# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

# FORM 8-K

# CURRENT REPORT Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 14, 2018



## CARDLYTICS, INC.

(Exact Name of Registrant as Specified in its Charter)

001-38386

(Commission File Number) **26-3039436** (I.R.S. Employer

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

675 Ponce de I

675 Ponce de Leon Avenue NE, Suite 6000 Atlanta, GA 30308

(Address of principal executive offices, including zip code) (888) 798-5802

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

□ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

□ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Dere-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company  $extsf{ extsf{ iny line integral}}$ 

**Delaware** (State or other jurisdiction of

incorporation or organization)

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.

## ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On August 14, 2018, Cardlytics, Inc. (the "Company") issued a press release announcing its financial results for the three and six months ended June 30, 2018. The Company's press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information included in this Current Report on Form 8-K and the exhibit attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing.

## ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

 Exhibit
 Exhibit Description

 99.1
 Press release dated August 14, 2018

## 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.

/s/ David Evans

## Cardlytics, Inc.

Date:

August 14, 2018 By:

David Evans Chief Financial Officer (Principal Financial and Accounting Officer)



## Cardlytics Announces Second Quarter 2018 Financial Results

Atlanta, GA – August 14, 2018 – Cardlytics, Inc., (NASDAQ: CDLX), a purchase intelligence platform that helps make marketing more relevant and measurable, today announced financial results for the second quarter ended June 30, 2018.

"We are pleased to deliver another quarter of solid financial results, which outperformed our prior expectations," said Scott Grimes, CEO & Co-Founder of Cardlytics. "We are increasingly confident in our ability to drive substantial MAU growth by consolidating the US Banking market for Purchase Intelligence. Significantly increased MAU scale creates new opportunities for us to serve the needs of advertisers, providing further opportunity to drive ARPU growth."

"We are happy to announce the signing of an agreement with Wells Fargo to launch Cardlytics Direct nationally and across all digital channels," said Lynne Laube, COO & Co-Founder of Cardlytics. "Adding Wells Fargo to the Cardlytics purchase intelligence platform will further strengthen our ability to provide actionable insights for our marketing clients. Marketers can act on these insights, reaching a scaled audience inside banks' secure digital channels - where consumers are already thinking about their money."

## Second Quarter 2018 Financial Results

- Total revenue was \$35.6 million, an increase of 8% year-over-year compared to \$32.8 million in the second quarter of 2017.
- Cardlytics Direct revenue was \$35.1 million, an increase of 21% compared to \$28.9 million in the second quarter of 2017.
- GAAP net loss attributable to common stockholders was \$(13.1) million, or \$(0.64) per diluted share based on 20.3 million weighted-average common shares outstanding, compared to a loss of \$(5.4) million, or \$(3.48) per diluted share based on 3.9 million weighted-average common shares outstanding in the second quarter of 2017.
- Adjusted contribution, a non-GAAP metric, was \$16.2 million compared to \$13.5 million in the second quarter of 2017.
- Adjusted EBITDA, a non-GAAP metric, was a loss of \$(2.2) million compared to a loss of \$(2.8) million in the second quarter of 2017.
- Non-GAAP net loss was \$(4.3) million, or \$(0.21) per diluted share based on 20.3 million non-GAAP weighted-average common shares
  outstanding, compared to a loss of (6.0) million, or \$(0.43) per diluted share based on 13.9 million non-GAAP weighted-average common shares
  outstanding in the second quarter of 2017.

"We delivered solid second quarter financial results highlighted by 21% year-over-year growth in Cardlytics Direct revenue," said David Evans, CFO of Cardlytics. "Our strong second quarter outperformance for non-GAAP adjusted EBITDA compared to our guidance reflects our top line beat, as well as timing of planned investments related to the Wells Fargo and JP Morgan Chase rollouts, which we would expect to accelerate in the second half of the year."

## **Key Metrics**

- FI MAUs were 58.8 million, an increase of 9% compared to 53.7 million in the second quarter of 2017.
- ARPU was \$0.60 compared to \$0.54 in the second quarter of 2017.

Definitions of FI MAUs and ARPU are included below under the caption "Non-GAAP Measures and Other Performance Metrics."

#### 2018 Financial Expectations

Cardlytics anticipates revenue and non-GAAP adjusted EBITDA to be in the following ranges for the periods indicated (in millions):

|  | Q3 2018         | Full year 2018    |
|--|-----------------|-------------------|
| Revenue  | \$36.0 - 38.0   | \$153.0 - 156.0   |
| Non-GAAP adjusted EBITDA <sup>(1)(2)</sup>                                       | \$(4.5) - (4.0) | \$(14.0) - (13.0) |
| Estimated Non-GAAP weighted-average common shares outstanding, basic and diluted | 20.8            | 20.0              |

(1) With respect to our expectations above under the caption "2018 Financial Expectations," a reconciliation of adjusted EBITDA to net loss on a forward looking basis is not available without unreasonable efforts due to the high variability, complexity and low visibility with respect to the items excluded from this non-GAAP measure. We have provided a reconciliation of historical non-GAAP financial measures to the most comparable GAAP measures in the financial statement tables included in this press release.

(2) The adjusted EBITDA expectations for the full year of 2018 includes the impact of an anticipated \$1.0 million expense in the fourth quarter of 2018 related to an expected shortfall in meeting a minimum FI Share commitment.

#### **Earnings Teleconference Information**

Cardlytics will discuss its second quarter 2018 financial results during a teleconference today, August 14, 2018, at 5:00 PM ET / 2:00 PM PT. The conference call can be accessed at (866) 385-4179 (domestic) or (210) 874-7775 (international), conference ID# 9293446. A replay of the conference call will be available through 8:00 PM ET / 5:00 PM PT on August 28, 2018 at (855) 859-2056 (domestic) or (404) 537-3406 (international). The replay passcode is 9293446. The call will also be broadcast simultaneously at http://ir.cardlytics.com/. Following the completion of the call, a recorded replay of the webcast will be available on Cardlytics' website.

#### **About Cardlytics**

Cardlytics (NASDAQ: CDLX) uses purchase intelligence to make marketing more relevant and measurable. We partner with more than 2,000 financial institutions to run their banking rewards programs that promote customer loyalty and deepen banking relationships. In turn, we have a secure view into where and when consumers are spending their money. We use these insights to help marketers identify, reach, and influence likely buyers at scale, as well as measure the true sales impact of marketing campaigns. Headquartered in Atlanta, Cardlytics has offices in London, New York, Chicago and San Francisco. Learn more at www.cardlytics.com.

#### **Cautionary Language Concerning Forward-Looking Statements:**

This press release contains "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to our financial guidance for the third quarter of 2018 and full year 2018, and the impact of our agreements with JPMorgan Chase and Wells Fargo on our business and the expected timing of such impact and rollout. These forward-looking statements are made as of the date they were first issued and were based on current expectations, estimates, forecasts and projections as well as the beliefs and assumptions of management. Words such as "expect," "anticipate," "should," "believe," "hope," "target," "project," "goals," "estimate," "potential," "predict," "may," "will," "might," "could," "intend," variations of these terms or the negative of these terms and similar expressions are intended to identify these forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond our control.

Our actual results could differ materially from those stated or implied in forward-looking statements due to a number of factors, including but not limited to: our financial performance, including our revenue, margins, costs, expenditures, growth rates and operating expenses, and our ability to sustain revenue growth, generate positive cash flow and become profitable; risks related to our substantial dependence on our Cardlytics Direct product; risks related to our substantial dependence on Bank of America, N.A. and a limited number of other financial institution ("FI") partners; risks related to our ability to successfully implement Cardlytics Direct for JPMorgan Chase customers and maintain a relationship with JPMorgan Chase; the amount and timing of budgets by advertisers, which are affected by budget cycles, economic conditions and other factors; our ability to generate sufficient revenue to offset contractual commitments to FIs; our ability to attract new FI partners and maintain relationships with bank processors and digital banking providers; our ability to maintain relationships with marketers; our ability to adapt to changing market conditions, including our ability to adapt to changes in consumer habits, negotiate fee arrangements with new and existing financial institutions and retailers, and develop and launch new services and features; our significant amount of debt, which may affect our ability to operate the business and secure additional financing in the future, and other risks detailed in the "Risk Factors" section of our Form 10-Q filed with the Securities and Exchange Commission on May 10, 2018 and in subsequent periodic reports that we file with the Securities and Exchange Commission. Past performance is not necessarily indicative of future results. The forward-looking statements included in this press release represent our views as of the date of this press release. We anticipate that subsequent events and developments will cause our views to change. We undertake no intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date of this press release.

#### **Non-GAAP Measures and Other Performance Metrics**

To supplement the financial measures presented in our press release and related conference call or webcast in accordance with generally accepted accounting principles in the United States ("GAAP"), we also present the following non-GAAP measures of financial performance: adjusted contribution, adjusted EBITDA, non-GAAP net loss and non-GAAP loss per share as well as certain other performance metrics, such as FI monthly active users ("FI MAUs") and average revenue per user ("ARPU").

A "non-GAAP financial measure" refers to a numerical measure of our historical or future financial performance or financial position that is included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP in our financial statements. We provide certain non-GAAP measures as additional information relating to our operating results as a complement to results provided in accordance with GAAP. The non-GAAP financial information presented herein should be considered in conjunction with, and not as a substitute for or superior to, the financial information presented in accordance with GAAP and should not be considered a measure of liquidity. There are significant limitations associated with the use of non-GAAP financial measures. Further, these measures may differ from the non-GAAP information, even where similarly titled, used by other companies and therefore should not be used to compare our performance to that of other companies.

We have presented adjusted contribution, adjusted EBITDA, non-GAAP net loss and non-GAAP net loss per share as non-GAAP financial measures in this press release. We define adjusted contribution as our revenue less our FI Share and other third-party costs excluding non-cash equity expense recognized in FI Share and amortization and impairment of deferred FI implementation costs. We define adjusted EBITDA as our net loss before income tax benefit; interest expense, net; depreciation and amortization; stock-based compensation expense; change in fair value of warrant liabilities; change in fair value of convertible promissory notes; foreign currency (gain) loss; loss on extinguishment of debt; costs associated with financing events; restructuring costs; amortization and impairment of deferred FI implementation of U.K. agreement expense; and non-cash equity expense recognized in FI Share. We define non-GAAP net loss as our net loss before stock-based compensation expense; change in fair value of warrant liabilities; change in fair value of convertible promissory notes; foreign currency (gain) loss; loss on extinguishment of debt; costs associated with financing events; restructuring costs; termination of U.K. agreement expense; change in fair value of warrant liabilities; change in fair value of convertible promissory notes; foreign currency (gain) loss; loss on extinguishment of debt; costs associated with financing events; restructuring costs; termination of U.K. agreement expense and non-cash equity expense recognized in FI Share. Notably, any expense we accrue related to minimum FI Share commitments in connection with agreements with certain FI partners we do not add back to net loss in order to calculate adjusted EBITDA. We define non-GAAP net loss per share as non-GAAP net loss divided by non-GAAP weighted-average common shares outstanding, basic and diluted, which includes our GAAP weighted-average common shares outstanding, assuming conversion.

We believe the use of non-GAAP financial measures, as a supplement to GAAP measures, is useful to investors in that they eliminate items that are either not part of our core operations or do not require a cash outlay, such as stock-based compensation expense. Management uses these non-GAAP financial measures when evaluating operating performance and for internal planning and forecasting purposes. We believe that these non-GAAP financial measures help indicate underlying trends in the business, are important in comparing current results with prior period results, and are useful to investors and financial analysts in assessing operating performance.

We define FI MAUs as customers or accounts of our FI partners that logged in and visited the online or mobile banking applications of, or opened an email from, our FI partners during a monthly period. We then calculate a monthly average of FI MAUs for the periods presented above. We define ARPU, as the total GAAP Cardlytics Direct revenue generated in the applicable period, divided by the average number of FI MAUs in the applicable period.

## CARDLYTICS, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED) (Amounts in thousands)

| ASSETTS  | June 3   | 30, 2018  | December 31,<br>2017 |           |
|--|----------|-----------|----------------------|-----------|
| ASSETS<br>CURRENT ASSETS:                            |          |           |                      |           |
| Cash and cash equivalents                            | ¢        | E0 469    | ¢                    | 21 262    |
| Restricted cash                                      | \$       | 50,468    | \$                   | 21,262    |
| Accounts receivable, net                             |          | 20,000    |                      | 40.240    |
| Other receivables                                    |          | 40,488    |                      | 48,348    |
| Prepaid expenses and other assets                    |          | 3,073     |                      | 2,898     |
| Total current assets                                 | <u>ل</u> | 3,430     | ¢                    | 2,121     |
| PROPERTY AND EQUIPMENT, net                          | \$       | 117,459   | \$                   | 74,629    |
| INTANGIBLE ASSETS, net                               |          | 7,829     |                      | 7,319     |
|  |          | 366       |                      | 528       |
| CAPITALIZED SOFTWARE DEVELOPMENT COSTS, net          |          | 1,070     |                      | 433       |
| DEFERRED FI IMPLEMENTATION COSTS, net                |          | 12,425    |                      | 13,625    |
| OTHER LONG-TERM ASSETS                               | <u>_</u> | 1,097     | <u>_</u>             | 4,224     |
| Total assets   | \$       | 140,246   | \$                   | 100,758   |
| LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY       |          |           |                      |           |
| CURRENT LIABILITIES:                                 |          |           |                      |           |
| Accounts payable                                     | \$       | 918       | \$                   | 1,554     |
| Accrued liabilities:                                 |          |           |                      |           |
| Accrued compensation                                 |          | 4,305     |                      | 4,638     |
| Accrued expenses                                     |          | 4,510     |                      | 4,615     |
| FI Share liability                                   |          | 20,729    |                      | 23,914    |
| Consumer Incentive liability                         |          | 5,834     |                      | 7,242     |
| Deferred billings                                    |          | 174       |                      | 132       |
| Short-term warrant liability                         |          | 16,055    |                      | —         |
| Current portion of long-term debt:                   |          |           |                      |           |
| Capital leases                                       |          | 22        |                      | 44        |
| Total current liabilities                            | \$       | 52,547    | \$                   | 42,139    |
| LONG-TERM LIABILITIES:                               |          |           |                      |           |
| Deferred liabilities                                 | \$       | 3,437     | \$                   | 3,670     |
| Long-term warrant liability                          |          | _         |                      | 10,230    |
| Long-term debt, net of current portion:              |          |           |                      |           |
| Lines of credit                                      |          | 27,477    |                      | 25,081    |
| Term loans   |          | 19,972    |                      | 31,830    |
| Capital leases                                       |          | 47        |                      | 57        |
| Total long-term liabilities                          | \$       | 50,933    | \$                   | 70,868    |
| TOTAL REDEEMABLE CONVERTIBLE PREFERRED STOCK         | \$       |           | \$                   | 196,437   |
| STOCKHOLDERS' (DEFICIT) EQUITY:                      |          |           |                      |           |
| Common stock   | \$       | 7         | \$                   | _         |
| Additional paid-in capital                           | Ψ        | 336,874   | Ψ                    | 58,693    |
| Accumulated other comprehensive income               |          | 1,438     |                      | 1,066     |
| Accumulated deficit                                  |          | (301,553) |                      | (268,445) |
| Total stockholders' (deficit) equity                 |          | 36,766    |                      | (208,686) |
| Total liabilities and stockholders' (deficit) equity | \$       | 140,246   | \$                   | 100,758   |
| Total Information and Stockholders (denet) equity    | ¢        | 140,240   | φ                    | 100,730   |

## CARDLYTICS, INC. CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED) (Amounts in thousands except per share amounts)

|   | Three Months Ended<br>June 30, |          |    |          | Six Months Ended<br>June 30, |          |    |          |
|---|--------------------------------|----------|----|----------|------------------------------|----------|----|----------|
|   |                                | 2018     |    | 2017     |                              | 2018     |    | 2017     |
| REVENUE   | \$                             | 35,570   | \$ | 32,812   | \$                           | 68,283   | \$ | 59,693   |
| COSTS AND EXPENSES:   |                                |          |    |          |                              |          |    |          |
| FI Share and other third-party costs  |                                | 19,747   |    | 19,680   |                              | 41,167   |    | 36,357   |
| Delivery costs  |                                | 2,559    |    | 1,896    |                              | 4,502    |    | 3,449    |
| Sales and marketing expense   |                                | 10,247   |    | 7,920    |                              | 18,463   |    | 15,152   |
| Research and development expense  |                                | 4,888    |    | 3,093    |                              | 8,347    |    | 6,106    |
| General and administration expense  |                                | 8,979    |    | 4,773    |                              | 15,561   |    | 9,462    |
| Depreciation and amortization expense                                       |                                | 784      |    | 767      |                              | 1,694    |    | 1,532    |
| Total costs and expenses  |                                | 47,204   |    | 38,129   |                              | 89,734   |    | 72,058   |
| OPERATING LOSS  |                                | (11,634) |    | (5,317)  |                              | (21,451) |    | (12,365) |
| OTHER INCOME (EXPENSE):   |                                |          |    | <u> </u> |                              |          |    |          |
| Interest expense, net   |                                | (992)    |    | (2,020)  |                              | (2,741)  |    | (4,664)  |
| Change in fair value of warrant liabilities, net                            |                                | 1,611    |    | (1,466)  |                              | (7,561)  |    | (1,793)  |
| Change in fair value of convertible promissory notes                        |                                |          |    | (861)    |                              | _        |    | (1,244)  |
| Change in fair value of convertible promissory notes—related parties        |                                | —        |    | 8,436    |                              | —        |    | 6,213    |
| Other income (expense), net   |                                | (2,038)  |    | 580      |                              | (1,355)  |    | 742      |
| Total other income (expense)  |                                | (1,419)  |    | 4,669    |                              | (11,657) |    | (746)    |
| LOSS BEFORE INCOME TAXES  |                                | (13,053) |    | (648)    |                              | (33,108) |    | (13,111) |
| INCOME TAX BENEFIT  |                                |          |    | _        |                              | _        |    | _        |
| NET LOSS  | \$                             | (13,053) | \$ | (648)    | \$                           | (33,108) | \$ | (13,111) |
| Adjustments to the carrying value of redeemable convertible preferred stock |                                |          |    | (4,789)  |                              | (157)    |    | (5,033)  |
| Net loss attributable to common stockholders                                | \$                             | (13,053) | \$ | (5,437)  | \$                           | (33,265) | \$ | (18,144) |
| Net loss per share attributable to common stockholders:                     |                                |          |    |          |                              |          |    |          |
| Basic   | \$                             | (0.64)   | \$ | (1.69)   | \$                           | (1.99)   | \$ | (6.18)   |
| Diluted   | \$                             | (0.64)   | \$ | (3.48)   | \$                           | (1.99)   | \$ | (6.18)   |
| Weighted-average common shares outstanding:                                 |                                |          |    |          |                              |          | _  |          |
| Basic   |                                | 20,300   |    | 3,221    |                              | 16,716   |    | 2,935    |
| Diluted   |                                | 20,300   |    | 3,875    | _                            | 16,716   | _  | 2,935    |
|   |                                | - , +    |    | -,       |                              | -,       |    | ,        |

## CARDLYTICS, INC. STOCK-BASED COMPENSATION EXPENSE (UNAUDITED) (Amounts in thousands)

|  | Three Months Ended<br>June 30, |       |    |       | Six Months Ended<br>June 30, |        |    |       |
|--|--------------------------------|-------|----|-------|------------------------------|--------|----|-------|
|  | 2018                           |       |    | 2017  | 17 2018                      |        |    | 2017  |
| Delivery costs                         | \$                             | 183   | \$ | 43    | \$                           | 268    | \$ | 84    |
| Sales and marketing expense            |                                | 2,668 |    | 522   |                              | 3,611  |    | 866   |
| Research and development expense       |                                | 1,756 |    | 239   |                              | 2,226  |    | 410   |
| General and administration expense     |                                | 3,738 |    | 438   |                              | 5,140  |    | 865   |
| Total stock-based compensation expense | \$                             | 8,345 | \$ | 1,242 | \$                           | 11,245 | \$ | 2,225 |

## CARDLYTICS, INC. CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (Amounts in thousands)

| CASE IF LOWS FROM OPERATING ACTIVITIES:2017Net loss\$ (3.108)\$ (3.110)Adjustments to reconcile net loss to net cash used in operating activities:(1.01)Change in allowance for dodding taccoants(1.05)7.05Depreciation and amotitation1.0941.552Anorotization of financing costs changed to interest expense2.2364.012Ancertization of financing costs changed to interest expense2.2364.012Change in the fair value of convertible promissory notes7.5611.708Change in the fair value of convertible promissory notes-1.244Change in the fair value of convertible promissory notes-1.241Change in the fair value of convertible promissory notes-1.241Change in the fair value of convertible promissory notes-1.241Other mon-cash (income) supense, net1.241Change in operating assets1.241Other mon-cash (income) supense, net1.241Accounts revelvable1.241Other mon-cash (income) supense, net1.241Change in operating assets1.241Other account supense1.2411.252Accounts revelvable1.2411.252Other account supense1.2411.252Other account supense1.2411.252Other account supense1.2521.2500<  |   | Six Months E<br>June 30, |    |          |
|--|---|--------------------------|----|----------|
| Nrt loss         \$         (33,100)         \$         (13,111)           Adjuments to reconcile tosts to set cash used in operating activities:  |   | <br>2018                 |    | 2017     |
| Adjustments to reconcile net loss to net cab used in operating activities:       (16)       78         Change in allowance for doubtid accounts       (16)       78         Depreciation and amoritzation and impairment of deferred F1 implementation cous       759       7.65         Amoritization of financing costs charged to interest expense       2.23       2.4012         Stock compensation expense       11,245       2.225         Charge in the fair value of variant libilities, net       7,561       1,7333         Charge in the fair value of convertible promisory notes       -       16,6131         Other more-stall income stepsmes.       -       (6,613)         Other more-stall income stepsmes.       -       (6,610)         Prepaid expenses and ubter assets       (1,509)       (370)         Deference F1 implementation costs       2,022       (3,000)         Recovery of deferred F1 implementation costs       2,022       (3,000)         Recovery of deferred F1 implementation costs       2,023       (3,000)         Recovery of deferred F1 implementation costs       2,023       (3,000) <td>CASH FLOWS FROM OPERATING ACTIVITIES:</td> <td></td> <td></td> <td></td>   | CASH FLOWS FROM OPERATING ACTIVITIES:                                       |                          |    |          |
| Change in allowance for doubthil accounts(16)78Depreciation and anotization11,641,532Annotization and impairment of deferred FI implementation costs788725Annotization of financing costs charge le interest expense2,294,012Accretion of debt discount and non-cash interest expense2,3034,012Stock compession expense7,5611,7332,2225Change in the fair value of convertible promissory notes - related parties  | Net loss  | \$<br>(33,108)           | \$ | (13,111) |
| Depreciation and impairment of deferred F1 implementation costs1,6341,532Amoritzation and injuminent of deferred F1 implementation costs7587455Amoritzation of financing costs charged to interest expense2,3264,012Stock competisation expense2,3264,012Stock competisation expense11,2452,2255Charge in the fair value of convertible promissory notes   | Adjustments to reconcile net loss to net cash used in operating activities: |                          |    |          |
| Amontization and impairment of deferred FI implementation costs78745Amontization of financia costs charged to interest expense23.264.012Anccretion of deht licouru and non-cash interest expense11.2452.225Change in the fair value of own-cash interest expense11.2452.225Change in the fair value of own-cash interest expense-1.244Change in the fair value of convertible promissory notes - related parties(6.213)Other non-cash (income) expense, net3.873(612)(612)Settlement of paid in kind interest(6.311)Change in operating assets and liabilities:(6.213)Prepaid expenses and transets(1.509)(370)(3.000)Deferred FI implementation costs2.020(3.000)Recovery of deferred FI implementation costs2.021(3.521)Other accurad expenses(1.509)(3.000)Recovery of deferred FI implementation costs2.023(6.994)Other accurad expenses(1.400)(2.600)Castore lincutive liability(1.400)(2.611)CASH FLOWS FROM INVESTING ACTIVITIES:Acquisition of parents activities(6.57)-CASH FLOWS FROM INVESTING ACTIVITIES:Precede from issuare of oomma stock(6.57)-Net cash used in investing activities(6.51)(4.80)Procede from issuare of oomma stock(7.612)(2.50)Procede from issuare of oomma stock(7.612)(5.  | Change in allowance for doubtful accounts                                   | (16)                     |    | 78       |
| Amortization of financing costs charged to interest expense229281Accertion of debt discount and non-cab interest expense2,2264,012Stock compensation expense11,2452,225Change in the fair value of ouvertible promissory notes-1,244Change in the fair value of convertible promissory notes - related parties-1,244Change in the fair value of convertible promissory notes - related parties-(6,213)Other non-cash (income) expense, net3,873(612)Settlement of pald in kind interest(8,311)-Change in operating assets and liabilities:-(6,100)Prepaid expenses and other assets(1,509)(3700)Deferred FI implementation costs2,6921,552Accounts receivable(2,250)(3000)Recovery of deferred FI implementation costs2,6921,552Accounts payable(3185)(080)Other accued expenses(2377)(1,511)Total adjustment(1,409)(261)Total adjustment(1,409)(261)Total adjustment(1,402)(480)Acquisition of propenty and equipment(1,402)(480)Acquisition of patents(1,275)(5,6117)CASH FLOWS FROM INNACING ACTIVITIES:Proceeds from issuance of debt-11,246Apprents of debt(1,275)(5,6117)CASH FLOWS FROM INNACING ACTIVITIES:Proceeds from issuance of debt(1,275)(5,6117)Procee   | Depreciation and amortization   | 1,694                    |    | 1,532    |
| Accretion of debt discount and non-cash interest expense2,2264,012Stock compensation expense11,2452,225Change in the fair value of convertible promissory notes—1,244Change in the fair value of convertible promissory notes—(6,213)Other non-cash interest(8,311)—Change in one asses and liabilities:Accounts receivable(8,311)—Change in operating assess and liabilities:Accounts receivable7,7016,100Prepated expenses and other assets(1,509)(370)Deferred F1 implementation costs2,692.Accounts receivableOther accrued expenses(1,509)Other accrued expensesOther accrued expensesOther accrued expensesOther accrued expensesCast receivableOther accrued expensesOther accrued expenses <td>Amortization and impairment of deferred FI implementation costs</td> <td>758</td> <td></td> <td>745</td>  | Amortization and impairment of deferred FI implementation costs             | 758                      |    | 745      |
| Stock compensation expense11,2452,225Change in the fair value of warrant labilities, net7,5611,793Change in the fair value of convertible promissory notes - related parties—1,244Change in the fair value of convertible promissory notes - related parties—(6,213)Other non-cash (income) expense, net3,873(612)Settlement of paid in kind interest(8,311)—Change in operating assets and liabilities:Accounts receivable7,7016,100Prepaid expenses and other assets(1,509)(3,700)Deferred FI implementation costs2,6921,652Accounts payable(0,339)(1633)(1633)Other account expenses(2,37)(1,521)IT Share liability(1,440)(2,611)Other account expenses(2,323)6,5944Net cash used in operating activities\$(1,272)IT Share liability(1,440)(2,611)CASH ELOWS FROM INVESTING ACTIVITIES:Acquisition of parents(1,272)(2,33)Capitalized software development costs(657).Net cash used in operating activities\$(2,12,12)SS(1,272)\$.Acquisition of parents(1,272)CASH ELOWS FROM INNESTING ACTIVITIES:Proceeds from Issuance of debtProceeds from Issuance of otherProceeds from Issuance of o  | Amortization of financing costs charged to interest expense                 | 229                      |    | 281      |
| Change in the fair value of convertible promissory nores   | Accretion of debt discount and non-cash interest expense                    | 2,326                    |    | 4,012    |
| Change in the fair value of convertible promissory notes - related parties-1,244Change in the fair value of convertible promissory notes - related parties-(6,213)Other non-cash (income) expense, net3,873(612)Settlement of paid in kind interest(8,311)-Change in operating assets and liabilities:7,7016,100Prepaid expenses and other assets(1,509)(330)Deferred FI implementation costs(2,250)(3,400)Recovery of deferred FI implementation costs2,6921,952Accounts payable(318)(163)Other accound expenses(237)(1,521)FI Share liability(3,185)(060)Customer Incentive liability(1,409)(261)Total adjustment20,3236,994Net cash used in operating activities\$(1,2785)CASH FLOWS FROM INVESTING ACTIVITIES:(1,492)(488)Acquisition of property and equipment(1,492)(232)Acquisition of property and equipment costs(657)-Net cash used in investing activities\$(2,161)\$Proceeds from issuance of debt-1,940(2,11)Proceeds from issuance of odebt-1,940(1,490)Proceeds from issuance of softs(481)(442)Net cash used in investing activities\$6,206\$Proceeds from issuance of colomon stock1,940Proceeds from issuance of odebt1,940Proceeds fro  | Stock compensation expense  | 11,245                   |    | 2,225    |
| Change in the fair value of convertible promissory notes - related parties—(6,213)Other non-cash (income) expense, net3.873(612)Settlement of paid in kind interest(8,311)—Change in operating assets and liabilities:7,7016,100Prepaid expenses and other assets(1,509)(370)Deferred IF limplementation costs(2,250)(3,000)Recovery of deferred FI implementation costs2,6921,952Accounts payable(839)(183)(183)Other accued expenses(237)(1,521)(1,521)IF IShae liability(21,752)(3,000)(261)Total adjustment20,3236,694(1,409)Total adjustment(2,276)(2,37)(2,37)CASH FLOWS FROM INVESTING ACTIVITIES:(1,402)(488)(2,31)Acquisition of poperty and equipment(1,492)(488)(2,31)Acquisition of patents(657)—(557)—Net cash used in investing activities§(2,31)(5,311)(49)Proceeds from issuance of debt(1,311)(49)(2,30)(5,311)Proceeds from issuance of odebt(5,1311)(49)(9,44)Proceeds from issuance of Sets G perfered stock—1,940Proceeds from issuance of Sets G perfered stock <td>Change in the fair value of warrant liabilities, net</td> <td>7,561</td> <td></td> <td>1,793</td>   | Change in the fair value of warrant liabilities, net                        | 7,561                    |    | 1,793    |
| Other non-cash (income) expense, net         3.873         (612)           Settlement of paid in kind interest         (8.311)         —           Change in operating assets and liabilities:         (8.311)         —           Accounts receivable         7.71         6.100           Prepaid expenses and other assets         (1.509)         (370)           Deferred FI implementation costs         2.250         (3.000)           Recovery of deferred FI implementation costs         2.692         1.952           Accounts payable         (83)         (183)           Other accrued expenses         (237)         (1,521)           FI Share liability         (3.185)         (6009)           Customer Incentive liability         2.0232         (6,994)           Net cash used in operating activities         \$ (12,785)         \$ (6,117)           CASH FLOWS FROM INVESTING ACTIVITIES:         -         -           Acquisition of property and equipment         (1,492)         (488)           Acquisition of patents         (12)         (22)           Capitalized software development costs         (657)         -           Net cash used in investing activities         \$ (612)         5 (611)           CASH FLOWS FROM FINANCING ACTIVITIES:         -         <   | Change in the fair value of convertible promissory notes                    | —                        |    | 1,244    |
| Settlement of paid in kind interest         (8,311)         —           Change in operating assets and liabilities:         7,701         6,100           Prepaid expenses and other assets         (1,509)         (370)           Defered FI implementation costs         (2,250)         (3,000)           Recovery of deferred FI implementation costs         2,692         1,952           Accounts payable         (839)         (183)           Other accrued expenses         (237)         (1,520)           If Ishare liability         (3,185)         (600)           Customer Incentive liability         (1,409)         (261)           Total adjustment         (3,232)         6,594           Net cash used in operating activities         \$ (12,705)         \$ (6,117)           CASH FLOWS FROM INVESTING ACTIVITIES:         *         *         *           Acquisition of patents         (12)         (23)         (488)           Acquisition of patents         (12)         (23)         (51)           CASH FLOWS FROM INVESTING ACTIVITIES:         *         *         *           Proceeds from issuance of debt         47,435         12,500         *           Proceeds from issuance of Series G prefered stock         —         *         * </td <td>Change in the fair value of convertible promissory notes - related parties</td> <td>—</td> <td></td> <td>(6,213)</td>   | Change in the fair value of convertible promissory notes - related parties  | —                        |    | (6,213)  |
| Change in operating assets and liabilities:         7701         6,100           Prepaid expenses and other assets         (1.509)         (370)           Deferred FI implementation costs         (2,250)         (3,000)           Recovery of deferred FI implementation costs         2,692         1,552           Accounts payable         (633)         (183)           Other accrued expenses         (237)         (1,517)           FI Share liability         (1,409)         (261)           Total adjustment         (1,409)         (261)           Total adjustment         20,323         6,994           Net cash used in operating activities         \$         (1,278)         \$         (6,117)           CASH FLOWS FROM INVESTING ACTIVITIES:         (149)         (488)         (223)         (230)           Capitalized software development costs         (657)          Net cash used in investing activities         \$         (2,120)         (23)           Capitalized software development costs         (657)          -         Net cash used in investing activities         \$         (2,10)         \$         (5,10)           Capitalized software development costs         (657)          -         Net cash used in investing activities         \$ <td>Other non-cash (income) expense, net</td> <td>3,873</td> <td></td> <td>(612)</td>  | Other non-cash (income) expense, net  | 3,873                    |    | (612)    |
| Accounts receivable7,7016,100Prepaid expenses and other assets(1,509)(370)Deferred FI implementation costs(2,25)(3,000)Recovery of deferred FI implementation costs2,6921,952Accounts payable(33)(183)Other accrued expenses(237)(1,521)FI Share liability(3,185)(6009)Customer Incentive liability(1,409)(261)Total adjustment20,3236,994Net cash used in operating activities\$ (12,785)\$ (6117)CASH FLOWS FROM INVESTING ACTIVITIES:(1492)(488)Acquisition of property and equipment(1,492)(488)Acquisition of patents(657)-Net cash used in investing activities\$ (2,161)\$ (511)CASH FLOWS FROM INVACING ACTIVITIES:(657)-Proceeds from issuance of debt47,43512,500Princeeds from issuance of debt(51,811)(49)Proceeds from issuance of Series G prefered stock-11,940Proceeds from issuance of Series G prefered stock-11,940Epitert or Series G norder device\$ (1,877)(994)Debt issuance costs(1,897)(994)Debt issuance costs(1,897)(994)Debt issuance costs(1,897)(994)Debt issuance costs(1,877)(548)FFECT OF EXCHANGE RATES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH49,206NET INCRASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH49,206N  | Settlement of paid in kind interest   | (8,311)                  |    | _        |
| Prepaid expenses and other assets         (1,509)         (370)           Deferred FI implementation costs         (2,250)         (3,000)           Recovery of deferred FI implementation costs         2,692         1,952           Accounts payable         (839)         (183)           Other accrued expenses         (237)         (1,521)           FI Share liability         (3,185)         (808)           Customer Incentive liability         (3,185)         (808)           Customer Incentive liability         (1,409)         (261)           Total adjustment         20,323         6,994           Net cash used in operating activities         \$ (12,785)         \$ (6,117)           CASH FLOWS FROM INVESTING ACTIVITIES:         (1,409)         (483)           Acquisition of patents         (1,2)         (233)           Capitalized software development costs         (657)            Net cash used in investing activities         \$ (2,161)         \$ (511)           CASH FLOWS PROM FINANCING ACTIVITIES:          Net cash used in investing activities         \$ (2,161)         \$ (511)           CASH FLOWS PROM FINANCING ACTIVITIES:           Net cash used in investing activities         \$ (2,161)         \$ (511)  | Change in operating assets and liabilities:                                 |                          |    |          |
| Deferred Fl implementation costs(2,25)(3,000)Recovery of deferred Fl implementation costs2,6921,952Accounts payable(83)(183)Other accrued expenses(237)(1,521)Fl Share liability(1,45)(800)Customer Incentive liability(1,40)(2(1))Total adjustment(1,409)(2(1))Total adjustment20,3236,994Net cash used in operating activities\$(1,278)Acquisition of property and equipment(1,429)(488)Acquisition of patents(1,278)(23)Capitalized software development costs(657)-Net cash used in investing activities\$(2,10)Proceeds from issuance of debt(51,811)(49)Proceeds from issuance of common stock70,527564Proceeds from issuance of Series G preferred stock-11,940Proceeds from issuance of Series G preferred stock-11,940Put issuance costs(1,897)(994)Deh issuance costs(1,897)(994)Deh issuance costs(1,897)(994)Deh issuance costs(2,8)52,3,819EFFECT OF EXCHANGE RATES ON CASH EQUIVALENTS AND RESTRICTED CASH49,20617,357CASH, CASH EQUIVALENTS AND RESTRICTED CASH49,20617,357CASH, CASH EQUIVALENTS AND RESTRICTED CASH49,20617,357   | Accounts receivable   | 7,701                    |    | 6,100    |
| Recovery of deferred FI implementation costs         2,692         1,952           Accounts payable         (839)         (183)           Other accrued expenses         (237)         (1,521)           FI Share liability         (3,185)         (808)           Customer Incentive liability         (3,185)         (808)           Customer Incentive liability         (1,409)         (261)           Total adjustment         20,323         6,594           Net cash used in operating activities         \$ (12,785)         \$ (6,117)           CASH FLOWS FROM INVESTING ACTIVITIES:         (1,492)         (488)           Acquisition of property and equipment         (1,492)         (488)           Acquisition of patents         (1,20)         (23)           Capitalized software development costs         (657)            Net cash used in investing activities         \$ (2,161)         \$ (511)           CASH FLOWS FROM FINANCING ACTIVITIES:          Net cash used in investing activities         \$ (2,161)           CASH FLOWS FROM FINANCING ACTIVITIES:          Net cash used in investing activities         \$ (2,161)           CASH FLOWS FROM FINANCING ACTIVITIES:          Net cash used in investing activities         \$ (2,161)  | Prepaid expenses and other assets   | (1,509)                  |    | (370)    |
| Accounts payable       (83)       (183)         Other accrued expenses       (237)       (1,521)         FI Share liability       (3,185)       (800)         Customer Incentive liability       (1,409)       (261)         Total adjustment       (1,2785)       (6,117)         CASH FLOWS FROM INVESTING ACTIVITIES:       (1,2785)       (6,117)         CAquisition of property and equipment       (1,492)       (488)         Acquisition of patents       (1,492)       (488)         Acquisition of patents       (1,2785)       (5,57)         Net cash used in investing activities       (657)          Net cash used in investing activities       (5,111)       (5,1511)         CASH FLOWS FROM FINANCING ACTIVITIES:           Proceeds from issuance of debt       47,435       12,500         Principal payments of debt       (51,811)       (49)         Proceeds from issuance of common stock       70,527       564         Proceeds from issuance of Series G prefered stock        -         equity issuance costs       (18,97)       (994)         Debt issuance costs       (48)       (142)         Net cash from financing activities       \$       64,206       \$  | Deferred FI implementation costs  | (2,250)                  |    | (3,000)  |
| Other accrued expenses         (237)         (1,521)           FI Share liability         (3,185)         (808)           Customer Incentive liability         (1,409)         (261)           Total adjustment         (1,409)         (261)           Net cash used in operating activities         \$ (12,785)         \$ (16,117)           CASH FLOWS FROM INVESTING ACTIVITIES:         (1,492)         (488)           Acquisition of property and equipment         (1,492)         (488)           Acquisition of patents         (152)         -           Net cash used in investing activities         \$ (2,161)         \$ (511)           Capitalized software development costs         (657)         -           Net cash used in investing activities         \$ (2,161)         \$ (511)           CASH FLOWS FROM FINANCING ACTIVITIES:         -         -           Proceeds from issuance of debt         12,500         -           Principal payments of debt         (51,811)         (49)           Proceeds from issuance of common stock         70,527         564           Proceeds from issuance costs         (1,897)         (994)           Debt issuance costs         (143)         (142)           Net cash from financing activities         \$ 64,206         \$ 2,3819<  | Recovery of deferred FI implementation costs                                | 2,692                    |    | 1,952    |
| FI Share liability       (3,185)       (608)         Customer Incentive liability       (1,409)       (261)         Total adjustment       20,323       6,994         Net cash used in operating activities       \$ (12,785)       \$ (16,117)         CASH FLOWS FROM INVESTING ACTIVITIES:  | Accounts payable  | (839)                    |    | (183)    |
| Customer Incentive liability(1,409)(261)Total adjustment20,3236,994Net cash used in operating activities\$(12,785)CASH FLOWS FROM INVESTING ACTIVITIES:(1,492)(488)Acquisition of property and equipment(1,492)(488)Acquisition of patents(12)(23)Capitalized software development costs(657)Net cash used in investing activities\$(2,161)CASH FLOWS FROM FINANCING ACTIVITIES:**Proceeds from issuance of debt47,43512,500Principal payments of debt(51,811)(49)Proceeds from issuance of Series G preferred stock11,940Equity issuance costs(1,897)(994)Debt issuance costs(1,897)(994)Debt issuance costs(48)(142)Net cash from financing activities\$64,206S23,819\$5EFFECT OF EXCHANGE RATES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH49,20617,367CASH, CASH EQUIVALENTS AND RESTRICTED CASH49,20617,367CASH, CASH EQUIVALENTS AND RESTRICTED CASH49,20617,367   | Other accrued expenses  | (237)                    |    | (1,521)  |
| Total adjustment20,3236,994Net cash used in operating activities\$(12,785)\$(6,117)CASH FLOWS FROM INVESTING ACTIVITIES:(1,492)(488)Acquisition of property and equipment(1,492)(488)Acquisition of patents(12)(23)Capitalized software development costs(657)-Net cash used in investing activities\$(2,161)\$CASH FLOWS FROM FINANCING ACTIVITIES:**(51)1Proceeds from issuance of debt47,43512,500*Principal payments of debt(51,811)(49)(49)Proceeds from issuance of Series G preferred stock-11,940Equivi issuance costs(1,897)(994)Debt issuance costs(1,897)(994)Equivi issuance costs(48)(142)Net cash from financing activities\$64,206S23,819\$176Net cash find financing activities\$23,819EFFECT OF EXCHANGE RATES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH49,20617,367CASH, CASH EQUIVALENTS AND RESTRICTED CASH49,20617,367CASH, CASH EQUIVALENTS AND RESTRICTED CASH22,29822,968  | FI Share liability  | (3,185)                  |    | (808)    |
| Net cash used in operating activities         \$ (12,78)         \$ (6,117)           CASH FLOWS FROM INVESTING ACTIVITIES:         (1,492)         (488)           Acquisition of property and equipment         (1,22)         (488)           Acquisition of patents         (12)         (23)           Capitalized software development costs         (657)         -           Net cash used in investing activities         \$ (2,16)         \$ (511)           CASH FLOWS FROM FINANCING ACTIVITIES:         *         *           Proceeds from issuance of debt         47,435         12,500           Principal payments of debt         (51,811)         (49)           Proceeds from issuance of common stock         70,527         564           Proceeds from issuance of Series G preferred stock         -         11,940           Equity issuance costs         (1,897)         (994)           Debt issuance costs         (48)         (142)           Net cash from financing activities         \$ 64,206         \$ 23,819           EFFECT OF EXCHANGE RATES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH         (54)         176           NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH         49,206         17,367           CASH, CASH EQUIVALENTS AND RESTRICTED CASH         49,206         17,367  | Customer Incentive liability  | (1,409)                  |    | (261)    |
| CASH FLOWS FROM INVESTING ACTIVITIES:Acquisition of property and equipment(1,492)(488)Acquisition of patents(12)(23)Capitalized software development costs(657)-Net cash used in investing activities\$(2,10)\$CASH FLOWS FROM FINANCING ACTIVITIES:**Proceeds from issuance of debt47,43512,500Principal payments of debt(51,811)(49)Proceeds from issuance of common stock70,527564Proceeds from issuance of Series G preferred stock-11,940Equity issuance costs(1897)(994)Debt issuance costs(48)(142)Net cash from financing activities\$64,206FFECT OF EXCHANGE RATES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH(54)176NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH49,20617,367CASH, CASH EQUIVALENTS AND RESTRICTED CASH21,26222,968   | Total adjustment  | <br>20,323               |    | 6,994    |
| Acquisition of property and equipment(1,492)(488)Acquisition of patents(12)(23)Capitalized software development costs(657)—Net cash used in investing activities\$(2,161)\$CASH FLOWS FROM FINANCING ACTIVITIES:TTProceeds from issuance of debt47,43512,500Principal payments of debt(51,811)(49)Proceeds from issuance of common stock70,527564Proceeds from issuance of Series G preferred stock—11,940Equity issuance costs(142)(493)Debt issuance costs(142)(142)Seconds from financing activities\$64,206Seconds from financing activities\$23,819EFFECT OF EXCHANGE RATES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH49,20617,367CASH, CASH EQUIVALENTS AND RESTRICTED CASH49,20617,367CASH, CASH EQUIVALENTS AND RESTRICTED CASH21,26222,968   | Net cash used in operating activities                                       | \$<br>(12,785)           | \$ | (6,117)  |
| Acquisition of patents(12)(23)Capitalized software development costs(657)-Net cash used in investing activities\$ (2,161)\$ (51)CASH FLOWS FROM FINANCING ACTIVITIES:Proceeds from issuance of debt47,43512,500Principal payments of debt(51,811)(49)Proceeds from issuance of common stock70,527564Proceeds from issuance of Series G preferred stock-11,940Equity issuance costs(1897)(994)Debt issuance costs(48)(142)Net cash from financing activities\$ 64,206\$ 23,819EFFECT OF EXCHANGE RATES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH(54)176NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH49,20617,367CASH, CASH EQUIVALENTS AND RESTRICTED CASH21,26222,968   | CASH FLOWS FROM INVESTING ACTIVITIES:                                       |                          |    |          |
| Capitalized software development costs(657)—Net cash used in investing activities\$(2,161)\$(511)CASH FLOWS FROM FINANCING ACTIVITIES: </td <td>Acquisition of property and equipment</td> <td>(1,492)</td> <td></td> <td>(488)</td>   | Acquisition of property and equipment                                       | (1,492)                  |    | (488)    |
| Net cash used in investing activities\$(2,161)\$(511)CASH FLOWS FROM FINANCING ACTIVITIES:<  | Acquisition of patents  | (12)                     |    | (23)     |
| CASH FLOWS FROM FINANCING ACTIVITIES:Image: constant of the constant | Capitalized software development costs                                      | (657)                    |    | _        |
| Proceeds from issuance of debt       47,435       12,500         Principal payments of debt       (51,811)       (49)         Proceeds from issuance of common stock       70,527       564         Proceeds from issuance of Series G preferred stock        11,940         Equity issuance costs       (1,897)       (994)         Debt issuance costs        142         Net cash from financing activities        142         EFFECT OF EXCHANGE RATES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH        17,367         NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH        17,367         CASH, CASH EQUIVALENTS AND RESTRICTED CASH        21,262       22,968  | Net cash used in investing activities                                       | \$<br>(2,161)            | \$ | (511)    |
| Principal payments of debt       (51,811)       (49)         Proceeds from issuance of common stock       70,527       564         Proceeds from issuance of Series G preferred stock  | CASH FLOWS FROM FINANCING ACTIVITIES:                                       |                          |    |          |
| Proceeds from issuance of common stock70,527564Proceeds from issuance of Series G preferred stock—11,940Equity issuance costs(1,897)(994)Debt issuance costs(48)(142)Net cash from financing activities\$64,206EFFECT OF EXCHANGE RATES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH(54)176NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH49,20617,367CASH, CASH EQUIVALENTS AND RESTRICTED CASH21,26222,968   | Proceeds from issuance of debt  | 47,435                   |    | 12,500   |
| Proceeds from issuance of common stock70,527564Proceeds from issuance of Series G preferred stock—11,940Equity issuance costs(1,897)(994)Debt issuance costs(48)(142)Net cash from financing activities\$64,206\$EFFECT OF EXCHANGE RATES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH(54)176NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH49,20617,367CASH, CASH EQUIVALENTS AND RESTRICTED of year21,26222,968  | Principal payments of debt  | (51,811)                 |    | (49)     |
| Equity issuance costs(1,897)(994)Debt issuance costs(48)(142)Net cash from financing activities\$64,206\$EFFECT OF EXCHANGE RATES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH(54)176NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH49,20617,367CASH, CASH EQUIVALENTS AND RESTRICTED CASH21,26222,968   | Proceeds from issuance of common stock                                      |                          |    | 564      |
| Equity issuance costs(1,897)(994)Debt issuance costs(48)(142)Net cash from financing activities\$64,206\$EFFECT OF EXCHANGE RATES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH(54)176NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH49,20617,367CASH, CASH EQUIVALENTS AND RESTRICTED CASH21,26222,968   | Proceeds from issuance of Series G preferred stock                          | _                        |    | 11,940   |
| Net cash from financing activitiesC\$64,206\$23,819EFFECT OF EXCHANGE RATES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH(54)176NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH49,20617,367CASH, CASH EQUIVALENTS AND RESTRICTED CASH — Beginning of year21,26222,968   | Equity issuance costs   | (1,897)                  |    |          |
| Net cash from financing activities\$64,206\$23,819EFFECT OF EXCHANGE RATES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH(54)176NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH49,20617,367CASH, CASH EQUIVALENTS AND RESTRICTED CASH — Beginning of year21,26222,968  |   | , ,                      |    | · · /    |
| EFFECT OF EXCHANGE RATES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH(54)176NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH49,20617,367CASH, CASH EQUIVALENTS AND RESTRICTED CASH — Beginning of year21,26222,968  | Net cash from financing activities  | \$<br>                   | \$ |          |
| NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH49,20617,367CASH, CASH EQUIVALENTS AND RESTRICTED CASH — Beginning of year21,26222,968   | -   |                          |    |          |
| CASH, CASH EQUIVALENTS AND RESTRICTED CASH — Beginning of year 21,262 22,968   |   | <br>                     |    |          |
|  |   |                          |    |          |
|  |   | \$<br>                   | \$ |          |

#### CARDLYTICS, INC. RECONCILIATION OF GAAP REVENUE TO NON-GAAP ADJUSTED CONTRIBUTION (UNAUDITED) (Amounts in thousands)

|   | Three Months Ended<br>June 30, |        |    |           |    | Six Months Ended<br>June 30, |    |        |  |
|---|--------------------------------|--------|----|-----------|----|------------------------------|----|--------|--|
|   |                                | 2018   |    | 2017 2018 |    |                              |    | 2017   |  |
| Revenue   | \$                             | 35,570 | \$ | 32,812    | \$ | 68,283                       | \$ | 59,693 |  |
| Minus:  |                                |        |    |           |    |                              |    |        |  |
| FI Share and other third-party costs <sup>(1)</sup> |                                | 19,401 |    | 19,326    |    | 37,890                       |    | 35,612 |  |
| Adjusted contribution <sup>(2)</sup>                | \$                             | 16,169 | \$ | 13,486    | \$ | 30,393                       | \$ | 24,081 |  |

(1) FI Share and other third-party costs presented above excludes non-cash equity expense included in FI Share and amortization and impairment of deferred FI implementation costs, which are

detailed below in our reconciliation of GAAP net loss to non-GAAP adjusted EBITDA.
(2) Adjusted contribution includes the impact of an accrued expense totaling \$1.5 million and \$3.0 million during the three and six months ended June 30, 2017, respectively, related to an expected shortfall in meeting a minimum FI Share commitment. There was no corresponding accrued expense during the three and six months ended June 30, 2018.

## CARDLYTICS, INC.

## RECONCILIATION OF GAAP NET LOSS TO NON-GAAP ADJUSTED EBITDA (UNAUDITED) (Amounts in thousands)

|   | Three Months Ended<br>June 30, |      |         | Six Months Ended<br>June 30, |          |    |          |  |
|---|--------------------------------|------|---------|------------------------------|----------|----|----------|--|
|   | <br>2018                       | 2017 |         | 2018                         |          |    | 2017     |  |
| Net loss  | \$<br>(13,053)                 | \$   | (648)   | \$                           | (33,108) | \$ | (13,111) |  |
| Plus:   |                                |      |         |                              |          |    |          |  |
| Interest expense, net   | 992                            |      | 2,020   |                              | 2,741    |    | 4,664    |  |
| Depreciation and amortization expense                           | 784                            |      | 767     |                              | 1,694    |    | 1,532    |  |
| Stock-based compensation expense                                | 8,345                          |      | 1,242   |                              | 11,245   |    | 2,225    |  |
| Non-cash equity expense included in FI Share                    |                                |      |         |                              | 2,519    |    | _        |  |
| Change in fair value of warrant liabilities                     | (1,611)                        |      | 1,466   |                              | 7,561    |    | 1,793    |  |
| Change in fair value of convertible promissory notes            |                                |      | (7,575) |                              | _        |    | (4,969)  |  |
| Foreign currency (gain) loss                                    | 1,109                          |      | (579)   |                              | 426      |    | (744)    |  |
| Loss on extinguishment of debt                                  | 924                            |      |         |                              | 924      |    | _        |  |
| Costs associated with financing events                          | _                              |      | 129     |                              | _        |    | 129      |  |
| Amortization and impairment of deferred FI implementation costs | 346                            |      | 354     |                              | 758      |    | 745      |  |
| Adjusted EBITDA <sup>(1)</sup>                                  | \$<br>(2,164)                  | \$   | (2,824) | \$                           | (5,240)  | \$ | (7,736)  |  |

(1) Adjusted EBITDA includes the impact of an accrued expense totaling \$1.5 million and \$3.0 million during the three and six months ended June 30, 2017, respectively, related to an expected shortfall in meeting a minimum FI Share commitment. There was no corresponding accrued expense during the three and six months ended June 30, 2018.

## CARDLYTICS, INC. RECONCILIATION OF GAAP NET LOSS TO NON-GAAP NET LOSS (UNAUDITED) (Amounts in thousands except per share amounts)

|  | Three Months Ended<br>June 30, |          |    |         | nded |          |    |          |
|--|--------------------------------|----------|----|---------|------|----------|----|----------|
|  |                                | 2018     |    | 2017    |      | 2018     |    | 2017     |
| Net loss   | \$                             | (13,053) | \$ | (648)   | \$   | (33,108) | \$ | (13,111) |
| Plus:  |                                |          |    |         |      |          |    |          |
| Stock-based compensation expense   |                                | 8,345    |    | 1,242   |      | 11,245   |    | 2,225    |
| Non-cash equity expense included in FI Share   |                                | —        |    | —       |      | 2,519    |    | —        |
| Change in fair value of warrant liabilities  |                                | (1,611)  |    | 1,466   |      | 7,561    |    | 1,793    |
| Change in fair value of convertible promissory notes   |                                | —        |    | (7,575) |      | —        |    | (4,969)  |
| Foreign currency (gain) loss   |                                | 1,109    |    | (579)   |      | 426      |    | (744)    |
| Loss on extinguishment of debt   |                                | 924      |    | —       |      | 924      |    | _        |
| Costs associated with financing events   |                                | _        |    | 129     |      | —        |    | 129      |
| Non-GAAP net loss  | \$                             | (4,286)  | \$ | (5,965) | \$   | (10,433) | \$ | (14,677) |
| Weighted-average number of shares of common stock used in computing non-GAAP net loss per share: |                                |          |    |         |      |          |    |          |
| GAAP weighted-average common shares outstanding, diluted   |                                | 20,300   |    | 3,875   |      | 16,716   |    | 2,935    |
| Weighted-average preferred shares, assuming conversion   |                                | —        |    | 10,048  |      | 2,235    |    | 9,527    |
| Non-GAAP weighted-average common shares outstanding, diluted                                     |                                | 20,300   |    | 13,923  |      | 18,951   |    | 12,462   |
| Non-GAAP net loss per share attributable to common stockholders, diluted                         | \$                             | (0.21)   | \$ | (0.43)  | \$   | (0.55)   | \$ | (1.18)   |

## **Contacts:**

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