UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2021

OR

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

For the transition period from ________________ to ________________

Commission File Number: **001-38386**

CARDLYTICS, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**26-3039436**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

675 Ponce de Leon Ave. NE, Ste 6000 **Atlanta** **Georgia** **30308**

(Address of principal executive offices, including zip code)

(888) 792-5802

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	CDLX	NASDAQ

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, 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 July 31, 2021, there were 33,040,112 shares outstanding of the registrant's common stock, par value $0.0001.

CARDLYTICS, INC.
QUARTERLY REPORT ON FORM 10-Q
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RISK FACTORS SUMMARY

Our business is subject to a number of risks and uncertainties, including those risks discussed at-length in the section below titled “Risk Factors.” These risks include, among others, the following:

Risks Related to our Business and Industry

- The ongoing COVID-19 pandemic could materially and adversely affect our business, results of operations and financial condition.
- Unfavorable conditions in the global economy or the industries we serve could limit our ability to grow our business and negatively affect our operating results.
- Our quarterly operating results have fluctuated and may continue to vary from period to period, which could result in our failure to meet expectations with respect to operating results and cause the trading price of our stock to decline.
- We may not be able to sustain our revenue and billings growth rate in the future.
- We are dependent upon the Cardlytics platform.
- We are substantially dependent on Chase, Bank of America and a limited number of other FI partners.
- The market in which we participate is competitive, and we may not be able to compete successfully with our current or future competitors.
- If we are unable to successfully integrate Dosh’s and Bridg’s businesses and employees, it could have an adverse effect on our future results and the market price of our common stock.

Risks Related to our Outstanding Convertible Senior Notes

- Servicing our debt may require a significant amount of cash. We may not have sufficient cash flow from our business to pay our indebtedness, and we may not have the ability to raise the funds necessary to settle for cash conversions of the Notes or to repurchase the Notes for cash upon a fundamental change, which could adversely affect our business and results of operations.
- We are subject to counterparty risk with respect to the Capped Calls.

Risks Related to Regulatory and Intellectual Property Matters

- Regulatory, legislative or self-regulatory developments regarding Internet privacy matters could adversely affect our ability to conduct our business.
- Legislation and regulation of online businesses, including privacy and data protection regimes, is expansive, not clearly defined and rapidly evolving. Such regulation could create unexpected costs, subject us to enforcement actions for compliance failures, or restrict portions of our business or cause us to change our business model.
- Failure to protect our proprietary technology and intellectual property rights could substantially harm our business, financial condition and operating results.

Risks Related to Ownership of our Common Stock

- The market price of our common stock has been and is likely to continue to be volatile.
- Anti-takeover provisions in our charter documents and under Delaware law could make acquiring us more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our common stock.

PART I. FINANCIAL INFORMATION
ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CARDLYTICS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(Amounts in thousands, except par value amounts)

	December 31, 2020	June 30, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 293,239	$ 250,603
Restricted cash	110	111
Accounts receivable, net	81,249	73,468
Other receivables	5,306	6,142
Prepaid expenses and other assets	5,687	8,132
Total current assets	385,591	338,456
Long-term assets:		
Property and equipment, net	13,865	13,095
Right-of-use assets under operating leases, net	10,764	11,694
Intangible assets, net	447	137,185
Goodwill	—	718,490
Capitalized software development costs, net	6,299	9,157
Deferred implementation costs, net	3,785	2,173
Other long-term assets, net	1,786	2,617
Total assets	$ 422,537	$ 1,232,867
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 1,363	$ 5,217
Accrued liabilities:		
Accrued compensation	7,582	9,090
Accrued expenses	5,502	8,207
Partner Share liability	37,457	28,688
Consumer Incentive liability	24,290	36,561
Deferred revenue	349	2,777
Current operating lease liabilities	4,718	6,000
Current finance lease liabilities	13	23
Current contingent consideration	—	164,952
Other current liabilities	—	1,457
Total current liabilities	81,274	262,972
Long-term liabilities:		
Convertible senior notes, net	174,011	179,113
Long-term finance lease liabilities	—	44
Long-term operating lease liabilities	9,381	8,218
Long-term contingent consideration	—	67,449
Other long-term liabilities	679	679
Total liabilities	265,345	518,475
Stockholders’ equity:		
Common stock, $0.0001 par value—100,000 shares authorized and 27,861 and 33,023 shares issued and outstanding as of December 31, 2020 and June 30, 2021, respectively.	8	8
Additional paid-in capital	551,429	1,181,290
Accumulated other comprehensive income	(192)	(652)
Accumulated deficit	(394,053)	(466,254)
Total stockholders’ equity	157,192	714,392
Total liabilities and stockholders’ equity	$ 422,537	$ 1,232,867

See notes to the condensed consolidated financial statements

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2021	2020	2021
Revenue	$ 28,222	$ 58,853	$ 73,731	$ 112,083
Costs and expenses:				
Partner Share and other third-party costs	16,811	29,953	42,949	59,724
Delivery costs	3,499	5,748	6,905	9,686
Sales and marketing expense	10,405	17,063	21,373	30,265
Research and development expense	3,966	8,934	7,817	15,152
General and administration expense	11,734	16,888	22,478	29,063
Acquisition and integration costs	—	14,182	—	21,212
Depreciation and amortization expense	1,545	8,833	3,876	11,898
Total costs and expenses	47,960	101,601	105,398	177,000
Operating loss	(19,738)	(42,748)	(31,667)	(64,917)
Other (expense) income:				
Interest (expense) income, net	(10)	(3,078)	274	(6,123)
Change in fair value of contingent consideration	—	(1,480)	—	(1,480)
Foreign currency (loss) gain	(10)	—	(1,896)	319
Total other expense	(20)	(4,558)	(1,622)	(7,284)
Loss before income taxes	(19,758)	(47,306)	(33,289)	(72,201)
Income tax benefit	—	—	—	—
Net loss	(19,758)	(47,306)	(33,289)	(72,201)
Net loss attributable to common stockholders	$ (19,758)	$ (47,306)	$ (33,289)	$ (72,201)
Net loss per share attributable to common stockholders, basic and diluted	$ (0.73)	$ (1.43)	$ (1.24)	$ (2.32)
Weighted-average common shares outstanding, basic and diluted	27,072	32,977	26,898	31,145

See notes to the condensed consolidated financial statements

CARDLYTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)
(Amounts in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2021	2020	2021
Net loss	$ (19,758)	$ (47,306)	$ (33,289)	$ (72,201)
Other comprehensive income (loss):				
Foreign currency translation adjustments	105	(164)	1,402	(460)
Total comprehensive loss	$ (19,653)	$ (47,470)	$ (31,887)	$ (72,661)

See notes to the condensed consolidated financial statements

CARDLYTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)
(Amounts in thousands)

Six Months Ended June 30, 2021:

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount				
Balance – December 31, 2020	27,861	$ 8	$ 551,429	$ (192)	$ (394,053)	$ 157,192
Exercise of common stock options	84	—	1,456	—	—	1,456
Stock-based compensation	—	—	20,937	—	—	20,937
Issuance of restricted stock	303	—	—	—	—	—
Issuance of common stock	3,850	—	484,049	—	—	484,049
Issuance of common stock pursuant to the ESPP	21	—	1,637	—	—	1,637
Common stock purchase consideration for the acquisition of Dosh	904	—	117,349	—	—	117,349
Fair value of assumed Dosh options attributable to pre-combination service	—	—	3,593	—	—	3,593
Fair value of assumed Bridg options attributable to pre-combination service	—	—	840	—	—	840
Other comprehensive loss	—	—	—	(460)	—	(460)
Net loss	—	—	—	—	(72,201)	(72,201)
Balance – June 30, 2021	33,023	$ 8	$ 1,181,290	$ (652)	$ (466,254)	$ 714,392

Three Months Ended June 30, 2021:

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
	Shares	Amount				
Balance – March 31, 2021	31,770	$ 8	$ 1,164,320	$ (488)	$ (418,948)	$ 744,892
Exercise of common stock options	53	—	951	—	—	951
Stock-based compensation	—	—	13,542	—	—	13,542
Settlement of restricted stock	275	—	—	—	—	—
Issuance of common stock	—	—	—	—	—	—
Common stock purchase consideration for the acquisition of Dosh	904	—	—	—	—	—
Fair value of assumed Bridg options attributable to pre-combination service	—	—	840	—	—	840
Issuance of common stock pursuant to the ESPP	21	—	1,637	—	—	1,637
Other comprehensive income	—	—	—	(164)	—	(164)
Net loss	—	—	—	—	(47,306)	(47,306)
Balance – June 30, 2021	33,023	$ 8	$ 1,181,290	$ (652)	$ (466,254)	$ 714,392

See notes to the condensed consolidated financial statements

Six Months Ended June 30, 2020:

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
	Shares	Amount				
Balance – December 31, 2019	26,547	$ 8	$ 480,578	$ 1,312	$ (338,631)	$ 143,267
Exercise of common stock options	275	—	5,426	—	—	5,426
Exercise of common stock warrants	9	—	—	—	—	—
Stock-based compensation	—	—	12,347	—	—	12,347
Settlement of restricted stock	416	—	—	—	—	—
Issuance of common stock pursuant to the ESPP	28	—	1,312	—	—	1,312
Other comprehensive income	—	—	—	1,402	—	1,402
Net loss	—	—	—	—	(33,289)	(33,289)
Balance – June 30, 2020	27,275	$ 8	$ 499,663	$ 2,714	$ (371,920)	$ 130,465

Three Months Ended June 30, 2020:

	Common Stock		Additional Paid-In-Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
	Shares	Amount				
Balance – March 31, 2020	26,824	$ 8	$ 487,903	$ 2,609	$ (352,162)	$ 138,358
Exercise of common stock options	114	—	2,281	—	—	2,281
Stock-based compensation	—	—	8,167	—	—	8,167
Settlement of restricted stock	309	—	—	—	—	
Issuance of common stock pursuant to the ESPP	28	—	1,312	—	—	1,312
Other comprehensive income	—	—	—	105	—	105
Net loss	—	—	—	—	(19,758)	(19,758)
Balance – June 30, 2020	27,275	$ 8	$ 499,663	$ 2,714	$ (371,920)	$ 130,465

See notes to the condensed consolidated financial statements

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

	Six Months Ended June 30,	
	2020	**2021**
Operating activities		
Net loss	$ (33,289)	$ (72,201)
Adjustments to reconcile net loss to net cash used in operating activities:		
Credit loss expense	1,326	1,156
Depreciation and amortization	3,876	11,898
Amortization of financing costs charged to interest expense	48	448
Accretion of debt discount and non-cash interest expense	—	4,680
Amortization of right-of-use assets	1,731	2,354
Stock-based compensation expense	13,233	20,585
Change in fair value of contingent consideration	—	1,480
Other non-cash expense (income), net	2,073	(279)
Amortization of deferred implementation costs	1,999	1,612
Change in operating assets and liabilities:		
Accounts receivable	42,460	10,209
Prepaid expenses and other assets	(603)	(1,896)
Accounts payable	(163)	2,021
Other accrued expenses	(6,922)	2,021
Partner Share liability	(22,665)	(8,768)
Consumer Incentive liability	(10,748)	(2,830)
Net cash used in operating activities	(7,644)	(27,510)
Investing activities		
Acquisition of property and equipment	(1,225)	(1,790)
Acquisition of patents	(30)	(58)
Capitalized software development costs	(2,132)	(4,431)
Business acquisition, net of cash acquired	—	(494,131)
Net cash used in investing activities	(3,387)	(500,410)
Financing activities		
Principal payments of debt	(11)	(11)
Proceeds from issuance of common stock	5,435	485,690
Deferred equity issuance costs	—	(190)
Debt issuance costs	(13)	(86)
Net cash received from financing activities	5,411	485,403
Effect of exchange rates on cash, cash equivalents and restricted cash	(492)	(118)
Net decrease in cash, cash equivalents and restricted cash	(6,112)	(42,635)
Cash, cash equivalents, and restricted cash — Beginning of period	104,587	293,349
Cash, cash equivalents, and restricted cash — End of period	$ 98,475	$ 250,714

See notes to the condensed consolidated financial statements

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

	Six Months Ended June 30,	
	2020	2021
Reconciliation of cash, cash equivalents and restricted cash to the condensed consolidated balance sheet:		
Cash and cash equivalents	$ 98,370	$ 250,603
Restricted cash	105	111
Total cash, cash equivalents and restricted cash — End of period	$ 98,475	$ 250,714
Supplemental schedule of non-cash investing and financing activities:		
Cash paid for interest	$ 32	$ 1,139
Amounts accrued for property and equipment and capitalized software development costs	$ 452	$ 390

See notes to the condensed consolidated financial statements

CARDLYTICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. OVERVIEW OF BUSINESS AND BASIS OF PRESENTATION

Cardlytics, Inc. (“we,” “our,” “us,” the “Company,” or “Cardlytics”) is a Delaware corporation and was formed on June 26, 2008. We operate an advertising platform within our and our partners' digital channels (the "Cardlytics platform"), which include online, mobile applications, email, and various real-time notifications. Our partners predominantly include financial institution ("FI") partners which provide us with access to their anonymized purchase data and digital banking customers. By applying advanced analytics to this aggregation of purchase data, we make it actionable, helping marketers identify, reach and influence likely buyers at scale, and measure the true sales impact of their marketing spend. We have strong relationships with leading marketers across a variety of industries, including retail, restaurant, travel and entertainment, telecommunications, subscription services, direct-to-consumer, gas and grocery. Using our purchase intelligence, we present customers with offers to save money at a time when they are thinking of their finances.

We also operate through (1) Dosh Holdings, LLC, a wholly owned and operated subsidiary in the United States, (2) Cardlytics UK Limited, a wholly owned and operated subsidiary registered as a private limited company in England and Wales, and (3) Cardlytics Services India Private Limited, a wholly owned and operated subsidiary registered as a private limited company in India.

We also operate through Bridg, Inc. ("Bridg"), a wholly owned and operated subsidiary in the United States. Bridg is a customer data platform (the "Bridg platform"), which utilizes anonymized point-of-sale data, including SKU-level purchase data, to enable marketers, in a privacy-safe manner, to perform analytics and anonymous targeted loyalty marketing and measure the impact of their marketing.

Unaudited Interim Results

The accompanying unaudited interim condensed consolidated financial statements and information have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) and in accordance with the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and disclosures required by GAAP for complete financial statements. In the opinion of management, these financial statements contain all normal and recurring adjustments considered necessary to present fairly the financial position, results of operations, and cash flows for the periods presented. The results for interim periods presented are not necessarily indicative of the results to be expected for the full year due to the seasonality of our business, which has been historically impacted by higher consumer spending during the fourth quarter. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes thereto included on our Annual Report on Form 10-K ("Annual Report") for the fiscal year ended December 31, 2020.

Acquisitions

On May 5, 2021, we completed the acquisition of Bridg for purchase consideration of $578.9 million. The purchase consideration consisted of a $350.0 million cash purchase price, subject to $2.9 million of adjustments and escrows, and contingent consideration with a fair value of $230.9 million related to additional potential future payments. The potential payment within 30 days of the first anniversary of the acquisition (the "First Anniversary Payment") will be equal to 20 times the difference between the U.S. annualized recurring revenue ("ARR"), based on the month preceding the first anniversary and $12.5 million. The potential payment within 30 days of the second anniversary of the acquisition (the “Second Anniversary Payment”) will be equal to 15 times the difference between the ARR for customers as of the first anniversary based on the month preceding the second anniversary, and the prior ARR at the first anniversary. The Second Anniversary Payment is subject to a specified cap. At least 30% of the First Anniversary Payment and the Second Anniversary Payment will be in cash, with the remainder to be paid in cash or our common stock, at our option. If we choose to pay a portion of the First Anniversary Payment or Second Anniversary Payment in our common stock, the number of shares will be determined by dividing the amount of the payment by the trailing 20-day volume-weighted average price ending on the first anniversary date or second anniversary date, as applicable. We also assumed unvested options to purchase Bridg’s common stock and attributed $0.9 million of their fair value to the pre-combination service period. ARR is a performance metric defined within Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations". Refer to Note 3 - Business Combinations to our condensed consolidated financial statements for further information.

On March 5, 2021, we completed the acquisition of Dosh Holdings, Inc. ("Dosh") for purchase consideration of $277.1 million in a combination of cash and common stock. The total purchase consideration consisted of a $150.0 million cash purchase price, subject to $6.2 million of adjustments and escrows; and $125.0 million of shares of our common stock at an agreed-upon price of $136.33 per share, subject to $7.6 million of fair value adjustments based upon our close date, for an acquisition date fair value of $117.4 million. In addition, we assumed unvested options to purchase Dosh’s common stock and attributed $3.6 million of their fair value to the pre-combination service period. Refer to Note 3 - Business Combinations to our condensed consolidated financial statements for further information.

Public Offering of Common Stock

On March 5, 2021, we closed a public equity offering in which we sold 3,850,000 shares of common stock at a public offering price of $130.00 per share for total gross proceeds of $500.5 million. We received total net proceeds of $484.0 million after deducting underwriting discounts and commissions of $16.3 million and offering costs of $0.2 million.

Use of Estimates

The preparation of 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 consolidated financial statements. Significant items subject to such estimates and assumptions include revenue recognition, internal-use software development costs, income taxes, stock-based compensation, allowance for doubtful accounts, valuation of acquired intangible assets of Dosh and Bridg, valuation of contingent consideration for Bridg, income tax valuation allowance and contingencies. We base our estimates on historical experience and on assumptions that we believe are reasonable. Changes in facts or circumstances may cause us to change our assumptions and estimates in future periods and it is possible that actual results could differ from our current or revised future estimates.

Internal-Use Software Development Costs

During 2019, we began capitalizing costs related to the development of new technology for building and launching marketing campaigns. In March 2020, we redesigned certain elements of this project and wrote off development costs totaling $0.8 million recognized in depreciation and amortization expense on our condensed consolidated statement of operations.

Restructuring

During the first quarter of 2020, we began a strategic shift within our organization to increase productivity and optimize performance. This plan has resulted in severance and medical benefits totaling $0.4 million and $0.9 million during the three and six months ended June 30, 2020, respectively. These charges are reflected on our condensed consolidated statement of operations as follows: $0.7 million in sales and marketing expense, $0.1 million general and administrative expense and $0.1 million in research and development expense for the six months ended June 30, 2020. Severance and medical benefits of $0.2 million were paid to former employees through June 30, 2020.

As a part of our integration efforts with our acquired companies, we have continued to evaluate the optimal structure of the combined organization. As a result, during each of the three and six months ended June 30, 2021 we have recognized $0.8 million in severance and medical benefits related to our acquisitions. These charges are reflected on our condensed consolidated statement of operations within acquisition and integration costs. We recognize these costs when the extent of our actions are determined and the costs can be estimated.

Impacts of COVID-19 Pandemic

The COVID–19 pandemic resulted in a global slowdown of economic activity that decreased demand for a broad variety of goods and services and consumer discretionary spending, including spending by consumers with our marketers. Estimates and assumptions about future events and their effects cannot be determined with certainty and therefore require the exercise of judgment. Actual results could differ from those estimates and any such differences may be material to our financial statements.

Revenue growth for the three and six months ended June 30, 2020 was unfavorably affected by the COVID-19 pandemic and its impact on both consumer discretionary spending and marketers' ability to spend advertising budgets on our solution. During the six months ended June 30, 2020, we deferred $1.2 million of revenue and recorded credit losses expense of $1.3 million associated with billings to marketers that we believed were likely to be materially and adversely affected by the slowdown in economic activity resulting from the COVID-19 pandemic. During the three and six months ended June 30, 2021, we saw continued recovery of both consumer spending as well as the advertising budgets of our clients; however many merchants continue to be impacted by labor shortages and disruptions in their supply chains. Due to continuing uncertainty regarding the severity and duration of the impacts of COVID-19 on the global economy, we will continue to monitor this situation and the potential impacts to our business.

2. SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING STANDARDS

Significant Accounting Policies

Business Combinations

We apply the acquisition method of accounting for business combinations. Under this method of accounting, all assets acquired and liabilities assumed are recorded at their respective fair values at the date of the acquisition. We allocate the purchase consideration to the net tangible and identifiable intangible assets. Determining the fair value of assets acquired and liabilities assumed requires management's judgment and often involves the use of significant estimates and assumptions. These estimates can include, but are not limited to, the cash flows that an asset is expected to generate in the future, the appropriate weighted-average cost of capital, and the cost savings expected to be derived from acquiring an asset. These estimates are inherently uncertain and unpredictable. We recognize costs directly associated with business combinations, including diligence efforts, legal and advisory costs, broker fees and insurance premiums, as acquisition and integration costs on our condensed consolidated statements of operations.

Acquired Intangible Assets and Goodwill

Acquired intangible assets consist of identifiable intangible assets resulting from our business acquisition. Intangible assets are recorded at fair value on the date of acquisition and amortized over their estimated useful lives.

Goodwill represents the purchase consideration of an acquired business that exceeds the fair value of the net tangible and identifiable intangible assets. Goodwill is evaluated for impairment by reporting unit annually in the fourth quarter, and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. Triggering events that may indicate impairment include, but are not limited to, a significant adverse change in customer demand or business climate or a significant decrease in expected cash flows. No impairment charges were recorded during the three and six months ended June 30, 2021.

Recently Adopted Accounting Pronouncements

There have been no changes to our accounting policies except for the significant policies noted above arising from our acquisitions of Dosh and Bridg. These unaudited interim condensed consolidated financial statements have been prepared on a basis consistent with that used to prepare our audited annual consolidated financial statements for the year ended December 31, 2020, and include, in the opinion of management, all adjustments, consisting of normal recurring items, necessary for the fair statement of the condensed consolidated financial statements.

Recently Issued Accounting Pronouncements

In August 2020, the FASB issued ASU 2020-06, *Debt—Debt with Conversion Options ("Subtopic 470-20") and Derivatives and Hedging—Contracts in Entity's Own Equity ("Subtopic 815-40")*, which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity. ASU 2020-06 also improves and amends the related Earnings Per Share guidance for both Subtopics. The ASU is part of the FASB's simplification initiative, which aims to reduce unnecessary complexity in U.S. GAAP. ASU 2020-06 will be effective for annual reporting periods beginning after December 15, 2021. We are currently evaluating the impact of the new guidance on our consolidated financial statements.

3. BUSINESS COMBINATIONS

Our acquisitions were accounted for as business combinations and the total purchase consideration of each was allocated to the net tangible and intangible assets and liabilities acquired based on their fair values on the acquisition dates with the remaining amounts recorded as goodwill. The values assigned to the assets acquired and liabilities assumed are based on preliminary estimates of fair value available as of the date of this Quarterly Report on Form 10-Q may be adjusted during the measurement period for each acquisition of up to 12 months from the dates of acquisition as further information becomes available. Any changes in the fair values of the assets acquired and liabilities assumed during the measurement period may result in adjustments to goodwill.

During the three and six months ended June 30, 2021 we incurred $14.2 million and $21.2 million, respectively, of costs in connection with the acquisitions of Dosh and Bridg. These costs are included in acquisition and integration costs on our condensed consolidated statements of operations. Acquisition costs primarily represent diligence efforts, legal and advisory costs, broker fees and insurance premiums. Integration costs primarily represent integration-related employee compensation, advisory costs, and travel costs. The results of Dosh and Bridg have been included in the consolidated financial statements since their respective dates of acquisition. For the three and six months ended June 30, 2021, Dosh and Bridg's combined revenue included in the consolidated statement of operations were approximately 10% and 6% of consolidated revenue, respectively. Due to the continued integration of the combined businesses, it was impractical to determine the earnings.

For both the acquisitions of Dosh and Bridg, as applicable, the estimated fair values of merchant relationships, partner relationships, and the card-linked subscriber user base were determined using the replacement cost method and lost profits, as applicable, which required us to estimate the costs to recreate an asset of equivalent utility at prices available at the time of the valuation analysis and the lost profits over the period of time to recreate the asset. Trade names were valued using the "relief-from-royalty" approach. This method assumes that trademarks and trade names have value to the extent that their owner is relieved of the obligation to pay royalties for the benefits received from them. This method required us to estimate the future revenues for the related brands, the appropriate royalty rates and the weighted-average costs of capital. Developed technology was valued using the excess earnings method, an income approach. Under the excess earnings method, the fair value of an intangible asset is equal to the present value of the asset's projected incremental after-tax cash flows (excess earnings) remaining after deducting the market rates of return on the estimated value of contributory assets (contributory charge) over its remaining useful life.

Acquisition of Bridg

On May 5, 2021, we completed the acquisition of Bridg for purchase consideration of $578.9 million, as presented below (in thousands):

	May 5, 2021
Cash paid to common and preferred stockholders, warrant holders and vested option holders	$ 337,166
Cash paid to extinguish acquiree debt	1,949
Cash paid to settle pre-acquisition liabilities and acquiree deal-related costs	8,012
Fair value of contingent consideration	230,921
Fair value of assumed options attributable to pre-combination service	841
Total purchase consideration	$ 578,889

The following table presents the preliminary purchase consideration allocation recorded on our condensed consolidated balance sheet as of the acquisition date (in thousands):

	May 5, 2021
Cash and cash equivalents	$ 1,630
Accounts receivable and other assets	1,989
Intangible assets	64,700
Goodwill	514,064
Accounts payable and other liabilities	(3,494)
Total purchase consideration	$ 578,889

The goodwill was primarily attributed to the value of future growth expected for the Bridg platform and of synergies created with our current and future offerings. Goodwill is not expected to be deductible for income tax purposes.

The following table presents the components of identifiable intangible assets acquired and their estimated useful lives as of the date of acquisition (dollars in thousands):

	Fair Value	Useful life (in years)
Trade name	$ 200	2.0
Developed technology	53,500	6.0
Merchant relationships	11,000	5.0

Acquisition of Dosh

On March 5, 2021, we completed our acquisition of Dosh for purchase consideration of $277.1 million, as presented below (in thousands):

	March 5, 2021
Cash paid to common and preferred stockholders, warrant holders and vested option holders	$ 136,164
Cash paid to extinguish acquiree debt	16,574
Cash paid to settle pre-acquisition liabilities and acquiree deal-related costs	3,463
Fair value of common stock transferred	117,354
Fair value of assumed options attributable to pre-combination service	3,593
Total purchase consideration	$ 277,148

The following table presents the preliminary purchase consideration allocation recorded on our condensed consolidated balance sheet as of the acquisition date (in thousands):

	March 5, 2021
Cash and cash equivalents	$ 7,323
Accounts receivable and other assets	6,146
Intangible assets	78,500
Goodwill	204,426
Accounts payable and other liabilities	(4,146)
Consumer incentive liability	(15,101)
Total purchase consideration	$ 277,148

The goodwill was primarily attributed to the value of synergies created with the Company’s current and future offerings and of future growth expected from the labor force of Dosh. Goodwill is not expected to be deductible for income tax purposes.

The following table presents the components of identifiable intangible assets acquired and their estimated useful lives as of the date of acquisition (dollars in thousands):

	Fair Value	Useful life (in years)
Trade name	$ 2,500	3.0
Developed technology	36,000	6.0
Merchant relationships	21,000	5.0
Partner relationships	2,000	7.0
Card-linked subscriber user base	$ 17,000	5.0

Pro forma consolidated results of operations

The following unaudited pro forma financial information presents combined results of operations for each of the periods presented as if the acquisitions of Bridg and Dosh had been completed on January 1, 2020. The pro forma information includes adjustments to depreciation expense for property and equipment acquired, to amortize expense for the intangible assets acquired, and to eliminate the acquisition transaction expenses recognized in the period. The pro forma financial information is for informational purposes only and is not necessarily indicative of the consolidated results of operations of the combined business had the acquisitions of Bridg and Dosh actually occurred on January 1, 2020, or the results of future operations of the combined business. For instance, planned or expected operational synergies following the acquisitions are not reflected in the pro forma information. Consequently, actual results will differ from the unaudited pro forma information presented below.

	Six Months Ended June 30,	
	2020	2021
Revenue	$ 80,676	$ 119,453
Net loss	$ (63,126)	$ (80,535)

4. GOODWILL AND ACQUIRED INTANGIBLES

The changes in the carrying amount of goodwill for the six months ended June 30, 2021 are as follows (in thousands):

Balance as of December 31, 2020	$	—
Goodwill additions		718,490
Balance as of June 30, 2021	$	718,490

Acquired intangible assets subject to amortization as of June 30, 2021 were as follows:

	Cost	Accumulated Amortization	Net	Weighted Average Remaining Useful Life
	(in thousands)			(in years)
Trade name	$ 2,700	$ (284)	$ 2,416	2.6
Developed technology	89,500	(3,349)	86,151	5.8
Merchant relationships	32,000	(1,692)	30,308	4.7
Partner relationships	2,000	(92)	1,908	6.7
Card-linked subscriber user base	17,000	(1,094)	15,906	4.7
Total other intangible assets	$ 143,200	$ (6,511)	$ 136,689	

Amortization expense of acquired intangibles for the three and six months ended June 30, 2021 was $5.5 million and $6.5 million, respectively.

As of June 30, 2021, we expect amortization expense in future periods to be as follows (in thousands):

	Amount
2021 (remainder of year)	$ 12,968
2022	25,936
2023	25,870
2024	25,150
2025	25,002
Thereafter	21,763
Total expected future amortization expense	$ 136,689

5. REVENUE

Cardlytics platform

The Cardlytics platform enables marketers to reach consumers through our partners' trusted and frequently visited online and mobile platform channels. Working with the marketer, we design a campaign that targets customers based on their purchase history. The consumer is offered an incentive to make a purchase from the marketer within a specified period. We use a portion of the fees that we collect from marketers to provide these consumer incentives to our partners’ customers after they make qualifying purchases ("Consumer Incentives"). Leveraging our powerful purchase intelligence platform, we are able to create compelling Consumer Incentives that have the potential to increase return on advertising spend for marketers and measure the effectiveness of the advertising. Consumer Incentives totaled $11.3 million and $26.5 million during the three months ended June 30, 2020 and 2021, respectively, and totaled $33.6 million and $49.6 million during the six months ended June 30, 2020 and 2021, respectively. We pay certain partners a negotiated and fixed percentage of our billings to marketers less any Consumer Incentives that we pay to partners’ customers and certain third-party data costs ("Partner Share"). Revenue on our condensed consolidated statements of operation is presented net of Consumer Incentives and gross of Partner Share. Prior to March 31, 2021, we referred to Partner Share as FI Share.

We price our advertising campaigns predominantly in two ways: (1) Cost per Served Sale (“CPS”), and (2) Cost per Redemption (“CPR”).

- **CPS.** Our primary pricing model is CPS, which we created to meet the media buying preferences of marketers. We generate revenue by charging a percentage of all purchases from the marketer by consumers (1) who are served marketing and (2) subsequently make a purchase from the marketer during the campaign period, regardless of whether consumers select the marketing and thereby becomes eligible to earn the applicable Consumer Incentive. We set CPS rates for marketers based on our expectation of the marketer’s return on advertising spend for the relevant campaign. Additionally, we set the amount of the Consumer Incentives payable for each campaign based on our estimation of our ability to drive incremental sales for the marketer.
- **CPR.** Under our CPR pricing model, marketers generally specify and fund the Consumer Incentive and pay us a separate negotiated, fixed marketing fee for each purchase that we generate. We generally generate revenue if the consumer (1) is served marketing, (2) selects the marketing and thereby becomes eligible to earn the applicable Consumer Incentive and (3) makes a qualifying purchase from the marketer during the campaign period. We set the CPR fee for marketers based on our estimation of the marketers’ return on spend for the relevant campaign.

The following table summarizes revenue from the Cardlytics platform by pricing model (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2021	2020	2021
Cost per Served Sale	$ 20,353	$ 37,903	$ 51,199	$ 75,475
Cost per Redemption	7,339	18,453	21,407	33,760
Other	530	407	1,125	758
Cardlytics platform revenue	$ 28,222	$ 56,763	$ 73,731	$ 109,993

Bridg platform

We generate revenue through the sale of subscriptions to our cloud-based customer data Bridg platform and the delivery of professional services, such as implementation and onboarding. We recognize subscription and support revenue on a ratable basis over the contract term beginning on the date that our service is made available to the customer, and recognize revenue for professional services as they are delivered. Our subscription contracts are generally 12 to 36 months in duration and are generally billed either monthly or in advance. We recorded $1.8 million of deferred revenue as a result of the acquisition of Bridg on May 5, 2021 on our condensed consolidated balance sheet. Of that balance, we have recognized $0.2 million during the three and six months ended June 30, 2021.

The following table summarizes revenue from the Bridg platform (in thousands):

	Three Months Ended June 30,	Six Months Ended June 30,
	2021	2021
Subscription revenue	$ 1,999	$ 1,999
Other revenue	91	91
Bridg platform revenue	$ 2,090	$ 2,090

6. LEASES

We have entered into various non-cancellable operating leases for our office and data center spaces with lease periods expiring between 2021 and 2025. The operating lease agreements generally provide for rental payments on a graduated basis and for options to renew, which could increase future minimum lease payments if exercised. We consider a termination or renewal option in the determination of the lease term when it is reasonably certain that we will exercise that option. Lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As our leases generally do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The incremental borrowing rate used is a fully collateralized rate that considers our credit rating, market conditions and the term of the lease at the lease commencement date. The lease right-of-use assets also include any lease payments made and exclude lease incentives such as tenant improvement allowances. Our operating leases typically include non-lease components such as common-area maintenance costs. We have elected to include non-lease components with lease payments for the purpose of calculating lease right-of-use assets and liabilities, to the extent that they are fixed. Non-lease components that are not fixed are expensed as incurred as variable lease payments. Leases with a term of one year or less are not recognized on our condensed consolidated balance sheet. We recognize lease expense for these leases on a straight-line basis over the lease term.

During the first quarter of 2021, we recognized additional right-of-use assets and lease liabilities of $1.1 million and $1.5 million, respectively, which includes $0.2 million of new lease agreements related to data center expansion. Additionally, right-of-use assets and lease liabilities of $0.9 million and $1.3 million, respectively, were recorded upon the acquisition of Dosh and assumption of Dosh's existing lease agreements. During the second quarter of 2021, we recognized additional right-of-use assets and lease liabilities of $2.2 million and $2.2 million, respectively, which includes $1.3 million of new lease agreements related to data center expansion,$0.3 million of new lease agreements related to office space expansion, and $0.1 million related to the modification of pre-existing office space lease agreements. Additionally, right-of-use assets and lease liabilities of $0.5 million and $0.5 million, respectively, were recorded upon the acquisition of Bridg and assumption of Bridg's existing lease agreements. Refer to Note 3 - Business Combinations to our condensed consolidated financial statements for further information.

During the six months ended June 30, 2020 and 2021, we made cash payments of $1.7 million and $3.5 million, respectively, for operating leases which are included in cash flows used in operating activities in our condensed consolidated statement of cash flows.

The following table summarizes activity related to our leases (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	**2021**	**2020**	**2021**
Operating lease expense	$ 886	$ 1,401	$ 1,913	$ 2,592
Variable lease expense	175	245	472	445
Short-term lease expense	45	25	157	50

The following table presents our weighted average borrowing rate and weighted average lease term:

	June 30, 2020	**June 30, 2021**
Weighted average borrowing rate	3.4 %	3.4 %
Weighted average remaining lease term (years)	3.8	2.7

The following table summarizes future maturities of lease liabilities as of June 30, 2021 (in thousands):

	Amount
2021 (remainder of year)	$ 3,164
2022	5,808
2023	3,476
2024	1,818
Thereafter	611
Total lease payments	14,877
Imputed interest	659
Total operating lease liabilities	$ 14,218

7. DEBT AND FINANCING ARRANGEMENTS

2020 Convertible Senior Notes

On September 22, 2020, we issued convertible senior notes with an aggregate principal amount of $230.0 million bearing an interest rate of 1.00% due in 2025 (the “Notes”), including the exercise in full of the initial purchasers’ option to purchase up to an additional $30.0 million principal amount of the Notes. The Notes were issued pursuant to an indenture, dated September 22, 2020 (the “Indenture”), between us and U.S. Bank National Association, as trustee.

The net proceeds from this offering were $222.7 million, after deducting the initial purchasers’ discounts and commissions and the offering expenses payable by us. We used $26.5 million of the net proceeds to pay the cost of the capped call transactions described below.

The Notes are general senior, unsecured obligations and will mature on September 15, 2025, unless earlier converted, redeemed or repurchased. The Notes bear interest at a rate of 1.00% per year, payable semiannually in arrears on March 15 and September 15 of each year, beginning on March 15, 2021. Cash paid for interest on the Notes totaled $1.2 million during the six months ended June 30, 2021. The Notes are convertible at the option of the holders at any time prior to the close of business on the business day immediately preceding June 15, 2025, only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on December 31, 2020 (and only during such calendar quarter), if the last reported sale price of our common stock, for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price for the Notes on each applicable trading day; (2) during the five business day period after any ten consecutive trading day period (the “measurement period”) in which the trading price (as defined in the Indenture) per $1,000 principal amount of the Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of common stock and the conversion rate for the Notes on each such trading day; (3) if we call such Notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date; or (4) upon the occurrence of specified corporate events as set forth in the Indenture. The closing trading price of our common stock was not in excess of 130% of the conversion price for more than 20 trading days during the preceding 30 consecutive trading days as of June 30, 2021, thus the Notes are not convertible at the option of the holders during the quarter ending September 30, 2021. The Notes may be convertible thereafter if one or more of the conversion conditions is satisfied during future measurement periods. On or after June 15, 2025 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders of the Notes may convert all or any portion of their Notes at any time, regardless of the foregoing circumstances. Upon conversion, we may satisfy our conversion obligation by paying and/or delivering, as the case may be, cash, shares of common stock or a combination of cash and shares of common stock, at our election, in the manner and subject to the terms and conditions provided in the Indenture. We currently intend to settle the principal amount of the Notes with cash.

The conversion rate for the Notes will initially be 11.7457 shares of common stock per $1,000 principal amount of Notes, which is equivalent to an initial conversion price of approximately $85.14 per share of common stock. The conversion rate for the Notes is subject to adjustment under certain circumstances in accordance with the terms of the Indenture. In addition, following certain corporate events that occur prior to the maturity date of the Notes or if we deliver a notice of redemption in respect of the Notes, we will, in certain circumstances, increase the conversion rate of the Notes for a holder who elects to convert its Notes in connection with such a corporate event or convert its notes called for redemption during the related redemption period (as defined in the Indenture), as the case may be.

We may not redeem the Notes prior to September 20, 2023. We may redeem for cash all or any portion of the Notes, at our option, on or after September 20, 2023 and prior to the 36th scheduled trading day immediately preceding the maturity date, if the last reported sale price of our common stock has been at least 130% of the conversion price for the Notes then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. No sinking fund is provided for the Notes. If we elect to redeem less than all of the Notes, at least $75.0 million aggregate principal amount of Notes must be outstanding and not subject to redemption as of the relevant redemption notice date.

If we undergo a Fundamental Change (as defined in the Indenture), then, except as set forth in the Indenture, holders may require, subject to certain exceptions, us to repurchase for cash all or any portion of their Notes at a fundamental change repurchase price equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

The Indenture includes customary covenants and sets forth certain events of default after which the Notes may be declared immediately due and payable and sets forth certain types of bankruptcy or insolvency events of default involving us after which the Notes become automatically due and payable. The following events are considered “events of default” under the Indenture:

- default in any payment of interest on any Note when due and payable and the default continues for a period of 30 days;
- default in the payment of principal of any Note when due and payable at its stated maturity, upon optional redemption, upon any required repurchase, upon declaration of acceleration or otherwise;
- failure by us to comply with our obligation to convert the Notes in accordance with the Indenture upon exercise of a holder’s conversion right, and such failure continues for three business days;
- failure by us to give a fundamental change notice, notice of a make-whole fundamental change or notice of a specified corporate event, in each case when due and such failure continues for one business day;
- failure by us to comply with its obligations in respect of any consolidation, merger or sale of assets;
- failure by us to comply with any of our other agreements in the Notes or the Indenture for 60 days after written notice of such failure from the trustee or the holders of at least 25% in principal amount of the Notes then outstanding;
- default by us or any of our significant subsidiaries (as defined in the Indenture) with respect to any mortgage, agreement or other instrument under which there may be outstanding, or by which there may be secured or evidenced, any indebtedness for money borrowed in excess of $35,000,000 (or its foreign currency equivalent), in the aggregate of us and/or any such significant subsidiary, whether such indebtedness now exists or shall hereafter be created, (i) resulting in such indebtedness becoming or being declared due and payable prior to its stated maturity date or (ii) constituting a failure to pay the principal of any such indebtedness when due and payable (after the expiration of all applicable grace periods) at its stated maturity, upon required repurchase, upon declaration of acceleration or otherwise, and in the cases of clauses (i) and (ii), such acceleration shall not have been rescinded or annulled or such failure to pay or default shall not have been cured or waived, or such indebtedness is not paid or discharged, as the case may be, within 30 days after written notice to us by the trustee or to us and the trustee by holders of at least 25% in aggregate principal amount of the Notes then outstanding in accordance with the Indenture; and
- certain events of bankruptcy, insolvency or reorganization of us or any of our significant subsidiaries.

If certain bankruptcy and insolvency-related events of default with respect to us occur, the principal of, and accrued and unpaid interest on, all of the then outstanding Notes shall automatically become due and payable. If an event of default with respect to the Notes, other than certain bankruptcy and insolvency-related events of default with respect to us, occurs and is continuing, the trustee by notice to us or the holders of at least 25% in principal amount of the outstanding Notes by notice to us and the trustee, may, and the trustee at the request of such holders shall, declare the principal of, and accrued and unpaid interest on, all of the then-outstanding Notes to be due and payable. Notwithstanding the foregoing, the Indenture provides that, to the extent we so elect, the sole remedy for an event of default relating to certain failures by us to comply with certain reporting covenants in the Indenture will, for the first 365 days after the occurrence of such event of default, consist exclusively of the right to receive additional interest on the Notes at a rate equal to 0.25% per annum of the principal amount of the Notes outstanding for each day during the first 180 days after the occurrence of such an event of default and 0.50% per annum of the principal amount of the Notes outstanding from the 181st day to, and including, the 365th day following the occurrence of such event of default, as long as such event of default is continuing (in addition to any additional interest that may accrue as a result of a registration default (as set forth in the Indenture).

The Indenture provides that we shall not consolidate with or merge with or into, or sell, convey, transfer or lease all or substantially all of the consolidated properties and assets of our subsidiaries, taken as a whole, to, another person (other than any such sale, conveyance, transfer or lease to one or more of our direct or indirect wholly owned subsidiaries), unless: (i) the resulting, surviving or transferee person (if not us) is a corporation organized and existing under the laws of the United States of America, any State thereof or the District of Columbia, and such corporation (if not us) expressly assumes by supplemental indenture all of our obligations under the Notes and the Indenture; and (ii) immediately after giving effect to such transaction, no default or event of default has occurred and is continuing under the Indenture.

The Notes are accounted for in accordance with FASB ASC Subtopic 470-20, *Debt with Conversion and Other Options*. Pursuant to ASC Subtopic 470-20, issuers of certain convertible debt instruments, such as the Notes, that have a net settlement feature and may be settled wholly or partially in cash upon conversion are required to separately account for the liability (debt) and equity (conversion option) components of the instrument. The carrying amount of the liability component of the instrument was computed using a discount rate of 6.50%, which was determined by estimating the fair value of a similar liability without the conversion option. The amount of the equity component is then calculated by deducting the fair value of the liability component from the principal amount of the instrument. The difference between the principal amount and the liability component represents a debt discount that is amortized to interest expense over the respective term of the Notes using the effective interest rate method. The equity component is not remeasured as long as it continues to meet the conditions for equity classification. In accounting for the issuance costs related to the Notes, the allocation of issuance costs incurred between the liability and equity components was based on their relative values.

The net carrying amount of the liability component of the Notes was as follows (in thousands):

	June 30, 2021
Principal	$ 230,000
Minus: Unamortized debt discount	(45,930)
Minus: Unamortized issuance costs	(4,957)
Net carrying amount of the liability component	$ 179,113

The net carrying amount of the equity component of the Notes was as follows (in thousands):

	June 30, 2021
Proceeds allocated to the conversion options (debt discount)	$ 53,096
Minus: Issuance costs	(1,680)
Net carrying amount of the equity component	$ 51,416

Interest expense recognized related to the Notes is as follows (in thousands):

	Three Months Ended June 30, 2021	Six Months Ended June 30, 2021
Contractual interest expense (due in cash)	$ 575	$ 1,150
Amortization of debt discount	2,359	4,680
Amortization of debt issuance costs	215	422
Total interest expense related to the Notes	$ 3,149	$ 6,252

Capped Call Transactions

In connection with the issuance of the Notes, we entered into privately negotiated capped call transactions (the "Capped Calls") with an affiliate of one of the initial Note purchasers and certain other financial institutions. The Capped Calls are intended to reduce potential dilution to our common stock upon any conversion of Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted Notes, as the case may be. The Capped Calls are recorded in stockholders' equity and are not accounted for as derivatives. The cost of $26.5 million incurred to purchase the Capped Calls was recorded as a reduction to additional paid-in capital in the accompanying condensed consolidated balance sheet.

The Capped Calls each have an initial strike price of $85.14 per share, subject to certain adjustments, which corresponds to the initial conversion price of the Notes. The Capped Calls have an initial cap price of $128.51 per share, subject to certain adjustments.

2018 Loan Facility

In December 2020, we amended our loan facility with Pacific Western Bank ("2018 Loan Facility") to increase the capacity of our asset-backed revolving line of credit ("2018 Line of Credit") from $40.0 million to $50.0 million. This amendment also extended the maturity date of the 2018 Loan Facility from May 14, 2021 to December 31, 2022. Prior to the December 2020 amendment, the 2018 Loan Facility contained moving trailing 12-month billing covenants, which ranged from $210.0 million to $255.0 million, during the term of the facility. The former terms of the 2018 Loan Facility also required us to maintain a total cash balance plus liquidity under the 2018 Line of Credit of not less than $5.0 million. Effective with the December 2020 amendment, the former billings and liquidity covenants were removed and were replaced with a requirement to maintain a cash to funded senior debt ratio under the 2018 Line of Credit of 1.25:1.00.

We have made no borrowings or repayments on the 2018 Line of Credit during the six months ended June 30, 2021. As of June 30, 2021, we had no outstanding borrowings on our 2018 Line of Credit and had $50.0 million of unused borrowings available. Under the terms of the 2018 Line of Credit, we are able to borrow up to the lesser of $50.0 million or 85% of the amount of our eligible accounts receivable. Interest on advances bears an interest rate equal to the prime rate minus 0.50%, or 2.75% as of June 30, 2021. In addition, we are required to pay an unused line fee of 0.15% per annum on the average daily unused amount of the $50.0 million revolving commitment. We believe that we are compliant with all financial covenants as of June 30, 2021.

8. STOCK-BASED COMPENSATION

Our board of directors has adopted and our stockholders have approved our 2018 Equity Incentive Plan ("2018 Plan"). Our 2018 Plan became effective on February 8, 2018, the date our registration statement in connection with our initial public offering ("IPO") was declared effective. We do not expect to grant any additional awards under our 2008 Stock Plan ("2008 Plan"). Any awards granted under the 2008 Plan will remain subject to the terms of our 2008 Plan and applicable award agreements.

Initially, the aggregate number of shares of our common stock that may be issued pursuant to stock awards under the 2018 Plan is the sum of (i) 1,875,000 shares plus (ii) 61,247 shares reserved, and remaining available for issuance, under our 2008 Plan at the time our 2018 Plan became effective and (iii) the number of shares subject to stock options or other stock awards granted under our 2008 Plan that would have otherwise returned to our 2008 Plan (such as upon the expiration or termination of a stock award prior to vesting). As of December 31, 2020, there were 1,222,316 shares of our common stock reserved for issuance under our 2018 Plan. The number of shares of our common stock reserved for issuance under our 2018 Plan will automatically increase on January 1 of each year, beginning on January 1, 2019 and continuing through and including January 1, 2028, by 5% of the total number of shares of our capital stock outstanding on December 31 of the preceding calendar year, or a lesser number of shares determined by our board of directors. Accordingly, the number of shares of our common stock reserved for issuance under our 2018 Plan increased by 1,393,040 shares on January 1, 2021.

The following table summarizes the allocation of stock-based compensation in the condensed consolidated statements of operations (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2021	2020	2021
Delivery costs	$ 357	$ 521	$ 532	$ 830
Sales and marketing expense	2,567	3,655	3,836	6,087
Research and development expense	1,401	2,448	2,004	3,962
General and administration expense	4,783	6,713	6,861	9,706
Total stock-based compensation expense	$ 9,108	$ 13,337	$ 13,233	$ 20,585

During the six months ended June 30, 2020 and 2021 we capitalized $0.2 million and $0.4 million of stock-based compensation expense for software development, respectively.

Common Stock Options

Options to purchase shares of common stock generally vest over four years and expire 10 years following the date of grant. The following table summarizes changes in common stock options:

	Shares (in thousands)	Weighted-Average Exercise Price	Weighted Average Contractual Life (in years)	Aggregate Intrinsic Value[(1)] (in thousands)
Options outstanding — December 31, 2020	513	$ 23.91		
Granted	—	—		
Exercised	(80)	18.11		$ 7,768
Forfeited	—	—		
Canceled	—	—		
Options outstanding — June 30, 2021	433	24.99	5.34	44,115
Exercisable — June 30, 2021	431	$ 24.99	5.34	$ 43,971

(1) For options exercised during the period, the aggregate intrinsic value represents the total pre-tax intrinsic value received by option holders based on the closing price of our common stock as reported on the Nasdaq Global Market on the exercise date. For options outstanding and exercisable at June 30, 2021, the aggregate intrinsic value represents the total pre-tax intrinsic value based on the $126.93 per share closing price of our common stock as reported on the Nasdaq Global Market on June 30, 2021, that would have been received by option holders had all in-the-money options been exercised on that date.

The total fair value of options vested during the six months ended June 30, 2021 was $0.4 million. As of June 30, 2021, unamortized stock-based compensation expense related to unvested common stock options were less than $0.1 million, and the weighted-average period over which such stock-based compensation expense will be recognized was 0.3 years.

Common Stock Options from Bridg Acquisition

In connection with the acquisition of Bridg, each unvested option to purchase shares of Bridg common stock outstanding as of the acquisition date was converted to unvested options to purchase shares of our common stock. These awards were granted under the Ecinity, Inc. 2012 Equity Incentive Plan ("Bridg Plan") and were separately registered with the Securities and Exchange Commission on Form S-8 on August 3, 2021. The maximum aggregate number of shares of our common stock that may be issued upon exercise of these awards is 21,797 shares, and we do not expect to grant any additional awards under the Bridg Plan. The converted awards retain the same terms and conditions as the awards granted by Bridg prior to the acquisition. The awards have remaining vesting periods ranging from less than one year to four years.

The following table summarizes changes in common stock options from the Bridg acquisition:

	Shares (in thousands)	Weighted-Average Exercise Price	Weighted Average Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)(1)
Options outstanding — December 31, 2020	—	$ —		
Assumed	22	8.46		
Exercised	—	—		—
Forfeited	—	—		
Canceled	—	—		
Options outstanding — June 30, 2021	22	8.46	9.85	2,582
Exercisable — June 30, 2021	2	$ 8.40	9.85	$ 199

(1) For options exercised during the period, the aggregate intrinsic value represents the total pre-tax intrinsic value received by option holders based on the closing price of our common stock as reported on the Nasdaq Global Market on the exercise date. For options outstanding and exercisable at June 30, 2021, the aggregate intrinsic value represents the total pre-tax intrinsic value based on the $126.93 per share closing price of our common stock as reported on the Nasdaq Global Market on June 30, 2021, that would have been received by option holders had all in-the-money options been exercised on that date.

The total fair value of options vested during the six months ended June 30, 2021 was $0.1 million. As of June 30, 2021, unamortized stock-based compensation expense related to unvested common stock options was $1.2 million, and the weighted-average period over which such stock-based compensation expense will be recognized was 2.0 years.

The acquisition date fair value of the converted options was determined using the Black-Scholes options pricing model. The fair value identified was then allocated between pre-combination service, attributed to purchase consideration net of a 20% anticipated forfeiture rate, and post-combination service, to be recognized as stock-based compensation expense over the remaining vesting term.

The Black-Scholes options pricing model is affected by the estimated fair value of our common stock as well as the following significant inputs:

	May 5, 2021
Value of Common Stock	$ 106.34
Expected Term	7.0
Volatility	56.6 %
Risk-free interest rate	1.1 %
Exercise Price	$6.54 - 9.81
Dividend Rate	— %

Common Stock Options from Dosh Acquisition

In connection with the acquisition of Dosh, each unvested option to purchase shares of Dosh common stock outstanding as of the acquisition date was converted to unvested options to purchase shares of our common stock. These awards were granted under the Dosh Holdings, Inc. 2017 Stock Incentive Plan ("Dosh Plan") and were separately registered with the Securities and Exchange Commission on Form S-8 on April 9, 2021. The maximum aggregate number of shares of our common stock that may be issued upon exercise of these awards is 104,098 shares, and we do not expect to grant any additional awards under the Dosh Plan. The converted awards retain the same terms and conditions as the awards granted by Dosh prior to the acquisition. The awards have remaining vesting periods ranging from less than one year to four years.

The following table summarizes changes in common stock options from the Dosh acquisition:

	Shares (in thousands)	Weighted-Average Exercise Price	Weighted Average Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)[1]
Options outstanding — December 31, 2020	—	$ —		
Assumed	104	3.06		
Exercised	(4)	3.06		$ 417
Forfeited	(29)	3.06		
Canceled	—	—		
Options outstanding — June 30, 2021	71	3.06	8.30	$ 8,801
Exercisable — June 30, 2021	12	$ 3.06	7.50	$ 1,444

(1) For options exercised during the period, the aggregate intrinsic value represents the total pre-tax intrinsic value received by option holders based on the closing price of our common stock as reported on the Nasdaq Global Market on the exercise date. For options outstanding and exercisable at June 30, 2021, the aggregate intrinsic value represents the total pre-tax intrinsic value based on the $126.93 per share closing price of our common stock as reported on the Nasdaq Global Market on June 30, 2021, that would have been received by option holders had all in-the-money options been exercised on that date.

The total fair value of options vested during the six months ended June 30, 2021 was $1.1 million. As of June 30, 2021, unamortized stock-based compensation expense related to unvested common stock options was $5.2 million, and the weighted-average period over which such stock-based compensation expense will be recognized was 2.5 years.

The acquisition date fair value of the converted options was determined using the Black-Scholes options pricing model. The fair value identified was then allocated between pre-combination service, attributed to purchase consideration net of a 20% anticipated forfeiture rate, and post-combination service, to be recognized as stock-based compensation expense over the remaining vesting term.

The Black-Scholes options pricing model is affected by the estimated fair value of our common stock as well as the following significant inputs:

	March 5, 2021
Value of Common Stock	$ 128.06
Expected Term	7.0
Volatility	54.6 %
Risk-free interest rate	1.1 %
Exercise Price	$ 3.06
Dividend Rate	— %

Restricted Stock Units

We grant restricted stock units ("RSUs") to employees and our non-employee directors. The following table summarizes changes in RSUs, inclusive of performance-based RSUs:

	Shares (in thousands)	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term (in years)	Unamortized Compensation Costs (in thousands)
Unvested — December 31, 2020	2,434	$ 32.49		
Granted	565	120.60		
Vested	(303)	31.85		
Forfeited	(108)	33.10		
Unvested — June 30, 2021	2,588	$ 51.76	2.86	$ 108,964

During the six months ended June 30, 2021, we granted 444,438 RSUs to employees, which have vesting periods ranging from six months to four years.

Subsequent to June 30, 2021, we granted 73,310 RSUs to employees and executives, which have an annual vesting period of four years. Unamortized stock-based compensation expense related to these RSUs totaled $13.2 million.

Performance-based RSUs

In April 2019, we granted 1,252,500 performance-based restricted stock units (“2019 PSUs”). The 2019 PSUs are composed of four equal tranches, each of which have an independent performance-based vesting condition. The vesting criteria for the four tranches are as follows:

- a minimum growth rate in adjusted contribution over a trailing 12-month period,
- a minimum number of advertisers that are billed above a specified amount over a trailing 12-month period,
- a minimum cumulative adjusted EBITDA target over a trailing 12-month period, and
- a minimum trailing 30-day average closing price of our common stock.

The vesting conditions of each of the four tranches must be achieved within four years of the grant date. Upon a vesting event, 50% of the related tranche vests immediately, 25% of the related tranche vests six months after the achievement date and 25% of the related tranche vests 12 months after the achievement date. Adjusted EBITDA and adjusted contribution are performance metrics defined within Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations." In August and November 2019, the compensation committee of our board of directors certified that the target minimum trailing 30-day average closing price of our common stock and target minimum cumulative adjusted EBITDA target over a trailing 12-month period, respectively, were achieved resulting in the immediate vesting of 50% of the related PSU tranches. In February 2020, 25% of the 30-day average closing price of our common stock PSU tranche vested upon the six-month anniversary of the tranche's achievement date and the remaining 25% of the tranche vested in August 2020 upon the twelve-month anniversary of the tranche's achievement date. In May 2020, 25% of the adjusted EBITDA tranche vested upon the six-month anniversary of the tranche's achievement date, and the remaining 25% of the tranche vested in November 2020 upon the twelve-month anniversary of the tranche's achievement date.

In April 2020, we granted 476,608 performance-based restricted stock units ("2020 PSUs"), of which 443,276 units have a performance-based vesting condition based on a minimum average revenue per user ("ARPU") target over a trailing 12-month period and 33,332 units have the same performance-based vesting conditions as those that remain unmet under the 2019 PSUs described above. ARPU is a performance metric defined within Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations." The ARPU vesting condition must be achieved within four years of the grant date. Upon the vesting event, 50% of the award vests immediately, 25% of the award vests six months after achievement date and 25% of the award vests 12 months after the achievement date.

In April 2021, we granted 110,236 performance-based restricted stock units ("2021 PSUs") consisting of two tranches. The first tranche consists of 55,118 units that have a performance-based vesting condition based on a minimum revenue target over a trailing 12-month period. The units in this first tranche fully vest upon achievement. The second tranche consists of 55,118 units with a performance-based vesting condition based on a different minimum revenue target over a trailing 12-month period. Half of the units in the second tranche vest upon achievement and the remaining units vest six months after the achievement date, subject to continued service. Each performance-based vesting condition within the two tranches must be achieved within four years of the grant date and are subject to certification by the compensation committee of our board of directors.

Additionally, in April 2021, we granted 10,000 performance-based restricted stock units which have the same unmet vesting condition as the 2020 PSUs based on a minimum ARPU target over a trailing 12-month period as described above.

In July 2021, we granted 32,509 performance-based restricted stock units ("Bridg PSUs") which have performance-based vesting conditions based on the achievement of a minimum ARR target by the first anniversary of the Bridg acquisition. Vesting is tied to the percentage of the ARR target achieved during the specified period with 50% of the units vesting between 80% - 99.999% achievement and 100% of the units vesting upon 100% achievement. If these percentages are not met, no Bridg PSUs will vest.

We believe that the achievement of all of the above referenced performance-based vesting conditions are probable before the awards' respective expiration dates.

Employee Stock Purchase Plan

Our 2018 Employee Stock Purchase Plan ("2018 ESPP") enables eligible employees to purchase shares of our common stock at a discount. Purchases are accomplished through participation in discrete offering periods. On each purchase date, participating employees purchase our common stock at a price per share equal to 85% of the lesser of the fair market value of our common stock on the first trading day of the offering period or the date of purchase.

As of December 31, 2020, 474,120 shares of common stock were reserved for issuance pursuant to our 2018 ESPP. Additionally, the number of shares of our common stock reserved for issuance under our 2018 ESPP will automatically increase on January 1 of each year, which began on January 1, 2019 and will continue through and including January 1, 2026, by the lesser of (i) 1% of the total number of shares of our common stock outstanding on December 31 of the preceding calendar year, (ii) 500,000 shares of our common stock or (iii) such lesser number of shares of common stock as determined by our board of directors. Accordingly, the number of shares of our common stock reserved for issuance under our 2018 ESPP increased by 278,608 shares on January 1, 2021. Shares subject to purchase rights granted under our 2018 ESPP that terminate without having been issued in full will not reduce the number of shares available for issuance under our 2018 ESPP. During the six months ended June 30, 2021, we issued 20,861 shares under the 2018 ESPP.

9. FAIR VALUE MEASUREMENTS

We record the fair value of assets and liabilities in accordance with ASC 820, Fair Value Measurement (“ASC 820”). ASC 820 defines fair value as the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity.

In addition to defining fair value, ASC 820 expands the disclosure requirements around fair value and establishes a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels, which is determined by the lowest level input that is significant to the fair value measurement in its entirety.

These levels are:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.
- Level 3 - unobservable inputs reflecting management’s own assumptions about the inputs used in pricing the asset or liability at fair value.

Contingent consideration for the acquisition of Bridg

The contingent consideration for the acquisition of Bridg is composed of the First Anniversary Payment and the Second Anniversary Payment. The fair value of contingent consideration in connection with the Bridg acquisition is as follows (in thousands):

	June 30, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Liabilities:				
Current contingent considerations	$ —	$ —	$ 164,952	$ —
Long-term contingent considerations	—	—	67,449	—
Total liabilities	$ —	$ —	$ 232,401	$ —

At least 30% of the First Anniversary Payment and the Second Anniversary Payment will be in cash, with the remainder to be paid in cash or our common stock, at our option. If we choose to pay a portion of the First Anniversary Payment or Second Anniversary Payment in our common stock, the number of shares will be determined by dividing the amount of the payment by the trailing 20-day volume-weighted average price ending on the first anniversary date or second anniversary date, as applicable. In order to determine the fair value of the First and Second Anniversary Payments, we simulated forecasted revenue using a revenue volatility assumption from comparable market data. We then determined the appropriate discount rate for the assumed cash component and used a Monte Carlo simulation for the assumed stock component. The assumptions used in preparing these models include estimates such as revenue volatility, revenue discount rate, weighted average cost of capital, and our common stock volatility. These valuation models use unobservable market inputs, and therefore the liabilities are classified as Level 3.

The following table summarizes key assumptions used for estimating the fair value of the contingent consideration:

	June 30, 2021
Revenue volatility	15.0 %
Revenue discount rate	3.2 %
Weighted average cost of capital	12.5 %
Common stock volatility	79.0 %
Portion to be paid in cash	30.0 %

10. COMMITMENTS AND CONTINGENCIES

Implementation Costs

Agreements with certain partners have historically required us to fund the development of specific enhancements, pay for certain implementation fees, or make milestone payments upon the deployment of our solution. Amounts paid to our partners are included in deferred implementation costs on our condensed consolidated balance sheets the earlier of when paid or earned and are amortized over the remaining term of the related contractual arrangements. Amortization is included in Partner Share and other third-party costs on our condensed consolidated statements of operations and is presented in deferred implementation costs on our condensed consolidated statement of cash flows.

The following table summarizes changes in deferred implementation costs (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2021	2020	2021
Beginning balance	$ 7,375	$ 2,903	$ 8,383	$ 3,785
Amortization	(991)	(730)	(1,999)	(1,612)
Ending balance	$ 6,384	$ 2,173	$ 6,384	$ 2,173

We have a minimum Partner Share commitment to a certain FI partner totaling $10.0 million over a 12-month period beginning on April 1, 2022.

Litigation

From time to time, we may become involved in legal actions arising in the ordinary course of business including, but not limited to, intellectual property infringement and collection matters. We make assumptions and estimates concerning the likelihood and amount of any potential loss relating to these matters using the latest information available. We record a liability for litigation if an unfavorable outcome is probable and the amount of loss or range of loss can be reasonably estimated. If an unfavorable outcome is probable and a reasonable estimate of the loss is a range, we accrue the best estimate within the range. If no amount within the range is a better estimate than any other amount, we accrue the minimum amount within the range. If an unfavorable outcome is probable but the amount of the loss cannot be reasonably estimated, we disclose the nature of the litigation and indicates that an estimate of the loss or range of loss cannot be made. If an unfavorable outcome is reasonably possible and the estimated loss is material, we disclose the nature and estimate of the possible loss of the litigation. We do not disclose information with respect to litigation where an unfavorable outcome is considered to be remote or where the estimated loss would not be material. Based on current expectations, such matters, both individually and in the aggregate, are not expected to have a material adverse effect on our liquidity, results of operations, business or financial condition.

11. EARNINGS PER SHARE

Diluted net loss per share is the same as basic net loss per share for the three and six months ended June 30, 2020 and 2021 because the effects of potentially dilutive items were anti-dilutive, given our net losses during these periods. The following securities as of June 30, 2020 and 2021 have been excluded from the calculation of diluted weighted-average common shares outstanding because the effect is anti-dilutive (in thousands):

	June 30,	
	2020	2021
Common stock options	715	526
Convertible Senior Notes	—	2,701
Unvested restricted stock units	2,627	2,588
Common stock issuable pursuant to the ESPP	9	7

12. SEGMENTS

As of June 30, 2021, we have three operating segments: the Cardlytics platform in the U.S., the Cardlytics platform in the U.K. and the Bridg platform in the U.S., as determined by the information that our Chief Executive Officer, who we consider our chief operating decision-maker ("CODM"), uses to make strategic goals and operating decisions. Our Cardlytics platform operating segments in the U.S. and U.K. represent our proprietary advertising channels and are aggregated into one reportable segment given their similar economic characteristics, nature of service, types of customers and method of distribution. Subsequent to the acquisition of Bridg, our CODM began reviewing Bridg's revenue and operating expenses. Therefore, we consider the Bridg platform to be a separate operating segment. Our CODM allocates resources to, and evaluates the performance of, our operating segments based on revenue and adjusted contribution. Our CODM does not review assets by operating segment for the purposes of evaluating performance or allocating resources.

The following tables provide information regarding the Cardlytics platform and the Bridg platform reportable segments (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2021	2020	2021
Cardlytics platform				
Adjusted contribution	$ 12,402	$ 27,603	$ 32,781	$ 51,944
Plus: Adjusted Partner Share and other third-party costs[(1)]	15,820	29,160	40,950	58,049
Revenue	$ 28,222	$ 56,763	$ 73,731	$ 109,993
Bridg platform				
Adjusted contribution	$ —	$ 2,027	$ —	$ 2,027
Plus: Adjusted Partner Share and other third-party costs[(1)]	—	63	—	63
Revenue	$ —	$ 2,090	$ —	$ 2,090
Total				
Adjusted contribution	$ 12,402	$ 29,630	$ 32,781	$ 53,971
Plus: Adjusted Partner Share and other third-party costs[(1)]	15,820	29,223	40,950	58,112
Revenue	$ 28,222	$ 58,853	$ 73,731	$ 112,083

(1) Adjusted Partner Share and other third-party costs presented above represents GAAP Partner Share and other third-party data costs less deferred implementation costs, which is detailed below in our reconciliation of GAAP loss before income taxes to adjusted contribution.

Adjusted Contribution

Adjusted contribution measures the degree by which revenue generated from our marketers exceeds the cost to obtain the purchase data and the digital advertising space from our partners. Adjusted contribution demonstrates how incremental marketing spend on our platform generates incremental amounts to support our sales and marketing, research and development, general and administration and other investments. Adjusted contribution is calculated by taking our total revenue less our Partner Share and other third-party costs exclusive of deferred implementation costs, which is a non-cash cost. Adjusted contribution does not take into account all costs associated with generating revenue from advertising campaigns, including sales and marketing expenses, research and development expenses, general and administrative expenses and other expenses, which we do not take into consideration when making decisions on how to manage our advertising campaigns.

The following table presents a reconciliation of loss before income taxes presented in accordance with GAAP to adjusted contribution (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2021	2020	2021
Adjusted contribution	$ 12,402	$ 29,630	$ 32,781	$ 53,971
Minus:				
Deferred implementation costs[1]	991	730	1,999	1,612
Delivery costs	3,499	5,748	6,905	9,686
Sales and marketing expense	10,405	17,063	21,373	30,265
Research and development expense	3,966	8,934	7,817	15,152
General and administration expense	11,734	16,888	22,478	29,063
Acquisition and integration costs	—	14,182	—	21,212
Depreciation and amortization expense	1,545	8,833	3,876	11,898
Total other expense (income)	20	4,558	1,622	7,284
Loss before income taxes	$ (19,758)	$ (47,306)	$ (33,289)	$ (72,201)

(1) Deferred implementation costs is excluded from adjusted Partner Share and other third-party costs, which is shown above in our reconciliation of GAAP revenue to adjusted contribution.

The following tables provide geographical information (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2021	2020	2021
Revenue:				
United States	$ 26,750	$ 54,145	$ 66,778	$ 103,262
United Kingdom	1,472	4,708	6,953	8,821
Total	$ 28,222	$ 58,853	$ 73,731	$ 112,083

	December 31, 2020	June 30, 2021
Property and equipment, net:		
United States	$ 9,549	$ 8,886
United Kingdom	4,162	4,096
India	154	113
Total	$ 13,865	$ 13,095

Capital expenditures within the United Kingdom and India totaled $0.4 million and $0.6 million during the six months ended June 30, 2020 and 2021, respectively.

Concentrations of Risk

Cash and Cash Equivalents

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. A significant portion of our cash and cash equivalents are held in fully FDIC–insured demand deposit accounts that distribute funds, and credit risk, over a vast number of financial institutions. Our remaining cash and cash equivalents are held with six financial institutions, which we believe are of high credit quality.

Marketers

Our revenue and accounts receivable are diversified among a large number of marketers segregated by both geography and industry. During the six months ended June 30, 2020 and 2021, our top five marketers accounted for 33% and 34% of our revenue, respectively, with one marketer accounting for over 10% during each period. As of June 30, 2020 and 2021 our top five marketers accounted for 38% and 30% of our accounts receivable, respectively, with one marketer representing over 10%.

FI Partners

Our business is substantially dependent on a limited number of FI partners. We require participation from our FI partners in the Cardlytics platform and access to their purchase data in order to offer our solutions to marketers and their agencies. We must have FI partners with a sufficient number of customers and levels of customer engagement to ensure that we have robust purchase data and marketing space to support a broad array of incentive programs for marketers. Our agreements with a substantial majority of our FI partners have terms of three to seven years but are generally terminable by the FI partner on 90 days or less prior notice. If an FI partner terminates its agreement with us, we would lose that FI as a source of purchase data and online banking customers.

During both the six months ended June 30, 2020 and 2021, Bank of America, National Association (“Bank of America”) and JPMorgan Chase Bank, National Association (“Chase”) combined to account for over 75% of the total Partner Share we paid to all partners, with each representing over 30%. No other partner accounted for over 10% of Partner Share during these periods.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with (1) our consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10–Q and (2) the audited consolidated financial statements and the related notes and management's discussion and analysis of financial condition and results of operations for the fiscal year ended December 31, 2020 included in our Annual Report on Form 10-K, filed with the SEC on March 1, 2021.

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements are often identified by the use of words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "project," "will," "would" or the negative or plural of these words or similar expressions or variations, and such forward-looking statements include, but are not limited to, statements with respect to our business strategy, plans and objectives for future operations, including our expectations regarding our expenses; continued enhancements of our platform and new product offerings; our future financial and business performance; anticipated benefits of our acquisitions of Dosh and Bridg; potential payments under the Merger Agreement with Bridg; anticipated Partner Share commitment shortfall penalty; and the uncertain negative impacts that COVID–19 may have on our business, financial condition, results of operations and changes in overall level of spending and volatility in the global economy. The events described in these forward-looking statements are subject to a number of risks, uncertainties, assumptions and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified herein, and those discussed in the section titled "Risk Factors," set forth in Part II, Item 1A of this Quarterly Report on Form 10-Q and in our other SEC filings. You should not rely upon forward-looking statements as predictions of future events. Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Overview

We operate the Cardlytics advertising platform (the "Cardlytics platform") within our and our partners' digital channels, which include online, mobile applications, email, and various real-time notifications. Our partners predominantly include financial institution ("FI") partners which provide us with access to their anonymized purchase data and digital banking customers. By applying advanced analytics to this aggregation of purchase data, we make it actionable, helping marketers identify, reach and influence likely buyers at scale, and measure the true sales impact of their marketing spend. We have strong relationships with leading marketers across a variety of industries, including retail, restaurant, travel and entertainment, telecommunications, subscription services, direct to consumer, and grocery. Using our purchase intelligence, we present customers with offers to save money at a time when they are thinking of their finances.

Working with a marketer, we design a campaign that targets consumers based on their purchase history. The consumer is offered an incentive to make a purchase from the marketer within a specified period. We use a portion of the fees that we collect from marketers to provide these consumer incentives to customers after they make qualifying purchases ("Consumer Incentives"). We report our revenue on our condensed consolidated statements of operations net of Consumer Incentives since we do not provide the goods or services that are purchased by customers from the marketers to which the Consumer Incentives relate.

We pay certain partners a negotiated and fixed percentage of our billings to marketers less any Consumer Incentives that we pay to customers and certain third-party data costs ("Partner Share"). We report our revenue gross of Partner Share. Partner Share costs are included in Partner Share and other third-party costs in our consolidated statements of operations, rather than as a reduction of revenue, because we and not our partners act as the principal in our arrangements with marketers. Prior to March 31, 2021, we referred to Partner Share as FI Share.

We run campaigns offering compelling Consumer Incentives to drive an expected rate of return on advertising spend for marketers. At times, we may collaborate with a partner to enhance the level of Consumer Incentives to their respective customers, funded by their Partner Share. We believe that these investments by our partners positively impact our platform by making their customers more highly engaged with our platform. However, these investments negatively impact our GAAP revenue, which is reported net of Consumer Incentives.

We also operate the Bridg customer data platform (the "Bridg platform"), which utilizes anonymized point-of-sale data, including SKU-level purchase data, to enable marketers, in a privacy-safe manner, to perform analytics and anonymous targeted loyalty marketing and measure the impact of their marketing.

Revenue, which is reported net of Consumer Incentives and gross of Partner Share and other third-party costs, was $28.2 million and $58.9 million during the three months ended June 30, 2020 and 2021, respectively, representing an increase of 109%. Billings, a non-GAAP measure that represents the gross amount billed to marketers and is reported gross of both Consumer Incentives and Partner Share, was $39.5 million and $85.3 million during the three months ended June 30, 2020 and 2021, respectively, representing an increase of 116%. Gross profit, which represents revenue less Partner Share and other third-party costs and less delivery costs, was $7.9 million and $23.2 million during the three months ended June 30, 2020 and 2021, respectively, representing an increase of 193%. Adjusted contribution, a non-GAAP measure that represents our revenue less our adjusted Partner Share and other third-party costs, was $12.4 million and $29.6 million during the three months ended June 30, 2020 and 2021, respectively, representing an increase of 139%.

Billings and adjusted contribution are further defined under the heading "Non-GAAP Measures and Other Performance Metrics" below. We believe these non-GAAP measures, alongside our GAAP revenue and GAAP gross profit, provide useful information to investors for period-to-period comparisons of our core business and in understanding and evaluating our results of operations in the same manner as our management and board of directors.

The following table summarizes our results (dollars in thousands):

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2020	2021	$	%	2020	2021	$	%
Billings[1]	$ 39,521	$ 85,337	$ 45,816	116 %	$ 107,297	$ 161,654	$ 54,357	51 %
Consumer Incentives	11,299	26,484	15,185	134	33,566	49,571	16,005	48
Revenue	28,222	58,853	30,631	109	73,731	112,083	38,352	52
Adjusted Partner Share and other third-party costs[1]	15,820	29,223	13,403	85	40,950	58,112	17,162	42
Adjusted contribution[1]	12,402	29,630	17,228	139	32,781	53,971	21,190	65
Delivery costs	3,499	5,748	2,249	64	6,905	9,686	2,781	40
Deferred implementation costs	991	730	(261)	(26)	1,999	1,612	(387)	(19)
Gross profit	$ 7,912	$ 23,152	$ 15,240	193 %	$ 23,877	$ 42,673	$ 18,796	79 %
Net loss	$ (19,758)	$ (47,306)	$ (27,548)	139 %	$ (33,289)	$ (72,201)	$ (38,912)	117 %
Adjusted EBITDA[1]	$ (7,693)	$ (5,666)	$ 2,027	(26)%	$ (11,676)	$ (9,610)	$ 2,066	(18)%

(1) Billings, adjusted Partner Share and other third-party costs, adjusted contribution and adjusted EBITDA are non-GAAP measures, as detailed below in our reconciliations of GAAP revenue to billings, GAAP gross profit to adjusted contribution and and GAAP net loss to adjusted EBITDA.

During the three months ended June 30, 2020 and 2021, our net loss was $19.8 million and $47.3 million, respectively. Our historical losses have been driven by our substantial investments in our purchase intelligence platform and infrastructure, which we believe will enable us to expand the use of our platform by both our partners and marketers. On March 5, 2021, we acquired Dosh Holdings, Inc., and on May 5, 2021, we acquired Bridg, Inc. During the three and six months ended June 30, 2021, we incurred $14.2 million and $21.2 million of costs in connection with these acquisitions, respectively. During the three months ended June 30, 2020 and 2021, our net loss included stock-based compensation expense of $9.1 million and $13.3 million.

FI Partners

Our FI partners include Bank of America, National Association ("Bank of America"), JPMorgan Chase Bank, National Association (“Chase”) and Wells Fargo Bank, National Association (“Wells Fargo”), as well as many other national and regional financial institutions, including several of the largest bank processors and digital banking providers to reach customers of small and mid-sized FIs. Wells Fargo began a phased launch of our platform in the fourth quarter of 2019 that was completed in the second quarter of 2020. Additionally, we have begun a phased national rollout of our platform with U.S. Bank, National Association.

For the three months ended June 30, 2020 and 2021, our average monthly active users ("MAUs") were 157.2 million and 167.6 million, respectively, and our average revenue per user ("ARPU") for each period was $0.18 and $0.34, respectively. MAUs and ARPU are performance metrics defined under the heading "Non-GAAP Measures and Other Performance Metrics" below.

Partner Commitments

We have a minimum Partner Share commitment to a certain FI partner totaling $10.0 million over a 12-month period beginning on April 1, 2022.

Impacts of COVID-19 Pandemic

The COVID–19 pandemic resulted in a global slowdown of economic activity that decreased demand for a broad variety of goods and services and consumer discretionary spending, including spending by consumers with our marketers. Estimates and assumptions about future events and their effects cannot be determined with certainty and therefore require the exercise of judgment. Actual results could differ from those estimates and any such differences may be material to our financial statements.

Revenue growth for the three and six months ended June 30, 2020 was unfavorably affected by the COVID-19 pandemic and its impact on both consumer discretionary spending and marketers' ability to spend advertising budgets on our solution. During the six months ended June 30, 2020, we deferred $1.2 million of revenue and recorded credit losses expense of $1.3 million associated with billings to marketers that we believe are likely to be materially and adversely affected by the slowdown in economic activity resulting from the COVID-19 pandemic. During the first half of 2021, we saw continued recovery of both consumer spending as well as the advertising budgets of our clients. During the three and six months ended June 30, 2021, we saw continued recovery of both consumer spending as well as the advertising budgets of our clients; however many merchants continued to be impacted by labor shortages and disruptions in their supply chains. Due to continuing uncertainty regarding the severity and duration of the impacts of COVID-19 on the global economy, we will continue to monitor this situation and the potential impacts to our business.

Acquisitions

On May 5, 2021, we completed the acquisition of Bridg for purchase consideration of $578.9 million. The purchase consideration consisted of a $350.0 million cash purchase price, subject to $2.9 million of adjustments and escrows, and contingent consideration with a fair value of $230.9 million related to additional potential future payments. The potential payment within 30 days of the first anniversary of the acquisition (the "First Anniversary Payment") will be equal to 20 times the difference between the U.S. annualized recurring revenue ("ARR"), based on the month preceding the first anniversary and $12.5 million. The potential payment within 30 days of the second anniversary of the acquisition (the “Second Anniversary Payment”) will be equal to 15 times the difference between the ARR for customers as of the first anniversary based on the month preceding the second anniversary, and the prior ARR at the first anniversary. The Second Anniversary Payment is subject to a specified cap. At least 30% of the First Anniversary Payment and the Second Anniversary Payment will be in cash, with the remainder to be paid in cash or our common stock, at our option. If we choose to pay a portion of the First Anniversary Payment or Second Anniversary Payment in our common stock, the number of shares will be determined by dividing the amount of the payment by the trailing 20-day volume-weighted average price ending on the first anniversary date or second anniversary date, as applicable. We also assumed unvested options to purchase Bridg’s common stock and attributed $0.9 million of their fair value to the pre-combination service period. ARR is a performance metric defined within Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations".

On March 5, 2021, we completed the acquisition of Dosh Holdings, Inc. ("Dosh") for purchase consideration of $277.1 million in a combination of cash and common stock. The total purchase consideration consisted of a $150.0 million cash purchase price, subject to $6.2 million of adjustments and escrows; and $125.0 million of shares of our common stock at an agreed-upon price of $136.33 per share, subject to $7.6 million of fair value adjustments based upon our close date, for an acquisition date fair value of $117.4 million. In addition, we assumed unvested options to purchase Dosh’s common stock and attributed $3.6 million of their fair value to the pre-combination service period. Refer to Note 3 - Business Combinations to our condensed consolidated financial statements for further information.

Public Offering of Common Stock

On March 5, 2021, we closed a public equity offering in which we sold 3,850,000 shares of common stock at a public offering price of $130.00 per share for total gross proceeds of $500.5 million. We received total net proceeds of $484.0 million after deducting underwriting discounts and commissions of $16.3 million and offering costs of $0.2 million.

Non-GAAP Measures and Other Performance Metrics

We regularly monitor a number of financial and operating metrics in order to measure our current performance and estimate our future performance. Our metrics may be calculated in a manner different than similar metrics used by other companies.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2021	2020	2021
	(in thousands, except ARPU)			
Cardlytics MAUs	157,220	167,613	149,000	167,867
Cardlytics ARPU	$ 0.18	$ 0.34	$ 0.49	$ 0.66
Bridg ARR	$ —	$ 12,511	$ —	$ 12,511
Billings	$ 39,521	$ 85,337	$ 107,297	$ 161,654
Adjusted contribution	$ 12,402	$ 29,630	$ 32,781	$ 53,971
Adjusted EBITDA	$ (7,693)	$ (5,666)	$ (11,676)	$ (9,610)

Cardlytics Monthly Active Users

We define MAUs as targetable customers or accounts that have logged in and visited online or mobile applications containing offers from, opened an email containing offers from, or redeemed an offer from the Cardlytics platform during a monthly period. We then calculate a monthly average of these MAUs for the periods presented. We believe that MAUs is an indicator of our platform's ability to drive engagement and is reflective of the marketing base that we offer to marketers. Prior to March 31, 2021, we referred to MAUs as FI MAUs.

Cardlytics Average Revenue per User

We define ARPU as the total revenue generated in the applicable period calculated in accordance with generally accepted accounting principles in the United States ("GAAP"), divided by the average number of MAUs in the applicable period. We believe that ARPU is an indicator of the value of our relationships with our partners with respect to the Cardlytics platform.

Bridg Annualized Recurring Revenue

Consistent with the Bridg merger agreement, we define ARR as the annualized GAAP revenue of the final month in the period presented for the Bridg platform. ARR should not be considered in isolation from, or as an alternative to, revenue prepared in accordance with GAAP. We believe that ARR is an indicator of the Bridg platform's ability to generate future revenue from existing clients.

Billings

Billings represents the gross amount billed to customers and marketers for advertising campaigns in order to generate revenue. Cardlytics platform billings is recognized gross of both Consumer Incentives and Partner Share. Cardlytics platform GAAP revenue is recognized net of Consumer Incentives and gross of Partner Share. Bridg platform billings is the same as Bridg platform GAAP revenue.

We review billings for internal management purposes. We believe that billings provides useful information to investors for period-to-period comparisons of our core business and in understanding and evaluating our results of operations in the same manner as our management and board of directors. Nevertheless, our use of billings has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under GAAP. Other companies, including companies in our industry that have similar business arrangements, may address the impact of Consumer Incentives differently. You should consider billings alongside our other GAAP financial results.

The following table presents a reconciliation of billings to revenue, the most directly comparable GAAP measure for the three and six months ended June 30, 2021 and 2020(in thousands):

	Three Months Ended June 30, 2021			Six Months Ended June 30, 2021		
	Cardlytics Platform	Bridg Platform	Consolidated	Cardlytics Platform	Bridg Platform	Consolidated
Revenue	$ 56,763	$ 2,090	$ 58,853	$ 109,993	$ 2,090	$ 112,083
Plus:						
Consumer Incentives	26,484	—	26,484	49,571	—	49,571
Billings	$ 83,247	$ 2,090	$ 85,337	$ 159,564	$ 2,090	$ 161,654

	Three Months Ended June 30, 2020			Six Months Ended June 30, 2020		
	Cardlytics Platform	Bridg Platform	Consolidated	Cardlytics Platform	Bridg Platform	Consolidated
Revenue	$ 28,222	$ —	$ 28,222	$ 73,731	$ —	$ 73,731
Plus:						
Consumer Incentives	11,299	—	11,299	33,566	—	33,566
Billings	$ 39,521	$ —	$ 39,521	$ 107,297	$ —	$ 107,297

Adjusted Contribution

Adjusted contribution measures the degree by which revenue generated from our marketers exceeds the cost to obtain the purchase data and the digital advertising space from our partners. Adjusted contribution demonstrates how incremental marketing spend on our platform generates incremental amounts to support our sales and marketing, research and development, general and administration and other investments. Adjusted contribution is calculated by taking our total revenue less our Partner Share and other third-party costs exclusive of deferred implementation costs, which is a non-cash cost. Adjusted contribution does not take into account all costs associated with generating revenue from advertising campaigns, including sales and marketing expenses, research and development expenses, general and administrative expenses and other expenses, which we do not take into consideration when making decisions on how to manage our advertising campaigns.

We use adjusted contribution extensively to measure the efficiency of our advertising platform, make decisions to manage advertising campaigns and evaluate our operational performance. Adjusted contribution is also used to determine the vesting of performance-based equity awards and is used to determine the achievement of quarterly and annual bonuses across our entire global employee base, including executives. We view adjusted contribution as an important operating measure of our financial results. We believe that adjusted contribution provides useful information to investors and others in understanding and evaluating our results of operations in the same manner as our management and board of directors. Adjusted contribution should not be considered in isolation from, or as an alternative to, measures prepared in accordance with GAAP. Adjusted contribution should be considered together with other operating and financial performance measures presented in accordance with GAAP. Also, adjusted contribution may not necessarily be comparable to similarly titled measures presented by other companies. Refer to Note 12 - Segments to our condensed consolidated financial statements for further details on our adjusted contribution.

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The following table presents a reconciliation of adjusted contribution to gross profit, the most directly comparable GAAP measure, for each of the periods indicated (in thousands):

	Three Months Ended June 30, 2021			Six Months Ended June 30, 2021		
	Cardlytics Platform	Bridg Platform	Consolidated	Cardlytics Platform	Bridg Platform	Consolidated
Revenue	$ 56,763	$ 2,090	$ 58,853	$ 109,993	$ 2,090	$ 112,083
Minus:						
Partner Share and other third-party costs	29,890	63	29,953	59,661	63	59,724
Delivery costs(1)	4,837	911	5,748	8,775	911	9,686
Gross profit	22,036	1,116	23,152	41,557	1,116	42,673
Plus:						
Delivery costs(1)	4,837	911	5,748	8,775	911	9,686
Deferred implementation costs(2)	730	—	730	1,612	—	1,612
Adjusted contribution	$ 27,603	$ 2,027	$ 29,630	$ 51,944	$ 2,027	$ 53,971

(1) Stock-based compensation expense recognized in consolidated delivery costs totaled $0.5 million and $0.8 million for the three and six months ended June 30, 2021, respectively.

(2) Deferred implementation costs is excluded from adjusted Partner Share and other third-party costs as follows (in thousands):

	Three Months Ended June 30, 2021			Six Months Ended June 30, 2021		
	Cardlytics Platform	Bridg Platform	Consolidated	Cardlytics Platform	Bridg Platform	Consolidated
Partner Share and other third-party costs	$ 29,890	$ 63	$ 29,953	$ 59,661	$ 63	$ 59,724
Minus:						
Deferred implementation costs	730	—	730	1,612	—	1,612
Adjusted Partner Share and other third-party costs	$ 29,160	$ 63	$ 29,223	$ 58,049	$ 63	$ 58,112

	Three Months Ended June 30, 2020			Six Months Ended June 30, 2020		
	Cardlytics Platform	Bridg Platform	Consolidated	Cardlytics Platform	Bridg Platform	Consolidated
Revenue	$ 28,222	$ —	$ 28,222	$ 73,731	$ —	$ 73,731
Minus:						
Partner Share and other third-party costs	16,811	—	16,811	42,949	—	42,949
Delivery costs(1)	3,499	—	3,499	6,905	—	6,905
Gross profit	7,912	—	7,912	23,877	—	23,877
Plus:						
Delivery costs(1)	3,499	—	3,499	6,905	—	6,905
Deferred implementation costs(2)	991	—	991	1,999	—	1,999
Adjusted contribution	$ 12,402	$ —	$ 12,402	$ 32,781	$ —	$ 32,781

(1) Stock-based compensation expense recognized in consolidated delivery costs totaled $0.4 million and $0.5 million for the three and six months ended June 30, 2020, respectively.

(2) Deferred implementation costs is excluded from adjusted Partner Share and other third-party costs as follows (in thousands):

	Three Months Ended June 30, 2020			Six Months Ended June 30, 2020		
	Cardlytics Platform	Bridg Platform	Consolidated	Cardlytics Platform	Bridg Platform	Consolidated
Partner Share and other third-party costs	$ 16,811	$ —	$ 16,811	$ 42,949	$ —	$ 42,949
Minus:						
Deferred implementation costs	991	—	991	1,999	—	1,999
Adjusted Partner Share and other third-party costs	$ 15,820	$ —	$ 15,820	$ 40,950	$ —	$ 40,950

Adjusted EBITDA

Adjusted EBITDA represents our net loss before income tax benefit; interest expense, net; depreciation and amortization expense; stock-based compensation expense; foreign currency (loss) gain; deferred implementation costs; restructuring costs, acquisition and integration costs and change in fair value of contingent consideration. We do not consider these excluded items to be indicative of our core operating performance. The items that are non-cash include foreign currency loss, deferred implementation costs, depreciation and amortization expense and stock-based compensation expense. Notably, any impacts related to minimum Partner Share commitments in connection with agreements with certain partners are not added back to net loss in order to calculate adjusted EBITDA. Adjusted EBITDA is a key measure used by management to understand and evaluate our core operating performance and trends and to generate future operating plans, make strategic decisions regarding the allocation of capital and invest in initiatives that are focused on cultivating new markets for our solution. In particular, the exclusion of certain expenses in calculating adjusted EBITDA facilitates comparisons of our operating performance on a period-to-period basis. Adjusted EBITDA is not a measure calculated in accordance with GAAP.

We believe that adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors. Nevertheless, use of adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under GAAP. Some of these limitations are: (1) adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs; (2) adjusted EBITDA does not reflect the potentially dilutive impact of stock-based compensation and equity instruments issued to our partners; (3) adjusted EBITDA does not reflect tax payments or receipts that may represent a reduction or increase in cash available to us; and (4) other companies, including companies in our industry, may calculate adjusted EBITDA or similarly titled measures differently, which reduces the usefulness of the metric as a comparative measure. Because of these and other limitations, you should consider adjusted EBITDA alongside our net loss and other GAAP financial results.

The following table presents a reconciliation of adjusted EBITDA to net loss, the most directly comparable GAAP measure (in thousands):

	Three Months Ended June 30, 2021			Six Months Ended June 30, 2021		
	Cardlytics Platform	Bridg Platform	Consolidated	Cardlytics Platform	Bridg Platform	Consolidated
Net loss	$ (45,328)	$ (1,978)	$ (47,306)	$ (70,223)	$ (1,978)	$ (72,201)
Plus:						
Interest expense, net	3,078	—	3,078	6,123	—	6,123
Depreciation and amortization expense	7,092	1,741	8,833	10,157	1,741	11,898
Stock-based compensation expense	13,179	158	13,337	20,427	158	20,585
Foreign currency gain	—	—	—	(319)	—	(319)
Deferred implementation costs	730	—	730	1,612	—	1,612
Acquisition and integration costs	14,114	68	14,182	21,144	68	21,212
Change in fair value of contingent consideration	1,480	—	1,480	1,480	—	1,480
Adjusted EBITDA	$ (5,655)	$ (11)	$ (5,666)	$ (9,599)	$ (11)	$ (9,610)

	Three Months Ended June 30, 2020			Six Months Ended June 30, 2020		
	Cardlytics Platform	Bridg Platform	Consolidated	Cardlytics Platform	Bridg Platform	Consolidated
Net loss	$ (19,758)	$ —	$ (19,758)	$ (33,289)	$ —	$ (33,289)
Plus:						
Interest expense (income), net	10	—	10	(274)	—	(274)
Depreciation and amortization expense	1,545	—	1,545	3,876	—	3,876
Stock-based compensation expense	9,108	—	9,108	13,233	—	13,233
Foreign currency loss	8	—	8	1,894	—	1,894
Deferred implementation costs	991	—	991	1,999	—	1,999
Restructuring costs	403	—	403	885	—	885
Adjusted EBITDA	$ (7,693)	$ —	$ (7,693)	$ (11,676)	$ —	$ (11,676)

Results of Operations

The following table presents our condensed consolidated statements of operations (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2021	2020	2021
Revenue	$ 28,222	$ 58,853	$ 73,731	$ 112,083
Costs and expenses:				
Partner Share and other third-party costs	16,811	29,953	42,949	59,724
Delivery costs	3,499	5,748	6,905	9,686
Sales and marketing expense	10,405	17,063	21,373	30,265
Research and development expense	3,966	8,934	7,817	15,152
General and administrative expense	11,734	16,888	22,478	29,063
Acquisition and integration costs	—	14,182	—	21,212
Depreciation and amortization expense	1,545	8,833	3,876	11,898
Total costs and expenses	47,960	101,601	105,398	177,000
Operating loss	(19,738)	(42,748)	(31,667)	(64,917)
Other (expense) income:				
Interest (expense) income, net	(10)	(3,078)	274	(6,123)
Foreign currency (loss) gain	(10)	—	(1,896)	319
Total other expense	(20)	(4,558)	(1,622)	(7,284)
Loss before income taxes	(19,758)	(47,306)	(33,289)	(72,201)
Income tax benefit	—	—	—	—
Net loss	$ (19,758)	$ (47,306)	$ (33,289)	$ (72,201)

Comparison of Three and Six Months Ended June 30, 2020 and 2021

Revenue

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2020	2021	$	%	2020	2021	$	%
	(dollars in thousands)							
Billings	$ 39,521	$ 85,337	$ 45,816	116 %	$ 107,297	$ 161,654	$ 54,357	51 %
Consumer incentives	11,299	26,484	15,185	134	33,566	49,571	16,005	48
Revenue	$ 28,222	$ 58,853	$ 30,631	109 %	$ 73,731	$ 112,083	$ 38,352	52 %
% of billings	71 %	69 %			69 %	69 %		

The $30.6 million increase in revenue during the three months ended June 30, 2021 compared to the three months ended June 30, 2020 was comprised of a $45.8 million increase in billings and $15.2 million increase in Consumer Incentives. The billings increase was comprised of $42.5 million increase in sales to existing marketers and a $3.4 million increase in sales to new marketers. Consumer incentives grew at a higher rate than billings during the three months ended June 30, 2021 compared to three months ended June 30, 2020 primarily as a result of changes in advertiser mix and an increase in consumer incentives funded by partners through a reduction in Partner Share.

The $38.4 million increase in revenue during the six months ended June 30, 2021 compared to the six months ended June 30, 2020 was comprised of a $54.4 million increase in billings and $16.0 million increase in Consumer Incentives. The billings increase was comprised of $49.4 million increase in sales to existing marketers and a $5.0 million increase in sales to new marketers. Consumer incentives grew at a higher rate than billings during the three months ended June 30, 2021 compared to three months ended June 30, 2020 primarily as a result of changes in advertiser mix.

Costs and Expenses

Partner Share and Other Third-Party Costs

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2020	2021	$	%	2020	2021	$	%
	(dollars in thousands)							
Partner Share and other third-party costs:								
Adjusted Partner Share and other third-party costs	$ 15,820	$ 29,223	$ 13,403	85 %	$ 40,950	$ 58,112	$ 17,162	42 %
Deferred implementation costs	991	730	(261)	(26)%	1,999	1,612	(387)	(19)%
Total Partner Share and other third-party costs	$ 16,811	$ 29,954	$ 13,142	78 %	$ 42,949	$ 59,724	$ 16,775	39 %
% of revenue	60 %	51 %			58 %	53 %		

Adjusted Partner Share and other third-party costs increased by $13.4 million during the three months ended June 30, 2021 compared to the three months ended June 30, 2020 primarily due to increased revenue from sales of the Cardlytics platform and was offset by and an increase in consumer incentives funded by partners through a reduction in Partner Share. Deferred implementation costs decreased by $0.3 million during the three months ended June 30, 2021 compared to the three months ended June 30, 2020 primarily due to a decrease in the amortization of certain platform features that reached the end of their estimated useful life.

Adjusted Partner Share and other third-party costs increased by $17.2 million during the six months ended June 30, 2021 compared to the six months ended June 30, 2020, primarily due to increased revenue from sales of the Cardlytics platform and was offset by and an increase in consumer incentives funded by partners through a reduction in Partner Share. Deferred implementation costs decreased by $0.4 million during the six months ended June 30, 2021 compared to the six months ended June 30, 2020, primarily due to a decrease in the amortization of certain platform features that reached the end of their estimated useful life.

Delivery Costs

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2020	2021	$	%	2020	2021	$	%
	(dollars in thousands)							
Delivery costs	$ 3,499	$ 5,748	$ 2,249	64 %	$ 6,905	$ 9,686	$ 2,781	40 %
% of revenue	12 %	10 %			9 %	9 %		

Delivery costs increased by $2.2 million during the three months ended June 30, 2021 compared to the three months ended June 30, 2020, primarily due to increased costs from our acquired businesses of $1.3 million, a $0.5 million increase in personnel costs associated with headcount and a $0.4 million increase in costs associated with hosting the Cardlytics platform for certain partners.

Delivery costs increased by $2.8 million during the six months ended June 30, 2021 compared to the six months ended June 30, 2020, primarily due to increased costs from our acquired businesses of $1.4 million, a $0.7 million increase in personnel costs associated with headcount, a $0.5 million increase in costs associated with hosting the Cardlytics platform for certain partners and a $0.2 million increase in stock-based compensation expense.

Sales and Marketing Expense

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2020	2021	$	%	2020	2021	$	%
	(dollars in thousands)							
Sales and marketing expense	$ 10,405	$ 17,063	$ 6,658	64 %	$ 21,373	$ 30,265	$ 8,892	42 %
% of revenue	37 %	29 %			29 %	27 %		

Sales and marketing expense increased by $6.7 million during the three months ended June 30, 2021 compared to the three months ended June 30, 2020 primarily due to increased costs from our acquired businesses of $2.9 million, a $3.0 million increase in personnel costs associated with additional headcount, $0.5 million increase in stock-based compensation expense, a $0.2 million increase in marketing and a $0.1 million increase in personnel training.

Sales and marketing expense increased by $8.9 million during the six months ended June 30, 2021 compared to the six months ended June 30, 2020 primarily due to increased costs from our acquired businesses of $3.7 million, a $3.6 million increase in personnel costs associated with additional headcount, a $1.6 million increase in stock-based compensation expense, a $0.2 million increase in marketing and a $0.2 million increase in personnel training, partially offset by a $0.4 million decrease in travel and entertainment.

Research and Development Expense

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2020	2021	$	%	2020	2021	$	%
	(dollars in thousands)							
Research and development expense	$ 3,966	$ 8,934	$ 4,968	125 %	$ 7,817	$ 15,152	$ 7,335	94 %
% of revenue	14 %	15 %			11 %	14 %		

Research and development expense increased by $5.0 million during the three months ended June 30, 2021 compared to the three months ended June 30, 2020 primarily due to increased costs from our acquired businesses of $2.3 million, a $2.1 million increase in personnel costs due to additional headcount, a $0.4 million increase in stock-based compensation expense and a $0.7 million increase in professional fees, partially offset by a $0.5 million increase in the amount of personnel costs and professional fees capitalized in connection with developing internal-use software.

Research and development expense increased by $7.3 million during the six months ended June 30, 2021 compared to the six months ended June 30, 2020 primarily due to increased costs from our acquired businesses of $2.8 million, a $3.7 million increase in personnel costs due to additional headcount, a $1.2 million increase in stock-based compensation expense and a $0.7 million increase in professional fees, partially offset by a $1.1 million increase in the amount of personnel costs and professional fees capitalized in connection with developing internal-use software.

General and Administrative Expense

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2020	2021	$	%	2020	2021	$	%
	(dollars in thousands)							
General and administrative expense	$ 11,734	$ 16,888	$ 5,154	44 %	$ 22,478	$ 29,063	$ 6,585	29 %
% of revenue	42 %	29 %			30 %	26 %		

General and administrative expense increased by $5.2 million during the three months ended June 30, 2021 compared to the three months ended June 30, 2020 primarily due to increased costs from our acquired businesses of $3.3 million, a $0.8 million increase in personnel costs associated with additional headcount, a $0.6 million increase in software licensing cost, a $0.5 million increase in insurance premiums and a $0.2 million increase in professional fees, partially offset by a $0.2 million decrease in stock-based compensation expense.

General and administrative expense increased by $6.6 million during the six months ended June 30, 2021 compared to the six months ended June 30, 2020 primarily due to increased costs from our acquired businesses of $3.6 million, a $1.4 million increase in personnel costs associated with additional headcount, a $0.7 million increase in software licensing cost, a $0.6 million increase in professional fees and a $0.5 million increase in stock-based compensation expense, partially offset by a $0.2 million decrease in taxes.

Stock-based Compensation Expense

The following table summarizes the allocation of stock-based compensation in the consolidated statements of operations (in thousands):

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2020	2021	$	%	2020	2021	$	%
Delivery costs	$ 357	$ 521	$ 164	46 %	$ 532	$ 830	$ 298	56 %
Sales and marketing expense	2,567	3,655	1,088	42	3,836	6,087	2,251	59
Research and development expense	1,401	2,448	1,047	75	2,004	3,962	1,958	98
General and administrative expense	4,783	6,713	1,930	40	6,861	9,706	2,845	41
Total stock-based compensation expense	$ 9,108	$ 13,337	$ 4,229	46 %	$ 13,233	$ 20,585	$ 7,352	56 %
% of revenue	32 %	23 %			18 %	18 %		

Stock-based compensation expense increased by $4.2 million during the three months ended June 30, 2021 compared to the three months ended June 30, 2020 primarily due to $3.5 million expense related to our assumption of unvested options from our acquired businesses and RSU grants to employees of our acquired businesses. The remaining increase is primarily due to the impact of RSUs and PSUs granted in April 2021.

Stock-based compensation expense increased by $7.4 million during the six months ended June 30, 2021 compared to the six months ended June 30, 2020 primarily due to $3.8 million expense related to our assumption of unvested options and RSU grants to employees of our acquired businesses. The remaining increase is primarily due to the impact of RSUs and PSUs granted in April 2020 and April 2021.

Acquisition and integration costs

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2020	2021	$	%	2020	2021	$	%
	(dollars in thousands)							
Acquisition and integration costs	$ —	14,182	14,182	n/a	$ —	21,212	21,212	n/a
% of revenue	— %	24 %			— %	19 %		

During the three months ended June 30, 2021 and six months ended June 30, 2021, we incurred $14.2 million and $21.2 million of costs in connection with the acquisitions of Dosh and Bridg. These amounts include $9.8 million of broker and insurance fees, $5.8 million of legal and accounting fees, $5.5 million of compensation and $0.1 million of travel and entertainment. Refer to Note 3 - Business Combinations to our condensed consolidated financial statements for additional information regarding these acquisitions.

Depreciation and Amortization Expense

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2020	2021	$	%	2020	2021	$	%
	(dollars in thousands)							
Depreciation and amortization expense	$ 1,545	$ 8,833	$ 7,288	472 %	$ 3,876	$ 11,898	$ 8,022	207 %
% of revenue	5 %	15 %			5 %	11 %		

Depreciation and amortization expense increased $7.3 million during the three months ended June 30, 2021 compared to the three months ended June 30, 2020, driven by the increase of amortization of intangible assets related to the Dosh and Bridg acquisitions.

Depreciation and amortization expense increased $8.0 million during the six months ended June 30, 2021 compared to the six months ended June 30, 2020, driven by the increase of amortization of intangible assets related to the Dosh and Bridg acquisitions.

Interest (Expense) Income, Net

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2020	2021	$	%	2020	2021	$	%
	(dollars in thousands)							
Interest expense	$ (40)	$ (3,183)	$ (3,143)	n/a	$ (80)	$ (6,317)	$ (6,237)	n/a
Interest income	30	104	74	n/a	354	193	(161)	(45)
Interest (expense), income net	$ (10)	$ (3,078)	$ (3,068)	n/a	$ 274	$ (6,123)	$ (6,397)	n/a
% of revenue	— %	(5)%			— %	(5)%		

Interest expense increased $3.1 million during the three months ended June 30, 2021 compared to the three months ended June 30, 2020, driven by interest expense related to the Notes which were issued on September 22, 2020 and have an aggregate principal amount of $230.0 million bearing interest of 1.00%.

Interest expense increased $6.4 million during the six months ended June 30, 2021 compared to the six months ended June 30, 2020, driven by interest expense related to the Notes which were issued on September 22, 2020 and have an aggregate principal amount of $230.0 million bearing interest of 1.00%.

Foreign Currency (Loss) Gain

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2020	2021	$	%	2020	2021	$	%
	(dollars in thousands)							
Foreign currency (loss) gain	$ (10)	$ —	$ 10	(100)%	$ (1,079)	$ (830)	$ 249	(23)%
% of revenue	— %	— %			(3)%	(1)%		

Foreign currency (loss) gain improved by less than $0.1 million during the three months ended June 30, 2021 compared to the three months ended June 30, 2020 primarily due to an increase in the value of the British pound relative to the U.S. dollar.

Foreign currency (loss) gain improved by $0.2 million during the six months ended June 30, 2021 compared to the six months ended June 30, 2020 primarily due to an increase in the value of the British pound relative to the U.S. dollar.

Liquidity and Capital Resources

The following table summarizes our cash and cash equivalents, accounts receivable, working capital and unused available borrowings (in thousands):

	December 31, 2020	June 30, 2021
Cash and cash equivalents	$ 293,239	$ 250,603
Accounts receivable, net	81,249	73,468
Working capital[(1)]	304,317	75,484
Unused available borrowings	50,000	50,000

(1) We define working capital as current assets less current liabilities. See our consolidated financial statements for further details regarding our current assets and current liabilities.

Our cash and cash equivalents are available for working capital purposes. We do not enter into investments for trading purposes, and our investment policy is to invest any excess cash in short-term, highly liquid investments that limit the risk of principal loss. Currently, a significant portion of our cash and cash equivalents are held in money market accounts and fully FDIC-insured demand deposit accounts. As of June 30, 2021, our demand deposit accounts earned up to a 0.50% annual rate of interest. As of June 30, 2021, $2.7 million of our cash and cash equivalents were in the United Kingdom. While our investment in Cardlytics UK Limited is not considered indefinitely invested, we do not plan to repatriate these funds.

Through June 30, 2021, we have incurred accumulated net losses of $466.3 million since inception, including net losses of $33.3 million and $72.2 million for the six months ended June 30, 2020 and 2021, respectively. We expect to incur additional operating losses as we continue our efforts to grow our business. We have historically financed our operations and capital expenditures through convertible note financings, private placements of preferred stock, public offerings of our common stock, lines of credit, term loans and convertible senior notes. Through June 30, 2021, we have received net proceeds of $222.7 million from the issuance of convertible senior notes, net proceeds of $196.2 million from the issuance of preferred stock and convertible promissory notes and net proceeds of $611.1 million from public equity offerings.

On May 5, 2021, we completed the acquisition of Bridg. As a part of this acquisition, we have agreed to make a First Anniversary Payment equal to 20 times the ARR based on the month preceding the anniversary, less $12.5 million, and a Second Anniversary Payment equal to 15 times the ARR for customers as of the first anniversary based on the month preceding the second anniversary, less the prior ARR at the first anniversary. The Second Anniversary Payment is subject to a specified cap. We have agreed to pay at least 30% of the First Anniversary Payment and the Second Anniversary Payment in cash, with the remainder to be paid in cash or our common stock, at our option.

Our other future capital requirements will depend on many factors, including our growth rate, the timing and extent of spending to support research and development efforts, our merger and acquisition efforts, the continued expansion of sales and marketing activities, the enhancement of our platform, the introduction of new solutions, the continued market acceptance of our solutions and the extent of the impact of COVID-19 on our operational and financial performance. We expect to continue to incur operating losses for the foreseeable future and may require additional capital resources to continue to grow our business. We believe that current cash and cash equivalents will be sufficient to fund our operations and capital requirements for at least the next 12 months following the date our consolidated financial statements were issued. However, if our access to capital is restricted or our borrowing costs increase, our operations and financial condition could be materially and adversely impacted. In the event that additional financing is required from outside sources, we may not be able to raise such financing on terms acceptable to us or at all.

The following table summarizes our cash flows (in thousands):

	Six Months Ended June 30,	
	2020	2021
Cash, cash equivalents and restricted cash — Beginning of period	$ 104,587	$ 293,349
Net cash used in operating activities	(3,406)	(27,510)
Net cash used in investing activities	(1,437)	(500,410)
Net cash received from financing activities	3,139	485,403
Effect of exchange rates on cash, cash equivalents and restricted cash	(588)	(118)
Cash, cash equivalents and restricted cash — End of period	$ 102,295	$ 250,603

Sources of Funds

Proceeds from Issuance of Common Stock

On March 5, 2021, we closed a public equity offering in which we sold 3,850,000 shares of common stock at a public offering price of $130.00 per share. We received total net proceeds of $484.0 million after deducting underwriting discounts and commissions of $16.3 million and offering costs of $0.2 million.

2020 Convertible Senior Notes

In September 2020, we issued convertible senior notes with an aggregate principal amount of $230.0 million bearing an interest rate of 1.00% due in 2025 (the "Notes"). The net proceeds from this offering were $222.7 million, after deducting the initial purchasers' discounts and commissions and the estimated offering expenses payable by us. We used $26.5 million of the net proceeds to pay the cost of capped call transactions. We intend to use the remainder of the net proceeds for working capital or other general corporate purposes, which may include potential acquisitions and strategic transactions.

2018 Loan Facility

In December 2020, we amended our loan facility with Pacific Western Bank ("2018 Loan Facility") to increase the capacity of our asset-backed revolving line of credit ("2018 Line of Credit") from $40.0 million to $50.0 million. This amendment also extended the maturity date of the 2018 Loan Facility from May 14, 2021 to December 31, 2022. Prior to the December 2020 amendment, the 2018 Loan Facility contained moving trailing 12-month billing covenants, which ranged from $210.0 million to $255.0 million, during the term of the facility. The former terms of the 2018 Loan Facility also required us to maintain a total cash balance plus liquidity under the 2018 Line of Credit of not less than $5.0 million. Effective with the December 2020 amendment, the former billings and liquidity covenants were removed and were replaced with a requirement to maintain a cash to funded senior debt ratio under the 2018 Line of Credit of 1.25:1.00. In September 2020, we amended the 2018 Loan Facility to allow for the issuance of the Notes.

We have made no borrowings or repayments on the 2018 Line of Credit during the six months ended June 30, 2021. As of June 30, 2021, we had no outstanding borrowings on our 2018 Line of Credit and had $50.0 million of unused borrowings available. Under the terms of the 2018 Line of Credit, we are able to borrow up to the lesser of $50.0 million or 85% of the amount of our eligible accounts receivable. Interest on advances bears an interest rate equal to the prime rate minus 0.50%, or 2.75% as of June 30, 2021. In addition, we are required to pay an unused line fee of 0.15% per annum on the average daily unused amount of the $50.0 million revolving commitment. We believe that we were in compliance with all financial covenants as of June 30, 2021.

Uses of Funds

Our collection cycles can vary from period to period based on the payment practices of our marketers and their agencies. We are generally obligated to pay Consumer Incentives with respect to the Cardlytics platform solution between one and three months following redemption, regardless of whether we have collected payment from a marketer or its agency. We are generally obligated to pay Partner Share either three months following marketer billings, regardless of whether we have collected payment from a marketer or its agency, or by the end of the month following our collection of payment from the applicable marketer or its agency. As a result, timing of cash receipts from our marketers can significantly impact our operating cash flows for any period. Further, the timing of payment of commitments and implementation fees to our partners may also result in variability of our operating cash flows for any period.

Our operating cash flows also vary from quarter to quarter due to the seasonal nature of our marketers’ advertising spending. Many marketers tend to devote a significant portion of their marketing budgets to the fourth quarter of the calendar year to coincide with consumer holiday spending and reduce marketing spend in the first quarter of the calendar year. Any lag between the timing of our payment of Consumer Incentives and our receipt of payment from marketers and their agencies can exacerbate our need for working capital during the first quarter of the calendar year.

Operating Activities

Cash used in operating activities is primarily driven by our operating losses and changes in working capital. We expect that we will continue to use cash in operating activities in 2021 as we invest in our business.

Operating activities used $27.5 million of cash during the six months ended June 30, 2021, which reflected our net loss of $72.2 million and a $0.8 million change in our net operating assets and liabilities, partially offset by $43.9 million of non-cash charges. The non-cash charges primarily related to stock-based compensation expense, depreciation and amortization expense, amortization of right–of–use assets, deferred implementation costs and credit losses expense. The change in our net operating assets and liabilities was primarily due to a $10.2 million decrease in accounts receivable, partially offset by a $8.8 million decrease in Partner Share liability and a $2.8 million decrease in our Consumer Incentive liability. These decreases were primarily a result of significantly lower sales during the first half of 2021, primarily caused by seasonality, compared to the fourth quarter of 2020.

Operating activities used $7.6 million of cash during the six months ended June 30, 2020, which reflected our net loss of $33.3 million and a $1.4 million change in our net operating assets and liabilities, partially offset by $24.3 million of non–cash charges.The non–cash charges primarily related to stock–based compensation expense, depreciation and amortization expense, amortization of right–of–use assets, amortization of deferred FI implementation costs and bad debt expense. The change in our net operating assets and liabilities was primarily due to a $42.5 million decrease in accounts receivable, partially offset by a $22.7 million decrease in FI Share liability and a $10.7 million decrease in our Consumer Incentive liability. These decreases were primarily a result of significantly lower sales during the second quarter of 2020, primarily caused by the COVID–19 pandemic, compared to the fourth quarter of 2019.

Investing Activities

Our cash flows from investing activities are primarily driven by our investments in, and purchases of, property and equipment and costs to develop internal-use software. We expect that we will continue to use cash for investing activities in 2021 as we continue to invest in and grow our business.

Investing activities used $3.4 million and $500.4 million in cash during the six months ended June 30, 2020 and 2021, respectively. Our investing cash flows during the six months ended June 30, 2021 primarily consisted of funds used for the acquisitions of Dosh and Bridg, purchases of technology hardware and the capitalization of costs to develop internal-use software. Our investing cash flows during six months ended June 30, 2020 primarily consisted of purchases of technology hardware and the capitalization of costs to develop internal-use software.

Financing Activities

Our cash flows from financing activities have primarily been composed of net proceeds from our borrowings under our debt facilities, the issuance of the Notes and the issuance of common stock.

Financing activities provided $485.4 million in cash during the six months ended June 30, 2021. During the six months ended June 30, 2021, we raised total gross proceeds of $500.5 million, or net proceeds of $484.0 million after deducting underwriting discounts and commissions of $16.3 million and offering costs of $0.2 million from our public equity offering in which we sold 3,850,000 shares of common stock at a public offering price of $130.00 per share.

Financing activities provided $5.4 million in cash during the six months ended June 30, 2020. Our financing activities during this period primarily consisted of proceeds from the exercise of options to purchase shares of common stock.

Contractual Obligations & Commitments

During the first quarter of 2021, we recognized additional right-of-use assets and lease liabilities of $1.1 million and $1.5 million, respectively, which includes $0.2 million of new lease agreements related to data center expansion. Additionally, right-of-use assets and lease liabilities of $0.9 million and $1.3 million, respectively, were recorded upon the acquisition of Dosh and assumption of Dosh's existing lease agreements. During the second quarter of 2021, we recognized additional right-of-use assets and lease liabilities of $2.2 million and $2.2 million, respectively, which includes $1.3 million of new lease agreements related to data center expansion and $0.1 million related to the modification of pre-existing lease agreements. Additionally, right-of-use assets and lease liabilities of $0.5 million and $0.5 million, respectively, were recorded upon the acquisition of Bridg and assumption of Bridg's existing lease agreements.

During the second quarter of 2021, we amended our agreement with a certain FI partner regarding a minimum Partner Share commitment totaling $10.0 million over a 12-month period, which will begin on April 1, 2022.

Aside from the aforementioned lease agreements and FI partner agreement, there have been no material changes in our contractual obligations and commitments from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on March 1, 2021.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements are prepared in accordance with GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We evaluate our estimates and assumptions on an ongoing basis.

We believe that the assumptions and estimates associated with the evaluation of revenue recognition criteria, including the determination of revenue recognition as net versus gross in our revenue arrangements, the assumptions used in the valuation models to determine the fair value of equity awards and stock-based compensation expense, the assumptions used in the valuation of acquired intangible assets of Dosh and Bridg, the assumptions used in the valuation of contingent consideration related to Bridg's potential first and second anniversary payments, and the assumptions required in determining any valuation allowance recorded against deferred tax assets have the greatest potential impact on our condensed consolidated financial statements.

Therefore, we consider these to be our critical accounting policies and estimates. By their nature, estimates are subject to an inherent degree of uncertainty. Actual results could differ materially from these estimates. There have been no material changes to our critical accounting policies and estimates from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2020 except as it relates to policies arising from our acquisitions of Dosh and Bridg. Refer to Note 2 - Significant Account Policies and Recent Accounting Standards to our condensed consolidated financial statements for a description of our critical accounting policies arising from our acquisitions of Dosh and Bridg.

Recent Accounting Pronouncements

Refer to Note 2 - Significant Account Policies and Recent Accounting Standards to our condensed consolidated financial statements for a description of recent accounting pronouncements.

ITEM 3. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates and foreign exchange rates.

Interest Rate Risk

The interest rates under the 2018 Line of Credit are variable. Interest on advances under the 2018 Line of Credit bears an interest rate of the prime rate minus 0.50%, or 2.75%. As of June 30, 2021, the prime rate was 3.25% and a 10% increase in the current prime rate would, for example, result in a $0.1 million annual increase in interest expense if the maximum amount under the 2018 Line of Credit was outstanding for an entire year. The interest rate on the 2020 Convertible Senior Notes is fixed at 1.00%.

Foreign Currency Exchange Risk

Both revenue and operating expense of Cardlytics UK Limited are denominated in British pounds, and we bear foreign currency risks related to these amounts. For example, if the average value of the British pound had been 10% higher relative to the U.S. dollar during the six months ended June 30, 2020 and 2021, our operating expense would have increased by $0.4 million and $0.5 million, respectively. Our foreign currency risks related to expenses denominated in Indian rupees are insignificant.

Inflation Risk

We do not believe that inflation has had a material effect on our business, financial condition or results of operations. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act"), as of June 30, 2021. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on such evaluation, our principal executive officer and principal financial officer have concluded that as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the period 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. We completed our acquisition of Dosh on March 5, 2021 and our acquisition of Bridg on May 5, 2021. As a result of the acquisitions, we have incorporated internal controls over significant processes specific to the acquisitions that we believe to be appropriate and necessary in consideration of the level of related integration. In accordance with our integration efforts, we plan to incorporate Dosh's and Bridg's operations into our internal control over financial reporting program within the time provided by the applicable rules and regulations of the U.S. Securities and Exchange Commission.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We are not presently a party to any legal proceedings that, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, financial condition or cash flows. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

ITEM 1A. RISK FACTORS

Investing in our common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information contained in this report, and in our other public filings in evaluating our business. Our business, financial condition, operating results, cash flow, and prospects could be materially and adversely affected by any of these risks or uncertainties. In that event, the market price of our common stock could decline and you could lose part or all of your investment.

Risks Related to our Business and Industry

The ongoing COVID-19 pandemic could materially and adversely affect our business, results of operations and financial condition.

In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic, which continues to spread throughout the United States and the world and has resulted in authorities implementing numerous measures to contain the virus, including travel bans and restrictions, quarantines, shelter-in-place orders, and business limitations and shutdowns. While we are unable to accurately predict the full impact that COVID-19 will have on our results from operations, financial condition, liquidity and cash flows due to numerous uncertainties, including the duration and severity of the pandemic and containment measures, our compliance with these measures has impacted our day-to-day operations and could disrupt our business and operations, as well as that of our marketers, partners, suppliers and others with whom we work, for an indefinite period of time. To support the health and well-being of our employees, marketers, partners and communities, our employees began working remotely in March 2020 and are still largely working from home. In addition, many of our marketers and prospective marketers, as well as our partners, are working remotely. The disruptions to our operations caused by COVID-19 may result in inefficiencies, delays and additional costs that we cannot fully mitigate through remote or other alternative work arrangements. In addition, given the economic uncertainty created by COVID-19, we have and may continue to see delays in our sales cycle, failures of marketers to renew at all or to renew at a reduced scope their agreements with us, requests from marketers for payment term deferrals as well as pricing concessions, which, if significant, could materially and adversely affect our business, results of operations and financial condition. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, its impact on industry events, and its effect on consumer spending, our marketers, partners, suppliers and vendors and other parties with whom we do business, all of which are uncertain and cannot be predicted at this time. To the extent possible, we are conducting business as usual, with necessary or advisable modifications to employee travel and employee work locations. We will continue to actively monitor the rapidly evolving situation related to COVID-19 and may take actions that alter our business operations, including those that may be required by federal, foreign, state or local authorities, or that we determine are in the best interests of our employees, marketers, partners, suppliers, vendors and stockholders. At this point, the extent to which the COVID-19 pandemic may impact our business, results of operations and financial condition is uncertain.

More generally, the pandemic raises the possibility of an extended global economic downturn and has caused volatility in financial markets, which could materially and adversely affect demand for our solution and materially and adversely impact our results and financial condition even after the pandemic is contained and the shelter-in-place orders are lifted. The pandemic may also have the effect of heightening many of the other risks described in this “Risk Factors” section, including risks associated with our guidance, our marketers, our potential marketers, our market opportunity, renewals and sales cycle, among others. We will continue to evaluate the nature and extent of the impact of COVID-19 on our business.

The full extent of COVID-19’s impact on our operations and financial performance depends on future developments that are uncertain and unpredictable, including the duration and spread of the pandemic, a possible resurgence or mutations of the virus, the effectiveness and rollout of a vaccine or effective therapeutics for the virus, the virus’ impact on capital and financial markets, the timing of an economic recovery and any new information that may emerge concerning the severity of the virus, its spread to other regions as well as the actions taken to contain it, among others. Any of these impacts could have a material adverse impact on our business, results of operations and financial condition and ability to execute and capitalize on our strategies. Due to the current uncertainty regarding the severity and duration of the COVID-19 pandemic, we cannot predict whether our response to date or the actions we may take in the future will be effective in mitigating the effects of COVID-19 on our business, results of operations or financial condition.

Unfavorable conditions in the global economy or the industries we serve could limit our ability to grow our business and negatively affect our operating results.

General worldwide economic conditions have experienced significant instability in recent years including the recent global economic uncertainty and financial market conditions caused by the COVID-19 pandemic. These conditions make it extremely difficult for marketers and us to accurately forecast and plan future business activities and could cause marketers to continue to reduce or delay their marketing spending. For example, there has been an impact from the COVID-19 pandemic on spending by our marketers. We have also seen disruption in consumer spending in our data and it is impossible to predict the duration of the disruption. At this time, the potential impact on marketer spend and consumer spending from the COVID-19 pandemic is difficult to predict and, therefore, it is not possible to fully determine the impact on our future results. Historically, economic downturns have resulted in overall reductions in marketing spending. Alternatively, as the market recovers from the pandemic marketing spend may be volatile and unpredictable as certain industries recover at different speeds. If macroeconomic conditions deteriorate or are characterized by uncertainty or volatility, marketers may curtail or freeze spending on marketing in general and for services such as ours specifically, which could have a material and adverse impact on our business, financial condition and operating results.

In addition, our business may be materially and adversely affected by weak economic conditions in the industries that we serve. We have historically generated a substantial majority of our revenue from marketers in the restaurant, brick and mortar retail, telecommunications and cable industries, and have recently entered new industries such as travel and entertainment, subscription services, direct-to-consumer, gas and grocery. All of these industries have been negatively impacted by the pandemic and certain precautions taken to control the pandemic. We cannot predict the timing, strength or duration of any economic slowdown or recovery. In addition, we cannot predict the timing, strength or duration of any economic slowdown or recovery. In addition, even if the overall economy is robust, we cannot assure you that the market for services such as ours will experience growth or that we will experience growth.

Our quarterly operating results have fluctuated and may continue to vary from period to period, which could result in our failure to meet expectations with respect to operating results and cause the trading price of our stock to decline.

Our operating results have historically fluctuated and our future operating results may vary significantly from quarter to quarter due to a variety of factors, many of which are beyond our control. Period-to-period comparisons of our operating results should not be relied upon as an indication of our future performance. Given our relatively short operating history and the rapidly evolving purchase intelligence industry, our historical operating results may not be useful in predicting our future operating results.

Factors that may impact our quarterly operating results include the factors set forth in this “Risk Factors” section, as well as the following:

- our ability to maintain and grow our business in light of the global COVID-19 pandemic and precautions taken to reduce the risk of this virus;
- our ability to attract and retain marketers and partners;
- the amount and timing of revenue, operating costs and capital expenditures related to the operations and expansion of our business, particularly with respect to our efforts to attract new marketers and partners to our network;
- the revenue mix revenue generated from our operations in the U.S. and U.K.;
- the revenue mix generated from the operations of Cardlytics, Inc. and Cardlytics, Inc.’s subsidiaries;
- decisions made by our FI partners to increase Consumer Incentives or use their Partners Share to fund their Consumer Incentives;

- changes in the economic prospects of marketers, the industries that we primarily serve, or the economy generally, which could alter marketers' spending priorities or budgets;
- the termination or alteration of relationships with our partners in a manner that impacts ongoing or future marketing campaigns;
- reputational harm;
- the amount and timing of expenses required to grow our business, including the timing of our payments of Partner Share and Partner Share commitments as compared to the timing of our receipt of payments from our marketers;
- changes in demand for our solutions or similar solutions;
- seasonal trends in the marketing industry;
- competitive market position, including changes in the pricing policies of our competitors;
- exposure related to our international operations and foreign currency exchange rates;
- quarantine, private travel limitation, or business disruption in regions affecting our operations, stemming from actual, imminent or perceived outbreak of contagious disease, including the COVID-19 pandemic;
- volatile recovery from the pandemic;
- expenses associated with items such as litigation, regulatory changes, cyberattacks or security breaches;
- the introduction of new technologies, products or solution offerings by competitors; and
- costs related to acquisitions of other businesses or technologies.

Fluctuations in our quarterly operating results, non-GAAP metrics and other metrics and the price of our common stock may be particularly pronounced in the current economic environment due to the uncertainty caused by and the unprecedented nature of the current COVID-19 pandemic. Each factor above or discussed elsewhere in this "Risk Factors" section or the cumulative effect of some of these factors may result in fluctuations in our operating results. This variability and unpredictability could result in our failure to meet expectations with respect to operating results, or those of securities analysts or investors, for a particular period. If we fail to meet or exceed expectations for our operating results for these or any other reasons, the market price of our stock could fall and we could face costly lawsuits, including securities class action suits.

We may not be able to sustain our revenue and billings growth rate in the future.

Our revenue increased 109% from $28.2 million in the three months ended June 30, 2020 to $58.9 million in the three months ended June 30, 2021. Our billings increased 116% from $39.5 million in the three months ended June 30, 2020 to $85.3 million in the three months ended June 30, 2021. We may not be able to maintain year-over-year revenue and billings growth in the near term or at all. We expect revenue and billings growth rates will continue to be negatively impacted by the COVID-19 pandemic, and you should not consider our revenue and billings growth in any specific historical periods as indicative of our future performance. Our revenue and billings may be negatively impacted in future periods due to a number of factors, including slowing demand for our solutions, increasing competition, decreasing growth of our overall market, our inability to engage and retain a sufficient number of marketers or partners, or our failure, for any reason, to capitalize on growth opportunities. If we are unable to maintain consistent revenue, revenue growth or billings growth, our stock price could be volatile, and it may be difficult for us to achieve and maintain profitability.

We are dependent upon the Cardlytics platform.

Substantially, all of our revenue and billings during 2020 and 2021 was derived from sales of advertising via the Cardlytics platform. We have historically derived substantially all of our revenue and billings from our Cardlytics platform. Our operating results could suffer due to:

- lack of continued participation by partners in our network or our failure to attract new partners;
- any decline in demand for the Cardlytics platform by marketers or their agencies;
- failure by our partners to increase engagement with our solutions within their customer bases, improve their customers' user experience, increase customer awareness, leverage additional customer outreach channels like email or otherwise promote our incentive programs on their websites and mobile applications, including by making the programs difficult to access or otherwise diminishing their prominence;
- our failure to offer compelling incentives to our partners' customers;
- Partners may elect to use their Partner Share to fund their Consumer Incentives;
- the introduction by competitors of products and technologies that serve as a replacement or substitute for, or represent an improvement over, the Cardlytics platform;
- FI partners developing their own technology to support purchase intelligence marketing or other incentive programs;
- technological innovations or new standards that the Cardlytics platform does not address; and

- sensitivity to current or future prices offered by us or competing solutions.

In addition, we are required to pay a majority of Consumer Incentives associated with the Cardlytics platform marketing campaigns regardless of whether the amount of such Consumer Incentives exceeds the amount of billings that we are paid by the applicable marketer. Further, we are often required to pay such Consumer Incentives before we receive payment from the applicable marketer. Accordingly, if the amount of Consumer Incentives that we are required to pay materially exceeds the billings that we receive or we encounter any significant failure to ultimately collect payment, our business, financial condition and operating results could be adversely affected.

If we are unable to grow our revenue and billings from sales of the Cardlytics platform, our business and operating results would be harmed.

We are substantially dependent on Chase, Bank of America and a limited number of other FI partners.

We require participation from our FI partners in the Cardlytics platform and access to their purchase data in order to offer our solutions to marketers and their agencies. We must have FI partners with a sufficient number of customers and levels of customer engagement to ensure that we have robust purchase data and marketing space to support a broad array of incentive programs for marketers.

In addition, we pay most of our FI partners a Partner Share, which is a negotiated and fixed percentage of our billings less certain costs. During both the six months ended June 30, 2020 and 2021, Bank of America, National Association ("Bank of America") and JPMorgan Chase Bank, National Association ("Chase") combined to account for over 75% of the total Partner Share we paid to all partners, with each representing over 30%. No other partner accounted for over 10% of Partner Share during these periods.

Our agreements with a substantial majority of our FI partners have three- to seven-year terms but are generally terminable by the FI partner on 90 days or less prior notice. If an FI partner terminates its agreement with us, we would lose that FI as a source of purchase data and online banking customers. Our FI partners may elect to withhold from us or limit the use of their purchase data for many reasons, including:

- a change in the business strategy;
- if there is a competitive reason to do so;
- if new technical requirements arise;
- consumer concern over use of purchase data;
- if they choose to develop and use in-house solutions or use a competitive solution in lieu of our solutions; and
- if legislation is passed restricting the dissemination, or our use, of the data that is currently provided to us or if judicial interpretations result in similar limitations.

To the extent that we breach or are alleged to have breached the terms of our agreement with any FI partner, or a disagreement arises with an FI partner regarding the interpretation of our contractual arrangements, which has occurred in the past and may occur again in the future, such an FI partner may be more likely to cease providing us data or to terminate its agreement with us. The loss of Bank of America, Chase or any other significant FI partner would significantly harm our business, results of operations and financial conditions.

We may fail to meet our publicly announced guidance or other expectations about our business and future operating results, which would cause our stock price to decline.

We have provided and may continue to provide guidance about our business, future operating results and other business metrics. In developing this guidance, our management must make certain assumptions and judgments about our future performance. Some of those key assumptions relate to the impact of COVID-19 and the associated economic uncertainty on our business and the timing and scope of economic recovery globally, which are inherently difficult to predict. Furthermore, analysts and investors may develop and publish their own projections of our business, which may form a consensus about our future performance. Our business results may vary significantly from such guidance or that consensus due to a number of factors, many of which are outside of our control, including due to the global economic uncertainty and financial market conditions caused by the COVID-19 pandemic, which could adversely affect our operations and operating results. Furthermore, if we make downward revisions of any publicly announced guidance, or if our publicly announced guidance of future operating results fails to meet expectations of securities analysts, investors or other interested parties, the price of our common stock would decline.

If we fail to maintain our relationships with current FI partners or attract new FI partners, we may not be able to sufficiently grow our revenue, which could significantly harm our business, results of operations and financial condition.

Our ability to grow our revenue depends on our ability to maintain our relationships with current FI partners and attract new FI partners. A significant percentage of consumer credit and debit card spending is concentrated with the 10 largest FIs in the U.S., five of which are currently part of our network, while the balance of card spending is spread across thousands of smaller FIs. Accordingly, our ability to efficiently grow our revenue will specifically depend on our ability to maintain our relationships with the large FIs that are currently part of our network and establish relationships with the large FIs that are not currently part of our network. In addition, we must continue to maintain our relationships with our existing bank processor and digital banking provider partners and attract new such partners because these partners aggregate smaller FIs into our network. We have in the past and may in the future be unsuccessful in attempts to establish and maintain relationships with large FIs. If we are unable to maintain our relationships with current FI partners and attract new FI partners, maintain our relationships with our existing bank processor and digital banking provider partners or attract new bank processor and digital provider partners, our business, results of operations and financial condition would be significantly harmed and we may fail to capture a material portion of the native bank advertising market opportunity.

Our future success will depend, in part, on our ability to expand into new industries.

We have historically generated a substantial majority of our revenue from marketers in the restaurant, brick and mortar retail, telecommunications and cable industries, and have recently entered new industries such as travel and entertainment, direct-to-consumer, gas and grocery, and believe that our future success will depend, in part, on our ability to expand adoption of our solutions in new industries. As we market to a wider group of potential marketers and their agencies, we will need to adapt our marketing strategies to meet the concerns and expectations of customers in these new industries. Our success in expanding sales of our solutions to marketers in new industries will depend on a variety of factors, including our ability to:

- tailor our solutions so that they that are attractive to businesses in such industries;
- hire personnel with relevant industry experience to lead sales and services teams; and
- develop sufficient expertise in such industries so that we can provide effective and meaningful marketing programs and analytics.

If we are unable to successfully market our solutions to appeal to marketers and their agencies in new industries, we may not be able to achieve our growth or business objectives.

We derive a material portion of our revenue from a limited number of marketers, and the loss of one or more of these marketers could adversely impact our business, results of operations and financial conditions.

Our marketer base is concentrated with our top five marketers representing 33% and 34% for the six months ended June 30, 2020 and 2021, respectively.

Our revenue and accounts receivable are diversified among a large number of marketers segregated by both geography and industry. During the six months ended June 30, 2020 and 2021, our top five marketers accounted for 33% and 34% of our revenue, respectively, with one marketer accounting for over 10% during each period. As of June 30, 2020, our top five marketers accounted for 38% of our accounts receivable with two different marketers representing over 10%. As of June 30, 2021 our top five marketers accounted for 40% of our accounts receivable with two different marketers each representing over 10%.

We do not have long-term commitments from most of these marketers. If we were to lose one or more of our significant marketers, our revenue may significantly decline. In addition, revenue from significant marketers may vary from period-to-period depending on the timing or volume of marketing spend. Further, our credit risk is concentrated among a limited number of marketers. The loss of one or more of our significant marketers could adversely affect our business, results of operations and financial conditions.

A breach of the security of our systems could result in a disruption of our operations, or a third-party's entry into our FI partners' systems, which would be detrimental to our business, financial condition and operating results.

We leverage our FI partners' purchase data and infrastructures to deliver our Cardlytics platform. We do not currently receive or have access to any personally identifiable information ("PII") from our FI partners, although we may obtain or have access to PII from our FI partners in the future as our business evolves. However, because of the interconnected nature of our infrastructure with that of our FI partners, there is a risk that third parties may attempt to gain access to our systems, or our FI partners' systems through our systems, for the purpose of stealing sensitive or proprietary data, accessing sensitive information on our network, or disrupting our or their respective operations. Additionally, we receive and have access to PII as a result of other aspects of our business, including certain operations of Cardlytics, Inc.'s subsidiaries. In turn, we may be a more visible target for cyberattacks and/or physical breaches of our databases or data centers, and we may in the future suffer from such attacks or breaches. Cyberattacks, malicious internet-based activity and online and offline fraud are prevalent and continue to increase. In addition to traditional computer "hackers," threat actors, software bugs, malicious code (such as viruses and worms), employee theft or misuse, denial-of-service attacks (such as credential stuffing), and ransomware attacks, sophisticated nation-state and nation-state supported actors now engage in attacks (including advanced persistent threat intrusions). We also may be the subject of phishing attacks, viruses, malware installation, server malfunction, software or hardware failures, loss of data or other computer assets, adware or other similar issues.

Current or future criminal capabilities, discovery of existing or new vulnerabilities in our systems and attempts to exploit those vulnerabilities or other developments may compromise or breach the technology protecting our systems. Due to a variety of both internal and external factors, including defects or misconfigurations of our technology, our services could become vulnerable to security incidents (both from intentional attacks and accidental causes) that cause them to fail to secure networks and detect and block attacks. In the event that our protection efforts are unsuccessful, and our systems are compromised such that a third-party gains entry to our or any of our FI partners' systems, we could suffer substantial harm. In addition, due to the COVID-19 pandemic, we have transitioned the vast majority of our employees to work remotely, which may make us more vulnerable to cyberattacks. A security breach could result in operational or administrative disruptions, or impair our ability to meet our marketers' requirements, which could result in decreased revenue. Also, our reputation could suffer irreparable harm, causing our current and prospective marketers and FI partners to decline to use our solutions in the future. Further, we could be forced to expend significant financial and operational resources to protect against or in response to a security breach, including repairing system damage, increasing cybersecurity protection costs by deploying additional personnel and protection technologies, dealing with regulatory scrutiny, and litigating and resolving legal claims, all of which could divert resources and the attention of our management and key personnel away from our business operations. In any event, a breach of the security of our systems or data could materially harm our business, financial condition and operating results.

We cannot assure you that any limitations of liability provisions in our contracts would be enforceable or adequate or would otherwise protect us from any liabilities or damages with respect to any particular claim relating to a security lapse or breach. While we maintain cybersecurity insurance, our insurance may be insufficient or may not cover all liabilities incurred by such attacks. We also cannot be certain that our insurance coverage will be adequate for data handling or data security liabilities actually incurred, that insurance will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceeds available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, including our financial condition, operating results and reputation.

Our business could be adversely affected if marketers or their agencies are not satisfied with our solutions or our systems and infrastructure fail to meet their needs.

We derive nearly all of our revenue from marketers and their agencies. Accordingly, our business depends on our ability to satisfy marketers and their agencies with respect to their marketing needs. We are in the process of updating our platform. Any failure of, or delays in the performance (or in the case of the self-service tool, the rollout) of, our systems, could cause service interruptions or impaired system performance. Such failures in our systems could cause us to maximize our earning potential with respect to any given marketing campaign. Such failures in our systems could also cause us to over-run on campaigns, thus committing us to higher redemptions, which may negatively affect the profitability of the affected campaigns. If sustained or repeated, these performance issues could adversely affect our business, financial condition or operating results, and further reduce the attractiveness of our solutions to new and existing marketers and cause existing marketers to reduce or cease using our solutions, which could also adversely affect our business, financial condition or operating results. In addition, negative publicity resulting from issues related to our marketer relationships, regardless of accuracy, may damage our business by adversely affecting our ability to attract new marketers or marketing agencies and maintain and expand our relationships with existing marketers.

If the use of our solutions increases, or if marketers or partners demand more advanced features from our solutions, we will need to devote additional resources to improving our solutions, and we also may need to expand our technical infrastructure at a more rapid pace than we have in the past. This may involve purchasing or leasing data center capacity and equipment, upgrading our technology and infrastructure and introducing new or enhanced solutions. It may take a significant amount of time to plan, develop and test changes to our infrastructure, and we may not be able to accurately forecast demand or predict the results we will realize from such improvements. There are inherent risks associated with changing, upgrading, improving and expanding our technical infrastructure. Any failure of our solutions to operate effectively with future infrastructure and technologies could reduce the demand for our solutions, resulting in marketer or partner dissatisfaction and harm to our business. Also, any expansion of our infrastructure would likely require that we appropriately scale our internal business systems and services organization, including without limitation implementation and support services, to serve our growing marketer base. If we are unable to respond to these changes or fully and effectively implement them in a cost-effective and timely manner, our solutions may become ineffective, we may lose marketers and/or partners, and our business, financial condition and operating results may be negatively impacted.

If we fail to generate sufficient revenue to offset our contractual commitments to FIs, our business, results of operations and financial conditions could be harmed.

We have a minimum Partner Share commitment to a certain FI partner totaling $10.0 million over a 12-month period beginning on April 1, 2022.

To the extent that we are unable to generate revenue from marketers sufficient to offset our Partner Share commitments and other obligations, our business, results of operations and financial conditions could be harmed.

If we are unable to successfully integrate Dosh’s and Bridg's business and employees, it could have an adverse effect on our future results and the market price of our common stock.

The success of our acquisition of Dosh and Bridg will depend, in part, on our ability to integrate Dosh’s and Bridg’s operations and to realize the anticipated benefits, including annual net operating synergies and cost reductions from combining the businesses. These integrations may be complex and time-consuming.

The failure to successfully integrate and manage the challenges presented by the integration processes may result in our failure to achieve some or all of the anticipated benefits of the acquisitions. Potential difficulties that may be encountered in the integration processes, which may be enhanced as a result of our efforts to integrate both businesses concurrently, include the following:

- complexities associated with managing the larger combined company;
- integrating personnel from Dosh and Bridg with our personnel;
- current and prospective employees may experience uncertainty regarding their future roles with our company, which might adversely affect our ability to retrain, recruit and motivate key personnel;
- difficulties ensuring the proper controls and policies are implemented and followed in the acquired and expanded business;
- increased cyber threats due to the expanded profile of the enlarged business as well as the challenges associated with ensuring the integrating and protecting the expanded IT footprint with security and prevention, detection and response protocols;
- potential lost sales and customers if Dosh's or Bridg's partners or advertising clients decide not to do business with the combined company;
- issues associated with running a consumer-facing mobile application including proper notifications, rewards, and charges;
- potential lost sales and customers if our FI or advertising clients decide not to do business with the combined company;
- potential unknown liabilities and unforeseen expenses associated with the acquisitions; and
- performance shortfalls as a result of the diversion of management's attention caused by integrating the companies' operations;.
- Legal or regulatory hurdles regarding privacy or other data rights in the United States and abroad; and
- Unanticipated challenges in expanding the businesses in the United States and abroad.

In addition, acquisitions are inherently risky, and our due diligence processes in connection with the acquisition acquisitions may have failed to identify significant problems, liabilities or other shortcomings or challenges of Dosh’s or Bridg's business.

If any of these events were to occur, our ability to maintain relationships with customers, suppliers and employees or our ability to achieve the anticipated benefits of the acquisition could be adversely affected or could reduce our future earnings or otherwise adversely affect our business and financial results and, as a result, adversely affect the market price of our common stock

We have a short operating history, which makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful.

We have a relatively short operating history, which limits our ability to forecast our future operating results and subjects us to a number of uncertainties, including with respect to our ability to plan for and model future growth. We have encountered and will continue to encounter risks and uncertainties frequently experienced by growing companies in developing industries. If our assumptions regarding these uncertainties, which we use to manage our business, are incorrect or change in response to changes in our markets, or if we do not address these risks successfully, our operating and financial results could differ materially from our expectations, our business could suffer and our stock price could decline. Any success that we may experience in the future will depend in large part on our ability to, among other things:

- maintain and expand our network of partners.
- build and maintain long-term relationships with marketers and their agencies;
- develop and offer competitive solutions that meet the evolving needs of marketers;
- expand our relationships with partners to enable us to use their purchase data for new solutions;
- improve the performance and capabilities of our solutions;
- successfully expand our business;
- successfully compete with other companies that are currently in, or may in the future enter, the markets for our solutions;
- increase market awareness of our solutions and enhance our brand;
- manage increased operating expenses as we continue to invest in our infrastructure to scale our business and operate as a public company; and
- attract, hire, train, integrate and retain qualified and motivated employees.

Any failure of our partners to effectively deliver and promote the online incentive programs that comprise the Cardlytics platform could materially and adversely affect our business.

We have spent the last several years and significant resources building out technology integrations with our partners to facilitate the delivery of incentive programs to our partners’ customers and measuring those customers subsequent in-store or digital spending. We are also reliant on our network of partners to promote their digital incentive programs, increase customer awareness and leverage additional customer outreach channels like email, all of which can increase customer engagement, as well as expand our network of partners. We believe that key factors in the success and effectiveness of our incentive program include the level of accessibility and prominence of the program on the partners’ website and mobile applications, as well as the user interface through which a customer is presented with marketing content. In certain cases, we have little control over the prominence of the incentive program and design of the user interface that our partners choose to use. To the extent that our partners de-emphasize incentive programs, make incentive programs difficult to locate on their website and/or mobile applications and/or fail to provide a user interface that is appealing to partners' customers, partners' customers may be less likely to engage with the incentive programs, which could negatively impact the amount of fees that we are able to charge our marketer customers in connection with marketing campaigns, and, therefore, our revenue. In addition, a failure by our partners to properly deliver or sufficiently promote marketing campaigns would reduce the efficacy of our solutions and impair our ability to attract and retain marketers and their agencies. As a result, the revenue we generate from our Cardlytics platform solution may be adversely affected, which would materially and adversely affect our business, financial condition and results of operations.

If we do not effectively grow and train our sales team, we may be unable to add new marketers or increase sales to our existing marketers and our business will be adversely affected.

We continue to be substantially dependent on our sales team to obtain new marketers and to drive sales with respect to our existing marketers. We believe that the characteristics and skills of the best salespeople for our solutions are still being defined, as our market is relatively new. Further, we believe that there is, and will continue to be, significant competition for sales personnel with the skills and technical knowledge that we require. Our ability to achieve significant revenue growth will depend, in large part, on our success in recruiting, training, integrating and retaining sufficient numbers of sales personnel to support our growth. New hires require significant training and it may take significant time before they achieve full productivity. Our recent hires and planned hires may not become productive as quickly as we expect, and we may be unable to hire or retain sufficient numbers of qualified individuals in the markets where we do business or plan to do business. In addition, as we continue to grow, a large percentage of our sales team will be new to our company and our solutions. If we are unable to hire and train sufficient numbers of effective sales personnel, or the sales personnel are not successful in obtaining new marketers or increasing sales to our existing marketers, our business will be adversely affected.

We generally do not have long-term commitments from marketers, and if we are unable to retain and increase sales of our solutions to marketers and their agencies or attract new marketers and their agencies, our business, financial condition and operating results would be adversely affected.

Most marketers do business with us by placing insertion orders for particular marketing campaigns, either directly or through marketing agencies that act on their behalf. We often do not have any commitment from a marketer beyond the campaign governed by a particular insertion order, and we frequently must compete to win further business from a marketer. In most circumstances, our insertion orders may be canceled by marketers or their marketing agencies prior to the completion of all the campaigns contemplated in the insertion orders; provided that marketers or their agencies are required to pay us for services performed prior to cancellation. As a result, our success is dependent upon our ability to outperform our competitors and win repeat business from existing marketers, while continually expanding the number of marketers for which we provide services. To maintain and increase our revenue, we must encourage existing marketers and their agencies to increase their use of our solutions and add new marketers. Many marketers and marketing agencies, however, have only just begun using our solutions for a limited number of marketing campaigns, and our future revenue growth will depend heavily on these marketers and marketing agencies expanding their use of our solutions across campaigns and otherwise increasing their spending with us. Even if we are successful in convincing marketers and their agencies to use our solutions, it may take several months or years for them to meaningfully increase the amount that they spend with us. Further, larger marketers with multiple brands typically have individual marketing budgets and marketing decision makers for each of their brands, and we may not be able to leverage our success in securing a portion of the marketing budget of one or more of a marketer’s brands into additional business with other brands. Moreover, marketers may place internal limits on the allocation of their marketing budgets to digital marketing, to particular campaigns, to a particular provider or for other reasons. In addition, we are reliant on our FI network to have sufficient marketing inventory within the Cardlytics platform to place the full volume of advertisements contracted for by our marketers and their agencies. Any failure to meet these demands may hamper the growth of our business and the attractiveness of our solutions.

Our ability to retain and increase sales of our solutions and attract new marketers and their agencies may be adversely affected by competitive offerings, marketing methods that are lower priced or perceived as more effective than our solutions, or a general continued reduction or decline in spending by marketers due to the global economic uncertainty and financial market conditions caused by the COVID-19 pandemic. Larger marketers may themselves have a substantial amount of purchase data and they may also seek to augment their own purchase data with additional purchase, impression and/or demographic data acquired from third-party data providers, which may allow them to develop, individually or with partners, internal targeting and measurement capabilities.

Because many of our agreements are not long-term with our marketers or their agencies, we may not be able to accurately predict future revenue streams, and we cannot guarantee that our current marketers will continue to use our solutions, or that we will be able to replace departing marketers with new marketers that provide us with comparable revenue. If we are unable to retain and increase sales of our solutions to existing marketers and their agencies or attract new marketers and their agencies for any of the reasons above or for other reasons, our business, financial condition and operating results would be adversely affected.

We have a history of losses and may not achieve profitability in the future.

We have incurred net losses since inception and expect to incur net losses in the future. We incurred net losses of $19.8 million and $47.3 million in the three months ended June 30, 2020 and 2021, respectively. As of June 30, 2021, we had an accumulated deficit of $466.3 million. We have never achieved profitability on an annual basis, and we do not know if we will be able to achieve or sustain profitability. Although our revenue has increased substantially in recent periods, we also do not expect to maintain this rate of revenue growth. We plan to continue to invest in our research and development and sales and marketing efforts, and we anticipate that our operating expenses will continue to increase as we scale our business and expand our operations. We also expect our general and administrative expense to increase as a result of our growth and operating as a public company. Our ability to achieve and sustain profitability is based on numerous factors, many of which are beyond our control. We may never be able to generate sufficient revenue to achieve or sustain profitability..

Bringing new FI partners into our network can require considerable time and expense and can be long and unpredictable.

Our FI partners and FI partner prospects engage in highly regulated businesses, are often slow to adopt technological innovation and have rigorous standards with respect to providing third parties, like us, with access to their data. Our operating results depend in part on expanding our FI network to maintain and enhance the scale of our solutions. The length of time that it takes to add an FI partner to our network, from initial evaluation to integration into our network, varies substantially from FI to FI and may take several years. Our sales and integration cycle with respect to our FI partners is long and unpredictable, requires considerable time and expense and may not ultimately be successful. It is difficult to predict exactly when, or even if, a new FI partner will join our network and we may not generate revenue from a new FI partner in the same period as we incurred the costs associated with acquiring such FI partner, or at all. Once an FI partner has agreed to work with us, it may take a lengthy period of time for the implementation of our solutions to be prioritized and integrated into the FI partner’s infrastructure. Because a substantial portion of our expenses are relatively fixed in the short-term, our operating results will suffer if revenue falls below our expectations in a particular quarter, which could cause the price of our stock to decline. Ultimately, if additions to our FI network are not realized in the time period expected or not realized at all, or if an FI partner terminates its agreement with us, our business, financial condition and operating results could be adversely affected.

We operate in an emerging industry and future demand and market acceptance for our solutions is uncertain.

We believe that our future success will depend in large part on the growth, if any, in the market for purchase intelligence. Utilization of consumer purchase data to inform marketing is an emerging industry and future demand and market acceptance for this type of marketing is uncertain. If the market for purchase intelligence does not continue to develop or develops more slowly than we expect, our business, financial condition and operating results could be harmed.

The market in which we participate is competitive and we may not be able to compete successfully with our current or future competitors.

The market for purchase intelligence is nascent and we believe that there is no one company with which we compete directly across our range of solutions. With respect to the Cardlytics platform, we believe that we are the only company that enables marketing through FI channels at scale. In the future, we may face competition from online retailers, credit card companies, established enterprise software companies, advertising and marketing agencies, digital publishers and mobile pay providers with access to a substantial amount of consumer purchase data. While we may successfully partner with a wide range of companies that are to some extent currently competitive to us, these companies may become more competitive to us in the future. As we introduce new solutions, as our existing solutions evolve and as other companies introduce new products and solutions, we are likely to face additional competition.

Some of our actual and potential competitors may have advantages over us, such as longer operating histories, significantly greater financial, technical, marketing or other resources, stronger brand and recognition, larger intellectual property portfolios and broader global distribution and presence. In addition, our industry is evolving rapidly and is becoming increasingly competitive. Larger and more established companies may focus on purchase intelligence marketing and could directly compete with us. Smaller companies could also launch new products and services that we do not offer and that could gain market acceptance quickly.

Our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements. Larger competitors are also often in a better position to withstand any significant reduction in capital spending and will therefore not be as susceptible to economic downturns. In addition, current or potential competitors may be acquired by third parties with greater available resources. As a result of such relationships and acquisitions, our current or potential competitors might be able to adapt more quickly to new technologies and customer needs, devote greater resources to the promotion or sale of their products and services, initiate or withstand substantial price competition, take advantage of other opportunities more readily or develop and expand their product and service offerings more quickly than we do. For all of these reasons, we may not be able to compete successfully against our current or future competitors.

If we fail to identify and respond effectively to rapidly changing technology and industry needs, our solutions may become less competitive or obsolete.

Our future success depends on our ability to adapt and innovate. To attract, retain and increase new marketers and partners, we will need to expand and enhance our solutions to meet changing needs, add functionality and address technological advancements. If we are unable to adapt our solutions to evolving trends in the marketing industry, if we are unable to properly identify and prioritize appropriate solution development projects or if we fail to develop and effectively market new solutions or enhance existing solutions to address the needs of existing and new marketers and partners, we may not be able to achieve or maintain adequate market acceptance and penetration of our solutions, and our solutions may become less competitive or obsolete.

In addition, new, more effective or less costly technologies may emerge that use data sources that we do not have access to, that use entirely different analytical methodologies than we do or that use other indicators of purchases by consumers. If existing and new marketers and their agencies perceive greater value in alternative technologies or data sources, our ability to compete for marketers and their agencies could be materially and adversely affected.

A number of factors could impair our ability to collect the significant amounts of data that we use to deliver our solutions.

Our ability to collect and use data may be restricted or prevented by a number of other factors, including:

- the failure of our network or software systems, or the network or software systems of our partners;
- decisions by our partners to restrict our ability to collect data from them (which decision they may make at their discretion) or to refuse to implement the mechanisms that we request to ensure compliance with our legal obligations or technical requirements;
- decisions by our partners to limit our ability to use their purchase data outside of the applicable banking channel;
- decisions by our partners' customers to opt out of the incentive program or to use technology, such as browser settings, that reduces our ability to deliver relevant advertisements;
- interruptions, failures or defects in our or our partners' data collection, mining, analysis and storage systems;
- changes in regulations impacting the collection and use of data;
- changes in browser or device functionality and settings, and other new technologies, which impact our partners' ability to collect and/or share data about their customers; and
- changes in international laws, rules, regulations and industry standards or increased enforcement of international laws, rules, regulations, and industry standards.

Any of the above-described limitations on our ability to successfully collect, utilize and leverage data could also materially impair the optimal performance of our solutions and severely limit our ability to target consumers or bill marketers for our services, which would harm our business, financial condition and operating results.

The efficacy of some of our solutions depends upon third-party data providers.

We rely on several third parties to assist us in matching our anonymized identifiers with third-party identifiers. This matching process enables us to, among other things, use purchase intelligence to measure in-store and online campaign sales impact or provide marketers with valuable visibility into the behaviors of current or prospective customers both within and outside the context of their marketing efforts. If any of these key data providers were to withdraw or withhold their identifiers from us, our ability to provide our solutions could be adversely affected. Replacements for these third-party identifiers may not be available in a timely manner or under economically beneficial terms, or at all.

Defects, errors or delays in our solutions could harm our reputation, which would harm our operating results.

The technology underlying our solutions may contain material defects or errors that can adversely affect our ability to operate our business and cause significant harm to our reputation. This risk is compounded by the complexity of the technology underlying our solutions and the large amounts of data that we leverage and process. In addition, with regard to the Cardlytics platform, if we are unable to attribute Consumer Incentives to our partners' customers in a timely manner, our FI partners may limit or discontinue their use of our solutions. Any such error, failure, malfunction, disruption or delay could result in damage to our reputation and could harm our business, financial condition and operating results.

Significant system disruptions or loss of data center capacity could adversely affect our business, financial condition and operating results.

Our business is heavily dependent upon highly complex data processing capabilities. We contract with our primary third-party data center, located in Atlanta, Georgia, and our redundancy data center, located in Suwanee, Georgia, pursuant to agreements that expire in 2023, subject to earlier termination upon material breach and a failure to cure. If for any reason our arrangements with our third-party data centers or other data-hosting solutions are terminated, or if we are unable to renew our agreements on commercially reasonable terms, we may be required to transfer that portion of our operations to new data center facilities or other data-hosting solutions, and we may incur significant costs and possible service interruption in connection with doing so. Further, protection of our third-party data centers or other data-hosting solutions against damage or interruption from fire, flood, tornadoes, power loss, telecommunications or equipment failure or other disasters and events beyond our control is important to our continued success. Any damage to, or failure of, the systems of the data centers or other data-hosting solutions that we utilize, or of our own equipment located within such data centers, could result in interruptions to the availability or functionality of our solutions. In addition, the failure of the data centers or other data-hosting solutions that we utilize to meet our capacity requirements could result in interruptions in the availability or functionality of our solutions or impede our ability to scale our operations. Any damage to the data centers or other data-hosting solutions that we utilize, or to our own equipment located within such data centers, that causes loss of capacity or otherwise causes interruptions in our operations could materially adversely affect our ability to quickly and effectively respond to our marketers' or partners' requirements, which could result in loss of their confidence, adversely impact our ability to attract new marketers and/or partners and force us to expend significant resources. The occurrence of any such events could adversely affect our business, financial condition and operating results.

Seasonal fluctuations in marketing activity could adversely affect our cash flows.

We expect our revenue, operating results, cash flows from operations and other key performance metrics to vary from quarter to quarter in part due to the seasonal nature of our marketers' spending on digital marketing campaigns. For example, many marketers tend to devote a significant portion of their budgets to the fourth quarter of the calendar year to coincide with consumer holiday spending and to reduce spend in the first quarter of the calendar year. Seasonality could have a material impact on our revenue, operating results, cash flow from operations and other key performance metrics from period to period.

Our international sales and operations subject us to additional risks that can adversely affect our business, operating results and financial condition.

During the three months ended June 30, 2020 and 2021, we derived 9% and 8% of our revenue outside the U.S., respectively. While substantially all of our operations are located in the U.S., we have an office in the U.K. and a research and development and support office in Visakhapatnam, India and may continue to expand our international operations as part of our growth strategy. Our ability to convince marketers to expand their use of our solutions or renew their agreements with us is directly correlated to our direct engagement with such marketers or their agencies. To the extent that we are unable to engage with non-U.S. marketers and agencies effectively with our limited sales force capacity, we may be unable to grow sales to existing marketers to the same degree we have experienced in the U.S.

Our international operations subject us to a variety of risks and challenges, including:

- localization of our solutions, including adaptation for local practices;
- increased management, travel, infrastructure and legal compliance costs associated with having international operations;
- fluctuations in currency exchange rates and related effect on our operating results;
- longer payment cycles and difficulties in collecting accounts receivable or satisfying revenue recognition criteria;
- increased financial accounting and reporting burdens and complexities;
- general economic conditions in each country or region;
- the global economic uncertainty and financial market conditions caused by the COVID–19 pandemic;
- reduction in billings, foreign currency exchange rates, and trade with the European Union;
- contractual and legislative restrictions or changes;
- economic uncertainty around the world;
- compliance with foreign laws and regulations and the risks and costs of non-compliance with such laws and regulations;
- compliance with U.S. laws and regulations for foreign operations, including the Foreign Corrupt Practices Act, the U.K. Bribery Act, import and export control laws, tariffs, trade barriers, economic sanctions and other regulatory or contractual limitations on our ability to sell our software in certain foreign markets, and the risks and costs of non-compliance;

- heightened risks of unfair or corrupt business practices in certain geographies and of improper or fraudulent sales arrangements that may impact financial results and result in restatements of financial statements and irregularities in financial statements;
- difficulties in repatriating or transferring funds from or converting currencies in certain countries;
- cultural differences inhibiting foreign employees from adopting our corporate culture;
- reduced protection for intellectual property rights in some countries and practical difficulties of enforcing rights abroad; and
- compliance with the laws of foreign taxing jurisdictions and overlapping of different tax regimes.

Any of these risks could adversely affect our international operations, reduce our international revenues or increase our operating costs, adversely affecting our business, financial condition and operating results.

If we do not manage our growth effectively, the quality of our solutions may suffer, and our business, financial condition and operating results may be negatively affected.

The recent growth in our business has placed, and is expected to continue to place, a significant strain on our managerial, administrative, operational and financial resources, as well as our infrastructure. We rely heavily on information technology ("IT") systems to manage critical functions such as data storage, data processing, matching and retrieval, revenue recognition, budgeting, forecasting and financial reporting. To manage our growth effectively, we must continue to improve and expand our infrastructure, including our IT, financial and administrative systems and controls. In particular, we may need to significantly expand our IT infrastructure as the amount of data we store and transmit increases over time, which will require that we both utilize existing IT products and adopt new technologies. If we are not able to scale our IT infrastructure in a cost-effective and secure manner, our ability to offer competitive solutions will be harmed and our business, financial condition and operating results may suffer.

We must also continue to manage our employees, operations, finances, research and development and capital investments efficiently in an environment where nearly all employees are working from home. Our productivity and the quality of our solutions may be adversely affected if we do not integrate and train our new employees quickly and effectively or if we fail to appropriately coordinate across our executive, research and development, technology, service development, analytics, finance, human resources, marketing, sales, operations and customer support teams. If we continue our rapid growth, we will incur additional expenses, and our growth may continue to place a strain on our resources, infrastructure and ability to maintain the quality of our solutions. If we do not adapt to meet these evolving challenges, or if the current and future members of our management team do not effectively manage our growth, the quality of our solutions may suffer and our corporate culture may be harmed. Failure to manage our future growth effectively could cause our business to suffer, which, in turn, could have an adverse impact on our business, financial condition and operating results.

Our corporate culture has contributed to our success, and if we cannot maintain it as we grow, or our corporate culture is negatively impacted by the COVID-19 pandemic, we could lose the innovation, creativity and teamwork fostered by our culture, and our business may be harmed.

As of June 30, 2021, we had 605 full-time employees. We intend to further expand our overall headcount and operations, with no assurance that we will be able to do so while effectively maintaining our corporate culture. Additionally, our corporate culture may be negatively impacted by the COVID-19 pandemic. We believe our corporate culture is one of our fundamental strengths as it enables us to attract and retain top talent and deliver superior results for our customers. As we grow and change, integrate acquired businesses and their employees, and as the COVID-19 pandemic continues, we may find it difficult to preserve our corporate culture, which could reduce our ability to innovate and operate effectively. In turn, the failure to preserve our culture could negatively affect our ability to attract, recruit, integrate and retain employees, continue to perform at current levels and effectively execute our business strategy.

We are dependent on the continued services and performance of our senior management and other key personnel, the loss of any of whom could adversely affect our business.

Our future success depends in large part on the continued contributions of our senior management and other key personnel, including our cofounder and chief executive officer, Lynne Laube. In particular, the leadership of key management personnel is critical to the successful management of our company, the development of our solutions and our strategic direction. We do not maintain "key person" insurance for any member of our senior management team or any of our other key employees. Our senior management and key personnel are all employed on an at-will basis, which means that they could terminate their employment with us at any time, for any reason and without notice. The loss of any of our key management personnel could significantly delay or prevent the achievement of our development and strategic objectives and adversely affect our business. Further, if members of our management and other key personnel in critical functions across our organization are unable to perform their duties or have limited availability due to COVID-19, we may not be able to execute on our business strategy and/or our operations may be negatively impacted.

If we are unable to attract, integrate and retain additional qualified personnel, including top technical talent, our business could be adversely affected.

Our future success depends in part on our ability to identify, attract, integrate and retain highly skilled technical, managerial, sales and other personnel, including top technical talent from the industry and top research institutions. We face intense competition for qualified individuals from numerous other companies, including other software and technology companies, many of whom have greater financial and other resources than we do. These companies also may provide more diverse opportunities and better chances for career advancement. Some of these characteristics may be more appealing to high-quality candidates than those we have to offer. In addition, new hires often require significant training and, in many cases, take significant time before they achieve full productivity. We may incur significant costs to attract and retain qualified personnel, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards and we may lose new employees to our competitors or other companies before we realize the benefit of our investment in recruiting and training them. Moreover, new employees may not be or become as productive as we expect, as we may face challenges in adequately or appropriately integrating them into our workforce and culture. In addition, as we move into new geographies, we will need to attract and recruit skilled personnel in those areas. We have little experience with recruiting in geographies outside of the U.S., and may face additional challenges in attracting, integrating and retaining international employees. If we are unable to attract, integrate and retain suitably qualified individuals who are capable of meeting our growing technical, operational and managerial requirements, on a timely basis or at all, our business will be adversely affected.

If currency exchange rates fluctuate substantially in the future, the results of our operations could be adversely affected.

Due to our international operations, we may be exposed to the effects of fluctuations in currency exchange rates. We generate revenue and incur expenses for employee compensation and other operating expenses at our U.K. and Indian offices in the local currency. Fluctuations in the exchange rates between the U.S. dollar, British pound and Indian rupee could result in the dollar equivalent of such revenue and expenses being lower, which could have a negative net impact on our reported operating results. Although we may in the future decide to undertake foreign exchange hedging transactions to cover a portion of our foreign currency exchange exposure, we currently do not hedge our exposure to foreign currency exchange risks.

Our ability to use net operating losses and certain other tax attributes to offset future taxable income may be limited.

Our net operating loss ("NOL"), carryforwards could expire unused and be unavailable to offset future tax liabilities because of their limited duration or because of restrictions under U.S. tax law. As of December 31, 2020, we had U.S. federal and state NOLs of $371.2 million and $155.8 million, respectively. Our NOLs generated in tax years ending on or prior to December 31, 2017 are only permitted to be carried forward for 20 years under applicable U.S. tax law. Under the Tax Cuts and Jobs Act ("the Tax Act"), as modified by the CARES Act, our federal NOLs generated in tax years ending after December 31, 2017 may be carried forward indefinitely, but the deductibility of federal NOLs, particularly for tax years beginning after December 31, 2020, may be limited. It is uncertain if and to what extent various states will conform to the Tax Act and the CARES Act.

In addition, under Section 382 and Section 383 of the Internal Revenue Code of 1986, as amended, ("the Code") and corresponding provisions of state law, if a corporation undergoes an “ownership change,” which is generally defined as a greater than 50% change, by value, in its equity ownership over a three-year period, the corporation’s ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes to offset its post-change income or taxes may be limited. We have experienced “ownership changes” under IRC Section 382 in the past, and future changes in ownership of our stock, including by reason of future offerings, as well as other changes that may be outside of our control, could result in future ownership changes under IRC Section 382. If we are or become subject to limitations on our use of NOLs under IRC Section 382, our NOLs could expire unutilized or underutilized, even if we earn taxable income against which our NOLs could otherwise be offset. Similar provisions of state tax law may also apply to limit our use of accumulated state tax attributes. In addition, at the state level, there may be periods during which the use of NOLs is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed.

Future acquisitions could disrupt our business and adversely affect our business, financial condition and operating results.

We may choose to expand by making acquisitions that could be material to our business, financial condition or operating results. Our ability as an organization to successfully acquire and integrate technologies or businesses is unproven. Acquisitions involve many risks, including the following:

- an acquisition may negatively affect our business, financial condition, operating results or cash flows because it may require us to incur charges or assume substantial debt or other liabilities, may cause adverse tax consequences or unfavorable accounting treatment, may expose us to claims and disputes by third parties, including intellectual property claims and disputes, or may not generate sufficient financial return to offset additional costs and expenses related to the acquisition;
- we may encounter difficulties or unforeseen expenditures in integrating the business, technologies, products, personnel or operations of any company that we acquire, particularly if key personnel of the acquired company decide not to work for us;
- an acquisition, whether or not consummated, may disrupt our ongoing business, divert resources, increase our expenses and distract our management;
- an acquisition may result in a delay or reduction of purchases for both us and the company that we acquired due to uncertainty about continuity and effectiveness of solution from either company;
- we may encounter difficulties in, or may be unable to, successfully sell any acquired products or solutions;
- an acquisition may involve the entry into geographic or business markets in which we have little or no prior experience or where competitors have stronger market positions;
- challenges inherent in effectively managing an increased number of employees in diverse locations;
- the potential strain on our financial and managerial controls and reporting systems and procedures;
- potential known and unknown liabilities associated with an acquired company;
- our use of cash to pay for acquisitions would limit other potential uses for our cash;
- if we incur debt to fund such acquisitions, such debt may subject us to material restrictions on our ability to conduct our business as well as financial maintenance covenants;
- the risk of impairment charges related to potential write-downs of acquired assets or goodwill in future acquisitions; and
- to the extent that we issue a significant amount of equity or convertible debt securities in connection with future acquisitions, existing stockholders may be diluted and earnings (loss) per share may decrease (increase).

We may not succeed in addressing these or other risks or any other problems encountered in connection with the integration of any acquired business. The inability to integrate successfully the business, technologies, products, personnel or operations of any acquired business, or any significant delay in achieving integration, could have a material adverse effect on our business, financial condition and operating.

Charges to earnings resulting from our acquisitions may cause our operating results to suffer.

Under accounting principles, we have and will allocate the total purchase price of Dosh’s and Bridg’s net tangible assets and intangible assets based on their fair values as of the date of the acquisitions, and we have and will record the excess of the purchase price over those fair values as goodwill. Our management’s estimates of fair value will be based upon assumptions that they believe to be reasonable but that are inherently uncertain. The following factors, among others, could result in material charges that would cause our financial results to be negatively impacted:

- impairment of goodwill;
- charges for the amortization of identifiable intangible assets and for stock-based compensation; and

- accrual of newly identified pre-acquisition contingent liabilities that are identified subsequent to the finalization of the purchase price allocation.

Additional costs may include costs of employee redeployment, relocation and retention, including salary increases or bonuses, taxes and termination of contracts that provide redundant or conflicting services. Some of these costs may have to be accounted for as expenses that would negatively impact our results of operations.

We may in the future may become involved in securities class action litigation that could divert management's attention and harm our business and insurance coverage may not be sufficient to cover all costs and damages.

It is common for securities class-action litigation to follow acquisitions. Responding to any litigation could divert management's attention and harm our business. Moreover, insurance coverage may not be sufficient to cover all costs and damages we incur in connection with the litigation.

We may require additional capital to support growth, and such capital might not be available on terms acceptable to us, if at all, which may in turn hamper our growth and adversely affect our business.

We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new solutions or enhance our solutions, improve our operating infrastructure or acquire complementary businesses and technologies. Accordingly, we may need to engage in equity, equity-linked or debt financings to secure additional funds. If we raise additional funds through future issuances of equity or equity-linked securities, including convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities that we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing that we secure in the future could involve restrictive covenants relating to our capital-raising activities and other financial and operational matters, including the ability to pay dividends or repurchase shares of our capital stock. This may make it more difficult for us to obtain additional capital, to pursue business opportunities, including potential acquisitions, or to return capital to our stockholders. We also may not be able to obtain additional financing on terms favorable to us, if at all. For example, while the potential impact and duration of the COVID-19 pandemic on the global economy and our business in particular may be difficult to assess or predict, the pandemic has resulted in, and may continue to result in significant disruption of global financial markets, reducing our ability to access capital, which could in the future negatively affect our liquidity. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth, service our indebtedness and respond to business challenges could be significantly impaired, and our business may be adversely affected. Regulatory, legislative or self-regulatory developments regarding Internet privacy matters could adversely affect our ability to conduct our business.

Through our consumer application, users accumulate rewards that could be deemed subject to abandoned property laws and/or could be deemed to constitute stored value subject to certain legal requirements under applicable state and federal laws and regulations.

The Dosh application enables consumers to accumulate non-monetary rewards (“Dosh Rewards”) within the application, which may be converted to U.S. dollars only when certain requirements are met. Dosh Rewards have no cash value until but users are able to receive U.S. dollar payouts from Dosh based on Dosh Rewards provided that certain requirements are met. State regulators could deem Dosh Rewards to constitute property subject to state as abandoned property laws, which could potentially create a large liability for us as well as legal and related compliance obligations and costs to manage escheatment of any Dosh Rewards constituting abandoned property. Additionally, state and/or federal regulators could conclude that Dosh Rewards constitute monetary value or money and therefore subject to regulation pursuant to laws regulating the issuance, sale, redemption, and maintenance of stored value, prepaid access, or gift cards (or similar terminology). Such laws and regulations may include, but are not necessarily limited to, U.S. state money-transmitter licensing laws and the federal Bank Secrecy Act (including registration requirements), and our failure to comply with applicable laws could expose us to monetary penalties or damages and adversely affect our ability to operate our business in its current form.

Bringing new FI partners into our network may impede our ability to accurately forecast the performance of our network.

Bringing new FI partners into our network may impede our ability to accurately predict how certain marketing campaigns will perform, and thus may impede our ability to accurately forecast the performance of our network. Such inaccurate predictions could result in marketing campaigns underperforming, which impact the total fees we can collect from marketers, or over performing, which may result is us paying certain Consumer Incentives to consumers without adequate compensation from the marketers. The amount of time it will take us to be able to understand the impact of a new FI partner on our network is uncertain and difficult to predict. Additionally, our understanding of the impact of any given FI is subject to change at any time, as such understanding can be impacted by factors such as changes to an FI’s business strategy, changes to an FI’s user interface, or changes in the behavior or makeup of an FI's consumer base.

If we are not able to maintain and enhance our brand, our business, financial condition and operating results may be adversely affected.

We believe that developing and maintaining awareness of the Cardlytics brand in a cost-effective manner is critical to achieving widespread acceptance of our existing solutions and future solutions and is an important element in attracting new marketers and partners. Furthermore, we believe that the importance of brand recognition will increase as competition in our market increases. Successful promotion of our brand will depend largely on the effectiveness of our marketing efforts and on our ability to deliver valuable solutions for our marketers, their agencies and our partners. In the past, our efforts to build our brand have involved significant expense. Brand promotion activities may not yield increased revenue and billings, and even if they do, any increased revenue and billings may not offset the expenses that we incurred in building our brand. If we fail to successfully promote and maintain our brand or incur substantial expenses in an unsuccessful attempt to promote and maintain our brand, we may fail to attract enough new marketers or partners or retain our existing marketers or partners and our business could suffer.

Risks Related to our Outstanding Convertible Senior Notes

Servicing our debt may require a significant amount of cash. We may not have sufficient cash flow from our business to pay our indebtedness, and we may not have the ability to raise the funds necessary to settle for cash conversions of the Notes or to repurchase the Notes for cash upon a fundamental change, which could adversely affect our business and results of operations.

In September 2020, we issued convertible senior notes with an aggregate principal amount of $230.0 million bearing an interest rate of 1.00% due in 2025 (the "Notes"). The interest rate is fixed at 1.00% per annum and is payable semi-annually in arrears on March 15 and September 15 of each year, beginning on March 15, 2021. Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including the Notes, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not generate cash flows from operations in the future that are sufficient to service our debt. If we are unable to generate such cash flows, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional debt financing or equity capital on terms that may be onerous or highly dilutive. Our ability to refinance any future indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations. In addition, any of our future debt agreements may contain restrictive covenants that may prohibit us from adopting any of these alternatives. Our failure to comply with these covenants could result in an event of default which, if not cured or waived, could result in the acceleration of our debt.

Holders of the Notes have the right to require us to repurchase their Notes upon the occurrence of a fundamental change (as defined in the indenture governing the Notes) at a repurchase price equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest, if any. Upon conversion, unless we elect to deliver solely shares of our common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the Notes being converted. We may not have enough available cash or be able to obtain financing at the time we are required to make repurchases in connection with such conversion and our ability to pay may additionally be limited by law, by regulatory authority or by agreements governing our existing and future indebtedness. Our failure to repurchase the Notes at a time when the repurchase is required by the indenture governing the Notes or to pay any cash payable on future conversions as required by such indenture would constitute a default under such indenture. A default under the indenture or the fundamental change itself could also lead to a default under agreements governing our existing and future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the Notes or make cash payments upon conversions thereof.

In addition, our indebtedness, combined with our other financial obligations and contractual commitments, could have other important consequences. For example, it could:

- make us more vulnerable to adverse changes in general U.S. and worldwide economic, industry, and
- competitive conditions and adverse changes in government regulation;
- limit our flexibility in planning for, or reacting to, changes in our business and our industry;
- place us at a disadvantage compared to our competitors who have less debt;
- limit our ability to borrow additional amounts for funding acquisitions, for working capital, and for other general corporate purposes; and
- make an acquisition of our company less attractive or more difficult.

Any of these factors could harm our business, results of operations, and financial condition. In addition, if we incur additional indebtedness, the risks related to our business and our ability to service or repay our indebtedness would increase.

The conditional conversion feature of the Notes, if triggered, may adversely affect our financial condition and results of operations.

In the event the conditional conversion feature of the Notes is triggered, holders of Notes will be entitled to convert the Notes at any time during specified periods at their option. If one or more holders elect to convert their Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

Transactions relating to our Notes may affect the value of our common stock.

The conversion of some or all of the Notes would dilute the ownership interests of existing stockholders to the extent we satisfy our conversion obligation by delivering shares of our common stock upon any conversion of such Notes. Our Notes may become in the future convertible at the option of their holders under certain circumstances. If holders of our Notes elect to convert their Notes, we may settle our conversion obligation by delivering to them a significant number of shares of our common stock, which would cause dilution to our existing stockholders.

In addition, in connection with the pricing of the Notes, we entered into capped call transactions (the "Capped Calls") with certain financial institutions (the "Option Counterparties"). The Capped Calls are expected generally to reduce the potential dilution to our common stock upon any conversion or settlement of the Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted Notes, as the case may be, with such reduction and/or offset subject to a cap.

In connection with establishing their initial hedges of the Capped Calls, the Option Counterparties or their respective affiliates entered into various derivative transactions with respect to our common stock and/or purchased shares of our common stock concurrently with or shortly after the pricing of the Notes.

From time to time, the Option Counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivative transactions with respect to our common stock and/or purchasing or selling our common stock or other securities of ours in secondary market transactions prior to the maturity of the Notes (and are likely to do so following any conversion of the Notes, any repurchase of the Notes by us on any fundamental change repurchase date, any redemption date, or any other date on which the Notes are retired by us, in each case, if we exercise our option to terminate the relevant portion of the Capped Calls). This activity could cause a decrease and/or increased volatility in the market price of our common stock.

We do not make any representation or prediction as to the direction or magnitude of any potential effect that the transactions described above may have on the price of the Notes or our common stock. In addition, we do not make any representation that the Option Counterparties will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

We are subject to counterparty risk with respect to the Capped Calls.

The Option Counterparties are financial institutions, and we will be subject to the risk that any or all of them might default under the Capped Calls. Our exposure to the credit risk of the Option Counterparties will not be secured by any collateral. Past global economic conditions have resulted in the actual or perceived failure or financial difficulties of many financial institutions. If an Option Counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under the Capped Calls with such Option Counterparty. Our exposure will depend on many factors but, generally, an increase in our exposure will be correlated to an increase in the market price and in the volatility of our common stock. In addition, upon a default by an Option Counterparty, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of the Option Counterparties.

The accounting method for convertible debt securities that may be settled in cash, such as the Notes, could have a material effect on our reported financial results.

The accounting method for reflecting the notes on our balance sheet, accruing interest expense for the notes and reflecting the underlying shares of our common stock in our reported diluted earnings per share may adversely affect our reported earnings and financial condition. We expect that, under applicable accounting principles, the initial liability carrying amount of the notes will be the fair value of a similar debt instrument that does not have a conversion feature, valued using our cost of capital for straight, unconvertible debt. We expect to reflect the difference between the net proceeds from this offering and the initial carrying amount as a debt discount for accounting purposes, which will be amortized into interest expense over the term of the notes. As a result of this amortization, the interest expense that we expect to recognize for the notes for accounting purposes will be greater than the cash interest payments we will pay on the notes, which will result in lower reported income or higher reported loss. The lower reported income or higher reported loss resulting from this accounting treatment could depress the trading price of our common stock and the notes. However, in August 2020, the Financial Accounting Standards Board published an Accounting Standards Update ("ASU") 2020-06, eliminating the separate accounting for the debt and equity components as described above. ASU 2020-06 will be effective for SEC-reporting entities for fiscal years beginning after December 15, 2021 (or, in the case of smaller reporting companies, December 15, 2023), including interim periods within those fiscal years. However, early adoption is permitted in certain circumstances for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. When effective, we expect the elimination of the separate accounting described above to reduce the interest expense that we expect to recognize for the notes for accounting purposes.

If accounting standards change in the future and we are not permitted to use the treasury stock method, then our diluted earnings per share may decline. For example, the Financial Accounting Standards Board’s ASU described above amends these accounting standards, effective as of the dates referred to above, to eliminate the treasury stock method for convertible instruments that can be settled in whole or in part with equity and instead require application of the “if-converted” method. Under that method, diluted earnings per share would generally be calculated assuming that all the notes were converted solely into shares of common stock at the beginning of the reporting period, unless the result would be anti-dilutive. The application of the if-converted method may reduce our reported diluted earnings per share.

Furthermore, if any of the conditions to the convertibility of the notes is satisfied, then we may be required under applicable accounting standards to reclassify the liability carrying value of the notes as a current, rather than a long-term, liability. This reclassification could be required even if no noteholders convert their notes and could materially reduce our reported working capital.

Risks Related to Regulatory and Intellectual Property Matters

We and our partners are subject to stringent and changing privacy and data security laws, contractual obligations, self-regulatory schemes, government regulation, and standards related to data privacy and security. The actual or perceived failure by us, our customers, our partners, or other third parties upon whom we rely to comply with such obligations could harm our reputation, result in significant expense, subject us to significant fines and liability or otherwise adversely affect our business.

We collect, receive, store, process, use, generate, transfer, disclose, make accessible, protect and share personal information and other information (“Process” or “Processing”) necessary to operate our business, for legal and marketing purposes, and for other business-related purposes.

We, our partners, our marketers and other third parties upon whom we rely are subject to a number of domestic and international privacy and security laws, rules, regulations and guidance regarding privacy, information security and Processing (“Data Protection Laws”) as well as laws and regulations regarding online services and the Internet generally. In the U.S., the rules and regulations to which we, directly or contractually through our partners, or our marketers may be subject include those promulgated under the authority of the Federal Trade Commission, the Electronic Communications Privacy Act, the Computer Fraud and Abuse Act, the Health Insurance Portability and Accountability Act, the Gramm-Leach-Bliley Act and state cybersecurity and breach notification laws, as well as regulator enforcement positions and expectations reflected in federal and state regulatory actions, settlements, consent decrees and guidance documents.

The regulatory framework for online services and data privacy and security issues worldwide can vary substantially from jurisdiction to jurisdiction, is rapidly evolving and is likely to remain uncertain for the foreseeable future. Many of these obligations conflict with each other, and interpretation of these laws, rules and regulations and their application to our solutions in the U.S. and foreign jurisdictions is ongoing and cannot be fully determined at this time. A number of existing bills are pending in the U.S. Congress that contain provisions that would regulate how companies can use cookies and other tracking technologies to collect and utilize user information. Additionally, new legislation proposed or enacted in various other states will continue to shape the data privacy environment nationally.

U.S. and non-U.S. regulators also may implement “Do-Not-Track” legislation, particularly if the industry does not implement a standard. Effective January 1, 2014, the California Governor signed into law an amendment to the California Online Privacy Protection Act of 2003. Such amendment requires operators of commercial websites and online service providers, under certain circumstances, to disclose in their privacy policies how such operators and providers respond to browser “do not track” signals. In addition, the regulatory environment for the collection and use of consumer data by marketers is evolving in the U.S. and internationally and is currently, in part, a self-regulatory framework, which relies on market participants to ensure self-compliance. The voluntary nature of this self-regulatory framework may change.

The California Consumer Privacy Act (“CCPA”), which took effect on January 1, 2020, is an example of the increasingly comprehensive privacy legislation being introduced in the United States. The CCPA gives California residents expanded rights to request access to and deletion of their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is used. The CCPA also increases the privacy and security obligations on entities handling personal information, which is broadly defined under the law. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches, and includes statutorily defined damages of up to $750 per citizen, which is expected to increase data breach litigation. The CCPA also imposes requirements on businesses that “sell” information (which is defined broadly under the CCPA); there is significant ambiguity regarding what constitutes a sale and many of our or our partner’s business practices may qualify. Further, California voters approved a new privacy law, the California Privacy Rights Act (“CPRA”), in the November 3, 2020 election. Effective starting on January 1, 2023, the CPRA will significantly modify the CCPA, including by expanding consumers’ rights with respect to certain sensitive personal information. The CPRA also creates a new state agency that will be vested with authority to implement and enforce the CCPA and the CPRA.

Internationally, virtually every jurisdiction in which we operate has established its own data security and privacy legal frameworks with which we, directly or contractually through our partners, our marketers or other third parties upon whom we rely may be required to comply, even if we are not established or based in such jurisdictions. An example of the type of international regulation to which we may be subject is the U.K.’s Privacy and Electronic Communications Regulations 2011 (“PECR”), which implements the requirements of Directive 2009/136/EC (which amended Directive 2002/58/EC), which is known as the ePrivacy Directive. The PECR regulates various types of electronic direct marketing that use cookies and similar technologies. The PECR also imposes sector-specific breach reporting requirements, but only as applicable to providers of particular public electronic communications services. Additional EU member state laws of this type may follow.

The European General Data Protection Regulation ("GDPR"), which went into effect in May 2018, is another example of the type of data protection legislation that may present a risk to our business. The GDPR imposes additional obligations and risk upon our business and increases substantially the penalties to which we could be subject in the event of any non–compliance. The GDPR imposes more stringent data protection requirements and requires us and our customers to give more detailed disclosures about how we collect, use and share personal information; contractually commit to data protection measures in our contracts with clients; maintain adequate data security measures; notify regulators and affected individuals of certain data breaches; meet extensive privacy governance and documentation requirements; and honor individuals’ data protection rights, including their rights to access, correct and delete their personal information. The GDPR provides greater penalties for noncompliance than previous data protection laws. Administrative fines under the GDPR can amount up to 20 million Euros or four percent of the group’s annual global turnover, whichever is highest. We may also be obligated to assist our customers, partners, and vendors with their own compliance obligations under the GDPR, which could require expenditure of significant resources. Assisting our customers, partners, and vendors in complying with the GDPR, or complying with the GDPR ourselves, may cause us to incur substantial operational costs or require us to change our business practices.

In addition, the GDPR includes restrictions on cross-border data transfers. A recent decision by the Court of Justice of the European Union (the "Schrems II" ruling), however, has invalidated the EU-U.S. Privacy Shield Framework, which was one of the primary mechanisms used by U.S. Companies to import personal information from Europe, and raised questions about whether the European Commission's Standard Contractual Clauses ("SCCs"), one of the primary alternatives to the Privacy Shield, can lawfully be used for personal information transfers from Europe to the United States or most other countries. Similarly, the Swiss Federal Data Protection and Information Commissioner recently opined that the Swiss-U.S. Privacy Shield is inadequate for transfers of data from Switzerland to the U.S. The United Kingdom, whose data protection laws are similar to those of the European Union, may similarly determine that the EU-U.S. Privacy Shield is not a valid mechanism for lawfully transferring personal information from the U.K. to the United States. The European Commission recently proposed updates to the SCCs, and additional regulatory guidance has been released that seeks to impose additional obligations on companies seeking to rely on the SCCs. Given that, at present, there are few, if any, viable alternatives to the EU-U.S. Privacy Shield and the SCCs, any transfers by us or our vendors of personal data from Europe may not comply with European data protection law, which may increase our exposure to the GDPR's heightened sanctions for violations of its cross-border data transfer restrictions and may require further expenditures on local infrastructure, changes to internal business processes, or may otherwise affect or restrict sales and operations.

Additionally, Brexit took effect in January 2020, which will lead to further legislative and regulatory changes. While the Data Protection Act of 2018, which "implements" and complements the GDPR achieved Royal Assent on May 23, 2018 and is now effective in the United Kingdom, it is still unclear whether transfer of data from the EEA to the United Kingdom will remain lawful in the long term under the GDPR. With the expiry of the transition period on December 31, 2020, companies will have to comply with the GDPR and the GDPR as incorporated into United Kingdom national law, which has the ability to separately fine up to the greater of £17.5 million or 4% of global turnover. The relationship between the United Kingdom and the European Union in relation to certain aspects of data protection law remains unclear, for example around how data can lawfully be transferred between each jurisdiction, which exposes us to further compliance risk. We may incur liabilities, expenses, costs, and other operational losses under the GDPR and under privacy laws of applicable EU Member States and the United Kingdom in connection with any measures we take to comply with them.

In addition to governmental regulation, we are also subject to the terms of our external and internal privacy and security policies, representations, certifications, standards, publications and frameworks, and contractual obligations to third parties related to privacy, information security and Processing ("Data Protection Obligations"), including without limitation, operating rules and standards imposed by industry organizations. Government regulation and industry standards may increase the costs of doing business online.

Given that existing and proposed Data Protection Laws, industry standards and Data Protection Obligations can impose increasingly complex and burdensome obligations, and with substantial uncertainty over the interpretation and application of these requirements, we and our partners have faced and may face additional challenges in addressing and complying with them, and making necessary changes to our privacy policies and practices. In particular, there has been increasing public and regulatory concern and public scrutiny about the use of personally identifiable information. Because the interpretation and application of privacy and data protection laws are still uncertain, it is possible that these laws may be interpreted and applied in a manner that is inconsistent with our existing data management practices. To comply with our data protection and privacy obligations, we may be required to: fundamentally change our business models or practices, including, changing the information we collect or share; incur material costs and expenses; or divert management's time and attention. Any of these effects could materially adversely affect our business operations and financial results, and may limit the adoption and use of, and reduce the overall demand for, our products, which could have an adverse impact on our business. Additionally, our partners may choose to alter or discontinue our program in light of the CCPA or other laws or regulations, which could adversely affect our financial condition.

We may, for example, be required to, or otherwise may determine that it is advisable to, develop or obtain additional tools and technologies for validation of certain of our limited sales related to online purchases to compensate for a potential lack of cookie data. Even if we are able to do so, such additional tools may be subject to further regulation, time consuming to develop or costly to obtain, and less effective than our current use of cookies.

While we strive to comply with applicable Data Protection Laws and Data Protection Obligations to the extent possible, we may at times fail to do so, or may be perceived to have failed to do so. For example, if we were to gain knowledge that we inadvertently received personal information from our partners, we may not comply with applicable Data Protection Laws and Data Protection Obligations with respect to that personal information. Moreover, despite our efforts, we may not be successful in achieving compliance if our personnel or vendors do not comply with applicable Data Protection Laws and Data Protection Obligations. Additionally, in many cases we or our partners take steps to anonymize information such that it no longer constitutes personal information; we may fail, or be accused of failing, to properly anonymize such information. We may also be subject to claims of liability or responsibility for the actions of third parties with whom we interact or upon whom we rely in relation to various solutions, including but not limited to our marketers and their agencies and partners. If we, or our business associates or other third parties upon whom we rely fail, or are perceived to have failed, to address or comply with applicable data protection laws, privacy policies and data protection obligations, or if our privacy policies are, in whole or part, found to be inaccurate, incomplete, deceptive, unfair or misrepresentative of our actual practices, it could: increase our compliance and operational costs; expose us to regulatory scrutiny, actions, fines and penalties; result in reputational harm; lead to a loss of consumers; reduce the use of our products by end users or our customers; affect our ability to attract new marketers and partners and maintain relationships with our existing marketers and partners; lead to special, compensatory punitive and statutory damages, litigation, injunctive relief, or consent orders regarding our privacy and security practices; introduce requirements that we provide notices, credit monitoring services and/or credit restoration services or other relevant services to impacted individuals; lead to an inability to Process data; lead to other adverse actions against our licenses to do business; or otherwise adversely affect our business.

If the use of matching technologies, such as cookies, pixels and device identifiers, is rejected by Internet users, restricted or otherwise subject to unfavorable terms, such as by non-governmental entities, our validation methodologies could be impacted and we may lose customers and revenue.

Our solution can be utilized by in-store and online marketers; however, a large majority of consumer purchases continue to be made in-store. For validation of certain of these limited online purchases, our solutions may use digital matching technologies, such as mobile advertising identifiers, pixels and cookies to match the Cardlytics IDs we have assigned to our FIs' customers with their digital presence outside of the FI partners' websites and mobile applications. In most cases, the matching technologies we use relate to mobile advertising identifiers that we use in limited cases to validate that we influenced an online purchase. If our access to matching technology data is reduced, our ability to validate certain online purchases in the current manner may be affected and thus undermine the effectiveness of our solutions.

On occasion, "third-party cookies" may be placed through an Internet browser to validate online purchases. Internet users may easily block and/or delete cookies (e.g., through their browsers or "ad blocking" software). The most commonly used Internet browsers allow Internet users to modify their browser settings to prevent cookies from being accepted by their browsers or are set to block third-party cookies by default. Further, Google recently announced its plans to eliminate third-party cookies from its browser in 2022. If more browser providers and Internet users adopt these settings or delete their cookies more frequently than they currently do, our practices related to the validation of limited online purchases could be impacted, which could result in us needing to implement other available methodologies. Some government regulators and privacy advocates have suggested creating a "Do Not Track" standard that would allow Internet users to express a preference, independent of cookie settings in their browser, not to have website browsing recorded. If Internet users adopt a "Do Not Track" browser setting and the standard either gets imposed by state or federal legislation or agreed upon by standard-setting groups, it may curtail or prohibit us from using non-personal data as we currently do. This could hinder growth of marketing on the Internet generally and cause us to change our business practices and adversely affect our business, financial condition and operating results. In addition, browser manufacturers could replace cookies with their own product and require us to negotiate and pay them for use of such product to record information about Internet users' interactions with our marketers, which may not be available on commercially reasonable terms, or at all.

Failure to protect our proprietary technology and intellectual property rights could substantially harm our business, financial condition and operating results.

Our future success and competitive position depend in part on our ability to protect our intellectual property and proprietary technologies. To safeguard these rights, we rely on a combination of patent, trademark, copyright and trade secret laws and contractual protections in the U.S. and other jurisdictions, all of which provide only limited protection and may not now or in the future provide us with a competitive advantage.

As of June 30, 2021, we had six issued patents and are pursuing twelve additional patents. We cannot assure you that any patents will issue from any patent applications, that patents that issue from such applications will give us the protection that we seek or that any such patents will not be challenged, invalidated, or circumvented. Any patents that may issue in the future from our pending or future patent applications may not provide sufficiently broad protection and may not be enforceable in actions against alleged infringers. We have registered the “Cardlytics,”and “Dosh,” name and logo in the U.S. and certain other countries. We have registrations and/or pending applications for additional marks in the U.S. and other countries; however, we cannot assure you that any future trademark registrations will be issued for pending or future applications or that any registered trademarks will be enforceable or provide adequate protection of our proprietary rights. We also license software from third parties for integration into our products, including open source software and other software available on commercially reasonable terms. We cannot assure you that such third parties will maintain such software or continue to make it available.

In order to protect our unpatented proprietary technologies and processes, we rely on trade secret laws and confidentiality agreements with our employees, consultants, vendors and others. Despite our efforts to protect our proprietary technology and trade secrets, unauthorized parties may attempt to misappropriate, reverse engineer or otherwise obtain and use them. Bank of America also has a right to purchase some of the source code underlying the Cardlytics platform upon the occurrence of specified events, which could compromise the proprietary nature of our platform and/or allow Bank of America to discontinue the use of our solutions. Additionally, other FIs have a right to obtain the source code underlying Cardlytics OPS through the release of source code held in escrow upon the occurrence of specified events, which could compromise the proprietary nature of our platform and/or allow these FIs to discontinue the use of our solutions.

In addition, others may independently discover our trade secrets, in which case we would not be able to assert trade secret rights or develop similar technologies and processes. Further, the contractual provisions that we enter into may not prevent unauthorized use or disclosure of our proprietary technology or intellectual property rights and may not provide an adequate remedy in the event of unauthorized use or disclosure of our proprietary technology or intellectual property rights. Moreover, policing unauthorized use of our technologies, trade secrets and intellectual property is difficult, expensive and time-consuming, particularly in foreign countries where the laws may not be as protective of intellectual property rights as those in the U.S. and where mechanisms for enforcement of intellectual property rights may be weak. We may be unable to determine the extent of any unauthorized use or infringement of our solutions, technologies or intellectual property rights.

From time to time, legal action by us may be necessary to enforce our patents and other intellectual property rights, to protect our trade secrets, to determine the validity and scope of the intellectual property rights of others or to defend against claims of infringement or invalidity. Such legal action could result in substantial costs and diversion of resources and could negatively affect our business, financial condition and operating results.

Assertions by third parties of infringement or other violations by us of their intellectual property rights, whether or not correct, could result in significant costs and harm our business, financial condition and operating results.

Patent and other intellectual property disputes are common in our industry. We have in the past and may in the future be subject to claims alleging that we have misappropriated, misused, or infringed other parties’ intellectual property rights. Some companies, including certain of our competitors, own larger numbers of patents, copyrights and trademarks than we do, which they may use to assert claims against us. Third parties may also assert claims of intellectual property rights infringement against our partners, whom we are typically required to indemnify. As the numbers of solutions and competitors in our market increases and overlap occurs, claims of infringement, misappropriation and other violations of intellectual property rights may increase. Any claim of infringement, misappropriation or other violation of intellectual property rights by a third-party, even those without merit, could cause us to incur substantial costs defending against the claim and could distract our management from our business.

The patent portfolios of our most significant competitors are larger than ours. This disparity may increase the risk that they may sue us for patent infringement and may limit our ability to counterclaim for patent infringement or settle through patent cross-licenses. In addition, future assertions of patent rights by third parties, and any resulting litigation, may involve patent holding companies or other adverse patent owners who have no relevant product revenues and against whom our own patents may therefore provide little or no deterrence or protection. There can be no assurance that we will not be found to infringe or otherwise violate any third-party intellectual property rights or to have done so in the past.

An adverse outcome of a dispute may require us to:

- pay substantial damages, including treble damages, if we are found to have willfully infringed a third-party’s patents or copyrights;
- cease developing or selling solutions that rely on technology that is alleged to infringe or misappropriate the intellectual property of others;
- expend additional development resources to attempt to redesign our solutions or otherwise develop non-infringing technology, which may not be successful;

- enter into potentially unfavorable royalty or license agreements in order to obtain the right to use necessary technologies or intellectual property rights; and
- indemnify our partners and other third parties.

In addition, royalty or licensing agreements, if required or desirable, may be unavailable on terms acceptable to us, or at all, and may require significant royalty payments and other expenditures. Some licenses may also be non-exclusive, and therefore our competitors may have access to the same technology licensed to us. Any of the foregoing events could seriously harm our business, financial condition and operating results.

Our use of open source software could negatively affect our ability to sell our solutions and subject us to possible litigation.

We use open source software to deliver our solutions and expect to continue to use open source software in the future. Some of these open source licenses may require that source code subject to the license be made available to the public and that any modifications or derivative works to open source software continue to be licensed under open source licenses. This may require that we make certain proprietary code available under an open source license. We may face claims from others claiming ownership of, or seeking to enforce the license terms applicable to such open source software, including by demanding release of the open source software, derivative works or our proprietary source code that was developed using such software. Few of the licenses applicable to open source software have been interpreted by courts, and there is a risk that these licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to commercialize our products. These claims could also result in litigation, require us to purchase costly licenses or require us to devote additional research and development resources to change the software underlying our solutions, any of which would have a negative effect on our business, financial condition and operating results and may not be possible in a timely manner. We and our customers may also be subject to suits by parties claiming infringement due to the reliance by our solutions on certain open source software, and such litigation could be costly for us to defend or subject us to an injunction. In addition, if the license terms for the open source code change, we may be forced to re-engineer our software or incur additional costs. Finally, we cannot assure you that we have not incorporated open source software into the software underlying our solutions in a manner that may subject our proprietary software to an open source license that requires disclosure, to customers or the public, of the source code to such proprietary software. In the event that portions of our proprietary technology are determined to be subject to an open source license, we could be required to publicly release portions of our source code, re-engineer all or a portion of our technologies, or otherwise be limited in the licensing of our technologies, each of which could reduce or eliminate the value of our solutions and technologies and materially and adversely affect our ability to sustain and grow our business. Many open source licenses also limit our ability to bring patent infringement lawsuits against open source software that we use without losing our right to use such open source software. Therefore, the use of open source software may limit our ability to bring patent infringement lawsuits, to the extent we ever have any patents that cover open source software that we use.

We are subject to government regulation, including import, export, economic sanctions and anti-corruption laws and regulations that may expose us to liability and increase our costs.

Various of our products are subject to U.S. export controls, including the U.S. Department of Commerce’s Export Administration Regulations and economic and trade sanctions regulations administered by the U.S. Treasury Department’s Office of Foreign Assets Controls. These regulations may limit the export of our products and provision of our solutions outside of the U.S., or may require export authorizations, including by license, a license exception or other appropriate government authorizations, including annual or semi-annual reporting. Export control and economic sanctions laws may also include prohibitions on the sale or supply of certain of our products to embargoed or sanctioned countries, regions, governments, persons and entities. In addition, various countries regulate the importation of certain products, through import permitting and licensing requirements, and have enacted laws that could limit our ability to distribute our products. The exportation, reexportation, and importation of our products and the provision of solutions, including by our partners, must comply with these laws or else we may be adversely affected, through reputational harm, government investigations, penalties and a denial or curtailment of our ability to export our products or provide solutions. Complying with export control and sanctions laws may be time consuming and may result in the delay or loss of sales opportunities. Although we take precautions to prevent our products from being provided in violation of such laws, our products may have previously been, and could in the future be, provided inadvertently in violation of such laws, despite the precautions we take. If we are found to be in violation of U.S. sanctions or export control laws, it could result in substantial fines and penalties for us and for the individuals working for us. Changes in export or import laws or corresponding sanctions, may delay the introduction and sale of our products in international markets, or, in some cases, prevent the export or import of our products to certain countries, regions, governments, persons or entities altogether, which could adversely affect our business, financial condition and results of operations.

We are also subject to various domestic and international anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act, as well as other similar anti-bribery and anti-kickback laws and regulations. These laws and regulations generally prohibit companies and their employees and intermediaries from authorizing, offering or providing improper payments or benefits to officials and other recipients for improper purposes. We rely on certain third parties to support our sales and regulatory compliance efforts and can be held liable for their corrupt or other illegal activities, even if we do not explicitly authorize or have actual knowledge of such activities. Although we take precautions to prevent violations of these laws, our exposure for violating these laws increases as our international presence expands and as we increase sales and operations in foreign jurisdictions.

Risks Related to Ownership of Our Common Stock

The market price of our common stock has been and is likely to continue to be volatile.

The market price of our common stock may be highly volatile and may fluctuate substantially as a result of a variety of factors, some of which are related in complex ways. Since shares of our common stock were sold in our initial public offering in February 2018 at a price of $13.00 per share, our stock price has ranged from an intraday low of $9.80 to an intraday high of $161.47 through July 31, 2021. Factors that may affect the market price of our common stock include:

- actual or anticipated fluctuations in our financial condition and operating results;
- variance in our financial performance from expectations of securities analysts or investors;
- changes in the prices of our solutions;
- changes in laws or regulations applicable to our solutions;
- announcements by us or our competitors of significant business developments, acquisitions or new offerings;
- our involvement in litigation;
- our sale of our common stock or other securities in the future;
- changes in senior management or key personnel;
- trading volume of our common stock;
- changes in the anticipated future size and growth rate of our market; and
- general economic, regulatory and market conditions.

Recently, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies due to, among other factors, the actions of market participants or other actions outside of our control, including general market volatility caused by the COVID–19 pandemic. These fluctuations have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry fluctuations, as well as general economic, political, regulatory and market conditions, may negatively impact the market price of our common stock. In the past, companies that have experienced volatility in the market price of their securities have been subject to securities class action litigation. We may be the target of this type of litigation in the future, which could result in substantial costs and divert our management's attention.

We do not intend to pay dividends for the foreseeable future and, as a result, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.

We have never declared or paid any cash dividends on our common stock and do not intend to pay any cash dividends in the foreseeable future. We anticipate that we will retain all of our future earnings for use in the development of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our common stock.

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws may have the effect of delaying or preventing a change in control or changes in our management. Our amended and restated certificate of incorporation and amended and restated bylaws include provisions that:

- authorize our board of directors to issue preferred stock without further stockholder action and with voting liquidation, dividend and other rights superior to our common stock;
- require that any action to be taken by our stockholders be effected at a duly called annual or special meeting and not by written consent, and limit the ability of our stockholders to call special meetings;
- establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for director nominees;
- establish that our board of directors is divided into three classes, with directors in each class serving three-year staggered terms;
- require the approval of holders of two-thirds of the shares entitled to vote at an election of directors to adopt, amend or repeal our amended and restated bylaws or amend or repeal the provisions of our amended and restated certificate of incorporation regarding the election and removal of directors and the ability of stockholders to take action by written consent or call a special meeting;
- prohibit cumulative voting in the election of directors; and
- provide that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any “interested” stockholder for a period of three years following the date on which the stockholder became an “interested” stockholder. Any of the foregoing provisions could limit the price that investors might be willing to pay in the future for shares of our common stock, and they could deter potential acquirers of our company, thereby reducing the likelihood that you would receive a premium for your shares of our common stock in an acquisition.

Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware as the exclusive forum for certain litigation that may be initiated by our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us.

Pursuant to our amended and restated certificate of incorporation, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law. (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (3) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws or (4) any action asserting a claim governed by the internal affairs doctrine. However, this exclusive forum provision would not apply to suits brought to enforce a duty or liability created by the Securities Act or the Exchange Act. The forum selection clause in our amended and restated certificate of incorporation may limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us.

General Risk Factors

Natural or man-made disasters, pandemics and other similar events may significantly disrupt our business, and negatively impact our business, financial condition and operating results.

A significant public health crisis, epidemic or pandemic (including the ongoing COVID-19 pandemic), or a natural disaster, such as an earthquake, fire or a flood, or a significant power outage could have a material adverse impact on our business, operating results and financial condition. A significant portion of our employee base, operating facilities and infrastructure are centralized in Atlanta, Georgia. Any of our facilities may be harmed or rendered inoperable by natural or man-made disasters, including earthquakes, tornadoes, hurricanes, wildfires, floods, nuclear disasters, acts of terrorism or other criminal activities, infectious disease outbreaks and power outages, which may render it difficult or impossible for us to operate our business for some period of time. Our facilities would likely be costly to repair or replace, and any such efforts would likely require substantial time. Any disruptions in our operations could negatively impact our business, financial condition and operating results, and harm our reputation. In addition, we may not carry business insurance or may not carry sufficient business insurance to compensate for losses that may occur. Any such losses or damages could have a material adverse effect on our business, financial condition and operating results. In addition, the facilities of significant marketers, partners or third-party data providers may be harmed or rendered inoperable by such natural or man-made disasters, which may cause disruptions, difficulties or material adverse effects on our business.

An active trading market for our common stock may not develop or be sustained.

Although our common stock is listed on the Nasdaq Global Market, we cannot assure you that an active trading market for our shares will be sustained. If an active market for our common stock is not sustained, it may be difficult for investors in our common stock to sell shares without depressing the market price for the shares or to sell the shares at all.

Future sales of our common stock in the public market could cause our share price to decline.

Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that sales, particularly sales by our directors, executive officers, and significant stockholders, may have on the prevailing market price of our common stock. All of our outstanding shares of common stock are available for sale in the public market, subject only to the restrictions of Rule 144 under the Securities Act in the case of our affiliates. In addition, the shares of common stock subject to outstanding options under our equity incentive plans and the shares reserved for future issuance under our equity incentive plans, as well as shares issuable upon vesting of restricted stock unit awards, will become eligible for sale in the public market in the future, subject to certain legal and contractual limitations. In addition, certain holders of our common stock have the right, subject to various conditions and limitations, to request we include their shares of our common stock in registration statements we may file relating to our securities.

We may issue common stock or other securities if we need to raise additional capital. The number of new shares of our common stock issued in connection with raising additional capital could constitute a material portion of our then-outstanding shares of our common stock.

If securities or industry analysts do not publish research or reports about our business, or publish negative reports about our business, our stock price and trading volume could decline.

The trading market for our common stock will depend, in part, on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. If our financial performance fails to meet analyst estimates or one or more of the analysts who cover us downgrade our stock or change their opinion of our business or market value, our share price would likely decline. If one or more of these analysts cease providing coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

Our reported financial results may be adversely affected by changes in accounting principles generally accepted in the U.S.

Generally accepted accounting principles in the U.S. are subject to interpretation by the Financial Accounting Standards Board ("FASB"), the SEC, and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results and could affect the reporting of transactions completed before the announcement of a change.

We have incurred and will continue to incur increased costs as a result of being a public company.

As a public company, and particularly as we are no longer an “emerging growth company,” we have incurred and we will continue to incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of the Nasdaq Stock Market and other applicable securities rules and regulations impose various requirements on public companies. We expect that compliance with these requirements will continue to increase certain of our expenses and make some activities more time-consuming than they have been in the past when we were a private company. Such additional costs going forward could negatively affect our financial results.

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

Recent Issuances of Unregistered Securities

In connection with our acquisition of Dosh described above, we have authorized the issuance of 916,398 shares of our common stock to former equityholders of Dosh who were “accredited investors,” as that term is defined in the Securities Act in reliance on the exemption from registration afforded by Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated under the Securities Act and corresponding provisions of state securities or “blue sky” laws. Of the shares of common stock authorized for the Dosh acquisition, 904,233 shares were issued during the three months ended June 30, 2021. Each of the Dosh equityholders receiving shares as part of the acquisition represented that they were acquiring such shares for investment only and not with a view towards, or for resale in connection with, the public sale or distribution thereof. Such shares have not been registered under the Securities Act and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act and any applicable state securities laws.

Issuer Purchases of Equity Securities

None.

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ITEM 6. EXHIBITS

The exhibits listed below are filed or incorporated by reference into this Quarterly Report on Form 10-Q.

		Incorporated by Reference				
Exhibit	**Exhibit Description**	**Schedule /Form**	**File Number**	**Exhibit**	**Filing Date**	**Filed Herewith**
10.1	Assumption Agreement and Seventh Amendment to Loan and Security Agreement, dated as of April 7, 2021, by and among Cardlytics, Inc., as Borrower, BSpears Merger Sub II, LLC, as additional borrower, and Pacific Western Bank, as Lender					X
10.2	Assumption Agreement and Eighth Amendment to Loan and Security Agreement, dated as of May 5, 2021, by and among Cardlytics, Inc., as Borrower, BSpears Merger Sub II, LLC, as additional borrower, and Pacific Western Bank, as Lender					X
10.3	Agreement and Plan of Merger, dated April 12, 2021, by and among Cardlytics, Inc., Bridg, Inc., Mr. T Merger Sub, Inc., and Shareholder Representative Services LLC					X
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1*	Certification of Principal Executive Officer 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					X
101.ins	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X
101.sch	XBRL Taxonomy Schema Linkbase Document					X
101.cal	XBRL Taxonomy Calculation Linkbase Document					X
101.def	XBRL Taxonomy Definition Linkbase Document					X
101.lab	XBRL Taxonomy Label Linkbase Document					X
101.pre	XBRL Taxonomy Presentation Linkbase Document					X
104	Cover page formatted as Inline XBRL and contained in Exhibit 101					X

* The certifications furnished in Exhibit 32.1 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference.

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.

Cardlytics, Inc.

Date:	August 3, 2021	By:	/s/ Lynne M. Laube
			Lynne M. Laube Chief Executive Officer *(Principal Executive Officer)*
Date:	August 3, 2021	By:	/s/ Andrew Christiansen
			Andrew Christiansen Chief Financial Officer *(Principal Financial and Accounting Officer)*

Assumption Agreement and Seventh Amendment to Loan and Security Agreement

Existing Borrower	**Cardlytics, Inc**
Address:	**675 Ponce de Leon Avenue NE, Suite 6000 Atlanta, Georgia 303**
Additional Borrower	**BSpears Merger Sub II, a Delaware limited liability**
Address:	**13501 Galleria Circle, Suite 300, Austin, T**
Date:	**April 7, 2021**

THIS ASSUMPTION AGREEMENT AND SEVENTH AMENDMENT TO LOAN AND

SECURITY AGREEMENT (this "Amendment") is entered into between PACIFIC WESTERN BANK, a California state-chartered bank ("PWB"), as Agent and Lender, the other lenders from time to time party to the Loan Agreement, the existing borrower named above ("Existing Borrower"), and the additional borrower named above ("Additional Borrower" together with the Existing Borrower, the "Borrower"). PWB and lenders that may hereafter join as lenders under the Loan Agreement (as defined below) are herein sometimes collectively referred to as "Lenders" and individually as a "Lender". PWB, in its capacity as administrative and collateral Agent for the Lenders, is referred to herein as the "Agent" (which term shall include any successor Agent in accordance with terms hereof).

Agent, Lenders and Borrower agree to amend the Loan and Security Agreement between them, dated May 21, 2018 (as amended, the "Loan Agreement"), as follows, effective as of the date hereof except as otherwise provided below. (Capitalized terms used but not defined in this Amendment shall have the meanings set forth in the Loan Agreement.)

Borrower has advised Agent and Lenders that Borrower has entered into that certain Agreement and Plan of Reorganization dated as of February 26, 2021 by and among Borrower, BSPEARS MERGER SUB I, INC., a Delaware corporation and a wholly owned Subsidiary of Existing Borrower ("Merger Sub I"), BSPEARS MERGER SUB II, LLC, a Delaware limited liability company and a wholly owned Subsidiary of Existing Borrower ("Merger Sub II"), DOSH HOLDINGS, INC., a Delaware corporation (the "Pre-Merger Company"), and FORTIS ADVISORS LLC, a Delaware limited liability company solely in its capacity as the representative of the Pre-Merger Company stockholders (the "Stockholder Representative") (the "Merger Agreement"). Pursuant to the terms of the Merger Agreement, Merger Sub I will merge with and into Pre-Merger Company (the "First Merger"), and Pre-Merger Company shall be the surviving entity of such merger ("First Merger Surviving Company") and promptly thereafter, the First Merger Surviving Company will merge with and into Merger Sub II ("Second Merger" and together with the First Merger, the "Mergers"), and Merger Sub II shall be the surviving entity of such merger

("Surviving Company"). As a result of the Mergers, Surviving Company shall become a wholly owned Subsidiary of Borrower.

Existing Borrower and Additional Borrower wish to add Additional Borrower as a Borrower under the Loan Agreement and the other Loan Documents as herein set forth. Agent and Lenders hereby agree to add Additional Borrower as a "Borrower under" the Loan Agreement and other Loan Documents, as herein set forth, but only to the extent, in accordance with the terms, subject to the conditions and in reliance upon the representations and warranties set forth herein.

1. Assumption.

   a. **Assumption by Additional Borrower and Addition of Additional Borrower as a "Borrower" under the Loan Agreement.** Additional Borrower hereby (i) joins as a Borrower under the Loan Agreement and any and all other present and future documents, instruments and agreements relating thereto (with the Loan Agreement, collectively, the "Loan Documents"), (ii) assumes, as a joint and several obligor, and agrees to pay and perform when due all present and future indebtedness, liabilities and obligations of Existing Borrower, under, based upon, or arising out of the Loan Agreement and all other Loan Documents, including without limitation all of the "Obligations" as defined in the Loan Agreement, and (iii) agrees to perform all duties and obligations of the "Borrower" under the Loan Agreement and all other Loan Documents. All parties agree that all references in the Loan Agreement and the other Loan Documents to "Borrower" shall be deemed to refer, individually and collectively, and jointly and severally, to Existing Borrower and Additional Borrower, and, without limiting the generality of the foregoing, all references in the Loan Agreement and this Agreement to "Collateral", "Accounts", "Deposit Accounts", "Equipment", "General Intangibles", "Inventory", "Investment Property", "Other Property", shall include without limitation the foregoing now owned or hereafter acquired by Additional Borrower and now owned or hereafter acquired by Existing Borrower, and all references in the Loan Agreement and this Agreement to "Obligations" shall include without limitation all present and future "Obligations" of Additional Borrower and Existing Borrower.

   b. **Obligations.** Additional Borrower acknowledges that the Obligations are due and owing to Lender from Existing Borrower, and upon the effectiveness hereof will be due and owing from Additional Borrower, without any defense, offset or counterclaim of any kind or nature whatsoever.

   c. **Grant of Security Interest by Additional Borrower.** Without limiting the generality of the provisions of Section 1.1 above, as security for all Obligations, Additional Borrower hereby grants Lender a continuing security interest in all of the following, whether now owned or hereafter acquired, and wherever located: All of the Collateral of Additional Borrower. All references in the Loan Agreement to Collateral shall be deemed to refer to all present and future Collateral of Existing Borrower and Additional Borrower. Additional Borrower hereby authorizes Lender to prepare and file such financing statements, amendments and continuation statements as Lender may require to perfect or continue Lender's security interest in the Collateral or to effect the purposes of this Amendment and the Loan Agreement.

   d. **Representations of Additional Borrower.** Without limiting the generality of the provisions of Section 1.1 above, Additional Borrower represents and warrants that all representations and warranties of the "Borrower" under the Loan Agreement and other Loan Documents are true and correct in all material respects as to Additional Borrower.

   e. **Existing Borrower Indemnity to Additional Borrower.** Existing Borrower hereby agrees to indemnify Additional Borrower and hold it harmless, from and against any and all claims, debts, liabilities, demands, obligations, actions, costs and expenses, of every nature and description, which Additional Borrower may sustain or incur, based upon, arising out of, or in any way relating to (i) Additional Borrower's assumption of the Obligations of Existing Borrower as set forth herein, or (ii) Additional Borrower's acknowledgment regarding multiple borrowers and suretyship waivers with respect to Existing Borrower as set forth herein, or (iii) its grant of a security interest in its assets to Lender, or (iv) any other obligation incurred or transfer made by Additional Borrower under or in connection with this Amendment, or any other document, instrument, or agreement relating hereto.

2. **Amendments to Loan Agreement.** Agent, Lender and Borrower (jointly and severally, Existing Borrower and Additional Borrower) agree to amend the Loan Agreement, as follows:

   a. **Modification to Negative Covenants.** Section 5.5(xi) of the Loan agreement is hereby amended by restating clause (g) thereof to read as follows:

i. "(g) Borrower may purchase a capped call transaction in connection with the offering of the 2020 Convertible Notes, as provided in clause (x) of the definition of "Permitted Investments" and (h) dividends and distributions made by a Subsidiary of Borrower to Borrower";

b. **Modification to Definitions.** Section 8 of the Loan Agreement is hereby amended by adding the following definition thereto, in alphabetical order, to read as follows:

   i. "Parent" means, Cardlytics, Inc., a Delaware corporation.

   ii. "Seventh Amendment" means that certain Assumption Agreement and Seventh Amendment to Loan and Security Agreement, dated as of April 7, 2021 by and among, Agent, Lenders and Borrower.

   iii. "Seventh Amendment Effective Date" means April 7 2021.

c. **Modification to Permitted Indebtedness.** Clause (vi) of the definition of Permitted Indebtedness set forth in Section 8 of the Loan agreement, is hereby amended and restated to read as follows:

   i. "(vi) Indebtedness of Borrower to any Subsidiary of Borrower or another Borrower;"

d. **Modification to Permitted Investments.** Clause (ii) and (iii) of the definition of Permitted Investments set forth in Section 8 of the Loan agreement, is hereby amended and restated to read as follows:

   i. "(ii) Marketable direct obligations issued or unconditionally guaranteed by the United States of America or any agency or any State thereof maturing within one year from the date of acquisition thereof, commercial paper maturing no more than one year from the date of creation thereof and currently having rating of at least A-2 or P-2 from either Standard & Poor's Corporation or Moody's Investors Service, Agent's or a Lender's certificates of deposit maturing no more than one year from the date of investment therein, and Agent's or a Lender's money market accounts; Investments in regular deposit or checking accounts held with Agent or a Lender or subject to a control agreement in favor of Agent for the benefit of Lenders; provided that until such time as the condition set forth in Section 3.1 of the Seventh Amendment is satisfied, BSpears Merger Sub II, LLC (or its successor) shall not hold more than $10,000,000 in cash or cash equivalents with a depository bank or financial institution, outside of PWB;

   ii. (iii) (A) Investments of a Borrower in another Borrower; provided that that until such time as the condition set forth in Section 3.1 of the Seventh Amendment is satisfied, no investments made by Parent into BSpears Merger Sub II, LLC (or its successor) shall exceed $20,000,000 in the aggregate, and (B) Investments in Foreign Subs permitted by Section 8(d) of the Schedule"

e. **Addition of Multiple Borrowers; Suretyship Waivers.** A new Section 9.23 is hereby added to the end of Section 9.22 of the Loan Agreement, to read as follows:

   i. "***9.20 Multiple Borrowers; Suretyship Waivers***. At any time that there are more than one Borrower, the following provisions shall apply:

1. Borrowers’ Agent. Each Borrower hereby irrevocably appoints each other Borrower, as the agent, attorney-in-fact and legal representative of all Borrowers for all purposes, including requesting disbursement of Loans and receiving account statements and other notices and communications to Borrowers (or any of them) from Lender. Lender may rely, and shall be fully protected in relying, on any request for a Loan, disbursement instruction, report, information or any other notice or communication made or given by any Borrower, whether in its own name, as Borrowers’ agent, or on behalf of one or more Borrowers, and Lender shall not have any obligation to make any inquiry or request any confirmation from or on behalf of any other Borrower as to the binding effect on it of any such request, instruction, report, information, other notice or communication, nor shall the joint and several character of Borrowers’ obligations hereunder be affected thereby. In the discretion of the Lender, the Cash Collateral Account may be in the name of any one or more of the Borrowers, and checks and other payments made payable to any Borrower may be deposited into such Cash Collateral Account.

ii. Waivers. Each Borrower hereby waives: (i) any right to require Lender to institute suit against, or to exhaust its rights and remedies against, any other Borrower or any other person, or to proceed against any property of any kind which secures all or any part of the Obligations, or to exercise any right of offset or other right with respect to any reserves, credits or deposit accounts held by or maintained with Lender or any indebtedness of Lender to any other Borrower, or to exercise any other right or power, or pursue any other remedy Lender may have;

1. (ii) any defense arising by reason of any disability or other defense of any other Borrower or any Guarantor or any endorser, co-maker or other person, or by reason of the cessation from any cause whatsoever of any liability of any other Borrower or any Guarantor or any endorser, co- maker or other person, with respect to all or any part of the Obligations, or by reason of any act or omission of Lender or others which directly or indirectly results in the discharge or release of any other Borrower or any Guarantor or any other person or any Obligations or any security therefor, whether by operation of law or otherwise; (iii) any defense arising by reason of any failure of Lender to obtain, perfect, maintain or keep in force any Lien on, any property of any Borrower or any other person; (iv) any defense based upon or arising out of any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against any other Borrower or any Guarantor or any endorser, co-maker or other person, including without limitation any discharge of, or bar against collecting, any of the Obligations (including without limitation any interest thereon), in or as a result of any such proceeding. Until all of the Obligations have been paid, performed, and discharged in full, nothing shall discharge or satisfy the liability of Borrower hereunder except the full performance and payment of all of the Obligations. If any claim is ever made upon Lender for repayment or recovery of any amount or amounts received by Lender in payment of or on account of any of the Obligations, because of any claim that any such payment constituted a preferential transfer or fraudulent conveyance, or for any other reason whatsoever, and Lender repays all or part of said amount by reason of any judgment, decree or order of any court or administrative body having jurisdiction over Lender or any of its property, or by reason of any settlement or compromise of any such claim effected by Lender with any such claimant (including without limitation any other Borrower), then and in any such event, Borrower agrees that any such judgment, decree, order, settlement and compromise shall be binding upon Borrower, notwithstanding any revocation or release of this Agreement or the cancellation of any note or other instrument evidencing any of the Obligations, or any release of any of the Obligations, and Borrower shall be and remain liable to Lender under this Agreement for the amount so repaid or recovered, to the same extent as if such amount had never originally been received by Lender, and the provisions of this sentence shall survive, and continue in effect, notwithstanding any revocation or release of this Agreement. Each Borrower hereby expressly and unconditionally waives all rights of subrogation, reimbursement and indemnity of every kind against any other Borrower, and all rights of recourse to any assets or property of any other Borrower, and all rights to any collateral or security held for the payment and performance of any Obligations, including (but not limited to) any of the foregoing rights which Borrower may have under any present or future document or agreement with any other Borrower or other person, and including (but not limited to) any of the foregoing rights which Borrower may have under any equitable doctrine of subrogation, implied contract, or unjust enrichment, or any other equitable or legal doctrine. Each Borrower hereby waives any defense based on impairment or destruction of its subrogation or other rights against any other Borrower and waives all benefits which might otherwise be available to it under any statutory or common law suretyship defenses or marshalling rights, now and hereafter in effect.

iii. Consents. Each Borrower hereby consents and agrees that, without notice to or by Borrower and without affecting or impairing in any way the obligations or liability of Borrower hereunder, Lender may, from time to time before or after revocation of this Agreement, do any one or more of the following in Lender's sole and absolute discretion: (i) accept partial payments of, compromise or settle, renew, extend the time for the payment, discharge, or performance of, refuse to enforce, and release all or any parties to, any or all of the Obligations; (ii) grant any other indulgence to any Borrower or any other person in respect of any or all of the Obligations or any other matter; (iii) accept, release, waive, surrender, enforce, exchange, modify, impair, or extend the time for the performance, discharge, or payment of, any and all property of any kind securing any or all of the Obligations or any guaranty of any or all of the Obligations, or on which Lender at any time may have a Lien, or refuse to enforce its rights or make any compromise or settlement or agreement therefor in respect of any or all of such property; (iv) substitute or add, or take any action or omit to take any action which results in the release of, any one or more other Borrowers or any endorsers or Guarantors of all or any part of the Obligations, including, without limitation one or more parties to this Agreement, regardless of any destruction or impairment of any right of contribution or other right of Borrower; (v) apply any sums received from any other Borrower, any Guarantor, endorser, or co-signer, or from the disposition of any Collateral or security, to any indebtedness whatsoever owing from such person or secured by such Collateral or security, in such manner and order as Lender determines in its sole discretion, and regardless of whether such indebtedness is part of the Obligations, is secured, or is due and payable. Borrower consents and agrees that Lender shall be under no obligation to marshal any assets in favor of Borrower, or against or in payment of any or all of the Obligations. Borrower further consents and agrees that Lender shall have no duties or responsibilities whatsoever with respect to any property securing any or all of the Obligations. Without limiting the generality of the foregoing, Lender shall have no obligation to monitor, verify, audit, examine, or obtain or maintain any insurance with respect to, any property securing any or all of the Obligations.

iv. Independent Liability. Each Borrower hereby agrees that one or more successive or concurrent actions may be brought hereon against Borrower, in the same action in which any other Borrower may be sued or in separate actions, as often as deemed advisable by Lender. Each Borrower is fully aware of the financial condition of each other Borrower and is executing and delivering this Agreement based solely upon its own independent investigation of all matters pertinent hereto, and Borrower is not relying in any manner upon any representation or statement of Lender with respect thereto. Each Borrower represents and warrants that it is in a position to obtain, and each Borrower hereby assumes full responsibility for obtaining, any additional information concerning any other Borrower's financial condition and any other matter pertinent hereto as Borrower may desire, and Borrower is not relying upon or expecting Lender to furnish to it any information now or hereafter in Lender's possession concerning the same or any other matter.

v. Subordination. All indebtedness of a Borrower now or hereafter arising held by another Borrower is subordinated to the Obligations and Borrower holding the indebtedness shall take all actions reasonably requested by Lender to effect, to enforce and to give notice of such subordination.

f. **Modification to Reporting.** Section 6(c) and (e) of the Schedule to the Loan Agreement are amended and restated to read as follows:

i. "(c) Quarterly unaudited financial statements of Borrower, on a consolidated and consolidating basis, as soon as available, and in any event within 45 days after the end of fiscal quarter;

ii. (e) Annual financial statements of Borrower, on a consolidated basis, as soon as available, and in any event within 90 days following the end of Borrower's fiscal year, certified by, and with an unqualified opinion of, independent certified public accountants of nationally recognized standing or otherwise reasonably acceptable to Agent;"

g. **Modification to Exhibit A – Agented Credit Provisions.** The definition of Total Credit Exposure set forth in Exhibit A (Agented Credit Provisions) to the Loan Agreement is hereby amended and restated to read as follows:

i. "Total Credit Exposure" of all Lenders is $50,850,000. The "Total Credit Exposure" of PWB is $50,850,000, which amount shall be adjusted as of the date additional Persons join as Lenders in accordance herewith.

3. **Covenants Regarding Additional Borrower.** Additional Borrower agrees to comply with the following covenants:

a. **Deposit Accounts.** Within 90 days after the Seventh Amendment Effective Date, Additional Borrower shall at all times maintain all of its Deposit Accounts and all of its investment accounts with PWB.

b. **Cash Collateral Account.** Within 90 days after the Seventh Amendment Effective Date, Additional Borrower agrees to establish (i) a post office box, as designated by Agent (the "Additional Borrower Lockbox"), over which Agent shall have exclusive and unrestricted access; and (ii) a cash collateral account at PWB in Additional Borrower's name (the "Additional Borrower Cash Collateral Account"), over which PWB and Agent shall have exclusive and unrestricted access. Commencing within 30 days after the Seventh Amendment Effective Date and continuing at all times thereafter, Additional Borrower shall immediately deposit any funds received by Additional Borrower from any source (including without limitation all proceeds of Accounts and all other Collateral) into the Additional Borrower Cash Collateral Account, and Additional Borrower shall direct all of its Account Debtors (i) to make any wire or other electronic transfer of funds owing to Additional Borrower directly to the Additional Borrower Cash Collateral Account, and (ii) to mail or deliver all checks or other forms of payment for amounts owing to Additional Borrower to the Additional Borrower Lockbox. Except for funds deposited into the Additional Borrower Cash Collateral Account, all funds received by Additional Borrower from any source shall immediately be directed to the Additional Borrower Lockbox. Agent shall collect the mail delivered to the Additional Borrower Lockbox, open such mail, and endorse and deposit all items to the Additional Borrower Cash Collateral Account. Upon the establishment of the Additional Borrower Lockbox and the Additional Borrower Cash Collateral Account, all references to the "Lockbox" and the "Cash Collateral Account" in the Loan Documents, shall include references to the Additional Borrower Lockbox and the Additional Borrower Cash Collateral Account, as applicable.

c. **Landlord Agreement – Texas Lease.** Within 60 days after the Seventh Amendment Effective Date, Additional Borrower shall, use commercially reasonable efforts to cause the landlord of the following premises to execute and deliver to Agent, in form reasonably acceptable to Agent, a landlord agreement with respect to the Collateral held at such premise: 13501 Galleria Circle, Suite 300, Austin, TX 78738.

d. **Post-Closing Insurance Requirements.** Within 30 days after the Seventh Amendment Effective Date, Additional Borrower shall provide the following to Agent:

i. *Property Insurance.* A Lender's Loss Payable endorsement showing Agent as a lender's loss payee.

ii. *Liability Insurance.* An endorsement to Borrower's liability insurance policy showing Agent as an additional insured.

4. **Additional Documents.** This Agreement is conditioned on Agent and Lenders receiving from Borrower such additional documents, instruments and agreements as Agent shall specify in its good faith business judgment, in such form as Agent shall specify in its good faith business judgment, including, without limitation, the following:

a. Intellectual Property Security Agreement executed by Additional Borrower in favor of Agent.

b. Certified Resolutions and Incumbency executed by Additional Borrower.

c. Copies of Additional Borrower's organizational documents, which shall be true, correct and complete as of the date hereof;

d. Borrower Information Certificate, completed and executed by Additional Borrower, which is true and correct as of the date hereof; and

e. Additional Borrower shall provide Agent with the following with respect to the insurance requirements in Section 5.2 of this Loan Agreement:

   i. *Property Insurance.* An Acord Form 28 showing evidence of property insurance, naming Agent as a certificate holder.

   ii. *Liability Insurance.* An Acord Form 25 showing Agent as a certificate holder.

   iii. *Insurance Companies.* All insurance required pursuant to this Loan Agreement shall be issued by insurance companies in good standing with a current rating of A- or better by A.M. Best Company and a Financial Size Category of VIII or higher.

   iv. *Name and Address.* The Agent name and address format on all insurance related documentation shall be as follows:

      1. Pacific Western Bank, its successors and assigns, as agent 406 Blackwell Street, Suite 240 Durham, NC 27701 Attn: Loan Operations Department

5. **Legal Expenses.** Without limitation on the terms of the Loan Documents, Borrower agrees to reimburse Bank for all its documented costs and expenses (including reasonable attorneys' fees) incurred in connection with this Amendment. 1 NTD: Please let us know If the intention is to add the Additional Borrower to the existing policies.

6. **Representations True.** Borrower represents and warrants to Agent and Lenders that all representations and warranties set forth in the Loan Agreement, as amended hereby, are true and correct in all material respects, except as to representations and warranties that relate to a different date, in which case said representations and warranties continue to be true in all material respects as of said date and those representations and warranties that are conditioned by materiality, which shall be true and correct in all respects.

7. **General Release.** In consideration for Agent and Lenders entering into this Consent, Borrower hereby irrevocably releases and forever discharges Agent, Lenders, and their successors, assigns, agents, shareholders, directors, officers, employees, agents, attorneys, parent corporations, subsidiary corporations, affiliated corporations, affiliates, participants, and each of them (collectively, the "Releasees"), from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, of every nature and description, known and unknown, which Borrower now has or at any time may hold, by reason of any matter, cause or thing occurred, done, omitted or suffered to be done prior to the date of this Consent arising under or in any way related to the Loan Agreement, this Consent or any other Loan Document or any of the transactions contemplated herein or therein (collectively, the "Released Claims"). Borrower hereby irrevocably waives the benefits of any and all statutes and rules of law to the extent the same provide in substance that a general release does not extend to claims which the creditor does not know or suspect to exist in its favor at the time of executing the release. Borrower represents and warrants that it has not assigned to any other Person any Released Claim, and agrees to indemnify Agent and Lenders against any and all actions, demands, obligations, causes of action, decrees, awards, claims, liabilities, losses and costs, including but not limited to reasonable attorneys' fees of counsel of Lenders' choice and costs, which Lenders may sustain or incur as a result of a breach or purported breach of the foregoing representation and warranty.

8. **No Waiver.** Nothing herein constitutes a waiver of any default or Event of Default under the Loan Agreement or any other Loan Documents, whether or not known to Agent, except as set forth in Section 1.

9. **General Provisions.** Borrower hereby ratifies and confirms the continuing validity, enforceability and effectiveness of the Loan Agreement and all other Loan Documents. This Consent, the Loan Agreement, any prior written amendments to the Loan Agreement signed by Agent, Lenders and Borrower, and the other written documents and agreements between Agent, Lenders and Borrower set forth in full all of the representations and agreements of the parties with respect to the subject matter hereof and supersede all prior discussions, representations, agreements and understandings between the parties with respect to the subject hereof. Except as herein expressly amended, all of the terms and provisions of the Loan Agreement, and all other documents and agreements between Agent and Lenders on the one hand and Borrower on the other hand shall continue in full force and effect and the same are hereby ratified and confirmed. This Consent may be executed in multiple counterparts, by different parties signing separate counterparts, and all of the same taken together shall constitute one and the same agreement.

10. Mutual Waiver of Jury Trial. AGENT AND LENDERS AND BORROWER EACH ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL RIGHT, BUT THAT IT MAY BE WAIVED. EACH OF THE PARTIES, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT, WITH COUNSEL OF THEIR CHOICE, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED UPON OR ARISING OUT OF THIS CONSENT, THE LOAN AGREEMENT, OR ANY RELATED INSTRUMENT OR LOAN DOCUMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS CONSENT OR ANY COURSE OF CONDUCT, DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN), ACTION OR INACTION OF ANY OF THEM. THESE PROVISIONS SHALL NOT BE DEEMED TO HAVE BEEN MODIFIED IN ANY RESPECT OR RELINQUISHED BY ANY

PARTY HERETO, EXCEPT BY A WRITTEN INSTRUMENT EXECUTED BY EACH OF THEM. IF FOR ANY REASON THE PROVISIONS OF THIS SECTION ARE VOID, INVALID OR UNENFORCEABLE, THE SAME SHALL NOT AFFECT ANY OTHER TERM OR PROVISION OF THIS CONSENT, AND ALL OTHER TERMS AND PROVISIONS OF THIS CONSENT SHALL BE UNAFFECTED BY THE SAME AND CONTINUE IN FULL FORCE AND EFFECT

Borrower:	**Agent and Lender:**
CARDLYTICS, INC.	PACIFIC WESTERN BANK
/s/ Andrew Christiansen	/s/ Mykas Degesys
Andrew Christiansen	Mykas Degesys
Chief Financial Officer	
(Principal Financial and Accounting Officer)	*SVP*

Exhibit 10.2

Eighth Amendment to Loan and Security Agreement, Consent and Assumption Agreement

Existing Borrower	**Cardlytics, Inc., a Delaware corporation (“Parent”)** **Dosh Holdings LLC (formerly known as BSpears Merger Sub II, LLC), a Delaware limited liability company**
Additional Borrower	**Bridg, Inc., a Delaware corporation**
Address:	**11388 W. Olympic Blvd, Los Angeles, CA**
Date:	**May 5, 2021**

THIS EIGHTH AMENDMENT TO LOAN AND SECURITY AGREEMENT, CONSENT **AND ASSUMPTION AGREEMENT** (this “Amendment”) is entered into between PACIFIC WESTERN BANK, a California state-chartered bank (“PWB”), as Agent and Lender, the other lenders from time to time party to the Loan Agreement, the existing borrower named above (“Existing Borrower”), and the additional borrower named above (“Additional Borrower” together with the Existing Borrower, the “Borrower”). PWB and lenders that may hereafter join as lenders under the Loan Agreement (as defined below) are herein sometimes collectively referred to as “Lenders” and individually as a “Lender”. PWB, in its capacity as administrative and collateral Agent for the Lenders, is referred to herein as the “Agent” (which term shall include any successor Agent in accordance with terms hereof).

Agent, Lenders and Borrower agree to amend the Loan and Security Agreement between them, dated May 21, 2018 (as amended, the “Loan Agreement”), as follows, effective as of the date hereof except as otherwise provided below. (Capitalized terms used but not defined in this Amendment shall have the meanings set forth in the Loan Agreement.)

1. Consents.

   a. **Merger Transaction.** Parent has advised Agent that Parent has entered into that certain Agreement and Plan of Merger dated as of April 12, 2021 (the “Merger Agreement”) by and among Parent, as the “Parent” therein, Mr. T Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Parent (“Merger Sub”), Bridg, Inc., a Delaware corporation (the “Company”) and Shareholder Representative Services LLC, a Colorado limited liability company, solely in its capacity as the representative, agent and attorney-in-fact of the Company Security Holders, as defined therein. Pursuant to the terms of the Merger Agreement, Merger Sub will merge with and into Company (the “Merger”), and Company shall be the surviving entity of such Merger (the “Surviving Company”). Pursuant to the terms of the Merger Agreement, at the close of the Merger, Parent shall pay a Total Closing Merger Consideration (as defined in the Merger Agreement) of approximately $350,000,000, with the possibility of earnout payments of approximately $100,000,000 to $300,000,000. As a result of the Merger, Surviving Company shall become a wholly owned Subsidiary of Parent. The entering into the Merger Agreement and consummating the Merger (including payment of the Cash Consideration) are

      i. collectively referred to herein as the “Merger Transaction”. Pursuant to Sections 5.5(i), (ii), (iii), (iv) and

      ii. (xv) of the Loan Agreement, Borrower is prohibited from entering the Merger Transaction without Agent and Required Lenders’ prior written consent. Borrower hereby requests that Agents and Required Lenders acknowledge and consent to the Merger Transaction. Agent and Required Lenders agree to acknowledge and consent to the Merger Transaction subject to the terms and conditions provided for herein.

   b. **Consent to Merger Transaction.** This will confirm Agent and Lender’s consent to the Merger Transaction subject to the following conditions (the “Merger Conditions”): (i) the final documentation evidencing the Merger Transaction reflects the Merger Transaction as described above,

i. (ii) the Merger Transaction closes and (iii) at the date the Merger Transaction is consummated, both before and after giving effect thereto, neither a Default nor an Event of Default, has occurred and is continuing, after giving effect to this Amendment. At the Effective Time, Surviving Company shall become a co-Borrower under the Loan Agreement in accordance with the terms provided for Section 2 of this Amendment (Surviving Company as such co-Borrower, "Additional Borrower"). "Effective Time" means the time the Merger becomes effective as a result of a Certificate of Merger being duly filed with the Secretary of State of Delaware evidencing such Merger.

c. **No Loans or Transfer of Assets to Surviving Company and No Inclusion of Surviving Company Eligible Accounts in Borrowing Base Unless Certain Conditions Satisfied.** The foregoing consent does not constitute a consent to any other similar transaction or to any Loans being requested by, or being made to, Surviving Company or assets of Existing Borrower (including any Collateral) being transferred to Surviving Company without the prior written consent of Agent (which shall be a matter of Agent's Good Faith Business Judgment) or until such time as (i) Surviving Company becomes a co-Borrower under the Loan Agreement pursuant to the terms of Section 2 of this Amendment,

i. (ii) Surviving Company has granted Agent a first-priority security interest in the assets of Surviving Company (subject to Permitted Liens that by the terms of the Loan Agreement are allowed to have priority over the Agent's lien) in accordance with the terms of Section 2 of this Amendment, and (iii) Agent has received such evidence as it reasonably deems necessary to confirm such first-priority security interest. Moreover, each of Existing Borrower and Surviving Company covenants and agrees that Surviving Company's Accounts shall not be included in the borrowing base calculation or otherwise be used as the basis for any Loan until such time as the conditions set forth in the preceding sentence have been satisfied and only then in accordance with the terms provided for in this Amendment.

2. **Assumption.** At the Effective Time, Existing Borrower and Additional Borrower wish to add Additional Borrower as a Borrower under the Loan Agreement and the other Loan Documents as herein set forth. Agent and Lenders hereby consent to Additional Borrower becoming a Borrower under the Loan Agreement and other Loan Documents, as herein set forth, but only to the extent, in accordance with the terms, subject to the conditions and in reliance upon the representations and warranties set forth herein. At the Effective Time and thereafter, Existing Borrower and the Additional Borrower are referred to herein jointly and severally, and individually and collectively, as the "Borrower". The provisions of this Section 2 are deemed to satisfy the requirements of Section 1.2 and 1.3 (i) – (ii) hereof. The parties agree as follows, effective as of the Effective Time:

a. **Assumption by Additional Borrower and Addition of Additional Borrower as a "Borrower" under the Loan Agreement.** Additional Borrower hereby (i) joins as a Borrower under the Loan Agreement and any and all other present and future documents, instruments and agreements relating thereto (with the Loan Agreement, collectively, the "Loan Documents"), (ii) assumes, as a joint and several obligor, and agrees to pay and perform when due all present and future indebtedness, liabilities and obligations of Existing Borrower, under, based upon, or arising out of the Loan Agreement and all other Loan Documents, including without limitation all of the "Obligations" as defined in the Loan Agreement, and (iii) agrees to perform all duties and obligations of the "Borrower" under the Loan Agreement and all other Loan Documents. All parties agree that all references in the

i. Loan Agreement and the other Loan Documents to "Borrower" shall be deemed to refer, individually and collectively, and jointly and severally, to Existing Borrower and Additional Borrower, and, without limiting the generality of the foregoing, all references in the Loan Agreement and this Agreement to "Collateral", "Accounts", "Deposit Accounts", "Equipment", "General Intangibles", "Inventory", "Investment Property", "Other Property", shall include without limitation the foregoing now owned or hereafter acquired by Additional Borrower and now owned or hereafter acquired by Existing Borrower, and all references in the Loan Agreement and this Agreement to "Obligations" shall include without limitation all present and future "Obligations" of Additional Borrower and Existing Borrower.

b. **Obligations.** Additional Borrower acknowledges that the Obligations are due and owing to Agent and Lenders from Existing Borrower, and upon the effectiveness hereof will be due and owing from Additional Borrower, without any defense, offset or counterclaim of any kind or nature whatsoever.

c. **Grant of Security Interest by Additional Borrower.** Without limiting the generality of the provisions of Section 1.1 above, as security for all Obligations, Additional Borrower hereby grants Agent, for the benefit of Lenders, a continuing security interest in all of the following, whether now owned or hereafter acquired, and wherever located: All of the Collateral of Additional Borrower. All references in the Loan Agreement to Collateral shall be deemed to refer to all present and future Collateral of Existing Borrower and Additional Borrower. Additional Borrower hereby authorizes Agent to prepare and file such financing statements, amendments and continuation statements as Agent may require to perfect or continue Agent's security interest in the Collateral or to effect the purposes of this Amendment and the Loan Agreement.

d. **Representations of Additional Borrower.** Without limiting the generality of the provisions of Section 1.1 above, Additional Borrower represents and warrants that all representations and warranties of the "Borrower" under the Loan Agreement and other Loan Documents are true and correct in all material respects as to Additional Borrower.

e. **Acknowledgment Regarding Multiple Borrowers; Suretyship Waivers.** The assumption by Additional Borrower of the Obligations under the Loan Agreement shall include, without limitation, an agreement to and acknowledgment of, all agreements and provisions as set forth in Section

   i. 9.23 of the Loan Agreement (as amended by this Amendment) regarding multiple borrowers and suretyship waivers by Additional Borrower, including without limitation suretyship waivers made by Additional Borrower with respect to all of the Obligations by all other Borrowers. Without limitation of any other term or provision hereof, each Borrower hereby agrees to and affirms all provisions set forth in such Section 9.23 (as amended by this Amendment) and acknowledges receipt and review thereof.

3. **BSpears Merger Sub II, LLC Name Change; Reaffirmation.** After the Mergers (defined in the Seventh Amendment) and prior to the Seventh Amendment Effective Date, BSpears Merger Sub II, LLC, changed its name to Dosh Holdings LLC. Dosh Holdings LLC signed the Seventh Amendment under its prior name, BSpears Merger Sub II, LLC. For the avoidance of doubt, Dosh Holdings LLC (formerly known as BSpears Merger Sub II, LLC) hereby reaffirms all of the provisions set forth in the Seventh Amendment as well as its obligations as a "Borrower" under the Loan Agreement and the other Loan Documents.

4. **Amendments to Loan Agreement.** At the Effective Time, Agent and Borrower (jointly and severally, Existing Borrower and Additional Borrower) agree to amend the Loan Agreement, as follows:

a. **Added Definitions.** The following definitions are added to Section 8 of the Loan Agreement, in the appropriate alphabetical order, to read as follows:

   i. "<u>Bridg</u>" shall mean Bridg, Inc., a Delaware corporation.

   ii. "<u>Dosh</u>" shall mean Dosh Holdings LLC, a Delaware limited liability company (formerly known as BSpears Merger Sub II, LLC).

   iii. "<u>Eighth Amendment</u>" means that certain Eighth Amendment to Loan and Security Agreement, Consent and Assumption Agreement dated as of May 5, 2021 by and among, Agent, Lenders and Borrower.

   iv. "<u>Eighth Amendment Effective Date</u>" means May 5, 2021

b. **Amendment to Multiple Borrowers; Suretyship Waivers Provision.** That portion of Section 9.23 of the Loan Agreement that currently reads as follows:

   i. *"**9.20 Multiple Borrowers; Suretyship Waivers**. At any time that there are more than one Borrower, the following provisions shall apply:*

      1. is hereby amended and restated to read as follows:

   ii. "***9.23 Multiple Borrowers; Suretyship Waivers***. At any time that there is more than one Borrower, the following provisions shall apply:

c. **Amendment to Credit Limit Provisions.** That portion of Section 1 of the Schedule to the Loan Agreement, which currently reads as follows:

   i. *"Ancillary Services Limit: $850,000*

   ii. Overall Credit Limit: Notwithstanding any provisions herein *iii. to the contrary, in no event shall the total Obligations (including without limitation the Term Loan, the Revolving Loans, and Obligations relating to Ancillary Services) at any time outstanding exceed $50,850,000 (the 'Overall Credit Limit')."*

iv. is hereby amended and restated to read as follows: "Ancillary Services Limit: $1,010,000.

v. Overall Credit Limit: Notwithstanding any provisions herein

vi. to the contrary, in no event shall the total Obligations (including without limitation the Term Loan, the Revolving Loans, and Obligations relating to Ancillary Services) at any time outstanding exceed $51,010,000 (the 'Overall Credit Limit')."

d. **Amendment to Reporting Provisions.** Section 6(c), (d) and (e) of the Schedule to the Loan Agreement is hereby amended and restated to read as follows:

i. "(c) Quarterly unaudited financial statements, on a consolidated and consolidating basis, as soon as available, and in any event within 45 days after the end of fiscal quarter;

ii. Annual operating budgets and financial projections (including income statements, balance sheets and cash flow statements, by month) for each fiscal year of Borrower, on a consolidated and consolidating basis, within 60 days after the beginning of such fiscal year, approved by Borrower's board of directors.

iii. Annual financial statements, on a consolidated and consolidating basis, as soon as available, and in any event within 90 days following the end of Borrower's fiscal year, certified by, and with an unqualified opinion of, independent certified public accountants of nationally recognized standing or otherwise reasonably acceptable to Agent;"

e. **Amendment to Deposit Account Provisions.** Section 8(b) of the Schedule to the Loan Agreement is hereby amended and restated to read as follows:

i. "(b) **Deposit Accounts.** Borrower shall at all times maintain all of its Deposit Accounts and all of its investment accounts with PWB; provided that (i) Borrower (other than Bridg) may maintain up to a total not to exceed $250,000 in Deposit Accounts at other institutions in the United States, and (ii) Bridg may maintain up to a total not to exceed $10,000,000 in Deposit Accounts at other institutions in the United States, in each case, subject to a control agreement among Borrower, such institution and Agent, in form and substance satisfactory to Agent in its Good Faith Business Judgment; <u>provided</u> that for a Borrower joining the Loan Agreement after the date hereof, additional time may be granted to obtain such control agreements, as set forth in the terms of such joinder agreement."

f. **Modification to Exhibit A – Agented Credit Provisions.** The definition of Total Credit Exposure set forth in Exhibit A (Agented Credit Provisions) to the Loan Agreement is hereby amended and restated to read as follows:

i. "<u>Total Credit Exposure</u>" of all Lenders is $51,010,000. The "Total Credit Exposure" of PWB is $51,010,000, which amount shall be adjusted as of the date additional Persons join as Lenders in accordance herewith.

5. **Covenants Regarding Additional Borrower.** Additional Borrower agrees to comply with the following covenants:

a. **Deposit Accounts.** Within 60 days after the Eighth Amendment Effective Date, Additional Borrower shall at all times maintain all of its Deposit Accounts and all of its investment accounts with PWB or enter into a control agreement among Borrower, such depository bank and Agent, in form and substance satisfactory to Agent in its Good Faith Business Judgment.

b. **Landlord Agreement – Los Angeles Lease.** Within 60 days after the Eighth Amendment Effective Date, Additional Borrower shall, use commercially reasonable efforts to cause the landlord of the following premises to execute and deliver to Agent, in form reasonably acceptable to Agent, a landlord agreement with respect to the Collateral held at such premise: 11388 W. Olympic Blvd., Los Angeles CA 90064

c. **Cash Collateral Account**. Within 90 days after the Eighth Amendment Effective Date (or such later time as Additional Borrower's Receivables are included in the Borrowing Base Certificate), Additional Borrower agrees to establish (i) a post office box, as designated by Agent (the "<u>Additional Borrower Lockbox</u>"), over which Agent shall have exclusive and unrestricted access; and (ii) a cash collateral account at PWB in Additional Borrower's name (the "<u>Additional Borrower Cash Collateral Account</u>"), over which PWB and Agent shall have exclusive and unrestricted access. Commencing within 90 days after the Eighth Amendment Effective Date (or such later time as Additional Borrower's Receivables are included in the Borrowing Base Certificate) and continuing at all times thereafter, Additional Borrower shall immediately deposit any funds received by Additional Borrower from any source (including without limitation all proceeds of Accounts and all other Collateral) into the Additional Borrower Cash Collateral Account, and Additional Borrower shall direct all of its Account Debtors (i) to make any wire or other electronic transfer of funds owing to Additional Borrower directly to the Additional Borrower Cash Collateral Account, and (ii) to mail or deliver all checks or other forms of payment for amounts owing to Additional Borrower to the Additional Borrower Lockbox. Except for funds deposited into the Additional Borrower Cash Collateral Account, all funds received by Additional Borrower from any source shall immediately be directed to the Additional Borrower Lockbox. Agent shall collect the mail delivered to the Additional Borrower Lockbox, open such mail, and endorse and deposit all items to the Additional Borrower Cash Collateral Account. Upon the establishment of the Additional Borrower Lockbox and the Additional Borrower Cash Collateral Account, all references to the "Lockbox" and the "Cash Collateral Account" in the Loan Documents, shall include references to the Additional Borrower Lockbox and the Additional Borrower Cash Collateral Account, as applicable.

d. **Post-Closing Insurance Requirements.** Notwithstanding anything to the contrary in the Seventh Amendment, within 30 days after the Eighth Amendment Effective Date, Borrower shall provide Agent with evidence that Dosh and Bridg have been added to the existing insurance policies of Parent.

6. **Additional Documents.** This Agreement is conditioned on Agent and Lenders receiving from Borrower such additional documents, instruments and agreements as Agent shall specify in its good faith business judgment, in such form as Agent shall specify in its good faith business judgment, including, without limitation, the following:

   a. This Agreement, executed by Existing Borrower and Additional Borrower.

   b. Intellectual Property Security Agreement executed by Additional Borrower in favor of Agent.

   c. Certified Resolutions and Incumbency executed by Additional Borrower.

   d. Copies of Additional Borrower's organizational documents, which shall be true, correct and complete as of the date hereof; and

   e. Borrower Information Certificate, completed and executed by Additional Borrower, which is true and correct as of the date hereof.

7. **Legal Expenses.** Without limitation on the terms of the Loan Documents, Borrower agrees to reimburse Bank for all its documented costs and expenses (including reasonable attorneys' fees) incurred in connection with this Amendment.=

8. **Representations True.** Borrower represents and warrants to Agent and Lenders that all representations and warranties set forth in the Loan Agreement, as amended hereby, are true and correct in all material respects, except as to representations and warranties that relate to a different date, in which case said representations and warranties continue to be true in all material respects as of said date and those representations and warranties that are conditioned by materiality, which shall be true and correct in all respects.

9. **General Release.** In consideration for Agent and Lenders entering into this Amendment, Borrower hereby irrevocably releases and forever discharges Agent, Lenders, and their successors, assigns, agents, shareholders, directors, officers, employees, agents, attorneys, parent corporations, subsidiary corporations, affiliated corporations, affiliates, participants, and each of them (collectively, the "Releasees"), from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, of every nature and description, known and unknown, which Borrower now has or at any time may hold, by reason of any matter, cause or thing occurred, done, omitted or suffered to be done prior to the date of this Amendment arising under or in any way related to the Loan Agreement, this Amendment or any other Loan Document or any of the transactions contemplated herein or therein (collectively, the "Released Claims"). Borrower hereby irrevocably waives the benefits of any and all statutes and rules of law to the extent the same provide in substance that a general release does not extend to claims which the creditor does not know or suspect to exist in its favor at the time of executing the release. Borrower represents and warrants that it has not assigned to any other Person any Released Claim, and agrees to indemnify Agent and Lenders against any and all actions, demands, obligations, causes of action, decrees, awards, claims, liabilities, losses and costs, including but not limited to reasonable attorneys' fees of counsel of Lenders' choice and costs, which Lenders may sustain or incur as a result of a breach or purported breach of the foregoing representation and warranty.

10. **No Waiver.** Nothing herein constitutes a waiver of any default or Event of Default under the Loan Agreement or any other Loan Documents, whether or not known to Agent, except as set forth in Section 1 above.

11. **General Provisions.** Borrower hereby ratifies and confirms the continuing validity, enforceability and effectiveness of the Loan Agreement and all other Loan Documents. This Amendment, the Loan Agreement, any prior written amendments to the Loan Agreement signed by Agent, Lenders and Borrower,

and the other written documents and agreements between Agent, Lenders and Borrower set forth in full all of the representations and agreements of the parties with respect to the subject matter hereof and supersede all prior discussions, representations, agreements and understandings between the parties with respect to the subject hereof. Except as herein expressly amended, all of the terms and provisions of the Loan Agreement, and all other documents and agreements between Agent and Lenders on the one hand and Borrower on the other hand shall continue in full force and effect and the same are hereby ratified and confirmed. This Amendment may be executed in multiple counterparts, by different parties signing separate counterparts, and all of the same taken together shall constitute one and the same agreement.

12. Mutual Waiver of Jury Trial. AGENT AND LENDERS AND BORROWER EACH ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL RIGHT, BUT THAT IT MAY BE WAIVED. EACH OF THE PARTIES, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT, WITH COUNSEL OF THEIR CHOICE, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED UPON OR ARISING OUT OF THIS AMENDMENT, THE LOAN AGREEMENT, OR ANY RELATED INSTRUMENT OR

LOAN DOCUMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AMENDMENT OR ANY COURSE OF CONDUCT, DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN), ACTION OR INACTION OF ANY OF THEM. THESE PROVISIONS SHALL NOT BE DEEMED TO HAVE BEEN MODIFIED IN ANY RESPECT OR RELINQUISHED BY ANY PARTY HERETO, EXCEPT BY A WRITTEN INSTRUMENT EXECUTED BY EACH OF THEM. IF FOR ANY REASON THE PROVISIONS OF THIS SECTION ARE VOID, INVALID OR UNENFORCEABLE, THE SAME SHALL NOT AFFECT ANY OTHER TERM OR PROVISION OF THIS AMENDMENT, AND ALL OTHER TERMS AND PROVISIONS OF THIS AMENDMENT SHALL BE UNAFFECTED BY THE SAME AND CONTINUE IN FULL FORCE AND EFFECT.

Borrower:	**Agent and Lender:**
CARDLYTICS, INC.	PACIFIC WESTERN BANK
/s/ Andrew Christiansen	/s/ Mykas Degesys
Andrew Christiansen	Mykas Degesys
Chief Financial Officer *(Principal Financial and Accounting Officer)*	*SVP*

Execution Version

AGREEMENT AND PLAN OF MERGER BY AND

AMONG

CARDLYTICS, INC., MR. T MERGER

SUB, INC.,

BRIDG, INC., AND

SHAREHOLDER REPRESENTATIVE SERVICES LLC, AS

STOCKHOLDER REPRESENTATIVE

April 12, 2021

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Annex

Schedules

Exhibits

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this "***Agreement***") is made and entered into as of April 12, 2021 (the "***Agreement Date***"), by and among **CARDLYTICS, INC.**, a Delaware corporation ("***Parent***"), **MR. T MERGER SUB, INC.**, a Delaware corporation and a wholly owned Subsidiary of Parent ("***Merger Sub***"), **BRIDG, INC.**, a Delaware corporation (the "***Company***"), and **SHAREHOLDER REPRESENTATIVE SERVICES LLC**, a Colorado limited liability company, solely in its capacity as the representative, agent and attorney-in-fact of the Company Security Holders (the "***Stockholder Representative***"). Capitalized terms used but not otherwise defined in this Agreement shall have the respective meanings ascribed to them in Annex A.

RECITALS

WHEREAS, the board of directors of each of Parent and Merger Sub has (a) determined that this Agreement and the transactions contemplated by this Agreement, including the acquisition of the Company by Parent, by means of a statutory merger of Merger Sub, a wholly owned Subsidiary of Parent, with and into the Company, pursuant to which the Company would survive and become a wholly owned Subsidiary of Parent (the "***Merger***"), on the terms and subject to the conditions set forth in this Agreement is advisable and in the best interests of Parent and its stockholders, and (b) approved, adopted and declared advisable this Agreement and the transactions contemplated hereby, including the Merger;

WHEREAS, the board of directors of the Company (the "***Board***") has (a) determined that this Agreement and the transactions contemplated by this Agreement, including the Merger, are advisable and fair to, and in the best interests of, the Company and the Company Stockholders, (b) approved, adopted and declared advisable this Agreement and the transactions contemplated hereby, including the Merger, (c) directed that this Agreement be submitted to the Company Stockholders for its adoption and (d) recommended that this Agreement be adopted by the Company Stockholders;

WHEREAS, as promptly as practicable after execution and delivery of this Agreement, on the Agreement Date, the Company shall have delivered to Parent and Merger Sub the written consent of the Company Stockholders representing not less than (a) a majority of the outstanding number of shares of Company Capital Stock (voting together as a single class on an as-converted to Company Common Stock basis), (b) a majority of the outstanding number of shares of Company Common Stock, and (c) a majority of the outstanding number of shares of Company Series B Preferred Stock, in each case, outstanding as of immediately prior to the Effective Time, in favor of this Agreement and the transactions contemplated by this Agreement, including the Merger (the "***Company Stockholder Approval***"), and exercise of the drag- along right pursuant to the Amended and Restated Voting Agreement.

WHEREAS, in connection with the execution of this Agreement and as an inducement for Parent to enter into this Agreement, the Key Employee has executed a Severance Agreement and a Non-Competition and Non-Solicitation Agreement, effective as of the Closing.

WHEREAS the parties desire to make certain representations, warranties, covenants and other agreements in connection with the Merger.

NOW, THEREFORE, in consideration of the mutual agreements, covenants and other premises set forth herein, the mutual benefits to be gained by the performance thereof, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and accepted, the parties hereby agree as follows:

ARTICLE 1 THE MERGER

1.1 Merger. At the Effective Time and subject to and upon the terms and conditions of this

Agreement and the applicable provisions of the General Corporation Law of the State of Delaware (the "***DGCL***"), Merger Sub shall be merged with and into the Company, the separate corporate existence of Merger Sub shall cease, and the Company shall continue as the surviving corporation and as a wholly owned Subsidiary of Parent. The surviving corporation after the Merger is sometimes referred to hereinafter as the "***Surviving Corporation.***"

1.2 Effective Time. At the Closing, the parties hereto shall cause the Merger to be consummated by filing a certificate of merger in the form attached hereto as Exhibit A (the "***Certificate of Merger***"), with the Secretary of State of the State of Delaware, in accordance with the terms and conditions of the DGCL. The Merger shall become effective at the time that the Certificate of Merger is filed and accepted by the Secretary of State of the State of Delaware in accordance with the DGCL, or at such later time that the parties hereto shall have agreed and specified in the Certificate of Merger as the effective time of the Merger (the "***Effective Time***").

1.3 Effects of the Merger. At the Effective Time, the Merger shall have the effects set forth in this Agreement and the applicable provisions of the DGCL. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, all the property, rights, privileges, immunities, powers and franchises of the Company and Merger Sub shall vest in the Surviving Corporation, and all debts, Liabilities and duties of the Company and Merger Sub shall become the debts, Liabilities and duties of the Surviving Corporation, and the Surviving Corporation shall be a wholly owned Subsidiary of Parent.

1.4 Closing; Closing Deliverables.

(a) Unless this Agreement is earlier terminated pursuant to Section 8.1, the closing of the Merger (the "***Closing***") shall take place on a date to be specified by the parties, which shall be no later than three (3) Business Days following satisfaction or waiver of the conditions set forth in Article VI hereof (except for those conditions that, by their nature, are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions at the Closing), by electronic means of communication. The date upon which the Closing actually occurs shall be referred to herein as the "***Closing Date***."

(b) At or prior to the Closing, as applicable, the Company will deliver (or cause to be delivered) to Parent:

(i) evidence reasonably satisfactory to Parent either that (A) any stockholder vote required pursuant to Section 5.6 was solicited in conformity with Section 280G of the Code and the regulations promulgated thereunder and the requisite stockholder approval was obtained with respect to any payments and benefits that were subject to the stockholder vote or (B) such stockholder approval was not obtained and as a consequence, that the Section 280G Payments waived pursuant to the Parachute Payment Waiver(s) executed in accordance with Section 5.6 and delivered to Parent, shall not be made or provided (or shall be returned);

(ii) evidence reasonably satisfactory to Parent that the Company has terminated each of those agreements listed on Schedule B, in a form reasonably acceptable to Parent, with such termination to be effective at or prior to the Effective Time;

(iii) a duly executed Director Resignation Letter in the form attached hereto as Exhibit C (the "***Director Resignation Letters***"), from each of the directors of the Company effective as of the Closing;

(iv) the Company Stockholder Approval;

(v) a certificate, validly executed by the Secretary of the Company, certifying as to the valid adoption of the Company Board Resolutions;

(vi) (A) executed payoff letters (including Tax Forms), in each case dated no more than three (3) Business Days prior to the Closing Date, with respect to all Indebtedness of the Company set forth on Schedule 1.4(b)(vi) owed to the party thereof and the amounts payable to such party providing for (x) the full and final satisfaction of such Indebtedness as of the Closing Date and (y) the termination and release of any Liens related thereto (each, a "***Payoff Letter***"); and (B) an invoice (including Tax Forms) from each advisor or other service provider to the Company (other than any Employee, director or officer of the Company) providing services with respect to the transactions contemplated hereby in each case dated no more than three (3) Business Days prior to the Closing Date, with respect to all Closing Third Party Expenses estimated to be due and payable to such advisor or other service providers, as of the Closing Date, including the bank account details of such advisors and service providers (the "***Third Party Expenses Payoff Schedule***");

(vii) Letters of Transmittal duly executed by Company Stockholders, collectively entitled to at least ninety percent (90%) of the Total Closing Merger Consideration;

(viii) prior to the Closing Date, duly executed and completed Suitability Documentation from the Company Sellers who are entitled to receive, in the aggregate, at least ninety percent (90%) of the Total Closing Merger Consideration, certifying that each such Company Sellers is an "accredited investor" (as such term is defined in Rule 501(a) under the Securities Act);

(ix) a properly executed statement, in accordance with Treasury Regulation Sections 1.897-2(h) and 1.1445-2(c)(3) and in the form attached hereto as Exhibit D, certifying that the Company is not and has not been a "United States real property holding corporation" (as defined in Section 897(c)(2) of the Code) during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code, together with the required notice to the IRS and written authorization for Parent to deliver such notice and a copy of such statement to the IRS on behalf of the Company upon the Closing (the "***FIRPTA Compliance Certificate***"), *provided* that Parent's only remedy for the Company's failure to provide such FIRPTA Compliance Certificate shall be to withhold or cause to be withheld any required withholding Tax under applicable Tax Law and the Company's failure to provide such certificate will not be deemed to be a failure of a condition set forth in this Section 1.4(b) to have been met, provided, further, that if a Company Security Holder provides a properly executed IRS Form W-9 to Parent, then, except as otherwise required by a change in Law, Parent shall not withhold or cause to be withheld any withholding Tax under Section 1445 of the Code with respect to any amounts payable to such Company Security Holders;

(x) [***] a duly executed counterpart to the Adjustment and Agreement from the Stockholder Representative, in the form attached hereto as Exhibit E;

(xi) a duly executed counterpart to the paying agent agreement from the Stockholder Representative in the form attached hereto as Exhibit J (the "***Paying Agent Agreemen***t")

(xii) no later than two (2) Business Days prior to the Closing, the Estimated Closing Statement duly certificate by an officer of the Company and;

(xiii) a long form certificate of good standing from the Secretary of State of the State of Delaware which is dated within five (5) Business Days prior to the Closing with respect to the Company.

(xiv) At or prior to the Closing, Parent will deliver (or cause to be delivered) to the Company:

(C)At or prior to the Closing, Parent will deliver (or cause to be delivered) to the Company:

i. a duly executed counterpart to the Adjustment and [***] Agreement from Parent and the Adjustment and [***] Agent and;

ii. a duly executed counterpart to the Paying Agent Agreement from Parent and the Paying Agent.

1.5 Certificate of Incorporation and Bylaws of Surviving Corporation. The certificate of incorporation of Merger Sub in effect immediately prior to the Effective Time shall be the certificate of incorporation of the Surviving Corporation in the Merger as of the Effective Time, and the bylaws of Merger Sub in effect immediately prior to the Effective Time shall be the bylaws of the Surviving Corporation in the Merger as of the Effective Time, until thereafter amended in accordance with applicable Law.

1.6 Directors and Officers of the Surviving Corporation. Unless otherwise determined by Parent prior to the Effective Time, the directors of Merger Sub immediately prior to the Effective Time shall be the directors of the Surviving Corporation immediately after the Effective Time, each to hold the office in accordance with the provisions of the DGCL and the certificate of incorporation and bylaws of the Surviving Corporation until their successors are duly elected or appointed and qualified or their earlier death, resignation or removal. Unless otherwise determined by Parent prior to the Effective Time, the officers of Merger Sub immediately prior to the Effective Time shall be the officers of the Surviving Corporation immediately after the Effective Time, each to hold office in accordance with the provisions of the DGCL and the bylaws of the Surviving Corporation.

1.7 Effect of the Merger on the Capital Stock of the Constituent Corporations.

(a) **Effect on Company Capital Stock**. At the Effective Time, by virtue of the Merger and without any further action on the part of Parent, Merger Sub, the Company or the Company Stockholders, upon the terms and subject to the conditions set forth in Section 1.9 and throughout this Agreement, including the provisions set forth in Article VII hereof, the following shall occur:

(i) [***] each share of Company Common Stock issued and outstanding immediately prior to the Effective Time (other than the Cancelled Shares and Dissenting Shares) shall be converted into the right to receive upon the due surrender of duly executed Exchange Documents and surrender of Stock Certificates in the manner set forth in Section 1.9(b), (i) at the Closing, in accordance with Section 1.9, (A) the Per Share Closing Consideration (without interest thereon), *minus* 1.15(f) (and the terms of the Escrow Agreements), as applicable, (iii) any cash disbursements required to be made in connection the Post-Closing Excess Amount (if any) (based on such holder's Excess Pro Rata Share of the released amount), without interest, in accordance with Section 1.15(e), (iv) any cash disbursements required to be made from the Expense Fund Account with respect to such share of Company Common Stock (based on such holder's Excess Pro Rata Share of the released amount), without interest, in accordance with Section 7.2(c), (v) the Per Share First Anniversary Payment Amount and (vi) the Per Share Second Anniversary Payment Amount. From and after the Effective Time, each holder of a Stock Certificate representing Company Common Stock shall cease to have any rights with respect to such Company Common Stock, except (i) with respect to Dissenting Shares, appraisal rights under the DGCL, and (ii) with respect to each other share of Company Common Stock, the right to receive the consideration pursuant to the terms of this Section 1.7(a).

(ii) Each share of Series A Preferred Stock issued and outstanding immediately prior to the Effective Time shall automatically convert into the right to receive an amount equal to the amount per share that would be payable had such share of Series A Preferred Stock been converted into Company Common Stock immediately prior to the Effective Time in accordance with Article II of the Certificate of Incorporation, payable in accordance with and subject to the conditions provided in this Article I. From and after the Effective Time, each holder of a Stock Certificate representing Series A Preferred Stock shall cease to have any rights with respect to such Series A Preferred Stock, except with respect to Dissenting Shares, appraisal rights under the DGCL.

(iii) Each share of Series B Preferred Stock issued and outstanding immediately prior to the Effective Time shall automatically convert into the right to receive an amount equal to the amount per share that would be payable had such share of Series B Preferred Stock been converted into Company Common Stock immediately prior to the Effective Time in accordance with Article II of the Certificate of Incorporation, payable in accordance with and subject to the conditions provided in this Article I. From and after the Effective Time, each holder of a Stock Certificate representing Series B Preferred Stock shall cease to have any rights with respect to such Series B Preferred Stock, except with respect to Dissenting Shares, appraisal rights under the DGCL.

(b) Treatment of Company Options.

(i) Vested Company Options. No Vested Company Options shall be assumed or continued by Parent or the Company in connection with the Merger or the other transactions contemplated hereby. Each Vested Option outstanding as of immediately prior to the Effective Time shall automatically convert into the right to receive with respect to each share of Company Common Stock subject thereto, at the Closing, (A) an amount in cash, without interest, equal to (1) the consideration payable for each share of Company Common Stock pursuant to Section 1.7(a), *minus* (2) an amount in cash equal to the per share exercise price of such Vested Company Option, *multiplied* by (3) the total number of shares of Company Common Stock subject to such Vested Company Option immediately prior to its cancellation (such payment to be net of withholdings, if any, and without interest), (B) any cash disbursements required to be made from the Escrow Funds with respect to such Vested Company Option (based on such holder's Excess Pro Rata Share of the released amount), without interest, in each case in accordance with Section 1.10(c) and/or Section 1.15(f) (and the terms of the Escrow Agreements), as applicable, (C) any cash disbursements required to be made in connection with the Post-Closing Excess Amount (if any) with respect to such Vested Company Option (based on such holder's Excess Pro Rata Share of the released amount), without interest, in accordance with Section 1.15(e), (D) any cash disbursements required to be made from the Expense Fund Account with respect to such Vested Company Option to the former holder thereof (based on such holder's Excess Pro Rata Share of the released amount), without interest, in accordance with Section 7.2(c), (E) the Per Share First Anniversary Payment Company Options that are Employee Options shall be made to the holders of Employee Options through Parent's, the Surviving Corporation's payroll processing system in accordance with standard payroll practices net of applicable Tax withholding and deductions, and such payment in respect of any Vested Company Options that are Non-Employee Options shall be paid to the Paying Agent for further payment to the holders of such Non-Employee Options; *provided* that, as a condition to payment of any amount owed to the holders of Non-Employee Options, each such holder of Non-Employee Options must have first delivered to the Paying Agent or Parent, as applicable, a properly completed Exchange Documents. For purposes of calculating the aggregate amount of consideration payable in respect of each Vested Company Option pursuant to this Section 1.7(b)(i), (1) all shares of Company Common Stock issuable upon the exercise in full of the Vested Company Options held by each Company Vested Optionholder shall be aggregated and (2) the amount of cash to be paid to each such Company Vested Optionholder shall be rounded down to the nearest whole cent.

(ii) Unvested Company Options. At the Effective Time, each Unvested Company Option that is outstanding as of immediately prior to the Effective Time and held by a Continuing Employee shall, by virtue of the Merger and without any further action by Parent, Merger Sub, the Company, or the holder of such Unvested Company Option, be assumed by Parent and converted into, or terminated and substituted with, a stock option of Parent that represents the right to acquire a number of validly issued, fully paid and non-assessable shares of Parent Common Stock, equal to the product of (A) the number of shares of Company Common Stock subject to such Unvested Company Option immediately prior to the Effective Time, *multiplied by* (B) the Option Exchange Ratio (each, a "*Converted Option*"); *provided*, that any fractional share resulting from such multiplication shall be rounded down to the nearest whole share. Following the Effective Time, each Converted Option shall continue to be governed by the same material terms and conditions, including the vesting schedule, as were applicable immediately prior to the Effective Time to the Unvested Company Option from which it was converted or for which it is a substitute, in all cases subject to restrictions related to the issuance of shares under applicable Law. The per share exercise price of each Converted Option shall be equal to (x) the per share exercise price of the Unvested Company Option from which it was converted or for which it is a substitute, *divided by* (y) the Option Exchange Ratio, rounded down to the nearest whole cent (the "*Converted Option Exercise Price*"). It is the intention of the parties that each Converted Option shall qualify following the Effective Time as an incentive stock option (as defined in Section 422 of the Code) to the extent permitted under Section 422 of the Code and to the extent such corresponding Company Option qualified as an incentive stock option prior to the Effective Time, and that the adjustments in this Section 1.7(b)(ii) be performed in a manner that complies with or is exempt from Section 409A of the Code. Prior to the Effective Time, the Company shall use commercially reasonable efforts to provide that each Unvested Company Option that is outstanding and unvested immediately prior to the Effective Time and held by a Person who is not a Continuing Employee shall be cancelled and terminated without consideration upon the Effective Time in accordance with the applicable Company Equity Plan.

(iii) Prior to the Effective Time, and subject to the prior review of Parent, the Company shall take all actions necessary to effect the transactions anticipated by this Section 1.7 under the applicable Company Equity Plan and any Contract applicable to any Company Option (whether written or oral, formal or informal), including delivering all required notices, obtaining all necessary approvals and consents. Without limiting the foregoing, the Company shall take all actions necessary to ensure that the Company will not at the Effective Time be bound by any options, stock appreciation rights, restricted stock units, or other rights or agreements which would entitle any Person, other than Parent and its Subsidiaries, to own any capital stock of the Surviving Corporation or to receive any payment in respect thereof.

(iv) To the extent Parent assumes and converts a Company Option under the Company Equity Plan, as assumed, pursuant to Section 1.7(b)(ii), at or prior to the Effective Time, Parent shall take all actions reasonably necessary to reserve for issuance a sufficient number of shares of Parent Common Stock for delivery upon exercise of the Converted Options. To the extent Parent assumes and converts a Company Option under the Company Equity Plan, as assumed, pursuant to Section 1.7(b)(ii), with respect to the Converted Options, Parent shall file with the SEC a registration statement on Form S-8 (or any successor form), relating to the Parent Common Stock issuable pursuant to the exercise of Converted Options by the Registration Deadline..

(c) **Treatment of Company Warrants**. The Company Warrants shall not be assumed or continued by Parent or the Company in connection with the Merger or the other transactions contemplated hereby. Immediately prior to the Effective Time, the Company Warrants (other than the [***]) shall automatically convert into the right to receive with respect to each share of Company Capital Stock subject thereto, (i) at the Closing, subject to Section 1.9, the product of (x)(A) the consideration payable for each share of Company Capital Stock pursuant to Section 1.7(a), *minus* (B) an amount in cash equal to the per share exercise price of such Company Warrants, *multiplied* by (y) the total number of shares of Company Common Stock subject to such Company Warrants (assuming conversion of any Preferred Stock that may be purchasable pursuant to such Warrant) immediately prior to its cancellation (such payment to be net of withholdings, if any, and without interest) (ii) any cash disbursements required to be made from the Escrow Funds with respect to such Company Warrant (other than the [***] Warrants) to such Company Warrantholder thereof (which shall exclude holders of warrants) (based on such Company Warrantholder's Excess Pro Rata Share of the released amount), without interest, in each case in accordance with Section 1.10(d) and/or Section 1.15(f) (and the terms of the Escrow Agreements), as applicable, (iii) any cash disbursements required to be made in connection with the Post-Closing Excess Amount (if any) with respect to such Company Warrant (other than [***] Warrants) to such Company Warrantholder (which shall exclude holders of [***] Warrants) (based on such Company Warrantholder's Excess Pro Rata Share of the released amount), without interest, in accordance with Section 1.15(e), (iv) any cash disbursements required to be made from the Expense Fund Account with respect to such Company Warrant (other than [***] Warrant (which shall exclude holders of [***] Warrants) to such Company Warrants) (based on such Company Warrantholder's Excess Pro Rata Share of the released amount), without interest, in accordance with Section 7.2(c), (v) the Per Share First Anniversary Payment Amount and (vi) the Per Share Second Anniversary Payment Amount. For the avoidance of doubt, payment to the holders of [***] Warrants shall be governed by Section 5.19 hereof.

(d) **Effect on Capital Stock of Merger Sub**. At the Effective Time, each share of common stock of Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into and exchanged for one validly issued, fully paid and non-assessable share of common stock, par value $0.0001 per share, of the Surviving Corporation.

(e) **Treasury Stock and Parent Owned Stock**. At the Effective Time, by virtue of the Merger, each share of Company Capital Stock held by the Company or Parent (or any direct or indirect wholly owned Subsidiary of the Company or Parent) immediately prior to the Effective Time shall be cancelled and extinguished without any conversion thereof or the right to receive any consideration therefor (such shares, the "***Cancelled Shares***").

1.8 Payments.

(a) Immediately prior to the filing of the Certificate of Merger, Parent shall transfer, by wire transfer of immediately available funds to the Paying Agent in accordance with this Article I, the Total Closing Merger Consideration payable at the Closing to (i) the Company Stockholders pursuant to Section 1.7(a), (ii) the Company Vested Optionholders that are Non-Employee Options pursuant to Section 1.7(b)(i) and (iii) the Company Warrantholders (other than the holders of [***] Warrants) pursuant to

Section 1.7(c), excluding, in each case, the portion of the Escrow Funds and Expense Fund applicable to such payments.

(b) On the Closing Date, Parent, or the Paying Agent on behalf of Parent, shall pay, by wire transfer of immediately available funds, to the Surviving Corporation that portion of the Total Closing Merger Consideration payable at Closing to the Company Vested Optionholders that hold Employee Options pursuant to 1.7(b)(i) in exchange for such Employee Options outstanding as of immediately prior to the Effective Time, excluding, in each case, the portion of the Escrow Funds and Expense Fund applicable to such payments.

(c) Parent shall cause the Surviving Corporation to promptly pay, but in any event within one (1) Business Day following the Closing, through the Surviving Corporation's payroll processing system in accordance with standard payroll practices, to each Company Vested Optionholder (solely with respect to Employee Options) the portion of the Total Closing Merger Consideration payable to such holder in respect of Employee Options pursuant to 1.7(b)(i) as set forth opposite such holder's name in the Allocation Schedule (such amount, net of applicable Tax withholding and excluding such holder's contribution to the Escrow Funds and the Expense Fund as set forth on the Allocation Schedule and deductions).

(d) On the Closing Date, Parent, or the Paying Agent on behalf of Parent, shall pay, by wire transfer of immediately available funds, on behalf of the Company and the Company Sellers, as the case may be, and as accounted for in the calculation of Total Closing Merger Consideration, (i) to each lender designated by the Company on the Allocation Schedule, to an account designated in the applicable Payoff Letter, the amount of Indebtedness due at Closing to such lender and (ii) all Third Party Expenses payable to an advisor or other service provider to the Company (other than any Employee, director or officer) that remain outstanding as of the Closing to such account or accounts as are designated in the Third Party Expenses Payoff Schedule and by the Company in the Allocation Schedule.

(e) No interest will be paid or will accrue for the benefit of the Company Security Holders or the Company's lenders, service providers or other creditors on any Total Closing Merger Consideration or any other amounts payable under this Agreement.

1.9 Payment Procedures.

(a) As promptly as practicable following the Agreement Date (but in no event later than two (2) Business Days following the Agreement Date), Parent shall cause the Paying Agent to deliver a letter of transmittal in the form attached hereto as Exhibit H (the "***Letter of Transmittal***)", to each holder of record of a certificate representing outstanding shares of Company Capital Stock (collectively, the "***Stock Certificates***"), which shall specify (A) that delivery of a Stock Certificate shall be effected, and risk of loss and title to such Stock Certificate shall pass, only upon proper delivery of such Stock Certificate to Parent, and (B) instructions for use in effecting the surrender of Stock Certificates upon receipt of Total Closing Merger Consideration payable at the Closing to the Company Stockholders pursuant to Section 1.7(a). As a condition precedent to each Stock Certificate holder's receipt of his, her or its portion of such consideration, such holder shall surrender such Stock Certificate to the Paying Agent for cancellation (or, if such Stock Certificate has been lost, stolen or destroyed, make an affidavit of that fact with appropriate indemnification, in a form reasonably acceptable to Parent and the Paying Agent).

(b) Subject to Section 1.11(b), as promptly as practicable following receipt by the Paying Agent of a Letter of Transmittal and IRS Form W-9 or the appropriate version of IRS Form W-8, as applicable (collectively, the "***Exchange Documents***"), duly completed and validly executed in

1.9(a)(i), (i) Parent shall cause the Paying Agent to pay to each Company Stockholder the portion of the Total Closing Merger Consideration payable to such holder pursuant to Section 1.7(a) at the Closing as set forth opposite such holder's name in the Allocation Schedule (such amount, for the avoidance of doubt, to exclude such holder's contribution to the Escrow Funds and the Expense Fund as set forth on the Allocation Schedule), (ii) Parent shall cause the Paying Agent to pay to each Company Vested Optionholder (solely with respect to Non-Employee Options) the portion of the Total Closing Merger Consideration payable to such holder in respect of Non-Employee Options pursuant to Section 1.7(b)(i) at the Closing as set forth opposite such holder's name in the Allocation Schedule (such amount, for the avoidance of doubt, to exclude such holder's contribution to the Escrow Funds and the Expense Fund as set forth on the Allocation Schedule), and (iii) Parent shall cause the Paying Agent to pay to each Company Warrantholder (other than holders of [***]) the portion of the Total Closing Merger Consideration payable to such Company Warrantholder pursuant to Section 1.7(c)(i) at the Closing as set forth opposite such holder's name in the Allocation Schedule (such amount, for the avoidance of doubt, to exclude such holder's contribution to the Escrow Funds and the Expense Fund as set forth on the Allocation Schedule).

(c) At any time following the date that is two (2) years following the Effective Time, Parent shall be entitled to require the Paying Agent to deliver to Parent or its designated successor or assign all cash amounts that have been deposited with the Paying Agent pursuant to Section 1.8, and any and all interest thereon or other income or proceeds thereof, not disbursed to the Company Security Holders pursuant to Section 1.9, and thereafter the Company Security Holders shall be entitled to look only to Parent as general creditors thereof with respect to any and all cash amounts that may be payable to such holders pursuant to Section 1.8 upon the due surrender of duly executed Exchange Documents in the manner set forth in Section 1.9(b). No interest shall be payable to the Company Security Holders for the cash amounts delivered to Parent pursuant to the provisions of this Section 1.9(c) and which are subsequently delivered to the Company Security Holders.

(d) Notwithstanding anything to the contrary in this Section 1.9, none of Parent, the Paying Agent, the Surviving Corporation nor any party hereto shall be liable to any Person for any amount paid to a public official pursuant to any applicable abandoned property, escheat or similar Law. Any portion of the Total Closing Merger Consideration that remains unclaimed immediately prior to the date on which it would otherwise become subject to any abandoned property, escheat or similar Law shall, to the extent permitted by applicable Law, become the property of Parent, free and clear of all claims or interest of any Person previously entitled thereto.

1.10 Escrow Funds.

(a) On the Closing Date, Parent shall, or shall cause the Paying Agent to, transfer, by wire transfer of immediately available funds, (i) the Adjustment Escrow Amount to the Adjustment and [***] Agent to hold in escrow as an escrow fund (the "***Adjustment Escrow Fund***"), (ii) the Escrow Amount to the Adjustment and Agent to hold in escrow as an escrow fund (the "***[***] Escrow Fund***") and (iii) the PPP Loan Escrow Amount to the PPP Loan Escrow Agent to hold in escrow as an escrow fund (the "***PPP Loan Escrow Fund***" and, together with the Adjustment Escrow Fund and the [***] Escrow Fund, collectively, the "***Escrow [***] Funds***"), in each case, under the terms of (A) this Agreement and the Adjustment and Agreement with respect to the Adjustment Escrow Fund, (B) this Agreement and the Escrow Agreement with respect to the Escrow Fund, and (C) this Agreement and the PPP Loan Escrow Agreement with respect to the PPP Loan Escrow Fund. Upon deposit of (i) the Adjustment Escrow Amount with the Adjustment and Escrow Amount with the Adjustment and Agent, (ii) the First Data Warrant Agent, and (iii) the PPP Loan Escrow Amount with the PPP Loan Escrow Agent, in each case, in accordance with the preceding sentence, Parent shall be deemed to have contributed on behalf of each Company Seller its, his or her Excess Pro Rata Share of the Adjustment Escrow Amount, the First Data Warrant Escrow Amount and the PPP Loan Escrow Amount to the Escrow Funds.

(b) The Adjustment and First Data Escrow Agreement shall be entered into at or prior to the Closing, by and among Parent, the Stockholder Representative, on behalf of the Company Sellers, and the Adjustment and [***] Agent and shall provide Parent with recourse against the Adjustment Escrow Fund with respect to any Post-Closing Deficit Amount under Section 1.14. The proceeds in the Adjustment Escrow Fund shall be distributed to the Company Sellers, in accordance with their applicable Excess Pro Rata Share, and to Parent at the times, and upon the terms and conditions, set forth in this Agreement and the Adjustment and First Data Escrow Agreement. The terms and provisions of the Adjustment and First Data Escrow Agreement and the transactions contemplated thereby are specific terms of the Merger, and the approval and adoption of this Agreement and approval of the Merger by the Company Sellers constitutes approval by such Company Sellers, as specific terms of the Merger, and the irrevocable agreement of such Company Sellers to be bound by and comply with, the Adjustment and First Data Escrow Agreement and all of the arrangements and provisions of this Agreement relating thereto, including the deposit of the Adjustment Escrow Amount into the Adjustment Escrow Fund and the appointment and sole authority of the Stockholder Representative to act on behalf of the Company Sellers, as provided for herein and in the Adjustment and First Data Escrow Agreement. The Adjustment Escrow Amount shall be held as a trust fund and shall not be subject to any Lien, attachment, trustee process or any other judicial process of any creditor of any party, and shall be held and disbursed solely for the purposes and in accordance with the terms of this Agreement and the Adjustment and First Data Escrow Agreement. Treatment of the First Data Warrant Escrow Amount shall be governed by Section 1.10(e) hereof.

(c) The parties acknowledge and agree that, notwithstanding anything to the contrary contained in this Agreement, unless forgiven prior to Closing, the PPP Loan will not be terminated or satisfied at or prior to the Closing, but rather, the Company will maintain the PPP Loan and the parties will comply with the terms of this Section 1.10(d) on account therewith. Promptly following receipt of a response to the filing of a Forgiveness Application that acknowledges that all or a portion of a PPP Loan has been forgiven, the parties agree that they shall jointly instruct the PPP Loan Escrow Agent to disburse the funds in the escrow account established pursuant to the PPP Loan Escrow Agreement (the "***PPP Loan Escrow Account***") as follows: (a) an amount equal to the amount of such PPP Loan that is acknowledged in such response as being forgiven, if any, shall be disbursed pursuant to a joint written instruction of Parent and the Stockholder Representative to the Company Sellers, in accordance with their applicable Excess Pro Rata Share, and (b) the balance of the funds in the PPP Loan Escrow Account in respect of such PPP Loan shall be disbursed to Parent or the PPP Lender, as applicable. In the event that the Company receives a response from the SBA denying the request for forgiveness of such PPP Loan, or if the PPP Loan reaches its stated maturity date prior to receiving a response to the Forgiveness Application, Parent and the Stockholder Representative agree that such PPP Loan shall be deemed for the purposes hereof not to be forgiven such that the forgiveness amount of such PPP Loan shall be $0 and that the parties shall jointly instruct the PPP Loan Escrow Agent to disburse from the PPP Loan Escrow Account to the PPP Lender an amount necessary to pay all outstanding amounts due with respect to such PPP Loan in full satisfaction thereof.

(d) Parent, the Surviving Corporation and the Stockholder Representative agree for all Tax purposes that Parent shall be treated as the owner of the Adjustment Escrow Amount for Tax purposes, and all interest and earnings earned from the investment and reinvestment of the Adjustment Escrow Amount, or any portion thereof, shall be allocable for Tax purposes to Parent.

(e) On the date that is three (3) Business Days following the earlier to occur of (i) the six (6) month anniversary of the Closing Date, and (ii) the date that is six (6) months following the termination of the Referral Agreement (as defined in the [***]) by the Company

i. if any of the Warrant Stock (as defined in the First Data Warrants) shall have become Vested Warrant Stock (as defined in the deliver joint written instructions to the Adjustment an, Parent and the Company shall Agent to cause the Adjustment and Agent to make payment to the Paying Agent for further distribution to the holders of the from the Escrow Account, an amount equal to the positive difference between (1) the balance of the Escrow Account, minus (2)(x) the excess of

a. the Per Share Closing Consideration minus $4.50, multiplied by the number of shares of Warrant Stock that have become Vested Warrant Stock pursuant to a Post-CoC Milestone in accordance with the

Data Warrant No. 4, plus (y) the excess of (i) the Per Share Closing Consideration minus $5.50, multiplied by the number of shares of Warrant Stock that have become Vested Warrant Stock pursuant to a Post-CoC Milestone in accordance with the First Data Warrant No.5.

a. if any balance remains in the Escrow Account after payment of the amount set forth in clause (a) above or in the event that none of the Warrant Stock shall have become Vested Warrant Stock, Parent and the Company shall deliver joint written instructions to the Adjustment and Agent to cause the Adjustment and Agent to make payment of the then remaining balance in the First Data Warrant Escrow Account in respect of any Warrant Stock that has not become Vested Warrant Stock to the Paying Agent, for further distribution to the Company Stockholders and holders of Company Warrants (other than holders of the First Data Warrants), and to the Company, for further distribution to the Company's Optionholders through the Company's payroll systems, in each case calculating "Per Share Closing Consideration" without giving effect to the First Data Warrants in respect of such unvested Warrant Stock.

a. Dissenting Shares.

i. Notwithstanding any other provisions of this Agreement to the contrary, any shares of Company Capital Stock that are issued and outstanding immediately prior to the Effective Time and with respect to which the Company Stockholder thereof has properly demanded appraisal rights in accordance with Section 262 of the DGCL, and who has not effectively withdrawn or lost such holder's appraisal rights under the DGCL (collectively, the "***Dissenting Shares***"), shall not be converted into or represent the right to receive the payments set forth in Section 1.7, but such Company Stockholder shall only be entitled to such rights as are provided by the DGCL. Notwithstanding the provisions of this Section 1.11, if any holder of Dissenting Shares shall effectively withdraw or lose (through failure to perfect or otherwise) such holder's appraisal rights or dissenters' rights under the DGCL, then, as of the later of the Effective Time and the occurrence of such event, such holder's shares shall automatically be converted into and represent only the right to receive the consideration for Company Capital Stock, as applicable, set forth in Section 1.7, without interest thereon, and subject to the escrow provisions set forth in Section 1.7 and expense provisions in Section 7.2, upon the due surrender of duly executed Exchange Documents in the manner set forth in Section 1.9.

i. The Company shall give Parent (i) prompt notice of any written demand for appraisal received by the Company pursuant to the applicable provisions of the DGCL and (ii) the opportunity to participate in all negotiations and proceedings with respect to demands for appraisal under the DGCL. The Company shall not, except with the prior written consent of Parent, make any payment with respect to any such demands or offer to settle or settle any such demands. Any communication to be made by the Company to any Company Stockholder with respect to such demands shall be submitted to Parent in advance and shall not be presented to any Company Stockholder prior to the Company receiving Parent's prior written consent.

a. **Withholding**. Notwithstanding any other provision of this Agreement, Parent, the Company, the Surviving Corporation, the Escrow Agent, the Paying Agent and any agent or Affiliate of

the foregoing (each, a "***Withholding Agent***") shall be entitled to deduct and withhold from any amounts payable or otherwise deliverable pursuant to this Agreement (a) such amounts as may be required to be deducted or withheld therefrom under any provision of U.S. federal, state, local or non-U.S. Tax Law or under any applicable Law or Order and (b) such amounts as the Withholding Agent determines are or previously were required to be or to have been withheld in connection with the matters set forth in Section 2.9(a)(xx) of the Disclosure Schedule (in the case of this clause (b), only if the consent to such withholding has been obtained on or prior to the Closing Date from the Person to whom such amounts would otherwise have been paid if such consent is required in the reasonable judgement of the Withholding Agent (each, a "***Required Consent***")). Except with respect to withholding pursuant to the Company's failure to deliver the certificate described in Section 1.4(b)(ix), withholding resulting from failure to receive a properly completed IRS Form W-9 or applicable IRS Form W-8 or other similar documentation, and withholding with respect to any payment treated as compensation for U.S. income Tax purposes, Parent shall use commercially reasonable efforts to: (x) notify the applicable payee(s) as promptly as practicable prior to deducting or withholding from any amounts otherwise payable to the Company Security Holders pursuant to this Agreement, and (y) cooperate, as reasonably requested by the applicable payee(s), to reduce or eliminate such deduction or withholding, if permitted by applicable Law. To the extent any such amounts are so deducted or withheld and paid to the proper Governmental Entity, such amounts shall be treated for all purposes under this Agreement as having been paid to the Person to whom such amounts would otherwise have been paid. In the case of any payment treated as compensation subject to payroll Taxes for

U.S. income Tax purposes, the parties will cooperate to pay such amounts through the applicable payroll processing systems of the Surviving Company or Parent or any of their Subsidiaries, to facilitate applicable withholding.

a. **Taking of Necessary Action; Further Action**. If at any time after the Effective Time, any further action is necessary or desirable to carry out the purposes of this Agreement and to vest the Surviving Corporation with full right, title and possession to all assets, property, rights, privileges, powers and franchises of the Company, Parent, Merger Sub, and the officers and directors of the Company, Parent and Merger Sub are fully authorized in the name of their respective corporations or otherwise to take, and shall take, all such lawful and necessary action.

a. Post-Closing Reconciliation.

i. No later than two (2) Business Days prior to the Closing Date, the Company shall deliver to Parent its good faith calculation of (i) the estimated Closing Working Capital Adjustment Amount (the "***Estimated Closing Working Capital Adjustment Amount***"), (ii) the estimated Closing Indebtedness Amount (the "***Estimated Closing Indebtedness Amount***"), (iii) the estimated Closing Cash Amount (the "***Estimated Closing Cash Amount***"), (iv) the estimated Closing Third Party Expenses (the "***Estimated Closing Third Party Expenses***"), (v) the estimated Closing ARR (the "***Estimated Closing ARR***") and (vi) the Total Closing Merger Consideration (including the component pieces thereof) (such certification, the "***Estimated Closing Statement***"), in each case, accompanied by reasonably detailed back-up documentation for such calculations. The Company shall prepare the Estimated Closing Statement in accordance with GAAP and, to the extent consistent with GAAP, in accordance with the Company's past practices (including the methodologies, practices, estimation techniques, assumptions and principles applied in the preparation of the Financials). The Company shall make available to Parent and its Representatives the books and records used in preparing the Estimated Closing Statement and reasonable access (on prior written notice and during business hours) to the Chief Financial Officer of the Company as Parent may reasonably request in connection with its review of such Estimated Closing Statement, and will otherwise cooperate in good faith with Parent's and its Representatives review of such statements and shall take into consideration in good faith any comments of Parent on the Estimated Closing Statement, as applicable, provided that any failure to make a requested change shall not alter the obligations of the parties to proceed with the Closing. Notwithstanding the foregoing, in no event will any of Parent's rights be considered

waived, impaired or otherwise limited as a result of Parent not making an objection prior to the Closing or it making an objection that is not fully implemented in a revised Estimated Closing Statement, as applicable.

i. As soon as reasonably practicable after the Closing Date, and in any event within one hundred twenty (120) days after the Closing Date, Parent shall prepare and deliver to the Stockholder Representative a statement (the "***Post-Closing Statement***") that shall set forth a calculation of (i) the Closing Working Capital Adjustment Amount, (ii) the Closing Indebtedness Amount, (iii) the Closing Third Party Expenses, (iv) the Closing Cash Amount, (v) Closing ARR, and (vi) the Total Closing Merger Consideration, in each case accompanied by reasonably detailed back-up documentation for such calculations. Parent shall prepare such Post-Closing Statement in accordance with GAAP and, to the extent consistent with GAAP, in accordance with the Company's past practices (including the methodologies practices, estimation techniques, assumptions and principles applied in the preparation of the Financials). After the Stockholder Representative's receipt of the Post-Closing Statement, the Stockholder Representative and its Representatives shall be permitted to review Parent's working papers and the working papers of Parent's independent accountants, if any, relating to the preparation of the Post-Closing Statement and the calculation of the Closing Working Capital Adjustment Amount, Closing Indebtedness Amount, Closing Cash Amount, Closing ARR and Closing Third Party Expenses after signing a customary confidentiality agreement relating to such access to working papers in form and substance reasonably acceptable to Parent's independent accountants, as well as the relevant books and records of the Company, and Parent shall cause the Company and its Representatives to use commercially reasonable efforts to assist the Stockholder Representative and its Representatives in their reasonable review of the Post-Closing Statement. The Stockholder Representative shall notify Parent in writing (the "***Notice of Adjustment Disagreement***") within forty-five (45) days of the Stockholder Representative's receipt of the Post-Closing Statement (the "***Adjustment Review Period***") if the Stockholder Representative disagrees with any portion of the Post-Closing Statement. The Notice of Adjustment Disagreement shall set forth in reasonable detail the basis for such disagreement and the amounts involved and the Stockholder Representative's proposed adjustments to the Post-Closing Statement. If no Notice of Adjustment Disagreement is received by Parent on or prior to the expiration date of the Adjustment Review Period, then the Post-Closing Statement and all amounts set forth therein shall be deemed to have been accepted by the Stockholder Representative and shall become final and binding upon the parties hereto and the Company Sellers, provided that such period shall be tolled to the extent Parent unreasonably delays provisions of the materials described above. During the thirty (30) days immediately following the delivery of a Notice of Adjustment Disagreement (the "***Adjustment Resolution Period***"), if any, the Stockholder Representative and Parent shall seek in good faith to resolve any disagreement that they may have with respect to the matters specified in the Notice of Adjustment Disagreement. Any items agreed to by the Stockholder Representative and Parent in a written agreement executed and delivered by each of the Stockholder Representative and Parent, together with any items not disputed or objected to by the Stockholder Representative in the Notice of Adjustment Disagreement, are collectively referred to herein as the "***Resolved Matters***." If at the end of the Adjustment Resolution Period, the parties have been unable to resolve any differences they may have with respect to the matters specified in the Notice of Adjustment Disagreement, the Stockholder Representative and Parent, or either of them, shall refer all matters in the Notice of Adjustment Disagreement other than the Resolved Matters (the "***Unresolved Matters***") to the Los Angeles office of Duff & Phelps (the "***Independent Accountant***"). In the event that the Los Angeles office of Duff & Phelps refuses or is otherwise unable to act as the Independent Accountant, the Stockholder Representative and Parent shall cooperate in good faith to appoint an independent valuation firm in the United States of national recognition mutually agreeable to the Stockholder Representative and Parent, in which event "Independent Accountant" shall mean such firm. Within thirty (30) days after the submission of such matters to the Independent Accountant, the Independent Accountant, acting as an expert and not as an arbitrator, will make a final determination, binding on the parties hereto, of the appropriate amount of each of the Unresolved Matters. With respect to each Unresolved Matter, such determination, if not in accordance with the position of either the Stockholder Representative or Parent, shall not be in excess of the higher, nor less than the lower, of the amounts advocated by the Stockholder Representative in the Notice of Adjustment Disagreement or Parent in the Post-Closing Statement with respect to such Unresolved Matter. For the avoidance of doubt, the Independent Accountant shall not review any line items in the Post-Closing Statement or make any determination with respect to any matter other than the Unresolved Matters. During the review by the Independent Accountant, Parent and the Stockholder Representative shall each make available to the Independent Accountant such individuals and such information, books, records and work papers, as may be reasonably required by the Independent Accountant to fulfill its obligations under this Section 1.14(b); *provided*, that the independent accountants of Parent or the Company shall not be obligated to make any working papers available to the Independent Accountant unless and until the Independent Accountant has signed a customary confidentiality and hold harmless agreement relating to such access to working papers in form and substance reasonably acceptable to such independent accountants. The fees and expenses of the Independent Accountant shall be borne by Parent and the Stockholder Representative (on behalf of the Company Sellers) based on the inverse of the percentage that the Independent Accountant's resolution of the disputed items covered by such Notice of Adjustment Disagreement (before such allocation) bears to the total amount of such disputed items as originally submitted to the Independent Accountant (for example, if the total amount of such disputed items as originally submitted to the Independent Accountant equals

$1,000 and the Independent Accountant awards $600 in favor of the Stockholder Representative's position, sixty percent (60%) of the fees and expenses of the Independent Accountant would be borne by Parent and forty percent (40%) of the fees and expenses of the Independent Accountant would be borne by the Stockholder Representative (on behalf of the Company Sellers).

i. The "***Final Closing Statement***" shall be (i) in the event that no Notice of Adjustment Disagreement is delivered by the Stockholder Representative to Parent prior to the expiration of the Adjustment Review Period, the Post-Closing Statement delivered by Parent to the Stockholder Representative pursuant to Section 1.14(b), (ii) in the event that a Notice of Adjustment Disagreement is delivered by the Stockholder Representative to Parent prior to the expiration of the Adjustment Review Period and Parent and the Stockholder Representative are able to agree on all matters set forth in such Notice of Adjustment Disagreement, the Post-Closing Statement delivered by Parent to the Stockholder Representative pursuant to Section 1.14(b) as adjusted pursuant to the written agreement executed and delivered by Parent and the Stockholder Representative or (iii) in the event that a Notice of Adjustment Disagreement is delivered by the Stockholder Representative to Parent prior to the expiration of the Adjustment Review Period and Parent and the Stockholder Representative are unable to agree on all matters set forth in such Notice of Adjustment Disagreement, the Post-Closing Statement delivered by Parent to the Stockholder Representative pursuant to Section 1.14(b) as adjusted by the Independent Accountant to be consistent with the Resolved Matters and the final determination of the Independent Accountant of the Unresolved Matters in accordance with Section 1.14(b). The date on which the Final Closing Statement is finally determined in accordance with this Section 1.14(c) is hereinafter referred to as the "***Determination Date***."

i. If the Total Closing Merger Consideration set forth in the Final Closing Statement (as finally determined in accordance with this Section 1.14) is less than the Total Closing Merger Consideration set forth in the Estimated Closing Statement (such difference, the "***Post-Closing Deficit Amount***"), then Parent and the Stockholder Representative shall promptly (but in all events within five (5)

Business Days after the Determination Date), instruct the Adjustment and Agent to

promptly release to Parent from the Adjustment Escrow Fund an amount in cash equal to the absolute value of the Post-Closing Deficit Amount (plus any costs allocated to the Stockholder Representative (on behalf of the Company Sellers) pursuant to the last sentence of Section 1.14(c)). The Post-Closing Deficit Amount shall not exceed the Adjustment Escrow Amount.

i. If the Total Closing Merger Consideration set forth in the Final Closing Statement (as finally determined in accordance with this Section 1.14) is more than the Total Closing Merger

Consideration set forth in the Estimated Closing Statement (such difference, the "***Post-Closing Excess Amount***"), then Parent shall promptly (but in all events within five (5) Business Days after the Determination Date), pay the Post-Closing Excess

Amount in cash to (i) the Paying Agent for further distribution to the Company Security Holders (other than the holders of Employee Options in respect of such Employee Options) the portion of such amount payable pursuant to Section 1.7(a), Section 1.7(b)(i) and Section 1.7(c), as applicable, and (ii) to the Surviving Corporation for further payment to the holders of Employee Options pursuant to Section 1.7(b)(i) through Parent's, the Surviving Corporation's payroll processing system in accordance with standard payroll practices net of applicable Tax withholding and deductions; *provided*, *further*, that as a condition to Parent's and Paying Agent's obligation to make such payments, the Stockholder Representative shall first deliver to Parent an updated Allocation Schedule setting forth the portion of the Post-Closing Excess Amount payable to each Company Seller. The Post- Closing Excess Amount shall not exceed $1,000,000.

i. Following the payment of any Post-Closing Deficit Amount to Parent in accordance with Section 1.14(d) or any Post-Closing Excess Amount to the Company Sellers in accordance with Section 1.14(e), Parent and the Stockholder Representative shall deliver a joint instruction to the Adjustment and First Data Escrow Agent instructing the Adjustment and First Data Escrow Agent to release from the Adjustment Escrow Fund an aggregate amount equal to the then remaining cash available in the Adjustment Escrow Fund, if any, to (i) the Paying Agent for further distribution to the Company Security Holders (other than the holders of Employee Options in respect of such Employee Options) the portion of such amount payable pursuant to Section 1.7(a), Section 1.7(b)(i) and Section 1.7(c), as applicable, and (ii) to the Surviving Corporation for further payment to the holders of Employee Options pursuant to Section 1.7(b)(i) through Parent's, the Surviving Corporation's payroll processing system in accordance with standard payroll practices net of applicable Tax withholding and deductions; *provided, further*, that as a condition to Parent's and Paying Agent's obligation to make such payments, the Stockholder Representative shall first deliver to Parent an updated Allocation Schedule setting forth the portion of the remaining cash available in the Adjustment Escrow Fund payable to each Company Seller.

i. Parent and the Surviving Corporation shall be entitled to conclusively rely upon the updated Allocation Schedule delivered by the Stockholder Representative, including with respect to whether any individual Company Seller received the appropriate portion of any such distribution, and in no event will Parent, the Surviving Corporation or any of their Affiliates have any liability to any person on account of payments or distributions made by the Paying Agent in accordance with the updated Allocation Schedule delivered by the Stockholder Representative.

i. All payments to be made pursuant to this Section 1.14 shall be treated as an adjustment to the purchase price for applicable Tax Purposes, unless otherwise required by a change in Law or a Tax Authority in connection with an audit or other similar proceeding.

a. Earnout Payments.

i. **Definitions**.

1. "***Applicable Earnout Price Per Share***" shall mean the First Anniversary Earnout Price Per Share or the Second Anniversary Earnout Price Per Share, as applicable.

1. "***Closing ARR***" shall have the meaning set forth on Annex A hereto.

1. "***Earnout Payment Amounts***" shall mean, collectively, the First Anniversary Payment Amount and the Second Anniversary Payment Amount.

1. "***Earnout Period***" shall mean, collectively, the First Earnout Period and the Second Earnout Period.

1. ***First Anniversary ARR***” shall mean the revenue of the Company (determined in accordance with GAAP), for the month immediately prior to the end of the First Earnout Period for all First Anniversary Customers, multiplied by twelve (12), (but limited to revenue associated with U.S.-based data from such First Anniversary Customers), *provided*, that if a First Anniversary Customer has also purchased other products of Parent on a bundled basis, the revenue on such bundled products will be based on the list prices for such products unless any discounts thereto are approved in writing by the Key Employee. An exemplar of the calculation of "First Anniversary ARR" is attached hereto as Exhibit I.

1. “***First Anniversary Customers***” shall mean all parties under contract with the Company as of the end of the month immediately prior to the end of the First Earnout Period.

1. “***First Anniversary Earnout Price Per Share***” shall mean the Parent Common Stock VWAP over the twenty (20) consecutive trading day period ending on the trading day immediately prior to the last day of the First Earnout Period.

1. “***First Anniversary Payment Amount***” shall mean an amount equal to the product of (a) twenty (20) multiplied by (b) an amount equal to (i) the First Anniversary ARR, *minus* (ii) the greater of (x) the Closing ARR and (y) $12,500,000; *provided*, that in the event that the Closing ARR is less than $12,500,000.00, then an amount equal to the product of (a) twenty-eight (28) multiplied by (b) the difference between the Closing ARR and $12,500,000.00, shall be deducted from the First Anniversary Payment Amount and *provided further*, that (w) the Applicable Unvested Equity Incentives Value, (x) the Brokerage Fee, (y) the First Data Referral Fees determined to be owed during the First Earnout Period and

a. the Transaction Bonuses shall each be deducted from the First Anniversary Payment Amount.

a. “***First Earnout Period***” shall mean the period from the Closing Date until the first (1st) anniversary of the Closing Date.

a. ***Second Anniversary ARR***” shall mean the revenue of the Company (determined in accordance with GAAP) for the month immediately prior to the to the end of the Second Earnout Period for all Second Anniversary Customers multiplied by twelve (12) (but limited to revenue associated with U.S.-based data from such Second Anniversary Customers), *provided*, that in no event shall the Second Anniversary ARR exceed 200% of the First Anniversary ARR; and *provided*, that if a Second Anniversary Customer has also purchased other products of Parent on a bundled basis, the revenue on such bundled products will be based on the list prices for such products unless any discounts thereto are approved in writing by the Key Employee. An exemplar of the calculation of "Second Anniversary ARR" is attached hereto as Exhibit I.

a. “***Second Anniversary Customers***” shall mean all parties under contract with the Company as of the end of the month immediately prior to the end of the First Earnout Period that were also customers for any portion of the Second Earnout Period.

a. “***Second Anniversary Earnout Price Per Share***” shall mean the Parent Common Stock VWAP over the twenty (20) consecutive trading day period ending on the trading day immediately prior to the last day of the Second Earnout Period.

a. "***Second Anniversary Payment Amount***" shall mean an amount equal to the product of (a) fifteen (15) multiplied by (b) an amount equal to the Second Anniversary ARR, *minus*

the First Anniversary ARR, with such product reduced by the amount of (x) the Brokerage Fee, (y)

Fees determined to be owed during the Second Earnout Period and (z) the Transaction

Bonuses.

a. "***Second Earnout Period***" shall mean the period from the day after the first (1^{st}) anniversary of the Closing Date until the second (2^{nd}) anniversary of the Closing Date.

i. Earnout Procedure.

1. Within thirty (30) days after the end of each Earnout Period, Parent shall deliver to the Stockholder Representative a written statement (an "***Earnout Statement***") setting forth its good faith calculations (with reasonable supporting detail) of (i) the aggregate amount of First Anniversary ARR or Second Anniversary ARR, as applicable, and (ii) based thereon, the resulting First Anniversary Payment Amount or Second Anniversary Payment Amount, as applicable. After the Stockholder Representative's receipt of an Earnout Statement, the Stockholder Representative and its Representatives shall be provided reasonable access (on prior written notice and during business hours, in a manner that does not unreasonably interfere with Parent's conduct of business) to the Chief Financial Officer of the Surviving Corporation as Stockholder Representative may reasonably request in connection with its review of such Earnout Statement, and be permitted to review Parent's working papers and the working papers of Parent's independent accountants, if any, relating to the preparation of the Earnout Statement and the calculation of the Earnout Payment Amount after (in connection with working papers relating to Parent's independent accountants only) signing a customary confidentiality relating to such access to independent accountants' working papers in form and substance reasonably acceptable to Parent's independent accountants, as well as the relevant books and records of the Company, and Parent shall cause the Company and its Representatives to use commercially reasonable efforts to assist the Stockholder Representative and its Representatives in their reasonable review of the Earnout Statement.

1. If the Stockholder Representative objects to Parent's determination of the First Anniversary Payment Amount or Second Anniversary Payment Amount, as applicable (as reflected in an Earnout Statement), the Stockholder Representative shall notify Parent in writing of such objection within forty-five (45) days after receipt of the applicable Earnout Statement from Parent (an "***Earnout Objection Notice***"), which notice shall specify the calculations that are being disputed and describe in reasonable detail the basis for such disputes.

1. If the Stockholder Representative does not timely deliver an Earnout Objection Notice with respect to an Earnout Statement, then Parent's determination of the First Anniversary Payment Amount or Second Anniversary Payment Amount, as applicable (as set forth in such Earnout Statement) will be conclusive, final and binding in its entirety on all of the parties.

1. During the thirty (30) days immediately following the delivery of an Earnout Objection Notice (the "***Earnout Resolution Period***"), if any, the Stockholder Representative and Parent shall seek in good faith to resolve any disagreement that they may have with respect to the matters specified in the Earnout Objection Notice. Any items agreed to by the Stockholder Representative and Parent in a written agreement executed and delivered by each of the Stockholder Representative and Parent, together with any items not disputed or objected to by the Stockholder Representative in the Earnout Objection Notice, are collectively referred to herein as the "***Earnout Resolved Matters***." If at the end of the Earnout Resolution Period, the parties have been unable to resolve any differences they may

have with respect to the matters specified in the Earnout Objection Notice, the Stockholder Representative and Parent, or either of them, shall refer all matters in the Earnout Objection Notice other than the Earnout Resolved Matters (the "***Earnout Unresolved Matters***") to the Independent Accountant. Within thirty (30) days after the submission of such matters to the Independent Accountant, the Independent Accountant, acting as an

expert and not as an arbitrator, will make a final determination, binding on the parties hereto, of the appropriate amount of each of the Earnout Unresolved Matters. With respect to each Earnout Unresolved Matter, such determination, if not in accordance with the position of either the Stockholder Representative or Parent, shall not be in excess of the higher, nor less than the lower, of the amounts advocated by the Stockholder Representative in the Earnout Objection Notice or Parent in the Earnout Statement with respect to such Earnout Unresolved Matter. For the avoidance of doubt, the Independent Accountant shall not review any line items in the Earnout Statement or make any determination with respect to any matter other than the Earnout Unresolved Matters. During the review by the Independent Accountant, Parent and the Stockholder Representative shall each make available to the Independent Accountant such individuals and such information, books, records and work papers, as may be reasonably required by the Independent Accountant to fulfill its obligations under this Section 1.15(b); *provided*, that the independent accountants of the Company or the Stockholder Representative shall not be obligated to make any working papers available to the Independent Accountant unless and until the Independent Accountant has signed a customary confidentiality and hold harmless agreement relating to such access to working papers in form and substance reasonably acceptable to such independent accountants. The fees and expenses of the Independent Accountant shall be borne by Parent and the Stockholder Representative (on behalf of the Company Sellers) based on the inverse of the percentage that the Independent Accountant's resolution of the disputed items covered by such Notice of Adjustment Disagreement (before such allocation) bears to the total amount of such disputed items as originally submitted to the Independent Accountant (for example, if the total amount of such disputed items as originally submitted to the Independent Accountant equals

$1,000 and the Independent Accountant awards $600 in favor of the Stockholder Representative's position, sixty percent (60%) of the fees and expenses of the Independent Accountant would be borne by Parent and forty percent (40%) of the fees and expenses of the Independent Accountant would be borne by the Stockholder Representative (on behalf of the Company Sellers). For the avoidance of doubt, the resolution mechanism set forth above is solely with respect to the mathematical calculation of the payment amount, and shall not in any way limit the rights of the parties to bring any claim with respect to compliance with the obligations of this Agreement.

i.

ii. Earnout Payment Amounts.

1. Promptly following the final determination of the First Anniversary Payment Amount or Second Anniversary Payment Amount, as applicable (or portion thereof) in accordance with the provisions of Section 1.15(b) and within two (2) Business Days following receipt of an updated Allocation Schedule required pursuant to Section 1.15 1.15(c)(iv), Parent shall pay, or shall cause to be paid, (A) the First Anniversary Payment Amount or Second Anniversary Payment Amount, as applicable (as finally determined in accordance with the provisions of this Section 1.15) in accordance with (i) the Allocation Schedule, as updated by the Stockholder Representative in accordance with Section 1.15(c)(iii) below and (ii) Section 1.15 1.15(c)(ii), (B) the Brokerage Fee as it relates to the First Anniversary Payment Amount or Second Anniversary Payment Amount, as applicable, and (C) the Transaction Bonuses.

1. Each aggregate Earnout Payment Amount shall be payable (A) in an amount of cash equal to at least thirty percent (30%) of such Earnout Payment Amount (after giving effect to the deduction of the Brokerage Fee and Transaction Bonuses to each recipient and (B) in Parent Common Stock to each recipient for the remainder of such Earnout Payment Amount at price per share of Parent Common Stock equal to the Applicable Earnout Price Per Share. For the avoidance of doubt, (a) Parent may, in its sole discretion, pay a greater percentage of the Earnout Payment Amount in cash, and (b) if any recipient of such amount is not permitted to receive Parent Common Stock because such recipient is not an Accredited Stockholder, then such recipient shall receive 100% of such payment in cash.

1. Each Brokerage Fee shall be paid by the Surviving Company in cash at the time of payment of each Earnout Payment Amount. The Transaction Bonuses shall be paid, subject to any required Tax withholding, in the same form and same proportion as the Earnout Payment Amount.

1. Prior to the payment of each Earnout Payment Amount, the Stockholder Representative shall update the Allocation Schedule to account for the allocation of the relevant Earnout Payment Amount, such that (A) former holders of Vested Options and Unaccredited Stockholders receive the Per Share First Anniversary Payment Amount and the Per Share Second Anniversary Payment Amount entirely in cash and (B) Accredited Stockholders and Warrantholders receive the Per Share First Anniversary Payment Amount and the Per Share Second Anniversary Payment Amount in a proportional mix of (x) the cash that is remaining after allocation pursuant to clause (A) and (y) Parent Common Stock.

i. **Earnout Operating Period**. Attached as Schedule D hereto is an expense budget (the "***Earnout Period Operating Expense Budget***") which shall govern certain expenditures of the business (as specified therein) of the Company during the period beginning on the Closing Date and ending upon the expiration of the Second Earnout Period (the "***Earnout Operating Period***"). During the Earnout Operating Period, prior to Parent taking or authorizing any action which would result in any reduction to the budgeted expenses set forth in the Earnout Period Expense Budget, Parent shall provide notice of such intended action or authorization to the Stockholder Representative and shall not undertake such change without the Stockholder Representative's prior written consent. During the Earnout Operating Period, Parent agrees (x) to operate the Company in the Ordinary Course of Business, (y) not to seek to divert business away from the Company that would relate to the calculation of the Earnout Payment Amounts to other entities affiliated with Parent and (z) that it shall use commercially reasonable efforts not to take actions to frustrate the ability of the Company Sellers to receive Earnout Payment Amounts. In the event of a change in control of Parent during the Earnout Operating Period, Parent shall cause the acquiror to assume the obligations of Parent in this Section 1.15. Except to the extent set forth in this Section 1.15(d), Parent hereby disclaims any and all obligation to operate the business for the benefit of the Company Sellers.

i. Parent Common Stock.

1. Notwithstanding anything to the contrary contained in this Agreement, no fractional shares of Parent Common Stock shall be issued to in connection with the Earnout Payment Amounts and any such fractional share interests shall be rounded up to the nearest whole share of Parent Common Stock.

1. The Company Sellers acknowledge that the Parent Common Stock to be issued pursuant to the transactions contemplated by this Agreement shall constitute "restricted securities" within the meaning of the Securities Act, and that such Parent Common Stock will not be registered under the Securities Act and that such Parent Common Stock may only be transferred under Rule 144. At no time was any Company Stockholder solicited by means of general advertising or general solicitation in connection with this Agreement or the transactions contemplated by this Agreement.

i. The parties hereto understand and agree that (i) the contingent rights to receive the Earnout Payment Amounts (or any portion thereof) shall not be represented by any form of certificate or other instrument, are not transferable, except by operation of law relating to descent and distribution, divorce and community property, and do not constitute an equity or ownership interest in Parent or the Company, (ii) the Company Sellers shall not have any rights as a securityholder of Parent or the Company as a result of the Company Sellers' contingent right to receive the Earnout Payment Amounts hereunder, and (iii) no interest is payable with respect to any Earnout Payment Amounts unless awarded by a court upon a finding that Parent failed to pay such amounts when due. The parties hereto acknowledge and agree

that neither the Earnout Payment Amounts nor any Company Seller's right to receive any portion thereof is or shall be deemed to be a "security" as defined in the Securities Act of 1933, as amended, or other federal, state or local Laws.

i. Notwithstanding any other provision in this Agreement to the contrary, Parent shall in no event issue any Parent Common Stock to the Company Sellers in connection with the transactions described herein to the extent that such issuance (i) in the aggregate constitutes, or is convertible into, Parent Common Stock that constitutes greater than 19.9% of the common stock or voting power of Parent outstanding as of the Agreement Date, (ii) would constitute a change of control under NASDAQ Stock Market Listing Rules, or (iii) would otherwise trigger a shareholder approval requirement under NASDAQ Stock Market Listing Rules.

i. All payments to be made pursuant to this Section 1.15 shall be treated as an adjustment to the purchase price for applicable Tax Purposes, unless otherwise required by a change in Law or a Tax Authority in connection with an audit or other similar proceeding.

ARTICLE 2

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Subject to the disclosures set forth in the disclosure schedule of the Company dated as of the Agreement Date and delivered to Parent concurrently with the execution of this Agreement (the "***Disclosure Schedule***") the Company represents and warrants as of the Agreement Date and as of the Closing Date (except to the extent any such representation or warranty expressly relates to a different date (in which case as of such date)) to Parent and Merger Sub as follows:

a. Organization of the Company.

i. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. The Company has the corporate power to own, operate, distribute and lease its properties and to conduct its business as now being conducted and is duly qualified to do business and is in good standing in each jurisdiction where the failure to be so qualified and in good standing, individually or in the aggregate with any such other failures, would reasonably be expected to result in a Material Adverse Effect to the Company. The Company is not in violation of any of the provisions of its Charter Documents.

i. Section 2.1(b) of the Disclosure Schedule sets forth a correct and complete list of:

i. the names of the members of the board of directors and (ii) the names and titles of the officers of the Company, in each case as of the Agreement Date.

a. Section 2.1(c) of the Disclosure Schedule lists every state or foreign jurisdiction in which the Company has Employees, consultants, contractors or facilities or otherwise conducts its business as of the Agreement Date (specifying the existence of Employees, consultants, contractors or facilities in each such state or jurisdiction).

a. The Company has made available correct and complete copies of its certificate of incorporation, as amended to date (the "***Certificate of Incorporation***"), bylaws, as amended to date, and other governing documents, as amended to date, each in full force and effect on the Agreement Date (collectively, the "***Charter Documents***"). The Board has not approved or proposed, nor has any Person proposed, any amendment to any of the current Charter Documents

a. Company Capital Structure.

i. As of the Agreement Date, the authorized capital stock of the Company consists of (i) 40,000,000 shares of Company Common Stock, $0.00001 par value, of which 13,401,652 shares are issued and outstanding and 1,960,604 shares are reserved for issuance pursuant to outstanding Company Warrants and (ii) 19,642,116 shares of Company Preferred Stock, $0.00001 par value, (A) 7,006,076 shares of which are designated Company Series A Preferred Stock, of which 6,992,476 are issued and outstanding, and 13,600 shares are reserved for issuance pursuant to outstanding Company Warrants, and (B) 12,636,040 shares of which are designated Company Series B Preferred Stock and, of which 12,623,077 are issued and outstanding and 12,963 shares are reserved for issuance pursuant to outstanding Company Warrants. Each share of Company Preferred Stock is convertible on a one-share for one-share basis into Company Common Stock, and there are no other issued and outstanding shares of Company Capital Stock and no commitments or Contracts to issue any shares of Company Capital Stock other than pursuant to the exercise of Company Options under the Company Equity Plan and the Company Warrants that are, in each case, outstanding as of the Agreement Date. The Company holds no treasury shares. Section 2.2(a) of the Disclosure Schedule sets forth, as of the Agreement Date, a correct and complete list of the Company Stockholders and the number and type of such shares so owned by each such Company Stockholder. All issued and outstanding shares of Company Capital Stock are duly authorized, validly issued, fully paid and non-assessable and are free of any Liens, outstanding subscriptions, preemptive rights or "put" or "call" rights created by statute, or any Contract to which the Company is a party or by which the Company or any of its assets is bound other than Liens created by the Charter Documents, the Amended and Restated Voting Agreement, the Stockholders Agreement and the Right of First Refusal and Co-Sale Agreement. The Company has never declared or paid any dividends on any shares of Company Capital Stock. There is no Liability for dividends accrued and unpaid by the Company. The Company is not under any obligation to register under the Securities Act or any other Law any shares of Company Capital Stock, any Company Securities or any other securities of the Company, whether currently outstanding or that may subsequently be issued other than as set forth in the Investors' Rights Agreement. All issued and outstanding shares of Company Capital Stock and all Company Options were issued in compliance with Law and all requirements set forth in the Charter Documents and any applicable Contracts to which the Company is a party or by which the Company or any of its assets is bound other than as set forth in the Right of First Refusal and Co-Sale Agreement. No shares of Company Capital Stock are subject to vesting, reverse vesting, forfeiture, a right of repurchase or to a "substantial risk of forfeiture" within the meaning of Section 83 of the Code, except for the shares of Company Common Stock set forth on Section 2.2(b) (such shares set forth, or required to be set forth, on Schedule 2.2(b), the "***Restricted Shares***").

i. As of the Agreement Date, the Company has reserved 5,309,746 shares of Company Common Stock for issuance to employees, non-employee directors and consultants pursuant to the Company Equity Plan, of which 1,315,672 shares are subject to outstanding and unexercised Company Options, and 3,994,074 shares remain available for issuance thereunder. Section 2.2(b) of the Disclosure Schedule sets forth, as of the Agreement Date, a correct and complete list of all Company Optionholders, and each Company Option, including the number of shares of Company Capital Stock subject to each Company Option, the number of such shares that are vested or unvested, the "date of grant" of such Company Option (as defined under Treasury Regulation 1.409A-1(b)(5)(vi)(B)), the vesting commencement date, the vesting schedule (and the terms of any acceleration thereof), the exercise price per share, the Tax status of such Company Option under Section 422 of the Code (or any applicable foreign Tax Law), the term of each Company Option, the plan from which such Company Option was granted (if any), whether such option is subject to Section 409A of the Code, whether such Company Option was granted with an "early exercise" right in favor of the holder, and the country and state of residence of such Company Optionholder. All Company Options listed on Section 2.2(b) of the Disclosure Schedule that are denoted as incentive stock options under Section 422 of the Code so qualify. Section 2.2(b)-2 of the Disclosure Schedule indicates, as of the Agreement Date, which Company Optionholders are Persons that are not employees of the Company (including non-employee directors, consultants, advisory board members, vendors, service providers or other similar Persons).

i. With respect to the Company Options, (i) each grant of an option was duly authorized no later than the date on which the grant of such option was by its terms to be effective by all necessary corporate action, (ii) each award of Company Options has been made using the standard form award agreement under the Company Equity Plan, a correct and complete copy of which has been made available to Parent, (iii) no Company Options differ in any material respect from such form agreement (other than any vesting acceleration provisions contained therein, as indicated in Section 2.2(c) of the Disclosure Schedule),and (iv) there is no agreement, arrangement or understanding (written or oral) to amend, modify or supplement any such award agreement in any case from the form made available to Parent. No shares of Company Capital Stock are subject to vesting as of the Agreement Date and no Company Options are "early exercisable" as of the Agreement Date. The Company has no outstanding commitments to grant Company Options or other awards. The treatment of Company Options under Section 1.7 hereof is permitted under the Company Equity Plan, applicable Laws, and the underlying individual agreements for such equity awards. Except as set forth on Section 2.2(b) of the Disclosure

Schedule, no Company Option that was granted so as to qualify as an incentive stock option as defined in Section 422 of the Code was early exercised by the holder of such Company Option.

i. As of the Agreement Date, there are no authorized, issued or outstanding Company Securities of the Company other than shares of Company Capital Stock set forth on Section 2.2(a) of the Disclosure Schedule, Company Options set forth on Section 2.2(b) of the Disclosure Schedule and the Company Warrants. Other than pursuant to the Company Warrants or as set forth on Section 2.2(a), Section 2.2(b) and Section 2.2(c) of the Disclosure Schedule, as of the Agreement Date, no Person holds any Company Securities, stock appreciation rights, stock units, share schemes, calls or rights, or is party to any Contract of any character to which the Company or an Company Security Holder is a party or by which it or its assets is bound, (i) obligating the Company or such Company Security Holder to issue, deliver, sell, repurchase or redeem, or cause to be issued, delivered, sold, repurchased or redeemed, any Company Securities or other rights to purchase or otherwise acquire any Company Securities, whether vested or unvested, or (ii) obligating the Company to grant, extend, accelerate the vesting or repurchase rights of, change the price of, or otherwise amend or enter into any such Company Option, call, right or Contract.

i. Except as set forth on Section 2.2(e) of the Disclosure Schedule, there is no Indebtedness of the Company (i) granting its holder the right to vote on any matters on which any Company Security Holder may vote (or that is convertible into, or exchangeable for, securities having such right) or

a. the value of which is in any way based upon or derived from capital or voting stock of the Company, issued or outstanding as of the Agreement Date (collectively, "***Company Voting Debt***").

1. There are no Contracts relating to voting, purchase, sale or transfer of any Company Capital Stock (i) between or among the Company, on one hand, and any Company Security Holder, on the other hand, other than written Contracts granting the Company the right to purchase unvested shares upon termination of employment or service and (ii) to the Knowledge of the Company, between or among any of the Company Security Holders. Except as set forth on Section 2.2(b) of the Disclosure Schedule, neither the Company Equity Plan nor any Contract of any character to which the Company is a party to or by which the Company or any of its assets is bound relating to any Company Options requires or otherwise provides for any accelerated vesting of any Company Options or the acceleration of any other benefits thereunder, in each case in connection with the transactions contemplated by this Agreement or upon termination of employment or service with the Company or Parent, or any other event, whether before, upon or following the Effective Time or otherwise.

i. **No Subsidiaries; Ownership Interests**. The Company has no, and since the date of its incorporation has never had, any Subsidiary, nor does the Company control, directly or indirectly, or have any direct or indirect equity participation in any other Person. The Company does not directly or indirectly own any equity or similar interest in, or any interest convertible or exchangeable or exercisable for, any equity or similar interest in, any Person.

i. Authority and Enforceability.

1. The Company has all requisite power and authority to enter into this Agreement and any Related Agreements to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and any Related Agreements to which the Company is a party and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of the Company, and other than the Company Stockholder Approval, no further corporate action is required on the part of the Company to authorize this Agreement and any Related Agreements to which it is a party and the transactions contemplated hereby and thereby. The Company Stockholder Approval is the only vote, approval or consent of the holders of any class or series of Company Capital Stock or any other securities of the Company that is necessary to adopt this Agreement and each of the Related Agreements and approve the transactions contemplated hereby and thereby. This Agreement and each of the Related Agreements to which the Company is a party have been, or, as of the Effective Time shall be, duly executed and

delivered by the Company and assuming the due authorization, execution and delivery by the other parties hereto and thereto, constitute, or shall constitute when executed and delivered, the valid and binding obligations of the Company enforceable against it in accordance with their respective terms, subject to (A) laws of general application relating to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and (B) general principles of equity. The Board, by resolutions duly adopted (and not thereafter modified or rescinded) by the unanimous vote of the Board, has (x) declared that this Agreement, the Related Agreements and the transactions contemplated hereby and thereby, including the Merger, upon the terms and subject to the conditions set forth herein, are advisable, fair to and in the best interests of the Company and the Company Stockholders, (y) approved this Agreement in accordance with the provisions of the DGCL and (z) directed that the adoption of this Agreement and approval of the Merger be submitted to the Company Stockholders for consideration and recommended that all of the Company Stockholders adopt this Agreement and approve the Merger (collectively, the "***Company Board Resolutions***"). Other than the Company Stockholder Approval, no other votes, approvals or consents on the part of the Company or any of the Company Security Holders are necessary to adopt this Agreement and approve the transactions contemplated by this Agreement, including the Merger.

1. The execution and delivery of this Agreement by the Company does not, and the consummation of the transactions contemplated hereby shall not, (i) result in the creation of any Lien on any of the material assets of the Company or any of the shares of Company Capital Stock or (ii) conflict with, or result in any violation of or default under (with or without notice or lapse of time, or both), or give rise to a right of termination, cancellation or acceleration of any obligation or loss of any benefit under, or require any consent, approval or waiver from any Person pursuant to, (A) assuming the receipt of the Company Stockholder Approval, any provision of the Charter Documents, (B) any Law or any judgement, Order or decree to which the Company is subject, or (C) any Contract except, where the conflict, violation, default, right, termination, cancellation, or failure to obtain consent or provide notice, would not, individually or in the aggregate, have a Material Adverse Effect.

1. No consent, approval, Order or authorization of, or registration, declaration or filing with, or notice to, any Governmental Entity or any other Person is required by or with respect to the Company in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, except for (i) the filing of the Certificate of Merger, (ii) the expiration or

early termination of the applicable waiting period under the HSR Act and the expiration or termination of waiting periods or the receipt of approvals or consents required under other antitrust Laws, and (iii) such other consents, approvals, Orders, authorizations, registrations, declarations, filings and notices that, if not obtained or made, would not adversely affect, and would not reasonably be expected to adversely affect, the Company's ability to perform or comply with the covenants, agreements or obligations of the Company herein or to consummate the transactions contemplated by this Agreement in accordance with this Agreement and applicable Law.

1. The Company, the Board and the Company Stockholders have taken all actions such that the restrictive provisions of any "fair price," "moratorium," "control share acquisition," "business combination," "interested shareholder" or other similar anti-takeover statute or regulation, and any anti- takeover provision in the Charter Documents shall not be applicable to any of Parent, the Company or the Surviving Corporation or to the execution, delivery or performance of the transactions contemplated by this Agreement, including the consummation of the Merger or any of the other transactions contemplated by this Agreement.

i. **No Conflict**. The execution and delivery by the Company of this Agreement and any Related Agreement to which the Company is a party, and the consummation of the transactions contemplated hereby and thereby, including the Merger, shall not conflict with or result in any violation of or default under (with or without notice or lapse of time, or both) or give rise to, any payment obligation, or a right of termination, cancellation, modification or acceleration of any obligation or loss of any material benefit under (a) any provision of the Charter Documents, (b) any Material Contract, or (c) any Law applicable to the Company or any of its properties or assets (whether tangible or intangible). Section 2.5 of the Disclosure Schedule sets forth all notices, consents, waivers and approvals of parties to any Material Contracts with the Company that are required thereunder in connection with the consummation of the transactions contemplated by this Agreement, including the Merger, or for any such Material Contract to remain in full force and effect without limitation, modification or alteration immediately after the Closing so as to preserve all rights of, and benefits to, the Company under such Material Contracts from and after the Closing. Immediately following the Closing, the Company shall continue to be permitted to exercise all of its rights under the Material Contracts without the payment of any additional amounts or consideration other than ongoing fees, royalties or payments that the Company would otherwise be required to pay pursuant to the terms of such Material Contracts had the transactions contemplated by this Agreement not occurred.

i. **Governmental Authorization**. No consent, notice, waiver, approval, Order or authorization of, or registration, declaration or filing with any Governmental Entity is required by, or with respect to, the Company in connection with the execution and delivery of this Agreement and any Related Agreement to which the Company is a party or the consummation of the transactions contemplated hereby and thereby, except for (a) such consents, notices, waivers, approvals, Orders, authorizations, registrations, declarations and filings as may be required under applicable securities Laws (b) the filing of the Certificate of Merger as provided in Section 1.2 hereof and (c) such filings and notifications as may be required to be made by the Company in connection with the Merger under applicable antitrust Laws, the expiration or early termination of applicable waiting periods under the HSR Act and the expiration or termination of waiting periods or the receipt of approvals or consents required under other applicable antitrust Laws.

i. Company Financial Statements; No Undisclosed Liabilities.

1. The Company has delivered to Parent correct and complete copies of its unaudited financial statements for the fiscal years ended December 31, 2018, December 31, 2019 and December 31, 2020 (including balance sheets, statements of income and statements of cash flows) and its unaudited financial statements (including, in each case, balance sheets, statements of income and statements of cash

flows) as at February 28, 2021 and the two (2) months then ended (collectively, the "***Financials***") which are included as Section 2.7(a) of the Disclosure Schedules. The Financials (i) were prepared in accordance with the books and records of the Company, (ii) complied as to form with applicable accounting requirements with respect thereto as of their respective dates, (iii) fairly and accurately present in all material respects the financial condition of the Company at the dates therein indicated and the results of operations and cash flows of the Company for the periods therein specified (subject to the absence of footnotes and, in the case of interim financial statements, normal recurring year-end adjustments, none of which individually or in the aggregate are or shall be material to the Company), and (iv) were prepared in accordance with GAAP ((except for normal year-end adjustments and lack footnotes), applied on a consistent basis throughout the periods indicated and consistent with each other.

1. The Company has no Liabilities of any nature other than (i) those set forth on or provided for in the Financials, including the balance sheet (the "***Current Balance Sheet***") included in the Financials as of February 28, 2021 (the "***Balance Sheet Date***"), (ii) those incurred in the conduct of the Company's business since the Balance Sheet Date in the Ordinary Course of Business that do not result from any breach of Contract, warranty, infringement, tort or violation of Law, (iii) those incurred by the Company in connection with the execution of this Agreement, and (iv) those arising under Material Contracts in accordance with their terms (other than the payment of liquidated damages or arising as a result of a default or breach thereof) and (v) Liabilities that would not, either individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect to the Company. Except for Liabilities reflected in the Financials, the Company has no off-balance sheet Liability of any nature to, or any financial interest in, any third parties or entities, the purpose or effect of which is to defer, postpone, reduce or otherwise avoid or adjust the recording of expenses incurred by the Company. The Company has never guaranteed any debt or other obligation of any other Person.

1. Section 2.7(c) of the Disclosure Schedule sets forth a correct and complete list of all Indebtedness of the Company, including, for each such item of Indebtedness, the agreement governing the Indebtedness, any assets securing such Indebtedness and any prepayment or other penalties payable in connection with the repayment of such Indebtedness at the Closing.

1. The Company has established and maintains a system of internal accounting controls sufficient in all material respects to provide reasonable assurances (i) that transactions, receipts and expenditures of the Company are being executed and made only in accordance with appropriate authorizations of management and the Board, (ii) that transactions are recorded as necessary (A) to permit preparation of financial statements in conformity with GAAP and (B) to maintain accountability for assets,

a. regarding prevention or timely detection of unauthorized acquisition, use or disposition of the assets of the Company and (iv) that the amount recorded for assets on the books and records of the Company is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. None of the Company, nor to the Knowledge of the Company, any current or former employee, consultant or director of the Company, has identified or been made aware of any fraud, whether or not material, that involves the Company's management or other current or former employees, consultants or directors of the Company who have a role in the preparation of financial statements or the internal accounting controls utilized by the Company, or any claim or allegation regarding any of the foregoing. Neither the Company nor, to the Knowledge of the Company, any Representative of the Company has received or otherwise had or obtained knowledge of any material complaint, allegation, assertion or claim, whether written or oral, in each case, regarding deficient accounting or auditing practices, procedures, methodologies or methods of the Company or its internal accounting controls or any material inaccuracy in the Company's financial statements. There are no significant deficiencies or material weaknesses in the design or operation of the Company's internal controls that could adversely affect the Company's ability to record, process, summarize and report financial data. There has been no material change in the Company accounting policies since January 1, 2018, except as described in the Financials.

a. **No Changes**. Since the Balance Sheet Date: (a) the Company has conducted its business only in the Ordinary Course of Business; (b) there has not occurred a Material Adverse Effect with respect to the Company; and (c) the Company has not taken any action that, if taken after the Agreement Date, would constitute a breach of, or require the consent of, Parent under Section 5.1 or Section 5.2.

a. Tax Matters.

i. **General Tax Matters**.

1. The Company has (A) prepared and timely filed (taking into account any available extensions) all income and other material Tax Returns, and such Tax Returns are true and correct in all material respects and (B) timely paid all income and other material Taxes required to be paid by the Company (whether or not shown on a Tax Return). The Company is not the beneficiary of any extension of time within which to file any Tax Return.

1. The Company has paid or withheld or collected with respect to its Employees, stockholders and other third parties, all material Taxes, social security charges and similar fees, Federal Insurance Contribution Act amounts, and Federal Unemployment Tax Act amounts required to be paid or withheld or collected, has timely paid over any such Taxes to the appropriate Governmental Entity in accordance with applicable Law, and has filed material Tax Returns to the extent required to be filed by the Company with respect thereto.

1. There is no Tax deficiency outstanding, assessed or proposed in writing by any Tax Authority against the Company which has not been paid or otherwise resolved. The Company has not executed any waiver of any statute of limitations on or extending the period for the assessment or collection of any Tax beyond the date hereof.

1. No audit or other examination by any Tax Authority of any Tax Return of the Company is presently in progress, nor has the Company been notified in writing by any Tax Authority of any request for such an audit or other examination. Within the past three (3) years, no written claim has ever been made by any Tax Authority in a jurisdiction where the Company does not file Tax Returns that the Company is or may be required to file Tax Returns or subject to Tax in that jurisdiction. No adjustment relating to any Tax Return filed by the Company has been proposed in writing by any Tax authority. The Company is not a party to or bound by any closing or other agreement or ruling with any Governmental Entity with respect to income or other Taxes.

1. As of the Balance Sheet Date, the Company has no liabilities for unpaid Taxes which have not been accrued or reserved on the Current Balance Sheet in accordance with GAAP, and the Company has not incurred any liability for Taxes other than in the Ordinary Course of Business (or recognized any extraordinary gain) since the Balance Sheet Date.

1. The Company has delivered to Parent correct and complete copies of all income, sales and use, value added, and other material Tax Returns filed by the Company for all taxable periods remaining open under the applicable statute of limitations, and all examination reports and statements of deficiencies, adjustments and proposed deficiencies and adjustments in respect of Taxes of the Company. Section 2.9(a)(vi) of the Disclosure Schedule sets forth each jurisdiction where the Company will be required to file a Tax Return following the Closing with respect to any Pre-Closing Tax Period, the type of Tax Return and the type of Tax required to be paid. No power of attorney with respect to Taxes has been granted with respect to the Company that remains in effect.

1. There are no Liens on the assets of the Company for Taxes, other than

Permitted Liens.

1. The Company has not been, during the applicable period provided in Section 897(c) of the Code, a "***United States Real Property Holding Corporation***" within the meaning of Section 897(c)(2) of the Code.

1. The Company has not constituted either a "*distributing corporation*" or a "*controlled corporation*" in a distribution of stock intended to qualify for tax free treatment under Section 355 of the Code within the past two years.

1. The Company has not participated in any "listed transaction" as defined in Section 6707A(c)(2) of the Code and Treasury Regulations promulgated thereunder, engaged in any transaction that would reasonably be likely to require the filing of an IRS Schedule UTP or participated or engaged in any other transaction that is subject to disclosure requirements pursuant to a corresponding or similar provision of state, local or non-U.S. Tax Law.

1. Neither the Company, nor any predecessor of the Company has (A) ever been a member of an affiliated group (within the meaning of Section 1504(a) of the Code) filing a consolidated federal income Tax Return (other than any group with respect to which the Company was the parent), (B) ever been a party to any Tax sharing, indemnification, reimbursement or allocation Contract (other than any Commercial Tax Agreement), nor does the Company owe any amount under any such Contract (other than any Commercial Tax Agreement), (C) any potential liability for the Taxes of any Person under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or non-U.S. Law, including any arrangement for group or

consortium relief or similar arrangement), as a transferee or successor, by operation of Law, or by Contract (other than any Commercial Tax Agreement), or (D) ever been a party to any joint venture, partnership, or other Contract that is treated as a partnership for U.S. federal or applicable state, local or non-U.S. income Tax purposes.

1. The Company (and Parent as a result of its acquisition of the Company) will not be required to include any income or gain or exclude any deduction or loss from taxable income for any Tax period or portion thereof beginning after the Closing as a result of (A) any adjustment under Section 481 of the Code (or any corresponding provision of state, local or non-U.S. Tax Law) by reason of a change in a method of accounting, use of an improper method of accounting, or otherwise for a taxable period that ends on or prior to the Closing Date, (B) any "closing agreement" within the meaning of Section 7121 of the Code (or any similar provision of applicable state, local or non-U.S. Law) entered into on or prior to the Closing Date, (C) any intercompany transaction or excess loss account described in the Treasury Regulations promulgated pursuant to Section 1502 of the Code (or any corresponding or similar provision of state, local or non-U.S. Law) with respect to a transaction occurring before the Closing, (D) any installment sale or open transaction disposition made on or prior to the Closing Date, (E) any deferred revenue or prepaid amount received on or prior to the Closing Date (other than any deferred revenue or prepaid amounts received in the Ordinary Course of Business), or (F) forgiveness of the PPP Loan.

1. The Company uses the accrual method of accounting for income Tax

purposes.

1. The Company is, and has been since inception, a domestic C corporation for U.S. federal income Tax purposes.

1. The Company is not subject to Tax in any country other than its country of incorporation or formation by virtue of having a permanent establishment or other fixed place of business in such other country.

1. The Company is currently in compliance with the requirements for all Tax holidays and similar Tax benefits and has been in compliance since such holiday or benefit was originally claimed by the Company. To the Knowledge of the Company, no Tax holiday or similar Tax benefit of the Company will terminate or be subject to recapture or clawback by reason of the consummation of the transactions contemplated by this Agreement.

1. The Company has not ever (i) participated in an international boycott as defined in Section 999 of the Code, (ii) been subject to any accumulated earnings Tax or personal holding company Tax, (iii) had branch operations in any foreign country, (iv) been party to a gain recognition agreement under Section 367 of the Code, or (v) incurred a dual consolidated loss within the meaning of Section 1503 of the Code. The Company has not transferred any intangible property the transfer of which would be subject to the rules of Section 367(d) of the Code. No Tax ruling, clearance or consent has been issued to the Company, and the Company has not applied for any Tax ruling, clearance or consent. To the extent required by applicable Law, the Company has timely filed all reports and have created and/or retained all records required under Sections 6038, 6038A, 6038B, 6038C, 6046 and 6046A of the Code (and any comparable provisions of any non-U.S. Tax Law).

1. Other than items or amounts that will be timely remitted prior to the Closing to the appropriate Tax Authority in the Ordinary Course of Business and in accordance with applicable Law,

there is no material property or obligation of the Company, including uncashed checks to vendors, customers or employees, non-refunded overpayments, credits or unclaimed amounts or intangibles, that are, or may become, escheatable or reportable as unclaimed property to any Governmental Entity under any applicable escheatment, unclaimed property or similar applicable Laws.

1. The Company has collected, remitted and reported to the appropriate Tax Authority all material sales, use, value added, excise and similar Taxes required to be so collected, remitted or reported pursuant to all applicable Tax Laws. The Company has complied in all material respects with all applicable Laws relating to record retention (including to the extent necessary to claim any exemption from Tax collection and maintaining adequate and current resale certificates to support any such claimed exemption).

1. There are no shares of Company Capital Stock that were issued in connection with the performance of services and subject to vesting for which no valid and timely election was filed pursuant to Section 83(b) of the Code. The Company has delivered or made available to Parent correct and complete copies of all election statements under Section 83(b) of the Code, together with evidence of timely filing of such election statements with the appropriate IRS Center with respect to any share of Company Capital Stock that was initially subject to a vesting arrangement issued by the Company to any of its employees, non-employee directors, consultants or other service providers.

1. The Company has (A) to the extent applicable, properly complied with all requirements of applicable Tax Laws in order to defer the amount of the employer's share of any "applicable employment taxes" under Section 2302 of the CARES Act, (B) to the extent applicable, properly complied with all requirements of applicable Tax Law and duly accounted for any available Tax credits under Sections 7001 through 7005 of the FFCRA and Section 2301 of the CARES Act, (C) not deferred any payroll Tax obligation pursuant to any Payroll Tax Executive Order, and (D) other than the PPP Loan, not sought (nor has any Affiliate that would be aggregated with the Company and treated as one employer for purposes of Section 2301 of the CARES Act sought) a covered loan under paragraph (36) of Section 7(a)

of the Small Business Act (15 U.S.C. 636(a)), as added by Section 1102 of the CARES Act. The amount of any Deferred Payroll Taxes, the due dates for the payment of such Taxes, and the amount of any Tax Credits under the CARES Act, the FFCRA or any similar applicable federal, state or local Law that are available to reduce the amount of such Deferred Payroll Taxes are set forth on Schedule 2.9(a)(xxi) of the Disclosure Schedule.

a. **Restrictions on Business Activities**. Other than ordinary course non-disclosure agreements, there is no Contract (non-competition or otherwise), commitment or Order to which the Company is a party or which is otherwise binding upon the Company (or any of its assets) which has or may reasonably be expected to have the effect of (a) prohibiting or materially impairing (i) any business practice of the Company, (ii) any acquisition of property (tangible or intangible) by the Company, or (iii) the conduct of business by the Company, or (b) otherwise limiting the freedom of the Company to engage in any line of business or to compete with any Person. Without limiting the generality of the foregoing, the Company has not entered into any Contract under which the Company is restricted from selling, licensing, delivering or otherwise distributing or commercializing any Company Owned IP or Company Products or from providing services to customers or potential customers or any class of customers, in any geographic area, during any period of time, or in any segment of the market.

a. Title to Properties; Absence of Liens; Condition and Sufficiency of Assets.

i. The Company does not own any real property.

i. Section 2.11(b) of the Disclosure Schedule sets forth a list, as of the Agreement Date, of all leases, lease guaranties, subleases, agreements for the leasing, use or occupancy of, or otherwise granting a right in or relating to all real property currently leased, subleased or licensed by or from the Company or otherwise used or occupied by the Company for the operation of its business (the "***Leased Real Property***"), including all amendments, terminations and modifications thereof ("***Lease Agreements***"), and there are no other Lease Agreements for real property affecting the Leased Real Property or to which the Company is bound. There is not, under any of such Lease Agreements, any existing default (or event which with notice or lapse of time, or both, would constitute a default) which would be material to the operation of the business of the Company, and no rent is past due. The Lease Agreements are valid and effective in accordance with their respective terms, subject to (i) laws of general application relating to bankruptcy, insolvency and the relief of debtors, and (ii) rules of law governing specific performance, injunctive relief and other equitable remedies. The Company has not received any notice of a default, alleged failure to perform, or any offset or counterclaim with respect to any such Lease Agreement, which has not been fully remedied and withdrawn.

i. The Company has good title to, or valid leasehold interest in all of its properties, and interests in properties and assets, real and personal, reflected on the Current Balance Sheet or acquired after the Balance Sheet Date (except properties and assets, or interests in properties and assets, sold or otherwise disposed of since the Balance Sheet Date in the Ordinary Course of Business), or, with respect to leased properties and assets, valid leasehold interests in such properties and assets that afford the Company valid leasehold possession of the properties and assets that are the subject of such leases, in each case, free and clear of all Liens, except Permitted Liens.

i. The assets and properties owned, leased and licensed by the Company constitute all of the assets and properties (other than Intellectual Property Rights which are covered by Section 2.12), that are necessary for the Company to conduct, operate and continue the conduct of the Company's business and to sell and otherwise enjoy full rights to exploitation of its assets and properties.

i. All material machinery, equipment, and other tangible assets of the Company (other than real property) currently being used in the conduct of the business of the Company have been maintained in all material respects in accordance with generally accepted industry practice (giving due account to the age and length of use and ordinary wear and tear), are in all material respects in good operating condition and repair, ordinary wear and tear excepted, and are adequate and suitable for the uses to which they are being put. No maintenance of such assets has been materially deferred by the Company.

a. Intellectual Property.

i. **Definitions**. For all purposes of this Agreement, the following terms shall have the following respective meanings:

1. "***Company Data***" shall mean any and all information (a) collected by the Company which either (i) identifies a customer or its employees, contractors, visitors, consumers, or users,
2. is unique to such customer or its employees, contractors, visitors, consumers, or users (whether or not Personal Information) or (iii) could provide insight into such employees, contractors, users' or visitors' behavior if analyzed, aggregated or otherwise examined or (b) collected, accessed, held, used, stored, adapted, displayed, distributed or otherwise processed by the Company for or on behalf of a customer, employee, contractor, consumers, or user.

a. "***Company IP***" shall mean any and all Intellectual Property Rights and Technology owned, purported to be owned, used or held for use by the Company.

a. "***Company Owned IP***" shall mean any and all Intellectual Property Rights and Technology that are owned or purported to be owned by the Company.

a. "***Company Products***" shall mean all products and services that have been, during the three (3) years prior to the Agreement Date, or are, as of the Agreement Date, commercially provided, made available, marketed, distributed, offered online, offered for sale, sold, leased, loaned, or licensed by or on behalf of the Company (including through resellers and other channel partners), and any product or service currently under development by or on behalf of the Company.

a. "***Company Products Data***" means (i) all data and content uploaded or otherwise provided by or for customers or users (or any of their respective customers or users) of the Company to, or stored by or for customers or users (or any of their respective customers or users) of the Company on the Company Products; (ii) all data and content (including any voice, video, email, text messaging, or other communications) created, compiled, inferred, derived, transmitted, intercepted, or otherwise collected or obtained by or for the Company Products or by or for the Company in connection with its provision of the Company Products; and (iii) data and content compiled, inferred, or derived directly or indirectly from any of the data and content described in subclauses (i) and (ii) above.

a. "***Company Software***" means any and all Software that is owned or purported to be owned by the Company.

a. "***Company Source Code***" shall mean any and all Software source code or database specifications or designs, or any material proprietary information or algorithm contained in or relating to any Software source code or database specifications or designs, of any Company Software.

a. "***Contaminant***" means any "back door," "drop dead device," "time bomb," "Trojan horse," "virus," or "worm" (as such terms are commonly understood in the Software industry) or any other code, Software routines, or hardware components designed or intended to have, or

capable of performing, any of the following functions: (i) disrupting, disabling, harming or otherwise impeding in any manner the operation of, or permitting or causing unauthorized access to, a system, network, or other device; or (ii) damaging or destroying any data or file without the user's consent.

a. "***Intellectual Property Rights***" shall mean all rights in, arising out of, or associated with Technology and intellectual property in any jurisdiction, including: (i) works of authorship, including without limitation rights granted under the Copyright Act; (ii) Software or databases; (iii) inventions, including rights granted under the Patent Act ("***Patent Rights***"); (iv) trademarks, service marks, trade dress and other indicia of source, including rights granted under the Lanham Act; (v) proprietary information and trade secrets, including without limitation rights described under the Uniform Trade Secrets Act; (vi) rights of attribution and integrity and other moral rights of an author; (vii) a person's name, voice, signature, photograph, or likeness, including without limitation rights of personality, publicity or similar rights; and (viii) domain names.

a. "***Open Source Material***" shall mean any Software or other materials that are distributed as "free software" or "open source software" (as such terms are commonly understood in the Software industry), including Software code or other materials that are licensed under a Creative Commons License, open database license, the Mozilla Public License, the GNU General Public License, GNU Lesser General Public License, Common Public License, Apache License, BSD License, or MIT License and all other licenses identified by the Open Source Initiative as "open source licenses" (such licenses or agreements are collectively, ***"Open Source Licenses***").

a. "***Personal Information***" shall mean (i) data in the possession, care, custody or control of the Company (or a third party on or on behalf of the Company), which relates to an identified or identifiable individual, including name, address, telephone number, electronic mail address, identification number, location data, an online identifier, bank account number, credit card number, one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity or any other data which may be used to identify an individual and (ii) any other information which is classified as "personal data," "personal information," "personally identifiable information" (or similar term) under the Security Policies, Privacy Statement, or applicable Laws, including the Privacy and Security Laws, including without limitation any such information that has not been anonymized, de-identified or aggregated in a manner as required under such Privacy and Security laws.

a. "***Privacy and Security Laws***" means any applicable Laws regarding the Processing of Personal Information, or the privacy, security, confidentiality, integrity or availability of Personal Information or other tracking of online consumer behaviors including federal, state or foreign Laws regarding: (a) data privacy and information security, (b) data breach notification (as applicable), (c) unfair or deceptive practices, (d) trespass, computer crime and other Laws governing unauthorized access to or use of electronic data, (e) communications via email, telephone, or text message, (f) online behavioral advertising, and (g) data brokers. "***Privacy and Security Laws***" include, to the extent applicable, the Health Insurance Portability and Accountability Act (HIPAA) as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 (HITECH) and its associated privacy and security rules, data breach notification Laws, social security number protection laws, the General Data Protection Regulation (GDPR), Telephone Consumer Protection Act (TCPA), Payment Card Industry Data Security Standards and programs (PCI-DSS), the Federal Trade Commission Act, Canada's Personal Information Protection and Electronic Documents Act, the Gramm Leach Bliley Act (GLBA), the Fair Credit Reporting Act (FCRA), the Fair and Accurate Credit Transactions Act (FACTA), the California Consumer Privacy Act of 2018 (CCPA), and federal, state and foreign laws that regulate consumer protection.

a. "***Privacy Statement***" has the meaning set forth in <u>Section </u>2.12(r)(ii).

a. "***Process or Processing***" shall mean any collection, use, disclosure retention, storage, disposal, transfer, security, protection, or other processing of data.

a. “***Registered IP***” shall mean domain names and all Intellectual Property Rights that are the subject of an application, certificate, filing, registration, or other document issued by, filed with, or recorded by, any state, government, or other public legal authority at any time in any jurisdiction, including without limitation, all applications, reissues, divisions, re-examinations, renewals, extensions, provisionals, continuations, and continuations-in-part associated with patents.

a. “***Software***” shall mean any computer program, operating system, applications system, firmware or software code of any nature, whether operational, under development or inactive, including all object code, source code, data files, rules, definitions or methodology derived from the foregoing and any derivations, updates, enhancements and customization of any of the foregoing, processes, know-how, operating procedures, methods and all other Intellectual Property embodied with the foregoing, technical manuals, user manuals and other documentation thereof, whether in machine-readable form, programming language or any other language or symbols and whether stored, encoded, recorded or written on disk, tape, film, memory device, paper or other media of any nature. The term “***Software***” shall include, without limitation, all versions of any and all such software or computer programs (including software programs, objects, modules, routines, algorithms and code), all screen displays and designs thereof, all programming scripts, all files and documents written in a mark-up language, and all descriptions, flow charts and other work product used to design, plan, organize and develop any of the foregoing.

a. **“*Security Incident*”** has the meaning set forth in Section 2.12(t)(ii).

a. “***Sensitive Company Information***” shall mean confidential, proprietary or sensitive information of the Company or of a third party, which is in the care, custody, or control of the Company or a third party for or on behalf of the Company and Personal Information.

a. “***Security Policies***” has the meaning set forth in Section 2.12(t)(i).

a. “***Shrink-Wrap Software***” means any generally commercially available Software in executable code or hosted form that is available for a total replacement cost of not more than

U.S. $100,000 and that is not required for any Company Product to successfully operate in accordance with its documentation (but excluding commercially-available, third-party software to which the Company Products connect via application programming interfaces or other integrations).

a. “***Systems***” has the meaning set forth in Section 2.12(s).

a. “***Technology***” shall mean all forms of technology and content, including any or all of the following: (i) published and unpublished works of authorship, including without limitation audiovisual works, collective works, computer programs or Software (whether in source code or executable form), documentation, compilations, databases, derivative works, literary works, maskworks, websites, and sound recordings; (ii) inventions (whether or not patentable), discoveries, improvements, business methods, compositions of matter, machines, methods, and processes and new uses for any of the preceding items;

3. information that is not generally known or readily ascertainable through proper means, whether tangible or intangible, including without limitation algorithms, customer lists, ideas, designs, formulas, know-how, methods, processes, programs, prototypes, systems, and techniques; (iv) databases, data compilations and collections and technical data; and (v) devices, prototypes, designs and schematics (whether or not any of the foregoing is embodied in any tangible form and including all tangible embodiments of the foregoing, such as instruction manuals, laboratory notebooks, prototypes, samples, studies and summaries).

i. **Products and Services**. Section 2.12(b) of the Disclosure Schedule accurately identifies each Company Product that is a software platform or application made commercially available by or on behalf of the Company in the three (3) years prior to the Agreement Date. There are, and for the past three (3) years have been, no material defects, technical concerns or problems in any of the Company Products that have prevented the same from performing substantially in accordance with their user specifications or functionality descriptions or the Company's warranties or contractual obligations.

i. **Registered IP**. Section 2.12(c)(1) of the Disclosure Schedule lists, as of the Agreement Date: (i) each item of Registered IP which is owned, filed in the name of, or purported to be owned by the Company or subject to a valid obligation of assignment to the Company (whether owned exclusively, jointly with another Person, or otherwise) ("***Company Registered IP***"); (ii) the jurisdiction in which such item of Registered IP has been registered or filed and the applicable registration or serial number; (iii) the filing date, and issuance/registration/grant date; and (iv) the owner(s) thereof. Section 2.12(c)(2) of the Disclosure Schedule lists, as of the Agreement Date: any Legal Proceedings before any court or tribunal (including the United States Patent and Trademark Office (the "***PTO***"), the U.S. Copyright Office, or equivalent authority anywhere in the world) to which the Company is a party and in which claims are raised relating to the validity, enforceability, scope, ownership or infringement of any of the Company Registered IP, other than office actions in the ordinary course. All necessary filing, registration, maintenance and renewal fees in connection with the Company Registered IP that are or will be due for payment on or before the Closing Date have been or shall be timely paid and all necessary documents and certificates in connection with the Company Registered IP that are or will be due for filing on or before the Closing Date have been or shall be timely filed with the PTO or other relevant patent, copyright, trademark or other authorities in the United States or foreign jurisdictions, as the case may be, for the purposes of maintaining such Company Registered IP, except in each case to the extent the Company has determined in its reasonable business judgment not to maintain any Company Registered IP. The Company has recorded each assignment of Company Registered IP with each relevant Government Entity in accordance with applicable Laws.

i. **Title, Validity and Enforceability**. The Company exclusively owns all right, title, and interest to and in the Company Owned IP free and clear of all Liens (other than Permitted Liens). All Company Registered IP is subsisting and, to the Knowledge of the Company, valid and enforceable (except with respect to applications, which are subsisting).

i. **Sufficiency**. The Company either exclusively owns or has the valid right to use all Intellectual Property Rights and Technology used in or necessary for the operation of its business.

i. Contracts.

1. Section 2.12(f)(i) of the Disclosure Schedule lists, as of the Agreement Date, all licenses or Contracts pursuant to which the Company is licensed or subscribed to use any Intellectual Property Right or Technology (collectively "***Inbound Licenses***"), other than (A) non-exclusive Software licenses or software-as-a-service agreements with respect to Shrink-Wrap Software and Open Source Materials and (B) agreements where any such license is incidental to the primary purpose of the Contract.

1. Section 2.12(f)(ii) of the Disclosure Schedule lists, as of the Agreement Date, each license or Contract pursuant to which the Company has granted to any Person any license under, agreed not to assert or enforce, or in which any Person has otherwise received or acquired any right (whether or not currently exercisable) or interest in, any Company Owned IP (collectively, "***Outbound Licenses***"), other than nonexclusive licenses to provide the Company Products to the Company's customers and non-

exclusive licenses to resellers, distributors and suppliers, in each case entered into the Ordinary Course of Business.

i. **Company Owned IP.** The Company has the exclusive right to bring infringement actions with respect to the Company Owned IP. The Company has not (A) transferred full or partial ownership of, or granted any exclusive license with respect to, any Intellectual Property Rights or Technology that are or, at the time of such transfer or exclusive license were, material to the Company; or

(B) permitted Intellectual Property Rights that are or, were at the time, material to the Company to enter into the public domain, other than expiration of any registration or issuance of Company Registered IP at the end of its statutory term.

i. **Development of Company Owned IP**. The Company has not jointly developed any Company Owned IP with any other Person with respect to which such other Person has retained any rights in such Company Owned IP. Without limiting the generality of the foregoing:

i. Each Person who is or was an employee, consultant or contractor of the Company and that was involved in the development of any Technology or Intellectual Property Rights for or on behalf of the Company has signed a valid, enforceable agreement (A) containing an assignment to the Company of such Person's rights, title and interest in and to the resulting Technology and Intellectual Property Rights, and (B) which also contains customary confidentiality and nondisclosure provisions protecting the rights of the Company in trade secrets and other Company proprietary information (such valid, enforceable agreements "***Personnel Agreements***"). The Company and, to the Knowledge of the Company, all other parties thereto are in compliance in all material respects with the provisions of the Personnel Agreements.

a. No current or former member, manager, officer, director, consultant, contractor or employee of the Company: (A) has made any claim of ownership with respect to any Company Owned IP, or (B) has any claim or right (whether or not currently exercisable), or interest to or in, any Company Owned IP.

a. No current or former employee of the Company is: (A) bound by or otherwise subject to any Contract with a third Person restricting such employee from performing (or in the case of former employees, having performed) such employee's duties for the Company; or (B) in breach of any Contract with any former employer or other Person concerning Intellectual Property Rights, competition, solicitation, confidentiality or nondisclosure due to his/her activities as an employee or contractor of the Company.

a. No funding, facilities or personnel of any Governmental Entity or any public or private university, college or other educational or research institution were used directly to develop or create, in whole or in part, any Technology or Intellectual Property Right for or on behalf of the Company. To the Knowledge of the Company, no current or former employee, consultant or independent contractor of the Company who was involved in, or who contributed to, the creation or development of any Company Owned IP (i) has performed services for any government, university, college or other educational institution or research center during a period of time during which such employee, consultant or independent contractor was also performing services for the Company, or (ii) was or is operating under any grants from any governmental entity or agency or private source or subject to any employment agreement in any invention assignment or non-disclosure agreement or other obligations with any third party that could adversely affect the Company's rights in any Company Owned IP.

a. **Standards Bodies.** The Company is not, nor has ever been, a member or promoter of, or a contributor to, any industry standards body or any similar organization that requires or obligates the

Company to grant or offer to any other Person any license or right to any Company Owned IP. The Company is not a party to any Contract with a standards body or any similar organization involving the license to the Company of "standards essential" Technology or Intellectual Property Rights, and the Company has no reasonable basis to believe that in the absence of such Contract, it has any Liability therefor.

a. **Protection of Trade Secrets.** The Company has taken commercially reasonable steps and precautions to maintain the confidentiality of, and otherwise protect and enforce its rights in, all material proprietary and confidential information that the Company holds, or purports to hold, as a trade secret or maintains, or purports to maintain, as confidential.

a. **Royalty Obligations**. Section 2.12(k) of the Disclosure Schedule lists each Contract pursuant to which any royalties or revenue share payments will be required to be paid by the Company to any third party for the development, sale, or distribution of any Company Product.

a. **Enforcement**. To the Company's Knowledge, no Person has infringed, misappropriated or otherwise violated, and no Person is currently infringing, misappropriating or otherwise violating, any Company Owned IP. Neither the Company nor any representative of the Company has sent any written notice to any Person regarding any actual, alleged or suspected infringement or misappropriation of any Company Owned IP.

a. **Non-Infringement**. The operation of the business of the Company, including the design, development, distribution, use, import, branding, advertising, promotion, marketing, sale, provision, and licensing out of any Company Product, has not in the six (6) years prior to the date hereof infringed, violated or misappropriated, and does not infringe, violate or misappropriate, any Intellectual Property Rights of any Person, or constitute unfair competition or trade practices under the Laws of any jurisdiction. Without limiting the generality of the foregoing:

i. No infringement, misappropriation, or similar claim or Legal Proceeding involving or relating to any Intellectual Property Rights is pending or, to the Knowledge of the Company, threatened against the Company or, to the Knowledge of the Company, against any other Person who is or may be entitled to be indemnified, defended, held harmless or reimbursed by the Company with respect to such Legal Proceeding.

i. The Company has not received any notice or other written communications relating to any actual, alleged or suspected infringement, misappropriation or violation by the Company of any Intellectual Property Rights of another Person, including any letter or other communication suggesting or offering that the Company obtain a license to any Intellectual Property Rights of another Person in a manner that reasonably implies infringement or violation in the absence of a license thereto.

a. **Company Software**. No Company Software or Company Product contains any bug, vulnerability, defect or error (including any bug, defect or error relating to or resulting from the display, manipulation, processing, storage, transmission or use of date data) that: (i) materially and adversely affects the use, functionality or performance of such Company Product or Company Software or any product or system containing or authorized or intended to be used in conjunction with such Company Product or Company Software; or (ii) causes or would cause the Company to fail to comply with any applicable warranty or other contractual commitment relating to the use, functionality or performance of such Company Product or Company Software or any product or system containing or authorized or intended to be used in conjunction with such Company Product or Company Software. No Company Product or Company Software contains any Contaminants other than features added for lawful security purposes or

license monitoring or compliance purposes. The Company has implemented and maintains reasonable measures designed to prevent the introduction of Contaminants into the Company Products and Company Software, including firewall protections, regular virus scans, and measures for taking and storing back-up copies of Company Software.

a. **Development Obligations**. The Company has no unfulfilled obligation under any Contract to develop any Technology for any third party (excluding configurations to existing Company Products and Company Software and maintenance and support obligations for the same in the Ordinary Course of Business).

a. **Company Source Code**. No Company Source Code has been delivered, licensed or made available to any escrow agent or other Person who is not, or was not, as of the date thereof, an employee or third-party contractor of the Company engaged to provide services to the Company relating to Company Source Code and subject to commercially reasonable confidentiality obligations with respect thereto. The Company has no duty or obligation (whether present, contingent, or otherwise) to deliver, license or make available any Company Source Code to any escrow agent or other Person. No event has occurred, and no circumstance or condition exists, that (with or without notice or lapse of time) shall, or could reasonably be expected to, result in the authorized delivery, license, or disclosure of any Company Source Code to any other Person who is not an employee or third-party contractor of the Company engaged to provide services to the Company relating to Company Source Code and subject to industry standard confidentiality obligations with respect thereto.

a. Open Source.

   i. Section 2.12(q)(i) of the Disclosure Schedule lists, as of the Agreement Date: (A) each item of Open Source Materials used in or by any Company Product by the Company; (B) the corresponding Open Source License (by name and version number) pursuant to which the Company received such Open Source Materials; and (C) whether the Open Source Materials have been distributed by the Company.

   i. The Company has not used, modified, distributed, or otherwise undertaken any act or committed any omission with respect to any Open Source Materials that could result in any claim that any Company Software, in whole or in part, is (A) required to be made available to any third party in source code form; (B) required to be licensed to any third party for the purpose of modification or redistribution; (C) required to be licensed to any third party at no charge; or (D) required to be made subject to the terms and conditions of any Open Source License. No Company Product contains, is derived from, is distributed with, or is being or was developed using Open Source Materials that are licensed under any terms that impose or could impose any other material limitation, restriction, or condition on the right or ability of the Company to use or distribute any Company Product. The Company is in compliance with the terms and conditions of, and has strictly complied with the obligations set forth in, the Open Source Licenses under which they have received any Open Source Materials, including all obligations regarding attribution notices, copyright statements, disclaimers, license terms, source code availability, and marking requirements.

a. Privacy.

   i. **Disclosure of Privacy Statements.** The Company has, at all times where required by applicable Privacy and Security Laws, posted Privacy Statements on the Company's websites, mobile applications, or where otherwise required under applicable Privacy and Security Laws.

   i. **Compliance with Privacy Statements**. The Company has provided legally adequate notice of its privacy practices in its Privacy Statements, and the Company's privacy and security practices conform, and at all times have conformed in all material respects to all of the Privacy Statements. A "***Privacy Statement***" means, collectively, any and all of the Company's public or externally- facing statements and internal or externally-facing policies, including those published on the Company's websites or otherwise used in connection with any Company Product or made available by the Company to its customers or the general public regarding the Processing of Sensitive Company Information or otherwise pertaining to the privacy of any individual. No disclosure made or contained in any of Company's Privacy Statements is, or has, been inaccurate, misleading, deceptive or in violation of the Privacy and Security Laws (including by containing any material omission).

i. **Contractual Obligations**. The Company has contractually obligated all third parties with authorized access to Sensitive Company Information to comply with the same restrictions and conditions that apply to the Company with respect to such Sensitive Company Information and to handle Sensitive Company Information in a manner sufficient to meet the Company's obligations under Privacy and Security Laws and the Company's other contractual obligations, including any confidentiality obligations. The Company has no Knowledge that any third parties with access to Sensitive Company Information have failed to comply with such contractual obligations. The Company has never been and is not in breach of any contractual obligation relating to the privacy, security, or Processing of Sensitive Company Information in any material respect. The Company has complied with any agreement, permit, license, government filing or other obligation regarding the Processing of Sensitive Company Information. The consummation of the transactions contemplated by this Agreement will not cause any such permit or license to be invalidated or be required under applicable Data Protection Laws to be amended. The Parent shall not be required to obtain any additional consents or permissions for the Processing of Sensitive Company Information in the same manner conducted any time prior to the Closing.

i. **Compliance with Privacy and Security Laws**. The Company has at all times: (1) complied with (A) all applicable Privacy and Security Laws, (B) all of the Company's policies regarding privacy and data security, including all Privacy Statements and similar disclosures published on the Company's websites or otherwise communicated to third parties and (C) requirements of self-regulatory organizations to which the Company is bound or that the Company holds itself out to the public as being in compliance with (including, to the extent applicable, the Payment Card Industry Data Security Standards),

(2) given all notices and obtained all consents and permissions as are required by law for the Processing of Sensitive Company Information by or on behalf of the Company, and (3) implemented and maintained commercially reasonable measures designed to provide reasonable assurance that the Company complies with such Privacy and Security Laws and that the Company will not acquire, fail to secure, or Process such Personal Information, Company Products Data or Company Data in a manner that (A) violates such Privacy and Security Laws, (B) is inconsistent with any notice to or consent from the provider of Personal Information or Company Data, (C) violates any policy adopted by the Company, (D) breaches any requirement of or contractual commitment made by the Company that is applicable to such Personal Information or Company Data, or (E) violates any Privacy Statement. The Company has no knowledge or reason to know that any of its suppliers or service providers in their provision of services to the Company, or that the Company Software when used for its intended purpose, has failed to comply with any applicable Law, including applicable Privacy and Security Laws.

i. **Audits, Claims, Complaints**. The Company has not received any, and, to the Knowledge of the Company, there are no audits, inquiries, requests for investigation or subpoenas, claims, notices or complaints, whether written or oral, regarding the Company's privacy, data protection, or information security practices or the Processing of any Sensitive Company Information (including, without limitation, from any Governmental Entity). The Company has not received, and the Company has no Knowledge of, any circumstance (including any circumstance arising as the result of an audit or

inspection carried out by any Governmental Entity or any other Person) that has given rise to or would reasonably be expected to give rise to, any notice, court order, warrant, regulatory opinion, audit result, or allegation, from a Governmental Entity, tribunal or court in any jurisdiction or any other Person: (A) alleging or confirming non-compliance with any applicable Privacy and Security Law or Privacy Statement;

(B) requiring or requesting the Company to amend, rectify, cease Processing, de-combine, permanently anonymize, block, or delete any Personal Information, or to decommission or materially alter the exploitation or operation of the Company's operations, in whole or in part; (C) prohibiting or threatening to prohibit the transfer of Personal Information to any place; or (D) permitting or mandating any Governmental Entity to investigate, requisition information from, or enter the premises of, the

Company. To the Company's Knowledge, the Company is not under investigation by any Governmental Entity for a violation of any Privacy and Security Laws. The Company has not acted or failed to act in a manner that would trigger a notification or reporting requirement to any Person or Governmental Entity under any Privacy and Security Laws related to the Processing of Sensitive Company Information.

i. **Disputes**. The Company has not been involved in a dispute in respect of any actual or alleged violation of applicable Privacy and Security Laws or Privacy Statement. The Company has not received, and the Company has no Knowledge of any circumstance that would reasonably be expected to give rise to, any notice from a data subject or another Person claiming a right to compensation against the Company under an applicable Privacy and Security Law.

i. **Effects of Execution of Agreement**. Neither the execution, delivery, nor performance of this Agreement nor the consummation of transactions contemplated hereby, including the transfer or Processing of any Personal Information to Parent will cause, constitute, or result in a breach or violation of any Privacy Statement, any contractual obligation of the Company governing the privacy or security of Personal Information, or any Privacy and Security Laws.

i. **Training**. All of the Company's employees and contractors who have access to Sensitive Company Information, including Personal Information that is subject to Privacy and Security Laws, have received appropriate training with respect to compliance with such Privacy and Security Laws and obligations under Privacy Statements or the Company's material contractual obligations relating to privacy, cybersecurity, data protection, Company Data, or Personal Information.

i. **Anonymized, De-Identified or Aggregated Data**. With respect to any information Processed by or on behalf of the Company that is described in Privacy Statements as, or required by Company policies or its legal or contractual obligations to be, anonymized, de-identified or aggregated, such information has been anonymized, de-identified or aggregated (a) in compliance with such policies and obligations and any relevant standards, methods or requirements of Privacy and Security Laws relating to anonymization, de-identification or aggregation and (b) such that it is not reasonably identifiable with a natural person or household and otherwise does not constitute Personal Information.

a. **Systems**. The computer, information technology and data processing systems, facilities and services owned, used, licensed or leased by or on behalf of the Company, including the Company Products and all Software, hardware, networks, communications facilities, platforms and related systems and services in the custody or control of the Company (collectively, "***Systems***"), are reasonably sufficient for the operation of the business of the Company, including as to capacity, scalability and ability to process current peak volumes in a timely manner. The Systems are in good working condition to effectively perform all computing, information technology and data processing operations necessary for the operation of the Company as currently conducted. The Company has not experienced any material disruption to, or material interruption in, the conduct of its business attributable to a defect, error, or other

failure or deficiency of any System. The Company has implemented and routinely tested commercially standard business continuity and disaster recovery plans relating to its Systems.

a. Security Measures.

i. **Compliance with Security Policies**. The Company has implemented and maintained reasonable written information security policies and programs that govern the Processing, security, confidentiality, integrity and availability of Sensitive Company Information and Systems (collectively, "***Security Policies***"). The Company has at all times complied with such Security Policies. The Security Policies and the implementations of such policies: (A) identify internal and external risks to the security of the Systems and Sensitive Company

Information; (B) implement reasonable administrative, electronic and physical safeguards to control those risks and safeguard the security, confidentiality, integrity, and availability of Systems and Sensitive Company Information; (C) protect against unauthorized access to the Systems and Sensitive Company Information (including on the systems of third parties with access to such Systems or Sensitive Company Information); (D) maintain notification procedures in compliance with applicable Laws, including Privacy and Security Laws, in the case of any breach of security compromising Sensitive Company Information; (E) prohibit any unauthorized access to any non-Company system; and

(F) complies with all applicable Privacy and Security Laws, the Privacy Statements, and the Company's material contractual obligations relating to privacy, cybersecurity, data protection, or Sensitive Company Information.

i. **Security Incidents**. The Company has not experienced any actual or reasonably suspected breach of security, unlawful, unauthorized or accidental loss, destruction, modification, acquisition, unavailability, or Processing of, or access to, Systems or Sensitive Company Information (a "***Security Incident***"). No actual or reasonably suspected security vulnerabilities exist in the Company Products which present a material risk of a Security Incident. No circumstance has arisen in which applicable Privacy and Security Laws would require the Company to notify a Governmental Entity, the media, any of its employees, customers or any other Person of a Security Incident.

i. **Implementation of Security Measures and Written Program**. The Company has at all times implemented, maintained, and monitored reasonable and appropriate plans, policies, safeguards, and measures (including with respect to technical, administrative, and physical security) to preserve and protect the confidentiality, availability, security, and integrity of all Systems, all Company Data, Confidential Information, and other data and information used, collected, handled, transmitted, stored, or otherwise processed by or for the Company. Such plans, policies, safeguards, and measures have complied at all times with Privacy and Security Laws and agreements with third parties, and have (A) included steps to protect the Systems from any Security Incident, Contaminants, loss, theft and interruption, and any unauthorized Processing, access, use, disclosure or modification; (B) provided for the performance and documentation of risk assessments and management procedures of the Company; and (C) adhered to industry best practices pertaining to secure programming techniques. The Company has not identified any security vulnerabilities affecting its Systems and classified as "high," or "critical" or more severe that have not been remediated. Section 2.12(s)(iv) of the Disclosure Schedule accurately identifies, and the Company has made available, each letter or other written or electronic communication or correspondence that has been sent or otherwise delivered by or to the Company regarding any actual, alleged or suspected violation of any Privacy and Security Laws Requirements by (a) the Company or any Person performing for the Company, or (b) any of the Company's customers, and provides a brief description of the current status of the matter referred to in such letter, communication or correspondence.

a. **Effect of Transaction**. Neither the execution, delivery or performance of this Agreement or any other agreements referred to in this Agreement nor the consummation of any of the transactions contemplated hereby will, with or without notice or lapse of time, result in, or give any other

Person the right or option to cause or declare: (i) a loss of, or Lien on, any Company Owned IP; (ii) the release, disclosure or delivery of any Company Owned IP by or to any escrow agent or other Person; or

a. the grant, assignment or transfer to any other Person of any license or other right or interest in, under, or with respect to, either any of the Company Owned IP or any other Technology or the Intellectual Property Rights of Parent.

a. Agreements, Contracts and Commitments.

i. Except for this Agreement and the Contracts specifically identified on Section 2.13(a) of the Disclosure Schedule (with each such Contract specifically identified under subsection(s) of such Section 2.13(a) of the Disclosure Schedule that correspond to the Subsection or Subsections of this Section 2.13(a)) and Section 2.20 of the Disclosure Schedule, the Company is not a party to or bound by any of the following Contracts:

1. any fidelity or surety bond or completion bond;

1. any Lease Agreements or personal property;

1. any Contract relating to capital expenditures and involving future payments in any amount in excess of $100,000 individually or $250,000 in the aggregate, in each case in any fiscal year;

1. any Contract relating to the disposition or acquisition of ownership of assets or any interest in any business enterprise outside the Ordinary Course of Business;

1. any mortgages, indentures, guarantees, loans or credit agreements, security agreements or other agreements or instruments relating to the borrowing of money or extension of credit or other Indebtedness;

1. any Contract for the purchase of tangible items of equipment or related services in any amount in excess of $100,000 individually or $250,000 in the aggregate, in each case in any fiscal year;

1. any Contract with a Top Supplier;

1. any Contract with a Top Customer;

1. any confidentiality and non-disclosure agreements (whether the Company is the beneficiary or the obligated party thereunder), other than Contracts with Employees or those related to commercial transactions in the Ordinary Course of Business that are not individually material;

1. any Contract providing for outsourced development of any material items of Technology by, for or on behalf of the Company;

1. any Contract containing a provision that limits, restricts or impairs the Company's ability to operate in any geography of the world or with any Person, including those Contracts

a. that contain covenants of non-competition, rights of first refusal or negotiation, non-solicitation of customers or employees, and exclusive dealings arrangements or (B) under which the Company is restricted from hiring or soliciting potential employees, consultants or independent contractors;

a. any Contract with federal, state, city, county, parish, municipal or other

Governmental Entities;

a. (A) any management service, partnership or joint venture Contract, (B) any Contract that involves a sharing of revenues, profits, cash flows, expenses or losses with other Persons and (C) any Contract that involves the payment of royalties to any other Person;

a. any Contract pursuant to which the Company is bound to or has committed to provide any product or service to any third party on a most favored nation basis or similar terms;

a. any Contract granting any material license or material other rights to or from the Company with respect to Company Data, other than grants to service providers to use such Company Data in connection with the provision of services to the Company and grants to and from customers in the Ordinary Course of Business;

a. any standstill or similar agreement containing provisions prohibiting a third party from purchasing Equity Interests of the Company or assets of the Company or otherwise seeking to influence or exercise control over the Company;

a. any Contract pursuant to which the Company has acquired a business or entity, or all or substantially all of the assets of a business or entity, whether by way of merger, consolidation, purchase of stock, purchase of assets, exclusive license or otherwise, or any Contract pursuant to which it has any material ownership interest in any other Person;

a. any agreement of indemnification or warranty (other than agreements with customers entered into in the Ordinary Course of Business and indemnification agreements with officers and directors of the Company or any Contract containing any support, maintenance or service obligation on the part of the Company (other than under its unmodified form of standard customer agreement, the form of which has been made available to Parent);

a. any Contract or other arrangement to settle any Legal Proceeding or to settle any threatened or reasonably anticipated Legal Proceeding; and

a. any other Contract that involves $100,000 individually or $250,000 in the aggregate or more, in each case in any fiscal year, and is not cancelable without penalty within ninety (90) days.

1. For the purposes of this Agreement, each Contract listed or required to be listed in Section 2.13(a) of the Disclosure Schedule, each Inbound License and Outbound Licenses, and each Contract entered into subsequent to the Agreement Date and prior to the Closing Date that would have been required to be disclosed pursuant to Sections 2.2, 2.10, 2.11, 2.13 or 2.20(a) if such Contract had been in effect as of the Closing Date, shall each be a "***Material Contract***" and collectively are the "***Material Contracts***." The Company has made available to Parent a correct and complete copy of each Material Contract (other than Material Contracts entered into subsequent to the Agreement Date).

1. The Company has performed in all material respects all of the obligations required to be performed by it and is entitled to all benefits under, and is not alleged to be in material default in respect of, any Material Contract. Each of the Material Contracts is in full force and effect, subject only to the effect, if any, of applicable bankruptcy and other similar Laws affecting the rights of creditors generally and rules of Law governing specific performance, injunctive relief and other equitable remedies. There exists no default or event of default or event, occurrence, condition or act, with respect to the Company, or

to the Knowledge of the Company, with respect to any other contracting party, that, with the giving of notice, the lapse of time or the happening of any other event or condition, would reasonably be expected to

(i) become a default or event of default under any Material Contract or (ii) give any third party (A) the right to declare a default or exercise any remedy under any Material Contract, (B) the right to accelerate the maturity or performance of any obligation of the Company under any Material Contract, or (C) the right to cancel, terminate or modify any Material Contract. The Company has not received any written notice (or to the Company's Knowledge, other communication) regarding any violation or breach of, default under, or intention to cancel or modify any Material Contract. The Company has no Liability for renegotiation of Contracts with Governmental Entities.

1. The Company is not a party to, or bound by, any agency, dealer, distribution, sales representative, remarketer, reseller or other Contract for the distribution of Company Products.

i. Interested Party Transactions.

1. No officer or director of the Company, or, to the Knowledge of the Company, any Company Stockholder (nor, to the Knowledge of the Company, any immediate family member of any of such Persons, or any trust, partnership or corporation in which any of such Persons has or has had an interest) (each, an "***Interested Party***") has or has had, directly or indirectly, (i) any interest in any entity which furnished or sold, or furnishes or sells, services, products, or technology that the Company furnishes or sells, or proposes to furnish or sell, (ii) any interest in any entity that purchases from or sells or furnishes to the Company, any goods or services, or (iii) any interest in, or is a party to, any Contract to which the Company is a party (except for any Contract relating to normal compensation or welfare benefits provided for services as an officer, director or employee of the Company); *provided*, that ownership of no more than one percent (1%) of the outstanding voting securities of a publicly traded entity shall not be deemed to be an "***interest in any entity***" for purposes of this Section 2.14. No Interested Party holds any Company Securities the vesting of which shall accelerate upon the consummation of the transactions contemplated by this Agreement.

1. All transactions pursuant to which any Interested Party has purchased any services, products, or technology from, or sold or furnished any services, products or technology to, the Company that were entered into on or after the inception of the Company, have been on an arms'-length basis on terms no less favorable to the Company than would be available from an unaffiliated party.

i. **Company Authorizations**. Section 2.15 of the Disclosure Schedule sets forth, as of the Agreement Date, each consent, license, permit, grant or other authorization which is required for the operation of the business of the Company as currently conducted or the holding of any such interest, in each case, except for any consent, license, permit, grant or other authorization the lack of which would not reasonably be expected to be result in a Material Adverse Effect to the Company (collectively, including any such items that are required to be disclosed in Section 2.15 of the Disclosure Schedule, "***Company Authorizations***"). All of the Company Authorizations have been issued or granted to the Company, are in full force and effect and constitute all Company Authorizations required to permit the Company to operate or conduct its business or hold any interest in its properties or assets. The Company is in compliance with all such Company Authorizations, and as of the Closing Date shall have applied for and not been denied any required renewals of such Company Authorizations.

i. Litigation.

1. There is no Legal Proceeding of any nature pending, or to the Knowledge of the Company, threatened, against the Company, its properties (tangible or intangible) or any of the officers or directors of the Company (in their capacities as such), nor to the Knowledge of the Company on the

Agreement Date, are there any presently existing facts or events that would constitute a reasonable basis therefor. Except as set forth in Section 2.16(a) of the Disclosure Schedule, there is no Legal Proceeding pending or, to the Knowledge of the Company, threatened, against the Company, its properties (tangible or intangible) or any of the officers or directors of the

Company (in their capacities as such) by or before any Governmental Entity, nor, to the Knowledge of the Company on the Agreement Date, are there any presently existing facts or events that would constitute a reasonable basis therefor. No Governmental Entity has in the past five (5) years challenged, or the Knowledge of the Company, investigated the legal right of the Company to conduct its respective operations as presently or previously conducted or as currently contemplated to be conducted. There is no Legal Proceeding of any nature pending or to the Knowledge of the Company, threatened against any Person who has a contractual right or a right pursuant to laws of the State of Delaware to indemnification from the Company related to facts and events existing prior to the Effective Time, nor are there, to the Knowledge of the Company on the Agreement Date, any facts or events that would constitute a reasonable basis for any such Legal Proceeding..

1. The Company does not have any Legal Proceeding of any nature pending against any other Person.

b.
c.

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Lynne M. Laube, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cardlytics, Inc. (the “registrant”);

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

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

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

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

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

5. The registrant’s other certifying officer(s) 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: August 3, 2021

By: /s/ Lynne M. Laube
Lynne M. Laube
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Andrew Christiansen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cardlytics, Inc. (the "registrant");

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

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

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

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

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

5. The registrant's other certifying officer(s) 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: August 3, 2021

By: /s/ Andrew Christiansen
Andrew Christiansen
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATIONS OF
PRINCIPAL EXECUTIVE OFFICER 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

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Lynne M. Laube, Chief Executive Officer of Cardlytics, Inc. (the “Company”), and Andrew Christiansen, Chief Financial Officer of the Company, each hereby certifies that, to the best of his knowledge:

1. The Company’s Quarterly Report on Form 10-Q for the period ended June 30, 2021 (the "Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	August 3, 2021	By:	/s/ Lynne M. Laube
			Lynne M. Laube
			Chief Executive Officer *(Principal Executive Officer)*
Date:	August 3, 2021	By:	/s/ Andrew Christiansen
			Andrew Christiansen
			Chief Financial Officer *(Principal Financial and Accounting Officer)*

This certification accompanies the Report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date of this Report, irrespective of any general incorporation language contained in such filing.

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.