as of December 31, 2020 included an aggregate of up to 817,500 shares of Class B common stock that were subject to forfeiture depending on the extent to which the underwriters' over-allotment option was exercised. In January 2021, 17,500 shares of Class B common stock were forfeited following the underwriters' partial exercise of the over-allotment option (see Note 6).

The accompanying notes are an integral part of the unaudited condensed financial statements.

MONUMENT CIRCLE ACQUISITION CORP.
UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

	Six Months Ended June 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 7,610,159	\$ 2,724,786
Adjustments to reconcile net income to net cash used in operating activities:		
Change in fair value of warrant liabilities	(7,997,605)	(3,980,000)
Transaction costs allocated to warrant liabilities	—	683,466
Interest earned on investments held in Trust Account	(339,771)	(11,097)
Changes in operating assets and liabilities:		
Prepaid expenses	(31,687)	(374,534)
Accounts payable and accrued expenses	(202,499)	237,000
Net cash used in operating activities	(961,403)	(720,379)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment of cash into Trust Account	—	(250,000,000)
Transfer from Trust Account to pay for taxes	73,468	—
Net cash provided by (used in) investing activities	73,468	(250,000,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sale of Units, net of underwriting discounts paid	—	245,000,000
Proceeds from sale of Private Placement Warrants	—	7,000,000
Proceeds from promissory note - related party	300,000	—
Repayment of promissory note - related party	—	(100,000)
Payment of offering costs	—	(488,643)
Net cash provided by financing activities	300,000	251,411,357
(DECREASE) INCREASE IN CASH	(587,935)	690,978
CASH:		
Beginning of period	607,255	34,012
End of period	\$ 19,320	\$ 724,990
Non-cash investing and financing activities		
Deferred underwriting fee payable	\$ —	\$ 8,750,000

The accompanying notes are an integral part of the unaudited condensed financial statements.

MONUMENT CIRCLE ACQUISITION CORP.
NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS

Monument Circle Acquisition Corp. (the “Company”) was incorporated in Delaware on September 29, 2020. The Company was 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 (the “Business Combination”).

The Company is not limited to a particular industry or sector for purposes of consummating a Business Combination. The Company is an early stage and emerging growth company and, as such, the Company is subject to all of the risks associated with early stage and emerging growth companies.

As of June 30, 2022, the Company had not commenced any operations. All activity through June 30, 2022 relates to the Company’s formation, its initial public offering (“Initial Public Offering”), which is described below and, subsequent to the Initial Public Offering, identifying a target company for a Business Combination. The Company will not generate any operating revenues until after the completion of its initial Business Combination, at the earliest. The Company generates non-operating income in the form of interest income from the investments held in the Trust Account (as defined below).

The registration statement for the Company’s Initial Public Offering was declared effective on January 13, 2021. On January 19, 2021, the Company consummated the Initial Public Offering of 25,000,000 units (the “Units” and, with respect to the Class A common stock included in the Units sold, the “Public Shares”), which includes the partial exercise by the underwriter of its over-allotment option in the amount of 3,200,000 Units, at \$10.00 per Unit, generating gross proceeds of \$250,000,000 which is described in Note 3.

Simultaneously with the closing of the Initial Public Offering, the Company consummated the sale of 7,000,000 warrants (the “Private Placement Warrants”) at a price of \$1.00 per Private Placement Warrant in a private placement to Monument Circle Sponsor LLC (the “Sponsor”), generating gross proceeds of \$7,000,000, which is described in Note 4.

Transaction costs amounted to \$14,329,577, consisting of \$5,000,000 in cash underwriting fees, \$8,750,000 of deferred underwriting fees and \$579,577 of other offering costs.

Following the closing of the Initial Public Offering on January 19, 2021, an amount of \$250,000,000 (\$10.00 per Unit) from the net proceeds of the sale of the Units in the Initial Public Offering and the sale of the Private Placement Warrants was placed in a trust account (the “Trust Account”), located in the United States and invested only in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act of 1940, as amended (the “Investment Company Act”), with a maturity of 185 days or less or in any open-ended investment company that holds itself out as a money market fund selected by the Company meeting certain conditions of Rule 2a-7 of the Investment Company Act, as determined by the Company, until the earlier of: (i) the completion of a Business Combination and (ii) the distribution of the funds held in the Trust Account, as described below.

The Company’s management has broad discretion with respect to the specific application of the net proceeds of the Initial Public Offering and the sale of Private Placement Warrants, although substantially all of the net proceeds are intended to be applied generally toward consummating a Business Combination. There is no assurance that the Company will be able to complete a Business Combination successfully. The Company must complete one or more initial Business Combinations with one or more operating businesses or assets with a fair market value equal to at least 80% of the net assets held in the Trust Account (excluding the deferred underwriting commissions and taxes payable on the interest earned on the Trust Account). The Company will only complete a Business Combination if the post-transaction company owns or acquires 50% or more of the outstanding voting securities of the target or otherwise acquires a controlling interest in the target business sufficient for it not to be required to register as an investment company under the Investment Company Act.

The Company will provide the holders of the outstanding Public Shares (the “Public Stockholders”) with the opportunity to redeem all or a portion of their Public Shares upon the completion of a Business Combination either (i) in connection with a stockholder meeting called to approve the Business Combination or (ii) by means of a tender offer. The decision as to whether the Company will seek stockholder approval of a Business Combination or conduct a tender offer will be made by the Company. The Public Stockholders will be entitled to redeem their Public Shares for a pro rata portion of the amount then in the Trust Account (initially anticipated to be \$10.00 per Public Share, plus any pro rata interest then in the Trust Account, net of taxes payable). There will be no redemption rights with respect to the Company’s warrants.

MONUMENT CIRCLE ACQUISITION CORP.
NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS
JUNE 30, 2022

The Company will not redeem Public Shares in an amount that would cause its net tangible assets to be less than \$5,000,001 (so that it does not then become subject to the U.S. Securities and Exchange Commission's (the "SEC") "penny stock" rules). If the Company seeks stockholder approval of the Business Combination, the Company will proceed with a Business Combination if a majority of the shares voted are voted in favor of the Business Combination, or such other vote as required by law or stock exchange rule. If a stockholder vote is not required by applicable law or stock exchange listing requirements and the Company does not decide to hold a stockholder vote for business or other reasons, the Company will, pursuant to its Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation"), conduct the redemptions pursuant to the tender offer rules of the SEC and file tender offer documents with the SEC prior to completing a Business Combination. If, however, stockholder approval of the transaction is required by applicable law or stock exchange listing requirements, or the Company decides to obtain stockholder approval for business or other reasons, the Company will offer to redeem shares in conjunction with a proxy solicitation pursuant to the proxy rules and not pursuant to the tender offer rules. If the Company seeks stockholder approval in connection with a Business Combination, the Sponsor has agreed to vote its Founder Shares (as defined in Note 5) and any Public Shares purchased during or after the Initial Public Offering in favor of approving a Business Combination. Additionally, each Public Stockholder may elect to redeem their Public Shares without voting, and if they do vote, irrespective of whether they vote for or against the proposed transaction.

Notwithstanding the foregoing, if the Company seeks stockholder approval of a Business Combination and it does not conduct redemptions pursuant to the tender offer rules, the Certificate of Incorporation will provide that a Public Stockholder, together with any affiliate of such stockholder or any other person with whom such stockholder is acting in concert or as a "group" (as defined under Section 13 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), will be restricted from redeeming its shares with respect to more than an aggregate of 15% of the Public Shares, without the prior consent of the Company.

The Sponsor has agreed (a) to waive its redemption rights with respect to the Founder Shares and Public Shares held by it in connection with the completion of a Business Combination, (b) to waive its rights to liquidating distributions from the Trust Account with respect to the Founder Shares if the Company fails to complete a Business Combination by January 19, 2023 (the "Combination Period") and (c) not to propose an amendment to the Certificate of Incorporation (i) to modify the substance or timing of the Company's obligation to allow redemptions in connection with a Business Combination or to redeem 100% of its Public Shares if the Company does not complete a Business Combination within the Combination Period (as defined above) or (ii) with respect to any other provision relating to stockholder's rights or pre-business combination activity, unless the Company provides the Public Stockholders with the opportunity to redeem their Public Shares in conjunction with any such amendment. However, if the Sponsor acquires Public Shares in or after the Initial Public Offering, such Public Shares will be entitled to liquidating distributions from the Trust Account if the Company fails to complete a Business Combination within the Combination Period.

The Company is required to complete a Business Combination within the Combination Period. If the Company has not completed a Business Combination within the Combination Period, the Company will (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but not more than ten business days thereafter, redeem the Public Shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account, including interest earned on the funds held in the Trust Account and not previously released to pay taxes (less up to \$100,000 of interest to pay dissolution expenses), divided by the number of then outstanding Public Shares, which redemption will completely extinguish Public Stockholders' rights as the stockholder (including the right to receive further liquidating distributions, if any), and (iii) as promptly as reasonably possible following such redemption, subject to the approval of the Company's remaining stockholder and the Company's board of directors, dissolve and liquidate, subject in each case to the Company's obligations under Delaware law to provide for claims of creditors and the requirements of other applicable law. There will be no redemption rights or liquidating distributions with respect to the Company's warrants, which will expire worthless if the Company fails to complete a Business Combination within the Combination Period.

In order to protect the amounts held in the Trust Account, the Sponsor has agreed to be liable to the Company if and to the extent any claims by a third party for services rendered or products sold to the Company, or a prospective target business with which the Company has discussed entering into a transaction agreement, reduce the amount of funds in the Trust Account to below the lesser of (i) \$10.00 per Public Share and (ii) the actual amount per Public Share held in the Trust Account as of the date of the liquidation of the Trust Account, if less than \$10.00 per public Share due to reductions in the value of the trust assets, less taxes payable, provided that such liability will not apply to any claims by a third party or prospective target business who executed a waiver of any and all rights to monies held in the Trust Account nor will it apply to any claims under the Company's indemnity of the underwriters of the Initial Public Offering against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the "Securities Act"). Moreover, in the event that an executed waiver is deemed to be unenforceable against a third party, the Sponsor will not be responsible to the extent of any liability for such third-party claims. The Company will seek to reduce the possibility that the Sponsor will have to indemnify the Trust Account due to claims of creditors by endeavoring to have all vendors, service providers (except for the Company's independent

MONUMENT CIRCLE ACQUISITION CORP.
NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS
JUNE 30, 2022

registered public accounting firm), prospective target businesses and other entities with which the Company does business, execute agreements with the Company waiving any right, title, interest or claim of any kind in or to monies held in the Trust Account.

Liquidity and Going Concern

As of June 30, 2022, the Company had \$19,320 in its operating bank accounts and a working capital deficit of \$341,712. In order to finance transaction costs in connection with a Business Combination, the Sponsor or an affiliate of the Sponsor, or certain of the Company's officers and directors may, but are not obligated to, provide the Company Working Capital Loans (see Note 5). As of June 30, 2022, \$300,000 of Working Capital Loans were outstanding. No Working Capital Loans were outstanding as of December 31, 2021. The Company plans to withdraw an additional \$206,730 from the Trust Account during the three months ended September 30, 2022 as reimbursement of income and franchise taxes paid during 2022 and 2021.

Until the consummation of a Business Combination, the Company will be using the funds not held in the Trust Account for identifying and evaluating prospective acquisition candidates, performing due diligence on prospective target businesses, paying for travel expenditures, selecting the target business to acquire, and structuring, negotiating and consummating the Business Combination. The Company expects that it will need to raise additional capital through loans or additional investments from the Sponsor or its stockholders, officers, directors, or third parties. The Company's officers and directors and the Sponsor may, but are not obligated to (except as described above), loan the Company funds, from time to time, in whatever amount they deem reasonable in their sole discretion, to meet the Company's working capital needs. If the Company is unable to raise additional capital, it may be required to take additional measures to conserve liquidity, which could include, but not necessarily be limited to, curtailing operations, suspending the pursuit of its business plan, and reducing overhead expenses. The Company cannot provide any assurance that new financing will be available to it on commercially acceptable terms, if at all. These conditions raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time, which is considered to be one year from the issuance date of the financial statements.

In connection with the Company's assessment of going concern considerations in accordance with Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") 2014-15, "Disclosures of Uncertainties about an Entity's Ability to Continue as a Going Concern," management has determined that the liquidity condition and mandatory liquidation and subsequent dissolution, should the Company be unable to complete a business combination, raises substantial doubt about the Company's ability to continue as a going concern. No adjustments have been made to the carrying amounts of assets or liabilities should the Company be required to liquidate after January 19, 2023. Management intends to complete a business combination before that time.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and in accordance with the instructions to Form 10-Q and Article 8 of Regulation S-X promulgated under the Securities Act. Certain information or footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting. Accordingly, they do not include all the information and footnotes necessary for a complete presentation of financial position, results of operations, or cash flows. In the opinion of management, the accompanying unaudited condensed financial statements include all adjustments, consisting of a normal recurring nature, which are necessary for a fair presentation of the financial position, operating results and cash flows for the periods presented.

The accompanying unaudited condensed financial statements should be read in conjunction with the information contained in the Company's Form 10-K, as filed with the SEC on March 31, 2022. Results of operations for interim periods are not necessarily indicative of the results to be expected for the full year ending December 31, 2022 or for any future periods.

MONUMENT CIRCLE ACQUISITION CORP.
NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS
JUNE 30, 2022

Emerging Growth Company

The Company is an “emerging growth company,” as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the independent registered public accounting firm attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 (“Sarbanes-Oxley Act”), reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

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

Use of Estimates

The preparation of unaudited condensed financial statements in conformity with GAAP requires the Company’s management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed financial statements and the reported amounts of revenues and expenses during the reporting periods.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the unaudited condensed financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. One of the more significant accounting estimates included in these unaudited condensed financial statements is the determination of the fair value of the warrant liabilities. Such estimates may be subject to change as more current information becomes available and, accordingly, the actual results could differ significantly from those estimates.

Cash and Cash Equivalents

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. The Company did not have any cash equivalents as of June 30, 2022 and December 31, 2021.

Investments Held in Trust Account

The Company’s portfolio of investments held in the Trust Account is comprised of U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act, with a maturity of 185 days or less, or investments in money market funds that invest in U.S. government securities, or a combination thereof. The Company’s investments held in the Trust Account are classified as trading securities. Trading securities are presented on the balance sheets at fair value at the end of each reporting period. Gains and losses resulting from the change in fair value of these securities is included in income from investments held in Trust Account in the accompanying statements of operations. The estimated fair values of investments held in the Trust Account are determined using available market information. Investments held in the Trust Account are characterized as Level 1 investments within the fair value hierarchy under ASC Topic 820, “Fair Value Measurements and Disclosures”.

Offering Costs

Offering costs consist of legal, accounting, underwriting fees and other costs incurred through the Initial Public Offering balance sheet date that were directly related to the Initial Public Offering. Offering costs were allocated to the separable financial instruments

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issued in the Initial Public Offering based on a relative fair value basis, compared to total proceeds received. Offering costs allocated to warrant liabilities were expensed as incurred in the unaudited condensed statement of operations. Offering costs associated with the Class A common stock issued were charged to temporary equity upon completion of the Initial Public Offering.

Class A Common Stock Subject to Possible Redemption

The Company accounts for its shares of Class A common stock subject to possible redemption in accordance with the guidance in Accounting Standards Codification ("ASC") Topic 480, "Distinguishing Liabilities from Equity." Shares of Class A common stock subject to mandatory redemption are classified as a liability instrument and are measured at fair value. Conditionally redeemable common stock (including common stock that features redemption rights that is either within the control of the holder or subject to possible redemption upon the occurrence of uncertain events not solely within the Company's control) is classified as temporary equity. At all other times, common stock is classified as stockholders' equity. The Company's Class A common stock features certain redemption rights that are considered to be outside of the Company's control and subject to occurrence of uncertain future events. Accordingly, Class A common stock subject to possible redemption is presented at redemption value as temporary equity, outside of the stockholders' deficit section of the Company's condensed balance sheets.

Under ASC 480-10-S99, the Company has elected to recognize changes in the redemption value immediately as they occur and adjust the carrying value of the security to equal the redemption value at the end of each reporting period. This method views the end of the reporting period as if it was also the redemption date for the security.

The Company recognizes changes in redemption value immediately as they occur and adjusts the carrying value of redeemable common stock to equal the redemption value at the end of each reporting period. Immediately upon the closing of the Initial Public Offering, the Company recognized the accretion from initial book value to redemption amount value. The change in the carrying value of redeemable Class A common stock resulted in charges against additional paid-in capital (to the extent available) and accumulated deficit.

Warrant Liabilities

The Company accounts for the Public Warrants (as defined in Note 3) and the Private Placement Warrants (together, with the Public Warrants, the "Warrants") in accordance with the guidance contained in ASC 815-40 under which the Warrants do not meet the criteria for equity treatment and must be recorded as liabilities. Accordingly, the Company classifies the Warrants as liabilities at their fair value and adjusts the Warrants to fair value at each reporting period. This liability is subject to re-measurement at each balance sheet date until exercised, and any change in fair value is recognized in the statement of operations. The Public Warrants for periods where no observable traded price was available and the Private Placement Warrants are valued using a Monte Carlo Simulation. For periods subsequent to the detachment of the Public Warrants from the Units, the Public Warrant's quoted market price was used as the fair value as of each relevant date.

Income Taxes

The Company follows the asset and liability method of accounting for income taxes under ASC 740, "Income Taxes." Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that included the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. At June 30, 2022 and December 31, 2021, the Company had deferred tax assets of \$404,467 and \$276,598, respectively, both with a full valuation allowance recorded against them.

The Company's current taxable income primarily consists of interest earned on the Trust Account. The Company's general and administrative costs are generally considered start-up costs and are not currently deductible. The change in fair value of the warrant liability is a permanent difference. During the three months ended June 30, 2022, the Company recorded \$41,342 of income tax expense. No income tax expense was recorded during the three months ended June 30, 2021. The Company's effective tax rate for the six months ended June 30, 2022 and 2021 was 1% and 0%, respectively, which differs from the statutory tax rate mainly due to permanent differences.

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ASC 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. There were no unrecognized tax benefits and no amounts accrued for interest and penalties as of June 30, 2022 and December 31, 2021. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position. The Company is subject to income tax examinations by major taxing authorities since inception.

Net Income per Common Share

The Company complies with accounting and disclosure requirements of FASB ASC Topic 260, "Earnings Per Share". The Company has two classes of shares, which are referred to as Class A common stock and Class B common stock. Net income per common share is computed by dividing net income by the weighted average number of common shares outstanding for the period. The Company calculates its earnings per share by allocating net income (loss) pro rata to Class A and Class B common stock. This presentation contemplates a Business Combination as the most likely outcome, in which case, both classes of common stock share pro rata in the income (loss) of the Company. Accretion associated with the redeemable shares of Class A common stock is excluded from earnings per share as the redemption value approximates fair value.

The calculation of diluted income per share does not consider the effect of the warrants issued in connection with the (i) Initial Public Offering, and (ii) the private placement since the exercise of the warrants is contingent upon the occurrence of future events. The warrants are exercisable to purchase 19,500,000 shares of Class A common shares in the aggregate. The diluted earnings per share calculation includes the shares subject to forfeiture from the first day of the interim period in which the contingency on such shares was resolved.

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The following table reflects the calculation of basic and diluted net income per common share (in dollars, except per share amounts):

	Three Months Ended June 30, 2022		Three Months Ended June 30, 2021	
	Class A	Class B	Class A	Class B
Basic net income (loss) per common share				
Numerator:				
Allocation of net income (loss), as adjusted	\$ 1,832,869	\$ 458,217	\$ (3,892,262)	\$ (973,065)
Denominator:				
Basic weighted average shares outstanding	25,000,000	6,250,000	25,000,000	6,250,000
Basic net income (loss) per common share	<u>\$ 0.07</u>	<u>\$ 0.07</u>	<u>\$ (0.16)</u>	<u>\$ (0.16)</u>
Diluted net income (loss) per common share				
Numerator:				
Allocation of net income (loss), as adjusted	\$ 1,832,869	\$ 458,217	\$ (3,892,262)	\$ (973,065)
Denominator:				
Diluted weighted average shares outstanding	25,000,000	6,250,000	25,000,000	6,250,000
Diluted net income (loss) per common share	<u>\$ 0.07</u>	<u>\$ 0.07</u>	<u>\$ (0.16)</u>	<u>\$ (0.16)</u>
Basic net income per common share				
Numerator:				
Allocation of net income, as adjusted	\$ 6,088,127	\$ 1,522,032	\$ 2,136,136	\$ 588,650
Denominator:				
Basic weighted average shares outstanding	25,000,000	6,250,000	22,375,691	6,166,022
Basic net income per common share	<u>\$ 0.24</u>	<u>\$ 0.24</u>	<u>\$ 0.10</u>	<u>\$ 0.10</u>
Diluted net income per common share				
Numerator:				
Allocation of net income, as adjusted	\$ 6,088,127	\$ 1,522,032	\$ 2,129,869	\$ 594,917
Denominator:				
Diluted weighted average shares outstanding	25,000,000	6,250,000	22,375,691	6,250,000
Diluted net income per common share	<u>\$ 0.24</u>	<u>\$ 0.24</u>	<u>\$ 0.10</u>	<u>\$ 0.10</u>

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of a cash account in a financial institution, which typically exceeds the Federal Depository Insurance Corporation coverage of \$250,000. The Company has not experienced losses on this account and management believes the Company is not exposed to significant risks on such account.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received for sale of an asset or paid for transfer of a liability, in an orderly transaction between market participants at the measurement date. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). These tiers include:

- Level 1, defined as observable inputs such as quoted prices (unadjusted) for identical instruments in active markets;
- Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and

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- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

In some circumstances, the inputs used to measure fair value might be categorized within different levels of the fair value hierarchy. In those instances, the fair value measurement is categorized in its entirety in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

The fair value of the Company's assets and liabilities, which qualify as financial instruments under ASC 820, "Fair Value Measurement," approximates the carrying amounts represented in the balance sheet, primarily due to their short-term nature except for warrant liabilities (see Note 9).

The Company's Private Placement Warrants are based on valuation models utilizing management's judgment and pricing inputs from observable and unobservable markets with less volume and transaction frequency than active markets. Significant deviations from these estimates and inputs could result in a material change in fair value. The fair value of the Private Placement warrant liability was estimated by using inputs primarily within Level 3 of the fair value hierarchy. See Note 10 for additional information on assets and liabilities measured at fair value on a recurring basis.

The Company's warrant liability for the Public Warrants is based on unadjusted quoted prices in an active market (the NASDAQ Stock Market LLC) for identical assets or liabilities that the Company has the ability to access. The fair value of the Public Warrant liability was estimated by using inputs within Level 1 of the fair value hierarchy. Prior to the commencement of separate trading on the NASDAQ Stock market LLC, the fair value of the Public Warrant liability was estimated by using inputs primarily within Level 3 of the fair value hierarchy.

Recent Accounting Standards

In August 2020, the Financial Accounting Standards Board ("FASB") issued ASU 2020-06, "Debt — Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging — Contracts in Entity's Own Equity (Subtopic 815-40)" ("ASU 2020-06") to simplify accounting for certain financial instruments. ASU 2020-06 eliminates the current models that require separation of beneficial conversion and cash conversion features from convertible instruments and simplifies the derivative scope exception guidance pertaining to equity classification of contracts in an entity's own equity. The new standard also introduces additional disclosures for convertible debt and freestanding instruments that are indexed to and settled in an entity's own equity. ASU 2020-06 amends the diluted earnings per share guidance, including the requirement to use the if-converted method for all convertible instruments. ASU 2020-06 is effective January 1, 2024 and should be applied on a full or modified retrospective basis, with early adoption permitted beginning on January 1, 2021. The Company is currently assessing the impact, if any, that ASU 2020-06 would have on its financial position, results of operations or cash flows.

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

NOTE 3. INITIAL PUBLIC OFFERING

Pursuant to the Initial Public Offering, the Company sold 25,000,000 Units, which includes a partial exercise by the underwriters of their over-allotment option in the amount of 3,200,000 Units, at a price of \$10.00 per Unit. Each Unit consists of one share of Class A common stock and one-half of one redeemable warrant ("Public Warrant"). Each whole Public Warrant entitles the holder to purchase one share of Class A common stock at a price of \$11.50 per share, subject to adjustment (see Note 9).

NOTE 4. PRIVATE PLACEMENT

Simultaneously with the closing of the Initial Public Offering, the Sponsor purchased an aggregate of 7,000,000 Private Placement Warrants at a price of \$1.00 per Private Placement Warrant or \$7,000,000 from the Company in a private placement. Each Private Placement Warrant will be exercisable to purchase one share of Class A common stock at a price of \$11.50 per share, subject to adjustment (see Note 9). The proceeds from the sale of the Private Placement Warrants were added to the net proceeds from the Initial Public Offering held in the Trust Account. If the Company does not complete a Business Combination within the Combination Period, the proceeds from the sale of the Private Placement Warrants held in the Trust Account will be used to fund the redemption of the Public Shares (subject to the requirements of applicable law) and the Private Placement Warrants will expire worthless.

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NOTE 5. RELATED PARTY TRANSACTIONS

Founder Shares

In October 2020, the Sponsor purchased 5,750,000 shares (the “Founder Shares”) of the Company’s Class B common stock for an aggregate price of \$25,000. In January 2021, 25,000 Founder Shares were purchased by each of the Company’s three independent directors at a purchase price of \$0.004 per share. The independent directors paid \$300 in the aggregate for the 75,000 Founder Shares. In January 2021, the Company effected a 0.09 for 1 stock dividend for each share of Class B common stock, resulting in 6,267,500 Founder Shares outstanding. All share and per-share amounts have been retroactively restated to reflect the stock dividend. The Founder Shares included an aggregate of up to 817,500 shares of Class B common stock that were subject to forfeiture. Given the partial exercise of the underwriter’s overallotment, 800,000 Founder Shares are no longer subject to forfeiture and 17,500 Founder Shares were forfeited, resulting in the Founder Shares collectively representing 20% of the Company’s issued and outstanding shares.

The Sponsor has agreed, subject to limited exceptions, not to transfer, assign or sell any of the Founder Shares until the earlier to occur of: (A) one year after the completion of a Business Combination and (B) subsequent to a Business Combination, (x) if the closing price of the Class A common stock equals or exceeds \$12.00 per share (as adjusted for stock splits, stock capitalizations, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 150 days after a Business Combination, or (y) the date on which the Company completes a liquidation, merger, capital stock exchange or other similar transaction that results in all of the Public Stockholders having the right to exchange their shares of common stock for cash, securities or other property.

Administrative Services Agreement

The Company entered into an agreement, commencing on January 13, 2021, to pay an affiliate of the Sponsor a total of \$10,000 per month for office space, secretarial and administrative support. Upon completion of the Business Combination or the Company’s liquidation, the Company will cease paying these monthly fees. The Company incurred \$30,000 in fees for these services for the three months ended June 30, 2022 and 2021. For the six months ended June 30, 2022 and 2021, the Company incurred \$60,000 and \$53,871, respectively. These amounts were paid during the period they were incurred.

Promissory Note - Related Party

On October 2, 2020, the Sponsor issued an unsecured promissory note to the Company (the “Promissory Note”), pursuant to which the Company may borrow up to an aggregate principal amount of \$300,000. The Promissory Note was non-interest bearing and payable on the earlier of (i) March 31, 2021 or (ii) the consummation of the Initial Public Offering. As of December 31, 2020, the outstanding balance under the Promissory Note was \$100,000, which was repaid at the closing of the Initial Public Offering on January 19, 2021, and is no longer available to the Company.

In order to finance transaction costs in connection with a Business Combination, the Sponsor or an affiliate of the Sponsor, or certain of the Company’s officers and directors may, but are not obligated to, loan the Company funds as may be required (“Working Capital Loans”). If the Company completes a Business Combination, the Company would repay the Working Capital Loans out of the proceeds of the Trust Account released to the Company. Otherwise, the Working Capital Loans would be repaid only out of funds held outside the Trust Account. In the event that a Business Combination does not close, the Company may use a portion of proceeds held outside the Trust Account to repay the Working Capital Loans, but no proceeds held in the Trust Account would be used to repay the Working Capital Loans.

On April 13, 2022, the Company executed a promissory note (the “First Working Capital Loan”) with the Sponsor in the aggregate amount of up to \$300,000 for the Company’s working capital needs. The First Working Capital Loan is without interest and matures on the earlier of (i) the date the winding up of the Company is effective or (ii) the date the Company completes its initial Business Combination, and may be prepaid by the Company at any time without premium or penalty. Draws under the First Working Capital Loan may be made by the Company upon five business days’ notice to the Sponsor in amounts of at least \$10,000. Events of default under the First Working Capital Loan consist of the failure to timely repay the First Working Capital Loan at maturity, as well as voluntary or involuntary bankruptcy, reorganization, insolvency or similar actions. The Sponsor retains the right but not the obligation to convert some or all of the unpaid principal under the First Working Capital Loan into warrants exercisable for one share of Class A common stock of the Company at a price of \$1.00 per warrant. These warrants would be identical to the Private Placement Warrants. The warrants are also entitled to demand and piggyback registration under terms consistent with the Registration Rights Agreement between the Company and the parties thereto, dated January 13, 2021. In the First Working Capital Loan, the Sponsor affirmatively

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waives any claims against the Company's Trust Account. On April 25, 2022, the Company borrowed \$300,000 from the Sponsor, the full amount available to it pursuant to the First Working Capital Loan. This amount remains outstanding at June 30, 2022. The First Working Capital Loan is reported at cost on the unaudited condensed balance sheet as of June 30, 2022, as the fair value adjustment associated with the conversion is deemed to be de minimus. There were no Working Capital Loans outstanding at December 31, 2021.

NOTE 6. COMMITMENTS AND CONTINGENCIES

Risks and Uncertainties

Management continues to evaluate the impact of the COVID-19 global pandemic and has concluded that while it is reasonably possible that the virus could have a negative effect on the Company's financial position, its results of operations and/or search for a target company, the specific impact is not readily determinable as of the date of these unaudited condensed financial statements. The unaudited condensed financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In February 2022, the Russian Federation and Belarus commenced a military action with the country of Ukraine. As a result of this action, various nations, including the United States, have instituted economic sanctions against the Russian Federation and Belarus. Further, the impact of this action and related sanctions on the world economy are not determinable as of the date of these financial statements and the specific impact on the Company's financial condition, results of operations, and cash flows is also not determinable as of the date of these financial statements.

Registration Rights

Pursuant to a registration rights agreement entered into on January 13, 2021, the holders of the Founder Shares, Private Placement Warrants and warrants that may be issued upon conversion of Working Capital Loans (and any Class A common stock issuable upon the exercise of the Private Placement Warrants and warrants that may be issued upon conversion of Working Capital Loans and upon conversion of the Founder Shares) will be entitled to registration rights pursuant to a registration rights agreement requiring the Company to register such securities for resale (in the case of the Founder Shares, only after conversion into shares of Class A common stock). The holders of these securities will be entitled to make up to three demands, excluding short form registration demands, that the Company register such securities. In addition, the holders have certain "piggy-back" registration rights with respect to registration statements filed subsequent to the completion of a Business Combination and rights to require the Company to register for resale such securities pursuant to Rule 415 under the Securities Act. The registration rights agreement does not contain liquidated damages or other cash settlement provisions resulting from delays in registering our securities. The Company will bear the expenses incurred in connection with the filing of any such registration statement.

Underwriting Agreement

The Company granted the underwriters a 45-day option from the date of Initial Public Offering to purchase up to 3,270,000 additional Units to cover over-allotments, if any, at the Initial Public Offering price less the underwriting discounts and commissions. As a result of the underwriter's election to partially exercise the over-allotment option to purchase an additional 3,200,000 Units, and forfeit 70,000 Units, no Units remain available for purchase.

The underwriters were paid \$0.20 per Unit or \$5,000,000 upon the Initial Public Offering and are entitled to a deferred fee of \$0.35 per Unit, or \$8,750,000 in the aggregate. The deferred fee will become payable to the underwriters from the amounts held in the Trust Account solely in the event that the Company completes a Business Combination, subject to the terms of the underwriting agreement.

NOTE 7. CLASS A COMMON STOCK SUBJECT TO POSSIBLE REDEMPTION

The Company's Class A common stock feature certain redemption rights that are considered to be outside of the Company's control and subject to the occurrence of future events. Pursuant to the amended and restated certificate of incorporation, the Company is authorized to issue 240,000,000 shares of Class A common stock with a par value of \$0.0001 per share. Holders of the Company's Class A common stock are entitled to one vote for each share. As of June 30, 2022 and December 31, 2021, there were 25,000,000 shares of Class A common stock outstanding, all of which were subject to possible redemption.

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As of June 30, 2022 and December 31, 2021, the Class A common stock subject to possible redemption reflected on the condensed balance sheets are reconciled in the following table:

	June 30, 2022	December 31, 2021
Gross proceeds	\$ 250,000,000	\$ 250,000,000
Less:		
Initial value of Public Warrant liability	(11,677,500)	(18,270,800)
Class A common stock offering costs	(13,646,111)	(13,646,111)
Plus:		
Accretion of Class A common stock subject to redemption value	25,323,611	31,916,911
Interest available for redemption	63,275	—
Class A common stock subject to possible redemption	<u>250,063,275</u>	<u>250,000,000</u>

NOTE 8. STOCKHOLDERS' (DEFICIT) EQUITY

Preferred Stock— The Company is authorized to issue 1,000,000 shares of preferred stock with a par value of \$0.0001 per share with such designations, voting and other rights and preferences as may be determined from time to time by the Company's board of directors. At June 30, 2022 and December 31, 2021, there were no shares of preferred stock issued or outstanding.

Class A Common Stock— The Company is authorized to issue 240,000,000 shares of Class A common stock with a par value of \$0.0001 per share. Holders of Class A common stock are entitled to one vote for each share. At June 30, 2022 and December 31, 2021, there were 25,000,000 shares of Class A common stock issued and outstanding and all shares of Class A common stock were subject to possible redemption and included in temporary equity (see Note 7).

Class B Common Stock— The Company is authorized to issue 60,000,000 shares of Class B common stock with a par value of \$0.0001 per share. Holders of Class B common stock are entitled to one vote for each share. At June 30, 2022 and December 31, 2021, there were 6,250,000 shares of Class B common stock issued and outstanding.

Holders of Class B common stock will have the right to elect all of the Company's directors prior to a Business Combination. Holders of Class A common stock and holders of Class B common stock will vote together as a single class on all matters submitted to a vote of our stockholder except as otherwise required by law.

The shares of Class B common stock will automatically convert into Class A common stock at the time of a Business Combination on a one-for-one basis, subject to adjustment. In the case that additional shares of Class A common stock, or equity-linked securities, are issued or deemed issued in excess of the amounts sold in the Initial Public Offering and related to the closing of a Business Combination, the ratio at which shares of Class B common stock shall convert into shares of Class A common stock will be adjusted (unless the holders of a majority of the outstanding shares of Class B common stock agree to waive such anti-dilution adjustment with respect to any such issuance or deemed issuance) so that the number of shares of Class A common stock issuable upon conversion of all shares of Class B common stock will equal, in the aggregate, on an as-converted basis, 20% of the total number of all shares of common stock outstanding upon completion of the Initial Public Offering plus all shares of Class A common stock and equity-linked securities issued or deemed issued in connection with a Business Combination (net of the number of shares of Class A common stock redeemed in connection with a Business Combination), excluding any shares or equity-linked securities issued, or to be issued, to any seller in a Business Combination in consideration for such seller's interest in the Business Combination target and any Private Placement Warrants issued upon the conversion of Working Capital Loans made to the Company.

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NOTE 9. WARRANT LIABILITIES

Public Warrants may only be exercised for a whole number of shares. No fractional warrants will be issued upon separation of the Units and only whole warrants will trade. The Public Warrants will become exercisable on the later of (a) 30 days after the completion of a Business Combination and (b) 12 months from the closing of the Initial Public Offering. The Public Warrants will expire five years after the completion of a Business Combination or earlier upon redemption or liquidation.

The Company will not be obligated to deliver any shares of Class A common stock pursuant to the exercise of a warrant and will have no obligation to settle such warrant exercise unless a registration statement under the Securities Act covering the issuance of the shares of Class A common stock underlying the warrants is then effective and a prospectus relating thereto is current, subject to the Company satisfying its obligations with respect to registration. No warrant will be exercisable and the Company will not be obligated to issue shares of Class A common stock upon exercise of a warrant unless Class A common stock issuable upon such warrant exercise has been registered, qualified or deemed to be exempt under the securities laws of the state of residence of the registered holder of the warrants.

The Company has agreed that as soon as practicable, but in no event later than 15 business days after the closing of a Business Combination, it will use its reasonable best efforts to file with the SEC, and within 60 business days following a Business Combination to have declared effective, a registration statement covering the issuance of the shares of Class A common stock issuable upon exercise of the warrants and to maintain a current prospectus relating to those shares of Class A common stock until the warrants expire or are redeemed. Notwithstanding the above, if the Class A common stock is at the time of any exercise of a warrant not listed on a national securities exchange such that it satisfies 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 elect, the Company will not be required to file or maintain in effect a registration statement, but will use our reasonable best efforts to qualify the shares under applicable blue sky laws to the extent an exemption is not available.

Redemption for Warrants for Cash. Once the warrants become exercisable, the Company may redeem for cash the outstanding Public Warrants:

- in whole and not in part;
- at a price of \$0.01 per Public Warrant;
- upon a minimum of 30 days' prior written notice of redemption, or the 30-day redemption period, to each warrant holder; and
- if, and only if, the closing price of our Class A common stock equals or exceeds \$18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) 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.

If and when the warrants become redeemable by the Company, the Company may exercise its redemption right even if it is unable to register or qualify the underlying securities for sale under all applicable state securities laws.

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, except as described below, the warrants will not be adjusted for issuances 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 warrants. If the Company is unable to complete a Business Combination within the Combination Period and the Company liquidates the funds held in the Trust Account, holders of warrants will not receive any of such funds with respect to their warrants, nor will they receive any distribution from the Company's assets held outside of the Trust Account with the respect to such warrants. Accordingly, the warrants may expire worthless.

In addition, if (x) the Company issues additional shares of Class A common stock or equity-linked securities for capital raising purposes in connection with the closing of a Business Combination at an issue price or effective issue price of less than \$9.20 per share of Class A common stock (with such issue price or effective issue price to be determined in good faith by the Company's board of directors, and, in the case of any such issuance to the Sponsor or its affiliates, without taking into account any Founder Shares held by

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the Sponsor or its affiliates, as applicable, prior to such issuance) (the “Newly Issued Price”), (y) the aggregate gross proceeds from such issuances represent more than 60% of the total equity proceeds, and interest thereon, available for the funding of a Business Combination on the date of the completion of a Business Combination (net of redemptions), and (z) the volume weighted average trading price of the Company’s Class A common stock during the 20 trading day period starting on the trading day after the day on which the Company completes a Business Combination is below \$9.20 per share, the exercise price of the warrants will be adjusted (to the nearest cent) to be equal to 115% of the greater of the volume weighted average trading price of the Company’s Class A common stock during the 20 trading day period starting on the trading day after the day on which the Company completes a Business Combination and the Newly Issued Price, and the \$18.00 per share redemption trigger price described under “Redemption of warrants for cash” will be adjusted (to the nearest cent) to be equal to 180% of the greater of the volume weighted average trading price of the Company’s Class A common stock during the 20 trading day period starting on the trading day after the day on which the Company completes a Business Combination and the Newly Issued Price.

The Private Placement Warrants are identical to the Public Warrants underlying the Units sold in the Initial Public Offering, except that the Private Placement Warrants and the Class A common stock issuable upon the exercise of the Private Placement Warrants will not be transferable, assignable or saleable until 30 days after the completion of a Business Combination, subject to certain limited exceptions. Additionally, the Private Placement Warrants will be exercisable on a cashless basis and be non-redeemable, except as described above, so long as they are held by the initial purchasers or their permitted transferees. If the Private Placement Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

As of June 30, 2022 and December 31, 2021, there were 12,500,000 Public Warrants and 7,000,000 Private Placement Warrants outstanding.

NOTE 10. FAIR VALUE MEASUREMENTS

The fair value of the Company’s financial assets and liabilities reflects management’s estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from independent sources) and to minimize the use of unobservable inputs (internal assumptions about how market participants would price assets and liabilities). The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

Level 1: Quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Observable inputs other than Level 1 inputs. Examples of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.

Level 3: Unobservable inputs based on the Company’s assessment of the assumptions that market participants would use in pricing the asset or liability.

At June 30, 2022 and December 31, 2021, assets held in the Trust Account were comprised of \$250,290,005 and \$250,023,702, respectively, in money market funds which are invested primarily in U.S. Treasury Securities. Through June 30, 2022, the Company has withdrawn \$73,468 of the interest earned on the Trust Account to pay income and franchise taxes.

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The following table presents information about the Company's assets and liabilities that are measured at fair value on a recurring basis at June 30, 2022 and December 31, 2021 and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value.

	Level	June 30, 2022	December 31, 2021
Assets:			
Investments held in Trust Account	1	\$ 250,290,005	\$ 250,023,702
Liabilities:			
Warrant Liability - Public Warrants	1	\$ 1,250,000	\$ 6,373,750
Warrant Liability - Private Placement Warrants	3	\$ 700,000	\$ 3,573,855

Transfers to/from Levels 1, 2 and 3 are recognized at the end of the reporting period. The estimated fair value of the Public Warrants transferred from a Level 3 measurement to a Level 1 fair value measurement in March 2021 when the Public Warrants were separately listed and traded amounted to \$6,250,000.

The warrants were accounted for as liabilities in accordance with ASC 815-40 and are presented within warrant liabilities in the accompanying June 30, 2022 and December 31, 2021 balance sheets. The warrant liabilities are measured at fair value at inception and on a recurring basis, with changes in fair value presented within change in fair value of warrant liabilities in the unaudited condensed statement of operations.

The following table presents the changes in the fair value of Level 3 warrant liabilities:

	Private Placement Warrants	Public Warrants	Warrant Liabilities
Fair value as of December 31, 2021	\$ 3,573,855	\$ —	\$ 3,573,855
Change in fair value	(2,873,855)	—	(2,873,855)
Fair value as of June 30, 2022	<u>\$ 700,000</u>	<u>\$ —</u>	<u>\$ 700,000</u>
Initial measurement on January 19, 2021	\$ 6,593,300	\$ 11,677,500	\$ 18,270,800
Change in fair value	(1,452,500)	(5,427,500)	(6,880,000)
Transfer to Level 1	—	(6,250,000)	(6,250,000)
Fair value as of June 30, 2021	<u>\$ 5,140,800</u>	<u>\$ —</u>	<u>\$ 5,140,800</u>

The Company utilized a Monte Carlo simulation model for the initial valuation the Public Warrants. The subsequent measurement of the Public Warrants as of June 30, 2022 and December 31, 2021, is classified as Level 1 due to the use of an observable market quote in an active market under the ticker MONCW. The quoted price of the Public Warrants was \$0.10 and \$0.51 per warrant as of June 30, 2022 and December 31, 2021, respectively. The Private Placement Warrants were valued using a Monte Carlo Simulation, which is considered to be a Level 3 fair value measurement. For the three months ended June 30, 2022, and 2021, the Company recognized income of \$2,432,350 and expense of \$4,541,500, respectively, resulting from changes in fair value of warrant liabilities, presented as change in fair value of warrant liabilities in the accompanying unaudited condensed statement of operations. For the six months ended June 30, 2022 and 2021, the Company recognized income of \$7,997,605 and \$3,980,000, respectively, resulting from the change in fair value of warrant liabilities.

The aforementioned warrant liabilities are not subject to qualified hedge accounting.

The primary unobservable input of the Monte Carlo Simulation utilized to determine the fair value of the Private Placement Warrants is the expected volatility of the common stock. The expected volatility as of January 19, 2021 was derived from observable public warrant pricing on comparable 'blank-check' companies without an identified target. A Monte Carlo simulation methodology was used in estimating the fair value of the Public Warrants as of January 19, 2021, using the same expected volatility as was used in measuring the fair value of the Private Placement Warrants. Significant increases (decreases) in the expected volatility in isolation would result in a significantly higher (lower) fair value measurement. The risk-free interest rate is based on the U.S. Treasury yield curve in effect on the date of valuation equal to the remaining expected life of the Warrants. The dividend yield percentage is zero because the Company does not currently pay dividends, nor does it intend to do so during the expected term of the Warrants.

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The following table provides quantitative information regarding Level 3 fair value measurements inputs as of their measurement dates:

	June 30, 2022	December 31, 2021
Volatility	14.4%	12.1%
Probability of completing a Business Combination	15.0%	70.0%
Expected life of the options to convert	0.8	4.1
Risk-free rate	2.65%	1.12%
Dividend yield	0.0%	0.0%

NOTE 11. SUBSEQUENT EVENTS

The Company evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the unaudited condensed financial statements were issued. The Company did not identify any subsequent events, other than below, that would have required adjustment or disclosure in the financial statements.

In July 2022, the Sponsor informed the Company that Antara Capital Total Return SPAC Master Fund LP had become an additional member of the Sponsor, holding a 50% membership interest. Emmis Operating Company remains the manager of the Sponsor.

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

References in this quarterly report on Form 10-Q (the "Quarterly Report") to "we," "us" or the "Company" refer to Monument Circle Acquisition Corp. References to our "management" or our "management team" refer to our officers and directors, and references to the "Sponsor" refer to Monument Circle Sponsor, LLC. The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the financial statements and the notes thereto contained elsewhere in this Quarterly Report. Certain information contained in the discussion and analysis set forth below includes forward-looking statements that involve risks and uncertainties.

Special Note Regarding Forward-Looking Statements

This Quarterly Report includes "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 not historical facts and involve risks and uncertainties that could cause actual results to differ materially from those expected and projected. All statements, other than statements of historical fact included in this Quarterly Report including, without limitation, statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding the Company's financial position, business strategy and the plans and objectives of management for future operations, are forward-looking statements. Words such as "expect," "believe," "anticipate," "intend," "estimate," "seek," "will" and variations and similar words and expressions are intended to identify such forward-looking statements. Such forward-looking statements relate to future events or future performance, but reflect management's current beliefs, based on information currently available. A number of factors could cause actual events, performance or results to differ materially from the events, performance and results discussed in the forward-looking statements. For information identifying important factors that could cause actual results to differ materially from those anticipated in the forward-looking statements, please refer to the Annual Report on Form 10-K as of and for the year ended December 31, 2021, filed with the U.S. Securities and Exchange Commission (the "SEC") on March 31, 2022 ("2021 Annual Report"). The Company's securities filings can be accessed on the EDGAR section of the SEC's website at www.sec.gov. Except as expressly required by applicable securities law, the Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

Overview

We are a blank check company formed under the laws of the State of Delaware on September 29, 2020 for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses ("Business Combination"). We intend to effectuate our Business Combination using cash from the proceeds of the Initial Public Offering (as defined below) and the sale of the Private Placement Warrants (as defined below), our capital stock, debt or a combination of cash, stock and debt.

We expect to continue to incur significant costs in the pursuit of our acquisition plans. We cannot assure you that our plans to complete a Business Combination will be successful.

Results of Operations

We have neither engaged in any operations nor generated any revenues to date. Our only activities from September 29, 2020 (inception) through June 30, 2022 were organizational activities, those necessary to prepare for the Initial Public Offering, and identifying a target company for a Business Combination. We do not expect to generate any operating revenues until after the completion of our Business Combination. We generate non-operating income in the form of interest income on investments held in the Trust Account. We incur expenses as a result of being a public company (for legal, financial reporting, accounting and auditing compliance), as well as for due diligence expenses.

For the three months ended June 30, 2022, our net income of \$2,291,086 principally consists of the change in the fair value of our warrant liabilities of \$2,432,350 and interest earned on investments held in the Trust Account of \$317,482, partially offset by general and administrative expenses of \$417,405 and provision for income taxes of \$41,342.

For the three months ended June 30, 2021, our net loss of \$4,865,327 principally consists of the change in the fair value of our warrant liabilities of \$4,541,500, as well as general and administrative costs of \$330,060, partially offset by interest earned on investments held in the Trust Account of \$6,233.

For the six months ended June, 2022, we had net income of \$7,610,159, which consists of income of \$7,997,605 derived from the changes in fair value of the warrant liabilities and interest earned on investments held in the Trust Account of \$339,771, partially offset by general and administrative expenses of \$685,875 and provision for income taxes of \$41,342.

For the six months ended June 30, 2021, we had net income of \$2,724,786, which consists of income of \$3,980,000 derived from the changes in fair value of the warrant liabilities and interest earned on investments held in the Trust Account of \$11,097, partially offset by general and administrative expenses of \$582,845 and transaction costs associated with the warrant liabilities of \$683,466.

Liquidity and Capital Resources

On January 19, 2021, we consummated the initial public offering of 25,000,000 units (each, a "Unit"), which included the partial exercise by the underwriters of their over-allotment option in the amount of 3,200,000 Units, at \$10.00 per Unit, generating gross proceeds of \$250,000,000 million (the "Initial Public Offering"). Simultaneously with the closing of the Initial Public Offering, we consummated the sale of 7,000,000 private placement warrants (the "Private Placement Warrants") at a price of \$1.00 per Private Placement Warrant in a private placement to the Sponsor, generating gross proceeds of \$7,000,000.

For the six months ended June 30, 2022, cash used in operating activities was \$961,403. Net income of \$7,610,159 was principally attributable to non-cash income related to the change in fair value of the warrant liabilities of \$7,997,605. Changes in operating assets and liabilities used \$234,186 of cash.

For the six months ended June 30, 2021, cash used in operating activities was \$720,379. Net income of \$2,724,786 was principally attributable to non-cash income related to the change in fair value of the warrant liabilities of \$3,980,000, partially offset by transaction costs allocated to the warrant liability of \$683,466. Changes in operating assets and liabilities used \$137,534 of cash.

As of June 30, 2022, we had marketable securities of \$250,290,005 held in a trust account (the "Trust Account") located in the United States. Such amount will be invested only in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act of 1940, as amended (the "Investment Company Act"), with a maturity of 185 days or less or in any open-ended investment company that holds itself out as a money market fund selected by the Company meeting the conditions of Rule 2a-7 of the Investment Company Act, as determined by the Company, until the earlier of (i) the completion of a Business Combination and (ii) the distribution of the funds held in the Trust Account. Interest income on the balance in the Trust Account may be used by us to pay taxes. Through June 30, 2022, we have withdrawn \$73,468 of interest earned on the Trust Account to pay taxes and franchise fees. We plan to withdraw an additional \$206,780 during the three months ended September 30, 2022 as reimbursement for tax and franchise fees paid during 2021 and 2022.

We intend to use substantially all of the funds held in the Trust Account, including any amounts representing interest earned on the Trust Account (less income taxes payable), to complete our Business Combination. To the extent that our capital stock or debt is used, in whole or in part, as consideration to complete our Business Combination, the remaining proceeds held in the Trust Account will be used as working capital to finance the operations of the target business or businesses, make other acquisitions and pursue our growth strategies.

As of June 30, 2022, we had cash of \$19,320. Until the consummation of a business combination, we will be using the funds not held in the trust account for identifying and evaluating prospective acquisition candidates, performing due diligence on prospective target businesses, paying for travel expenditures, selecting the target business to acquire, and structuring, negotiating and consummating the business combination. We expect that we will need to raise additional capital through loans or additional investments from the Sponsor or our stockholders, officers, directors, or third parties. Our officers and directors and the Sponsor may, but are not obligated to (except as described above), loan us funds, from time to time, in whatever amount they deem reasonable in their sole discretion, to meet our working capital needs. If we are unable to raise additional capital, we may be required to take additional measures to conserve liquidity, which could include, but not necessarily be limited to, curtailing operations, suspending the pursuit of our business plan, and reducing overhead expenses. We cannot provide any assurance that new financing will be available to us on commercially acceptable terms, if at all. These conditions raise substantial doubt about our ability to continue as a going concern for a reasonable period of time, which is considered to be one year from the issuance date of the financial statements. On April 13, 2022, we executed a promissory note with the Sponsor in the aggregate amount of up to \$300,000 for our working capital needs.

In connection with our assessment of going concern considerations in accordance with Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") 2014-15, "Disclosures of Uncertainties about an Entity's Ability to Continue as a Going Concern," our management has determined that the liquidity condition and mandatory liquidation and subsequent dissolution, should we be unable to complete a business combination, also raises substantial doubt about our ability to continue as a going concern. No adjustments have been made to the carrying amounts of assets or liabilities should we be required to liquidate after January 19, 2023.

Off-Balance Sheet Arrangements

We have no obligations, assets or liabilities, which would be considered off-balance sheet arrangements as of June 30, 2022. We do not participate in transactions that create relationships with unconsolidated entities or financial partnerships, often referred to as variable interest entities, which would have been established for the purpose of facilitating off-balance sheet arrangements. We have not entered into any off-balance sheet financing arrangements, established any special purpose entities, guaranteed any debt or commitments of other entities, or purchased any non-financial assets.

Contractual Obligations

We do not have any long-term debt, capital lease obligations, operating lease obligations or long-term liabilities, other than an agreement to pay an affiliate of our sponsor a monthly fee of \$10,000 for office space, utilities and secretarial and administrative support. We began incurring these fees in January 2021 and will continue to incur these fees monthly until the earlier of the completion of the Business Combination and our liquidation.

The underwriters are entitled to a deferred fee of \$0.35 per share, or \$8,750,000 in the aggregate. The deferred fee will become payable to the underwriters from the amounts held in the Trust Account solely in the event that we complete a Business Combination, subject to the terms of the underwriting agreement.

Critical Accounting Policies

The preparation of unaudited condensed financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the unaudited condensed financial statements, and income and expenses during the periods reported. Actual results could materially differ from those estimates. We have identified the following critical accounting policies:

Class A Common Stock Subject to Possible Redemption

We account for our Class A common stock subject to possible redemption in accordance with the guidance in Accounting Standards Codification ("ASC") Topic 480, "Distinguishing Liabilities from Equity." Shares of Class A common stock subject to mandatory redemption is classified as a liability instrument and is measured at fair value. Conditionally redeemable common stock (including common stock that feature redemption rights that is either within the control of the holder or subject to possible redemption upon the occurrence of uncertain events not solely within our control) is classified as temporary equity. At all other times, common stock is classified as stockholders' equity. Our Class A common stock features certain redemption rights that are considered to be outside of our control and subject to occurrence of uncertain future events. Accordingly, shares of Class A common stock subject to possible redemption are presented as temporary equity, outside of the stockholders' deficit section of our balance sheet.

Under ASC 480-10-S99, the Company has elected to recognize changes in the redemption value immediately as they occur and adjust the carrying value of the security to equal the redemption value at the end of each reporting period. This method views the end of the reporting period as if it was also the redemption date for the security.

Warrant Liabilities

We account for the Warrants in accordance with the guidance contained in ASC 815 under which the Warrants do not meet the criteria for equity treatment and must be recorded as liabilities. Accordingly, we classify the Warrants as liabilities at their fair value and adjust the Warrants to fair value at each reporting period. This liability is subject to re-measurement at each balance sheet date until exercised, and any change in fair value is recognized in our statement of operations. The Private Placement Warrants and the warrants included as part of the Units (the "Public Warrants") for periods where no observable traded price was available are valued using a Monte Carlo Simulation. For periods subsequent to the detachment of the Public Warrants from the Units, the Public Warrant quoted market price was used as the fair value as of each relevant date.

Net Income Per Common Share

Net income per common share is computed by dividing net income by the weighted average number of common shares outstanding during the period. The Company has two classes of shares, which are referred to as Class A common stock and Class B common stock. Earnings and losses are shared pro rata between the two classes of shares. Net income per common share is computed by dividing net income by the weighted average number of common shares outstanding for the period. Accretion associated with the redeemable shares of Class A common stock is excluded from earnings per share as the redemption value approximates fair value.

Recent Accounting Standards

In August 2020, the Financial Accounting Standards Board ("FASB") issued ASU 2020-06, "Debt — Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging — Contracts in Entity's Own Equity (Subtopic 815-40)" ("ASU 2020-06") to simplify accounting for certain financial instruments. ASU 2020-06 eliminates the current models that require separation of beneficial conversion and cash conversion features from convertible instruments and simplifies the derivative scope exception guidance pertaining to equity classification of contracts in an entity's own equity. The new standard also introduces additional disclosures for convertible debt and freestanding instruments that are indexed to and settled in an entity's own equity. ASU 2020-06 amends the diluted earnings per share guidance, including the requirement to use the if-converted method for all convertible instruments. ASU 2020-06 is effective January 1, 2024 and should be applied on a full or modified retrospective basis, with early adoption permitted beginning on January 1, 2021. The Company is currently assessing the impact, if any, that ASU 2020-06 would have on its financial position, results of operations or cash flows.

Management does not believe that any other recently issued, but not yet effective, accounting standards, including the standard referenced in the previous paragraph, if currently adopted, would have a material effect on our unaudited condensed financial statements.

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

Under the supervision and with the participation of the Company's management, including the Company's principal executive officer and principal financial officer, the Company conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures as of the fiscal quarter ended June 30, 2022, as such term is defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act. Based on this evaluation, the Company's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures were effective.

Disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in its reports filed with the SEC under the Exchange Act 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 the Company's management, including the Company's principal executive officer, principal financial officer or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the fiscal quarter ended June 30, 2022 covered by this Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. The material weakness discussed below was remediated during the quarter ended June 30, 2022.

Remediation of Material Weakness

We recognize the importance of the control environment as it sets the overall tone for the Company and is the foundation for all other components of internal control. Consequently, we designed and implemented remediation measures to address the material weakness previously identified and enhance our internal control over financial reporting. In light of the material weakness, we enhanced our processes to identify and appropriately apply applicable accounting requirements to better evaluate and understand the nuances of the complex accounting standards that apply to our unaudited condensed financial statements, including providing enhanced access to accounting literature, research materials and documents and increased communication among our personnel and

third-party professionals with whom we consult regarding complex accounting applications. The foregoing actions, which we believe remediated the material weakness in internal control over financial reporting, were completed as of March 31, 2022.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

Factors that could cause our actual results to differ materially from those in this Quarterly Report are any of the risks described in the Company's 2021 Annual Report. 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. As of the date of this Quarterly Report, there have been no material changes to the risk factors disclosed in the 2021 Annual Report, except we may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

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

Unregistered Sales of Equity Securities

We have not sold any equity securities during the quarter ended June 30, 2022.

Use of Proceeds

On January 19, 2021, we consummated the Initial Public Offering of 25,000,000 Units, which includes the partial exercise by the underwriters of their over-allotment option of 3,200,000 Units. The Units sold in the initial public offering, including pursuant to the over-allotment option, were sold at an offering price of \$10.00 per Unit, generating total gross proceeds of \$250,000,000. Cantor Fitzgerald & Co. and Moelis & Company LLC served as joint book-running managers of the initial public offering. The securities in the offering were registered under the Securities Act on registration statements on Form S-1 (No. 333-251627 and 333-252095). The SEC declared the registration statements effective on January 15, 2021.

We incurred a total of \$14,329,577 in underwriting discounts and commissions and \$579,577 for other costs and expenses related to the Initial Public Offering. The underwriters agreed to defer up to \$8,750,000 of the underwriting discounts and commissions.

Of the \$250,000,000 of gross proceeds received from the Initial Public Offering, \$245,000,000 was placed in the Trust Account and \$5,000,000 was used to pay underwriting discounts and commissions. Simultaneously with the closing of the Initial Public Offering, the Company consummated the sale of 7,000,000 Private Placement Warrants at a price of \$1.00 per Private Placement Warrant in a Private Placement to the Sponsor, generating gross proceeds of \$7,000,000, \$5,000,000 of which was placed into the Trust Account.

For a description of the use of the proceeds generated in our Initial Public Offering, see Part I, Item 2 of this Quarterly Report.

Purchases of Equity Securities

We did not repurchase any shares of our equity securities during the quarter ended June 30, 2022.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Item 6. Exhibits

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

No.	Description of Exhibit
3.1	<u>Amended and Restated Certificate of Incorporation.(1)</u>
3.2	<u>Bylaws.(2)</u>
10.1	<u>Promissory Note, dated April 13, 2022, by and between the Company as the maker and the Sponsor as the payee.(3)</u>
31.1*	<u>Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
31.2*	<u>Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
32.1*	<u>Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
32.2*	<u>Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
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 Labels Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

(1) Previously filed as an exhibit to our Current Report on Form 8-K filed on January 19, 2021 and incorporated by reference herein.

(2) Previously filed as an exhibit to our Annual Report on Form 10-K filed on March 31, 2021 and incorporated by reference herein.

(3) Previously filed as an exhibit to our Current Report on Form 8-K filed on April 15, 2022 and incorporated by reference herein.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Monument Circle Acquisition Corp.

Date: August 12, 2022

By: /s/ Jeffrey H. Smulyan

Name: Jeffrey H. Smulyan

Title: Chief Executive Officer
(Principal Executive Officer)

Date: August 12, 2022

By: /s/ Ryan A. Hornaday

Name: Ryan A. Hornaday

Title: Chief Financial Officer
(Principal Financial Officer)