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 September 30, 2020

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

For the transition period from to

Commission File No. 001-38744

Shift Technologies Inc..
(Exact name of registrant as specified in its charter)

Delaware	**82-5325852**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2525 16th Street, Suite 316, San Francisco, CA
(Address of Principal Executive Offices, including zip code)

(855) 575-6739
(Registrant's telephone number, including area code)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value $0.0001 per share	SFT	Nasdaq Capital Market
Warrants to purchase one share of Class A common stock	SFTTW	Nasdaq Capital Market

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

☐ Large accelerated filer	☐ Accelerated filer
☒ Non-accelerated filer	☒ Smaller reporting company
	☒ Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 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 November 12, 2020, there were 82,106,969 shares of Class A common stock, $0.0001 par value, issued and outstanding.

SHIFT TECHNOLOGIES, INC.
(successor to Insurance Acquisition Corp.)

Quarterly Report on Form 10-Q

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PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

SHIFT TECHNOLOGIES, INC.
(successor to Insurance Acquisition Corp.)
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2020 (unaudited)	December 31, 2019
ASSETS		
Current assets		
Cash	$ 128,961	$ 406,724
Prepaid expenses and other current assets	36,461	73,934
Prepaid income taxes	72,829	—
Total Current Assets	238,251	480,658
Deferred financing cost	250,000	—
Cash and marketable securities held in Trust Account	152,966,309	153,238,186
Total Assets	**$ 153,454,560**	**$ 153,718,844**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	$ 2,623,570	$ 214,787
Income taxes payable	—	497,388
Convertible promissory note – related party	650,000	—
Total Current Liabilities	3,273,570	712,175
Deferred underwriting fee payable	6,419,000	6,419,000
Total Liabilities	**9,692,570**	**7,131,175**
Commitments		
Common stock subject to possible redemption, 13,663,591 and 13,856,560 shares at redemption value as of September 30, 2020 and December 31, 2019, respectively	138,761,984	141,587,667
Stockholders' Equity		
Preferred stock, $0.0001 par value; 1,000,000 shares authorized, none issued and outstanding	—	—
Class A common stock, $0.0001 par value; 50,000,000 shares authorized; 1,826,409 and 1,633,440 shares issued and outstanding (excluding 13,663,591 and 13,856,560 shares subject to possible redemption) as of September 30, 2020 and December 31, 2019, respectively	183	163
Class B common stock, $0.0001 par value; 10,000,000 shares authorized; 5,163,333 shares issued and outstanding as of September 30, 2020 and December 31, 2019, respectively	516	516
Additional paid-in capital	6,500,833	3,675,170
(Accumulated deficit)/Retained earnings	(1,501,526)	1,324,153
Total Stockholders' Equity	**5,000,006**	**5,000,002**
Total Liabilities and Stockholders' Equity	**$ 153,454,560**	**$ 153,718,844**

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

SHIFT TECHNOLOGIES, INC.
(successor to Insurance Acquisition Corp.)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	**2019**	**2020**	**2019**
Operating expenses	$ 1,691,465	$ 221,338	$ 3,415,269	$ 521,424
Loss from operations	**(1,691,465)**	**(221,338)**	**(3,415,269)**	**(521,424)**
Other income:				
Interest earned on marketable securities held in Trust Account	3,859	938,940	709,373	1,896,661
(Loss) income before income taxes	(1,687,606)	717,602	(2,705,896)	1,375,237
Benefit (provision) for income taxes	12,461	(187,580)	(119,783)	(369,668)
Net (loss) income	**(1,675,145)**	**530,022**	**(2,825,679)**	**1,005,569**
Weighted average shares outstanding of Class A redeemable common stock	15,065,000	15,065,000	15,065,000	15,065,000
Basic and diluted net income per share, Class A	**$ 0.00**	**$ 0.05**	**$ 0.03**	**$ 0.09**
Weighted average shares outstanding of Class A and Class B non-redeemable common stock	5,588,333	5,588,333	5,588,333	5,462,872
Basic and diluted net loss per share, Class A and Class B	**$ (0.30)**	**$ (0.03)**	**$ (0.59)**	**$ (0.07)**

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

SHIFT TECHNOLOGIES, INC.
(successor to Insurance Acquisition Corp.)
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020

	Class A Common Stock		Class B Common Stock		Additional Paid-in	Retained	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Earnings	Equity
Balance – January 1, 2020	**1,633,440**	**$ 163**	**5,163,333**	**$ 516**	**$ 3,675,170**	**$ 1,324,153**	**$ 5,000,002**
Change in value of common stock subject to possible redemption	23,036	3	—	—	(191,019)	—	(191,016)
Net income	—	—	—	—	—	191,018	191,018
Balance – March 31, 2020	**1,656,476**	**166**	**5,163,333**	**516**	**3,484,151**	**1,515,171**	**5,000,004**
Change in value of common stock subject to possible redemption	125,277	12	—	—	1,341,542	—	1,341,554
Net loss	—	—	—	—	—	(1,341,552)	(1,341,552)
Balance – June 30, 2020	**1,781,753**	**178**	**5,163,333**	**516**	**4,825,693**	**173,619**	**5,000,006**
Change in value of common stock subject to possible redemption	44,656	5	—	—	1,675,140	—	1,675,145
Net loss	—	—	—	—	—	(1,675,145)	(1,675,145)
Balance – September 30, 2020	**1,826,409**	**$ 183**	**5,163,333**	**$ 516**	**$ 6,500,833**	**$ (1,501,526)**	**$ 5,000,006**

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019

	Class A Common Stock		Class B Common Stock		Additional Paid in	(Accumulated Deficit) Retained	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Earnings	Equity
Balance – January 1, 2019	**—**	**$ —**	**5,163,333**	**$ 516**	**$ 24,484**	**$ (1,669)**	**$ 23,331**
Sale of 15,065,000 Units, net of underwriting discount and offering expenses	15,065,000	1,507	—	—	140,987,009	—	140,988,516
Sale of 425,000 Placement Units	425,000	42	—	—	4,249,958	—	4,250,000
Common stock subject to possible redemption	(14,015,901)	(1,402)	—	—	(140,257,210)	—	(140,258,612)
Net loss	—	—	—	—	—	(3,233)	(3,233)
Balance – March 31, 2019	**1,474,099**	**147**	**5,163,333**	**516**	**5,004,241**	**(4,902)**	**5,000,002**
Change in value of common stock subject to possible redemption	56,139	6	—	—	(478,784)	—	(478,778)
Net income	—	—	—	—	—	478,780	478,780
Balance – June 30, 2019	**1,530,238**	**153**	**5,163,333**	**516**	**4,525,457**	**473,878**	**5,000,004**
Change in value of common stock subject to possible redemption	54,093	5	—	—	(530,024)	—	(530,019)
Net income	—	—	—	—	—	530,022	530,022
Balance – September 30, 2019	**1,584,331**	**$ 158**	**5,163,333**	**$ 516**	**$ 3,995,433**	**$ 1,003,900**	**$ 5,000,007**

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

SHIFT TECHNOLOGIES, INC.
(successor to Insurance Acquisition Corp.)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Cash Flows from Operating Activities:		
Net (loss) income	$ (2,825,679)	$ 1,005,569
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Interest earned on marketable securities held in Trust Account	(709,373)	(1,896,661)
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(35,356)	(118,157)
Accounts payable and accrued expenses	2,158,783	170,148
Income taxes payable	(497,388)	366,068
Net cash used in operating activities	**(1,909,013)**	**(473,033)**
Cash Flows from Investing Activities:		
Investment of cash in Trust Account	—	(150,650,000)
Cash withdrawn from Trust Account to pay franchise and income taxes	981,250	3,600
Net cash provided by (used in) investing activities	**981,250**	**(150,646,400)**
Cash Flows from Financing Activities:		
Proceeds from sale of Units, net of underwriting discounts paid	—	148,030,000
Proceeds from sale of Placement Units	—	4,250,000
Advance from related party	—	64,231
Repayment of advances from related party	—	(65,535)
Proceeds from convertible promissory note – related party	650,000	—
Proceeds from promissory note – related party	—	200,000
Repayment of promissory note – related party	—	(200,000)
Payment of offering costs	—	(622,484)
Net cash provided by financing activities	**650,000**	**151,656,212**
Net Change in Cash	**(277,763)**	**536,779**
Cash – Beginning of period	406,724	25,000
Cash – End of period	**$ 128,961**	**$ 561,779**
Supplemental cash flow information		
Cash paid for income taxes	$ 690,000	$ 3,600
Non-Cash investing and financing activities:		
Initial classification of common stock subject to possible redemption	$ —	$ 140,260,560
Change in value of common stock subject to possible redemption	$ (2,825,683)	$ 1,006,849
Deferred underwriting fee payable	$ —	$ 6,419,000

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

NOTE 1. DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS

Shift Technologies, Inc., formerly known as Insurance Acquisition Corp. (the "Company"), is a former blank check company incorporated in Delaware on March 13, 2018. The Company was formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or other similar business transaction with one or more operating businesses or assets.

Business Combination

On October 13, 2020 (the "Closing Date"), the Company consummated the previously announced transactions contemplated by the Agreement and Plan of Merger (the "Merger Agreement"), dated as of June 29, 2020, by and among the Company, IAC Merger Sub, Inc., a wholly-owned subsidiary of the Company ("Merger Sub"), and Shift Technologies, Inc., a Delaware corporation ("Shift"), as amended by that certain First Amendment to Agreement and Plan of Merger, dated as of August 19, 2020. The Merger Agreement provided for the acquisition of Shift by the Company pursuant to the merger of Merger Sub with and into Shift (the "Merger"), with Shift continuing as the surviving entity. The transactions contemplated by the Merger Agreement are referred to herein as the "Business Combination." In connection with the closing of the Merger (the "Closing"), the registrant changed its name from Insurance Acquisition Corp. to Shift Technologies, Inc.

The aggregate consideration paid in the Business Combination consisted of (i) 38,000,000 shares of the Company's common stock (the "Closing Date Merger Consideration") and (ii) 6,000,000 shares of the Company's common stock, which were deposited into an escrow account at Closing and will be released or returned pursuant to certain conditions (the "Additional Shares"),

Immediately following the Business Combination, there were 82,106,969 shares of the Company's common stock outstanding, warrants to purchase 7,745,000 shares of the Company's common stock and 2,370,206 options to purchase shares of the Company's common stock.

In connection with the Business Combination, pursuant to subscription agreements dated June 29, 2020 (the "PIPE Subscription Agreements") by and between the Company and the investors party thereto (the "PIPE Investors"), with respect to a private placement of Class A common stock, the Company issued and sold to the PIPE Investors 18,900,000 shares of Class A common stock at a price per share of $10.00 (the "PIPE Investment"). The PIPE Investment was conditioned on the substantially concurrent closing of the Business Combination and other customary closing conditions. The proceeds from the PIPE Investment will be used, among other things, for general corporate purposes, which may include, but not be limited to, working capital for operations, repayment of indebtedness, capital expenditures and future acquisitions

Business Prior to the Business Combination

Prior to the Business Combination, the Company's only subsidiary was IAC Merger Sub, Inc.

All activity through September 30, 2020 relates to the Company's formation, its initial public offering (the "Initial Public Offering"), which is described below, identifying a target company for a Business Combination and consummating the acquisition of Shift.

The registration statement for the Company's Initial Public Offering was declared effective on March 19, 2019. On March 22, 2019, the Company consummated the Initial Public Offering of 15,065,000 units (the "Units" and, with respect to the shares of Class A common stock included in the Units sold, the "Public Shares"), which includes the full exercise by the underwriters of their over-allotment option in the amount of 1,965,000 Units, at $10.00 per Unit, generating gross proceeds of $150,650,000, which is described in Note 3.

Simultaneously with the closing of the Initial Public Offering, the Company consummated the sale of 425,000 units (the "Placement Units") at a price of $10.00 per Placement Unit in a private placement to the Company's sponsor, Insurance Acquisition Sponsor, LLC (together with Dioptra Advisors, LLC, the "Sponsor") and Cantor Fitzgerald & Co. ("Cantor"), generating gross proceeds of $4,250,000, which is described in Note 4.

Following the closing of the Initial Public Offering on March 22, 2019, an amount of $150,650,000 ($10.00 per Unit) from the net proceeds of the sale of the Units in the Initial Public Offering and the sale of the Placement Units was placed in a trust account ("Trust Account"), which will be invested 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 180 days or less or in any open-ended investment company that holds itself out as a money market fund meeting the conditions of Rule 2a-7 of the Investment Company Act, as determined by the Company, until the earlier of: (i) the consummation of a Business Combination; (ii) the redemption of any Public Shares in connection with a stockholder vote to amend the Company's Amended and Restated Certificate of Incorporation to modify the substance or timing of the Company's obligation to redeem 100% of its Public Shares if it does not complete an initial Business Combination by September 22, 2020 (the "Combination Period"); or (iii) the distribution of the Trust Account.

Transaction costs amounted to $9,661,484, consisting of $2,620,000 of underwriting fees, $6,419,000 of deferred underwriting fees and $622,484 of other offering costs.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated 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 by the SEC. 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 consolidated 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 consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2019 as filed with the SEC on March 25, 2020, which contains the audited financial statements and notes thereto. The financial information as of December 31, 2019 is derived from the audited financial statements presented in the Company's Annual Report on Form 10-K for the year ended December 31, 2019. The interim results for the three and nine months ended September 30, 2020 are not necessarily indicative of the results to be expected for the year ending December 31, 2020 or for any future interim periods.

Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Emerging Growth Company

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act of 1933, as amended (the "Securities Act"), as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and 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, 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 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 condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

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 financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future events. 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 September 30, 2020 and December 31, 2019.

Common Stock Subject to Possible Redemption

The Company accounts for its common stock subject to possible redemption in accordance with the guidance in Accounting Standards Codification ("ASC") Topic 480 "Distinguishing Liabilities from Equity." 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 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 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, common stock subject to possible redemption is presented as temporary equity, outside of the stockholders' equity section of the Company's condensed consolidated balance sheets.

Offering Costs

Offering costs consist of legal, accounting, underwriting fees and other costs incurred through the balance sheet date that are directly related to the Initial Public Offering. Offering costs amounting to $9,661,484 were charged to stockholders' equity upon the completion of the Initial Public Offering.

Income Taxes

The Company complies with the accounting and reporting requirements of ASC Topic 740 "Income Taxes," which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in future taxable or deductible amounts, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

ASC Topic 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 September 30, 2020 and December 31, 2019. 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 may be subject to potential examination by federal, state and city taxing authorities in the areas of income taxes. These potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with federal, state and city tax laws. The Company's management does not expect that the total amount of unrecognized tax benefits will materially change over the next twelve months. The Company is subject to income tax examinations by major taxing authorities since inception.

Net Income (Loss) Per Common Share

Net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of common shares outstanding for the period. The Company has not considered the effect of warrants sold in the Initial Public Offering and private placement to purchase 7,745,000 shares of Class A common stock in the calculation of diluted income (loss) per share, since the exercise of the warrants are contingent upon the occurrence of future events and the inclusion of such warrants would be anti-dilutive.

The Company's statement of operations includes a presentation of income (loss) per share for common shares subject to possible redemption in a manner similar to the two-class method of income per share. Net income (loss) per common share, basic and diluted for Class A redeemable common stock is calculated by dividing the interest income earned on the Trust Account, net of applicable franchise and income taxes, by the weighted average number of Class A redeemable common stock outstanding since original issuance. Net income (loss) per common share, basic and diluted for Class A and Class B non-redeemable common stock is calculated by dividing the net income (loss), less income attributable to Class A redeemable common stock, by the weighted average number of Class A and Class B non-redeemable common stock outstanding for the period. Class A and Class B non-redeemable common stock includes the Founder Shares and the Placement Units as these shares do not have any redemption features and do not participate in the income earned on the Trust Account.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist of a cash account in a financial institution which, at times may exceed the Federal depository insurance coverage of $250,000. At September 30, 2020 and December 31, 2019, the Company had not experienced losses on this account.

Fair Value of Financial Instruments

The fair value of the Company's assets and liabilities, which qualify as financial instruments under ASC Topic 820, "Fair Value Measurement," approximates the carrying amounts represented in the accompanying condensed consolidated balance sheets, primarily due to their short-term nature.

Recently Issued Accounting Standards

Management does not believe that any recently issued, but not yet effective, accounting standards, if currently adopted, would have a material effect on our condensed consolidated financial statements.

NOTE 3. INITIAL PUBLIC OFFERING

On March 22, 2019, pursuant to the Initial Public Offering, the Company sold 15,065,000 Units at a purchase price of $10.00 per Unit, which includes the full exercise by the underwriters of their over-allotment option in the amount of 1,965,000 Units at $10.00 per Unit. Each Unit consists of one share of Class A common stock and one-half of one warrant ("Public Warrant"). Each whole Public Warrant entitles the holder to purchase one share of Class A common stock at an exercise price of $11.50 (see Note 7).

NOTE 4. PRIVATE PLACEMENT

Simultaneously with the closing of the Initial Public Offering, Insurance Acquisition Sponsor, LLC and Cantor purchased an aggregate of 425,000 Placement Units at a price of $10.00 per Placement Unit, for an aggregate purchase price of $4,250,000. Insurance Acquisition Sponsor, LLC purchased 375,000 Placement Units and Cantor purchased 50,000 Placement Units. Each Placement Unit consists of one share of Class A common stock and one-half of one warrant (the "Placement Warrant"). Each whole Placement Warrant is exercisable for one share of Class A common stock at a price of $11.50 per share. The proceeds from the Placement Units were added to the proceeds from the Initial Public Offering held in the Trust Account.

NOTE 5. RELATED PARTY TRANSACTIONS

Founder Shares

In March 2018, the Company issued an aggregate of 1,000 shares of common stock to Insurance Acquisition Sponsor, LLC (the "Founder Shares") for an aggregate purchase price of $25,000.

On December 26, 2018, the Company filed an amendment to its Certificate of Incorporation to, among other things, create two classes of common stock, Class A and Class B, and to convert the outstanding Founder Shares into shares of Class B common stock. The Founder Shares will automatically convert into shares of Class A common stock upon consummation of a Business Combination on a one-for-one basis, subject to certain adjustments, as described in Note 7. On December 26, 2018, the Company effectuated a 3,697.5-for-1 forward stock split of its common stock. On January 30, 2019, the Company effected a stock dividend of 1.3860717 share per share of Class B common stock for each share of Class B common stock outstanding prior to the dividend and on March 19, 2019, the Company effected a stock dividend of 1.00747961 share per share of Class B common stock for each share of Class B common stock outstanding prior to the dividend, resulting in an aggregate of 5,163,333 shares of Class B common stock held by Insurance Acquisition Sponsor, LLC and the directors of the Company. All share and per-share amounts have been retroactively restated to reflect the stock dividend on the Founder Shares. The 5,163,333 Founder Shares included an aggregate of up to 655,000 shares of Class B common stock which were subject to forfeiture by the Sponsor to the extent that the underwriters' overallotment option was not exercised in full or in part, so that the Founder Shares would represent 25% of the Company's aggregate Founder Shares, Placement Shares and issued and outstanding Public Shares after the Initial Public Offering. As a result of the underwriters' election to fully exercise their over-allotment option, 655,000 Founder Shares are no longer subject to forfeiture.

The Founder Shares automatically converted into common stock upon the consummation of the Business Combination on a one-for-one basis.

The Insiders have agreed not to transfer, assign or sell any of their Founder Shares (except to permitted transferees) until (i) with respect to 20% of such shares, upon consummation of the Company's initial Business Combination, (ii) with respect to 20% of such shares, when the closing price of the Class A common stock exceeds $12.00 for any 20 trading days within a 30-trading day period following the consummation of a Business Combination, (iii) with respect to 20% of such shares, when the closing price of the Class A common stock exceeds $13.50 for any 20 trading days within a 30-trading day period following the consummation of a Business Combination, (iv) with respect to 20% of such shares, when the closing price of the Class A common stock exceeds $15.00 for any 20 trading days within a 30-trading day period following the consummation of a Business Combination and (v) with respect to 20% of such shares, when the closing price of the Class A common stock exceeds $17.00 for any 20 trading days within a 30-trading day period following the consummation of a Business Combination or earlier, in any case, if, following a Business Combination, (vi) the Company completes a liquidation, merger, capital stock exchange, reorganization 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.

Advance from Related Party

An affiliate of the Sponsor advanced the Company an aggregate of $65,535 to be used for the payment of costs related to the Initial Public Offering. The advances were non-interest bearing, unsecured and due on demand. The Company repaid the $65,535 of outstanding advances upon the consummation of the Initial Public Offering on March 22, 2019.

Promissory Note – Related Party

The Company issued a $500,000 promissory note (the "Promissory Note") to an affiliate of the Sponsor, pursuant to which the Company borrowed an aggregate principal amount of $200,000. The Promissory Note was non-interest bearing and payable on the earlier of September 30, 2019 or the completion of the Initial Public Offering. The Promissory Note was repaid upon the consummation of the Initial Public Offering on March 22, 2019.

Administrative Services Agreement

The Company entered into an agreement, commencing on March 19, 2019 through the earlier of the Company's consummation of a Business Combination and its liquidation, to pay an affiliate of the Sponsor $10,000 per month for office space, utilities, secretarial support and administrative services. For the three months ended September 30, 2020 and 2019, the Company incurred and paid $30,000 in fees for these services. For the nine months ended September 30, 2020 and 2019, the Company incurred and paid $90,000 and 65,000 in fees for these services, respectively. The Company ceased paying these monthly fees upon the Closing.

Consulting Arrangements

In January 2019, the Company entered into consulting arrangements with three individuals affiliated with Cohen & Company, LLC for advisory services to be provided to the Company. These arrangements provide for aggregate monthly fees of approximately $23,000. For the three and nine months ended September 30, 2020, the Company incurred $54,167 and $191,667, respectively, in such fees. For the three and nine months ended September 30, 2019, the Company incurred $61,875 and $185,625, respectively, in such fees. At September 30, 2020 and December 31, 2019, $12,917 and $5,208 are included in accounts payable and accrued expenses in the accompanying condensed consolidated balance sheets, respectively.

Related Party Loans

In order to finance transaction costs in connection with a Business Combination, the Sponsor or one of its affiliates has committed to loan the Company funds as may be required up to a maximum of $750,000 ("Working Capital Loans"), which will be repaid only upon the consummation of a Business Combination. The Sponsor or one of its affiliates may also elect, in its discretion, to make Working Capital Loans in excess of $750,000. If the Company does not consummate a Business Combination, the Company may use a portion of any funds held outside the Trust Account to repay the Working Capital Loans; however, no proceeds from the Trust Account may be used for such repayment. If such funds are insufficient to repay the Working Capital Loans, the unpaid amounts would be forgiven. Up to $1,500,000 of the Working Capital Loans may be converted into warrants at a price of $1.00 per warrant at the option of the holder. The warrants would be identical to the Placement Warrants.

On May 21, 2020, the Company issued a $750,000 unsecured promissory note (the “Note”) to Cohen & Company, LLC. The Note is non-interest bearing and payable upon the consummation of a Business Combination. Up to $750,000 of such loans may be convertible into warrants at a price of $1.00 per warrant. The warrants would be identical to the Placement Warrants. As of September 30, 2020, there was $650,000 outstanding under the Note.

NOTE 6. COMMITMENTS AND CONTINGENCIES

Risks and Uncertainties

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

Registration Rights

Pursuant to a registration rights agreement entered into on March 19, 2019, holders of the Founder Shares, Placement Units (including securities contained therein) and the warrants that may be issued upon conversion of the Working Capital Loans (and any shares of Class A common stock issuable upon the exercise of the Placement Warrants or the warrants issued upon conversion of the Working Capital Loans) are entitled to registration rights requiring the Company to register such securities for resale (in the case of the Founder Shares, only after conversion to Class A common stock). The holders of these securities will be entitled to make up to three demands, excluding short form demands, that the Company register such securities for sale under the Securities Act. In addition, the holders will have “piggy-back” registration rights to include such securities in other registration statements filed by the Company and rights to require the Company to register for resale such securities pursuant to Rule 415 under the Securities Act. However, the registration rights agreement provides that the Company will not permit any registration statement filed under the Securities Act to become effective until termination of the applicable lock-up period. Notwithstanding the foregoing, Cantor may not exercise its demand and “piggyback” registration rights after five (5) and seven (7) years after the effective date of the registration statement related to the Initial Public Offering and may not exercise its demand rights on more than one occasion. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

Underwriting Agreement

The underwriters were paid a cash underwriting discount of 2.0% of the gross proceeds of the Initial Public Offering, or $2,620,000. In addition, the underwriters’ were entitled to a deferred fee of $6,419,000. The deferred fee was paid in cash upon the closing of the Merger from the amounts held in the Trust Account, subject to the terms of the underwriting agreement.

Advisory and Consulting Agreements

On June 10, 2020, the Company entered into an agreement with a service provider, pursuant to which the service provider will serve as the placement agent for the Company in connection with a proposed private placement (the “Transaction”) of the Company’s equity or equity-linked securities (the “Securities”). The Company agreed to pay the service provider a cash fee equal to 4% of the gross proceeds of the total Securities sold in the Transaction less than or equal to $100 million and 5% of the gross proceeds of the total Securities sold in the Transaction greater than $100 million. The fee will not be payable in the event the Company does not consummate the Transaction. As of September 30, 2020, no amounts were incurred under this agreement.

On June 10, 2020, the Company entered into an agreement with the same service provider, pursuant to which the service provider will provide the Company with capital markets advisory services for a potential Business Combination. The Company agreed to pay the service provider (i) all reasonable travel and other expense incurred in performing its services and (ii) any expenses relating to due diligence. As of September 30, 2020, no amounts were incurred under this agreement.

On June 11, 2020, the Company entered into a transactional support agreement with a service provider, pursuant to which the service provider agreed to render certain financial advisory and investment banking services in connection with the Company’s potential Business Combination. The Company agreed to pay the service provider a fee of $1,600,000 if the Company consummates a Business Combination. In the event a Business Combination is consummated, the Company, at its sole discretion, may pay a discretionary fee of up to $400,000 to the service provider. The fee will not be payable in the event the Company does not consummate a Business Combination. As of September 30, 2020, no amounts were incurred under this agreement.

On June 22, 2020, the Company entered into a consulting agreement with a service provider, pursuant to which the service provider will provide the Company with financial advisory support for a potential Business Combination. The Company agreed to pay the service provider a fee of $25,000 per month, for total fees of $75,000. In addition, the Company agreed to pay the service provider a minimum fee of $600,000 and up to a maximum fee of $1,200,000, if the Company consummates a Business Combination. The fee will not be payable in the event the Company does not consummate a Business Combination. As of September 30, 2020, there were $75,000 incurred under this agreement.

NOTE 7. STOCKHOLDERS' 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 designation, rights and preferences as may be determined from time to time by the Company's Board of Directors. At September 30, 2020 and December 31, 2019, there were no shares of preferred stock issued or outstanding.

Class A Common Stock — As of September 30, 2020, the Company was authorized to issue 50,000,000 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 September 30, 2020 and December 31, 2019, there were 1,826,409 and 1,633,440 shares of Class A common stock issued and outstanding, excluding 13,663,591 and 13,856,560 shares of Class A common stock subject to possible redemption, respectively.

Class B Common Stock — As of September 30, 2020, the Company is authorized to issue 10,000,000 shares of Class B common stock with a par value of $0.0001 per share. Holders of the Company's Class B common stock are entitled to one vote for each common share. At September 30, 2020 and December 31, 2019, there were 5,163,333 shares of Class B common stock issued and outstanding. Each outstanding share of Class B common stock was automatically converted into one share of Class A common stock immediately prior to the consummation of the Merger, and following the conversion, the authorized shares of Class B common stock were reduced to zero.

Holders of Class B common stock were entitled to vote on the election of directors prior to the consummation of a Business Combination.

Warrants — Public Warrants may only be exercised for a whole number of shares. No fractional shares will be issued upon exercise of the Public Warrants. The Public Warrants will become exercisable on November 12, 2020. 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 for cash of a warrant and will have no obligation to settle such warrant exercise unless a registration statement under the Securities Act with respect to 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 from the registration or qualifications requirements of the securities laws of the state of residence of the registered holder of the warrants. Notwithstanding the foregoing, if a registration statement covering the shares of Class A common stock issuable upon exercise of the Public Warrants has not been declared effective by the end of 60 business days following the closing of a Business Combination, warrant holders may, until such time as there is an effective registration statement and during any period when the Company shall have failed to maintain an effective registration statement, exercise warrants on a cashless basis pursuant to the exemption provided by Section 3(a)(9) of the Securities Act.

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, the Company 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, as specified in the warrant agreement. The Company will use its reasonable best efforts to maintain the effectiveness of such registration statement, and a current prospectus relating thereto, until the expiration of the warrants in accordance with the provisions of the warrant agreement. 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 elects, the Company will not be required to file or maintain in effect a registration statement, but will be required to use its best efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available.

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

- in whole and not in part;
- at a price of $0.01 per warrant;
- upon not less than 30 days' prior written notice of redemption to each warrant holder;
- if, and only if, the reported last sale price of the Company's Class A common stock equals or exceeds $18.00 per share for any 20 trading days within a 30-trading day period ending three trading days before the Company sends the notice of redemption to each warrant holder; and
- If, and only if, there is a current registration statement in effect with respect to the shares of common stock underlying such warrants at the time of redemption and for the entire 30-day trading period referred to above and continuing each day thereafter until the date of redemption.

If the Company calls the Public Warrants for redemption for cash, 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. Additionally, in no event will the Company be required to net cash settle the warrants.

If the Company issues additional shares of 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 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 its initial stockholders or their respective affiliates, without taking into account any Founder Shares held by them, as applicable, prior to such issuance), the exercise price of the Public Warrants will be adjusted (to the nearest cent) to be equal to 115% of the newly issued price.

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 respect to such warrants. Accordingly, the warrants may expire worthless.

The Placement Warrants are identical to the Public Warrants underlying the Units sold in the Initial Public Offering, except that the Placement Warrants and the Class A common stock issuable upon the exercise of the 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 Placement Warrants will be non-redeemable so long as they are held by the Sponsor or its permitted transferees. If the Placement Warrants are held by someone other than the Sponsor, Cantor or their permitted transferees, the Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

NOTE 8. FAIR VALUE MEASUREMENTS

At September 30, 2020 assets held in the Trust Account were comprised of $152,966,309 in money market funds which are invested in U.S. Treasury securities.

The following table presents information about the Company's assets that are measured at fair value on a recurring basis at September 30, 2020 and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value:

Description	Level	September 30, 2020
Assets:		
Marketable securities held in Trust Account – U.S. Treasury Securities Money Market Fund	1	$ 152,966,309

The Company classifies its U. S. Treasury and equivalent securities as held-to-maturity in accordance with ASC 320 “Investments - Debt and Equity Securities.” Held-to-maturity securities are those securities which the Company has the ability and intent to hold until maturity. Held-to-maturity treasury securities are recorded at amortized cost on the accompanying balance sheets and adjusted for the amortization or accretion of premiums or discounts.

At December 31, 2019, assets held in the Trust Account were comprised of $188,884 in cash and $153,049,302 in U.S. Treasury securities.

The gross holding losses and fair value of held-to-maturity securities at December 31, 2019 were as follows:

	Held-To-Maturity	Amortized Cost	Gross Holding Gains	Fair Value
December 31, 2019	U.S. Treasury Securities (Matured on 3/26/2020)	$ 153,049,302	$ 109,674	$ 153,158,976

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 our assessment of the assumptions that market participants would use in pricing the asset or liability.

On October 13, 2020, in connection with the Business Combination, the Company liquidated the Trust Account to fund the Business Combination and related expenses.

NOTE 9. SUBSEQUENT EVENTS

As described in Note 1, the Company completed the Business Combination on October 13, 2020. Upon consummation of the Business Combination, the Company’s authorized shares of stock increased to 511,000,000 shares, consisting of (a) 510,000,000 shares of common stock including (i) 500,000,000 shares of Class A common stock and (ii) 10,000,000 shares of Class B common stock, and (b) 1,000,000 shares of preferred stock. In addition, each outstanding share of Class B common stock was automatically converted into one share of Class A common stock immediately prior to the consummation of the Merger, and following the conversion, the authorized shares of Class B common stock were reduced to zero.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated financial statements and the notes thereto contained elsewhere in this report. Certain information contained in the discussion and analysis set forth below includes forward-looking statements that involve risks and uncertainties.

Cautionary Note Regarding Forward-looking Statements

All statements other than statements of historical fact included in this Quarterly Report on Form 10-Q including, without limitation, statements under 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. When used in this Quarterly Report on Form 10-Q, words such as "anticipate," "believe," "estimate," "expect," "intend" and similar expressions, as they relate to us or the Company's management, identify forward-looking statements. Such forward-looking statements are based on the beliefs of management, as well as assumptions made by, and information currently available to, the Company's management. Actual results could differ materially from those contemplated by the forward-looking statements as a result of certain factors detailed in our filings with the SEC. All subsequent written or oral forward-looking statements attributable to us or persons acting on the Company's behalf are qualified in their entirety by this paragraph.

Overview

We are a former blank check company incorporated on March 13, 2018 under the name Insurance Acquisition Corp. as a Delaware corporation and formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses. We completed our Initial Public Offering on March 22, 2019 and completed the Business Combination (as defined below) on October 13, 2020.

Recent Developments

On October 13, 2020 (the "Closing Date"), the Company consummated the Merger Agreement, by and among the Company, Merger Sub and Shift, as amended. The Merger Agreement provided for the acquisition of Shift by the Company pursuant to the merger of Merger Sub with and into Shift (the "Merger"), with Shift continuing as the surviving entity. In connection with the closing of the Merger (the "Closing"), the registrant changed its name from Insurance Acquisition Corp. to Shift Technologies, Inc.

Results of Operations

Our entire activity from inception up to March 22, 2019 was in preparation for our Initial Public Offering. From the consummation of our Initial Public Offering through September 30, 2020, our activity was been limited to the evaluation of business combination candidates and consummating the acquisition of Shift.

For the three months ended September 30, 2020, we had a net loss of $1,675,145, which consisted of operating costs of $1,691,465, offset by interest income on marketable securities held in the Trust Account of $3,859 and an income tax benefit of $12,461.

For the nine months ended September 30, 2020, we had a net loss of $2,825,679, which consisted of operating costs of $3,415,269 and a provision for income taxes of $119,783, offset by interest income on marketable securities held in the Trust Account of $709,373.

For the three months ended September 30, 2019, we had net income of $530,022, which consisted of interest income on marketable securities held in the Trust Account of $938,940, offset by operating costs of $221,338 and a provision for income taxes of $187,580.

For the nine months ended September 30, 2019, we had net income of $1,005,569, which consisted of interest income on marketable securities held in the Trust Account of $1,896,661, offset by operating costs of $521,424 and a provision for income taxes of $369,668.

Liquidity and Capital Resources

As of September 30, 2020, we had marketable securities held in the Trust Account of $152,966,309 (including approximately $2,316,000 of interest income) consisting of U.S. Treasury securities with a maturity of 180 days or less. Interest income on the balance in the Trust Account may be used by us to pay taxes. Through September 30, 2020, we withdrew $986,350 of interest income from the Trust Account, of which $981,250 was withdrawn during the nine months ended September 30, 2020, to pay our tax obligations.

For the nine months ended September 30, 2020, cash used in operating activities was $1,909,013, which was comprised of our net loss of $2,825,679, interest earned on marketable securities held in the Trust Account of $709,373 and changes in operating assets and liabilities, which provided $1,626,039 of cash for operating activities.

For the nine months ended September 30, 2019, cash used in operating activities was $473,033, which was comprised of our net income of $1,005,569, interest earned on marketable securities held in the Trust Account of $1,896,661 and changes in operating assets and liabilities, which provided $418,059 of cash for operating activities.

We used substantially all of the funds held in the Trust Account, including any amounts representing interest earned on the Trust Account (less amounts released to us to pay taxes and deferred underwriting commissions) to consummate our Business Combination in October 2020. To the extent that our capital stock or debt is used, in whole or in part, as consideration to consummate 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, make other acquisitions and pursue our growth strategies. Following the Business Combination, the Company believes it has sufficient liquidity to meet funding requirements for the next twelve months.

Off-Balance Sheet Financing Arrangements

We have no obligations, assets or liabilities, which would be considered off-balance sheet arrangements as of September 30, 2020. 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

As of September 30, 2020, we did 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 the Sponsor a monthly fee of $10,000 for office space, utilities and secretarial and administrative support to the Company. We began incurring these fees on March 19, 2019 and continued to incur these fees monthly until the completion of the Business Combination.

In addition, we agreed to pay the underwriters a deferred fee of $6,419,000. The deferred fee was paid in cash upon the closing of the Business Combination from the amounts held in the Trust Account, subject to the terms of the underwriting agreement.

On June 10, 2020, we entered into an agreement with a service provider, pursuant to which the service provider will serve as the placement agent for us in connection with a proposed private placement (the “Transaction”) of our equity or equity-linked securities (the “Securities”). We agreed to pay the service provider a cash fee equal to 4% of the gross proceeds of the total Securities sold in the Transaction less than or equal to $100 million and 5% of the gross proceeds of the total Securities sold in the Transaction greater than $100 million.

On June 10, 2020, we entered into an agreement with the same service provider, pursuant to which the service provider agreed to provide us with capital markets advisory services for a potential Business Combination. We agreed to pay the service provider (i) all reasonable travel and other expense incurred in performing its services and (ii) any expenses relating to due diligence.

On June 11, 2020, we entered into a transactional support agreement with a service provider, pursuant to which the service provider agreed to render certain financial advisory and investment banking services in connection with our potential Business Combination. We agreed to pay the service provider a fee of $1,600,000 if we consummate a Business Combination. In the event a Business Combination is consummated, we, at our sole discretion, may pay a discretionary fee of up to $400,000 to the service provider.

On June 22, 2020, we entered into a consulting agreement with a service provider, pursuant to which the service provider will provide us with financial advisory support for a potential Business Combination. We agreed to pay the service provider a fee of $25,000 per month, for total fees of $75,000. In addition, we agreed to pay the service provider a minimum fee of $600,000 and up to a maximum fee of $1,200,000, if we consummate a Business Combination.

Critical Accounting Policies

The preparation of condensed consolidated 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 condensed consolidated 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:

Common Stock Subject to Possible Redemption

We account for our common stock that was subject to possible redemption prior to the Business Combination in accordance with the guidance in Accounting Standards Codification ("ASC") Topic 480 "Distinguishing Liabilities from Equity." 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 features redemption rights that are either within the control of the holder or subject to 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 common stock features certain redemption rights that are considered to be outside of our control and subject to occurrence of uncertain future events. Accordingly, common stock subject to possible redemption is presented as temporary equity, outside of the stockholders' equity section of our condensed consolidated balance sheets.

Net Loss Per Common Share

We apply the two-class method in calculating earnings per share. Net income per common share, basic and diluted for Class A redeemable common stock is calculated by dividing the interest income earned on the Trust Account, net of applicable franchise and income taxes, by the weighted average number of Class A redeemable common stock outstanding for the period. Net loss per common share, basic and diluted for Class A and Class B non-redeemable common stock is calculated by dividing net income, less income attributable to Class A redeemable common stock, by the weighted average number of Class A and Class B non-redeemable common stock outstanding for the period presented.

Recent Accounting Standards

Management does not believe that any recently issued, but not yet effective, accounting standards, if currently adopted, would have a material effect on our condensed consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Following the consummation of our Initial Public Offering, the net proceeds of our Initial Public Offering, including amounts in the Trust Account, have been invested in U.S. government treasury bills, notes or bonds with a maturity of 180 days or less or in certain money market funds that invest solely in U.S. treasuries. Due to the short-term nature of these investments, we believe there is no associated material exposure to interest rate risk.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure controls are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Exchange Act, such as this Quarterly Report, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Evaluation of Disclosure Controls and Procedures

Our management evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of September 30, 2020, pursuant to Rule 13a-15(b) of the Exchange Act. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2020, our disclosure controls and procedures were effective at a reasonable assurance level and, accordingly, provided reasonable assurance that the information required to be disclosed by us in reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms..

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting that has occurred during the fiscal quarter of 2020 covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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 report are any of the risks described in (i) our Annual Report on Form 10-K filed with the SEC on March 25, 2020, (ii) our Definitive Proxy Statement on Schedule 14A relating to the Business Combination, initially filed with the SEC on July 17, 2019 and as amended through October 8, 2020, or (iii) our Quarterly Report on Form 10-Q filed with the SEC on August 13, 2020. 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.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

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
2.1	Agreement and Plan of Merger, dated June 29, 2020, by and among Insurance Acquisition Corp., IAC Merger Sub Inc. and Shift Technologies, Inc. (incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K filed on June 29, 2020 (File No. 001-38839)).
31.1*	Certification of Co-Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Co-Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.3*	Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of co-Principal Executive Officers and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

** Furnished.

SIGNATURES

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

SHIFT TECHNOLOGIES, INC.

Date: November 16, 2020

/s/ Cindy Hanford

Name: Cindy Hanford
Title: Chief Financial Officer and Duly Authorized Officer
(Principal Financial Officer)

Exhibit 31.1

CERTIFICATIONS

I, George Arison, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Shift Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) (Paragraph omitted pursuant to SEC Release Nos. 33-8238/34-47986 and 33-8392/34-49313);

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 16, 2020

By: /s/ George Arison
George Arison
Co-Chief Executive Officer
(Co-Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Toby Russell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Shift Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) (Paragraph omitted pursuant to SEC Release Nos. 33-8238/34-47986 and 33-8392/34-49313);

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 16, 2020

By: /s/ Toby Russell
Toby Russell
Co-Chief Executive Officer
(Co-Principal Executive Officer)

Exhibit 31.3

CERTIFICATIONS

I, Cindy Hanford, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Shift Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) (Paragraph omitted pursuant to SEC Release Nos. 33-8238/34-47986 and 33-8392/34-49313);

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 16, 2020

By: /s/ Cindy Hanford
Cindy Hanford
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADDED BY
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Shift Technologies, Inc. (the “Company”) on Form 10-Q for the quarterly period ended September 30, 2020, as filed with the Securities and Exchange Commission (the “Report”), I, George Arison, Co-Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

Date: November 16, 2020	By: /s/ George Arison George Arison Co-Chief Executive Officer (Co-Principal Executive Officer)
Date: November 16, 2020	By: /s/ Toby Russell Toby Russell Co-Chief Executive Officer (Co-Principal Executive Officer)
Date: November 16, 2020	By: /s/ Cindy Hanford Cindy Hanford Chief Financial Officer (Principal Financial Officer)