

March 3, 2020

# Earnings Presentation

## Q4 2019

# Disclaimer

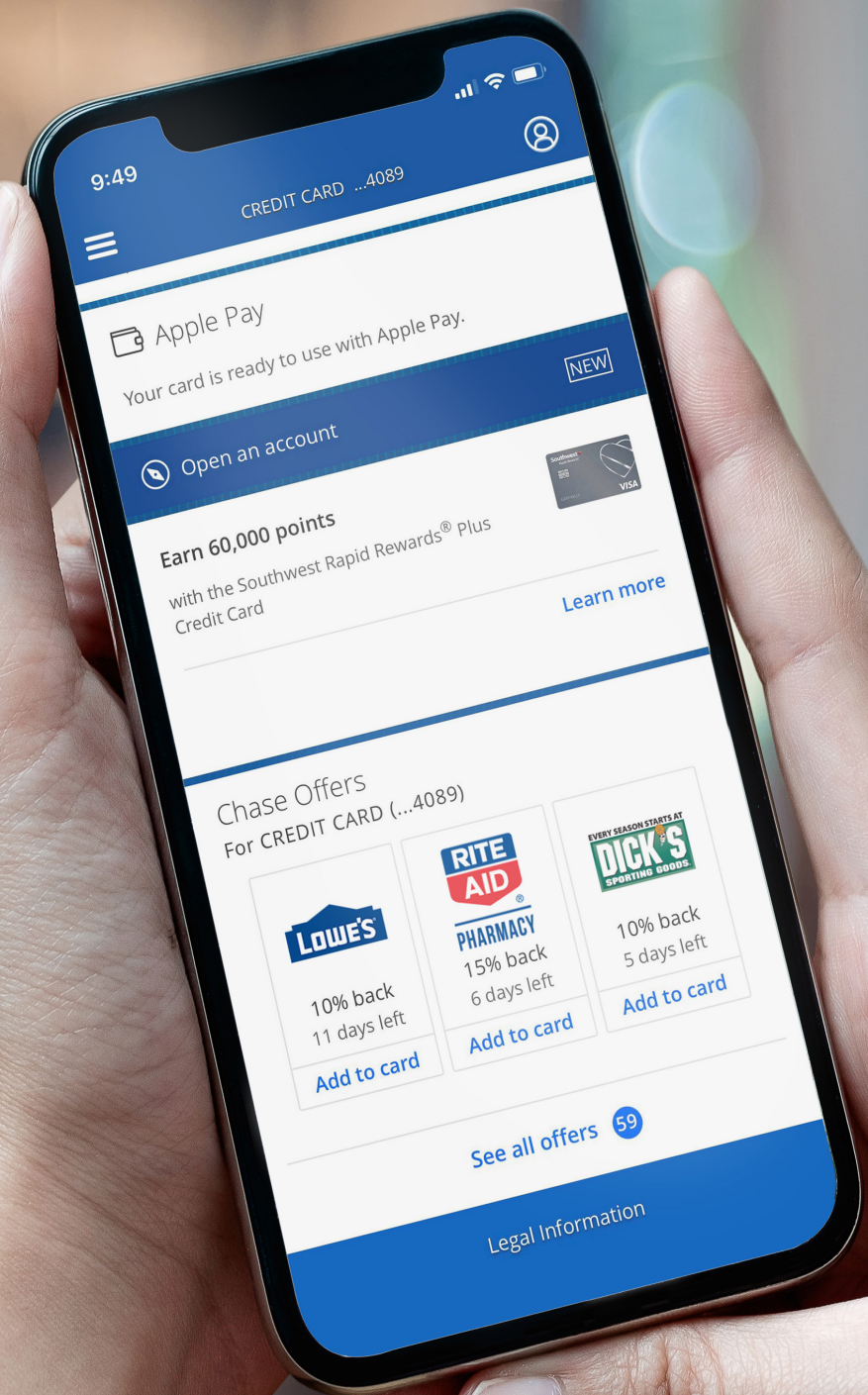
This presentation includes forward-looking statements. All statements contained in this presentation other than statements of historical facts, including statements regarding future results of operations and the financial position of Cardlytics, Inc. (“Cardlytics,” “we,” “us” or “our”), our business strategy and plans, our objectives for future operations, including our long-term model, our target adjusted EBITDA in 2020 and our target MAUs and ARPU in 2021 and our financial guidance for the quarter ended March 31, 2020 are forward-looking statements. The words “anticipate,” “believe,” “continue,” “estimate,” “expect,” “intend,” “may,” “will” and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks and uncertainties. The future events and trends discussed in this presentation may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, achievements or events and circumstances reflected in the forward-looking statements will occur. We are under no duty to update any of these forward-looking statements after the date of this presentation to conform these statements to actual results or revised expectations, except as required by law.

In addition to U.S. GAAP financial information, this presentation includes billings, adjusted contribution, adjusted FI Share and other third-party costs, adjusted EBITDA, adjusted EBITDA margin, non-GAAP net (loss) income and non-GAAP net (loss) income per share, each of which is a non-GAAP financial measure. These non-GAAP financial measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. Reconciliations of billings, adjusted contribution, adjusted FI Share and other third-party costs, adjusted EBITDA, adjusted EBITDA margin, non-GAAP net (loss) income and non-GAAP net (loss) income per share to the most directly comparable GAAP measures are included in the appendix to this presentation. Please see appendix for definitions.





**We power a native  
ad platform for  
marketers in banks'  
digital channels.**





# Cardlytics provides a scaled solution based on purchase intelligence



> **133M**

Monthly Active Users<sup>(1)</sup>



**\$3.3T**

in Annual Spend<sup>(2)</sup>



**1 IN 2**

U.S. Purchase Transactions<sup>(2)</sup>

(1) Average monthly active users during the three months ended December 31, 2019. Please see appendix for definitions.

(2) Based on aggregated data of our current FI partners from the April 2019 Nilson Report.

## Distinctive Benefits for Marketers

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Reach valuable banked customers

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Operate in a brand-safe, privacy-protected, trusted digital channel

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Market to the most valuable customers based on their actual spending

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Drive in-store and online traffic

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Closed-loop solution measures marketing results to the penny

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# In 2019, we focused on unlocking the value of prior years' investments

## Accelerate Top-Line Growth

Leverage significant increase in scale to land new clients, expand into new industry verticals, and grow budgets with current clients

## Demonstrate Operating Leverage

Realize the value of technology, infrastructure, and personnel investments to support >200M MAUs

## Evolve the Platform

Move to an always-on, highly automated platform that can reduce buying friction, be extended to third parties, and support richer media

## Estimated FY 2020

Positive adjusted EBITDA\* in 2020 through exhibited operating leverage

## Estimated FY 2021

A return to normalized ARPU levels by the end of 2021

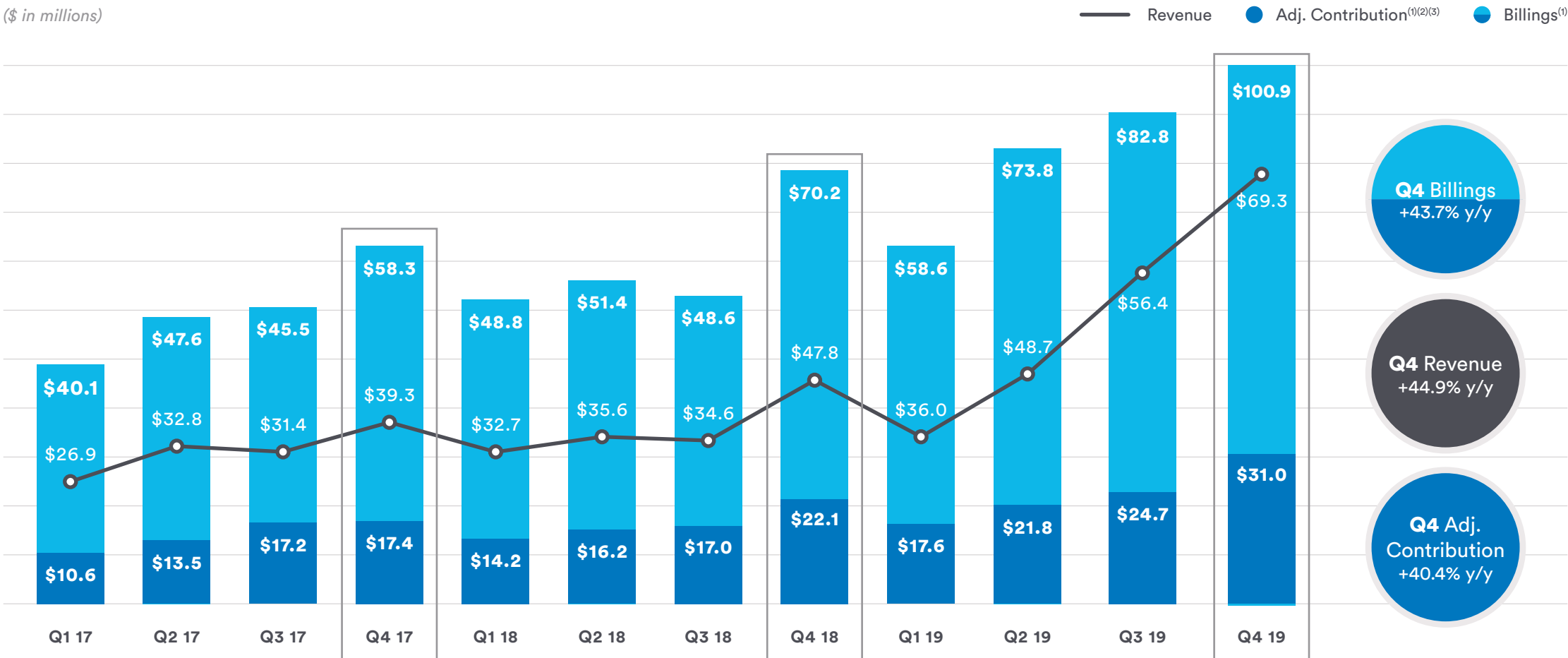
\* A reconciliation of non-GAAP adjusted EBITDA to GAAP net loss on a forward-looking basis is not available without unreasonable efforts due to the high variability, complexity and low visibility with respect to the items excluded from this non-GAAP measure. Please see appendix for definitions.

# Financial Information & Operating Metrics



# Positive year-over-year growth

(\$ in millions)

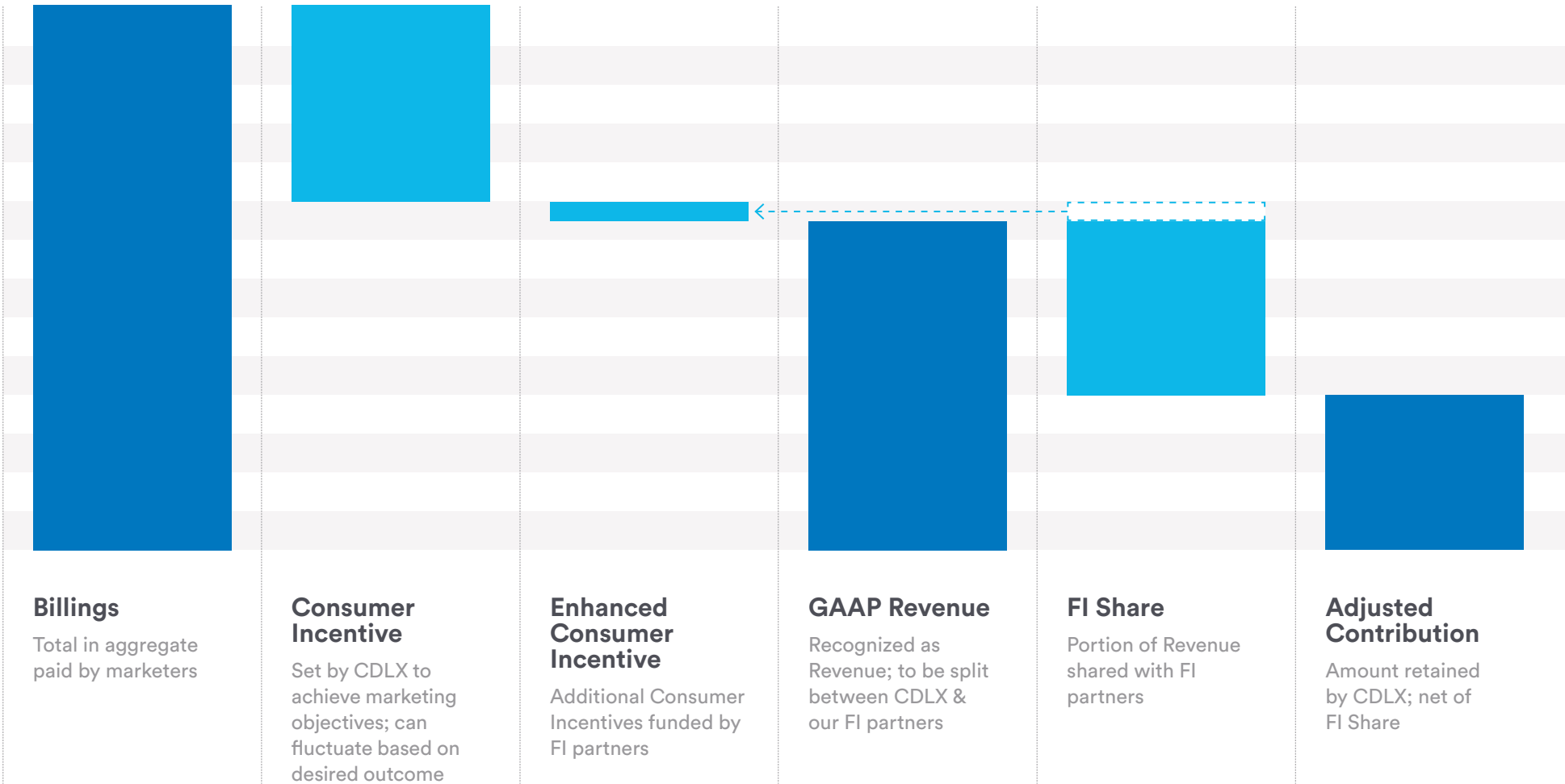


(1) Adjusted contribution and billings are non-GAAP measures. Reconciliations of these non-GAAP measures to the most comparable GAAP measures are included in the appendix to this presentation, as well as the definitions of these non-GAAP measures.

(2) Adjusted contribution includes the impact of an accrued expense totaling \$1.5 million during both the first and second quarters of 2017 related to an expected shortfall in meeting a minimum FI Share commitment. The accrued expense was reversed during the third quarter of 2017, resulting in a non-cash gain totaling \$3.0 million.

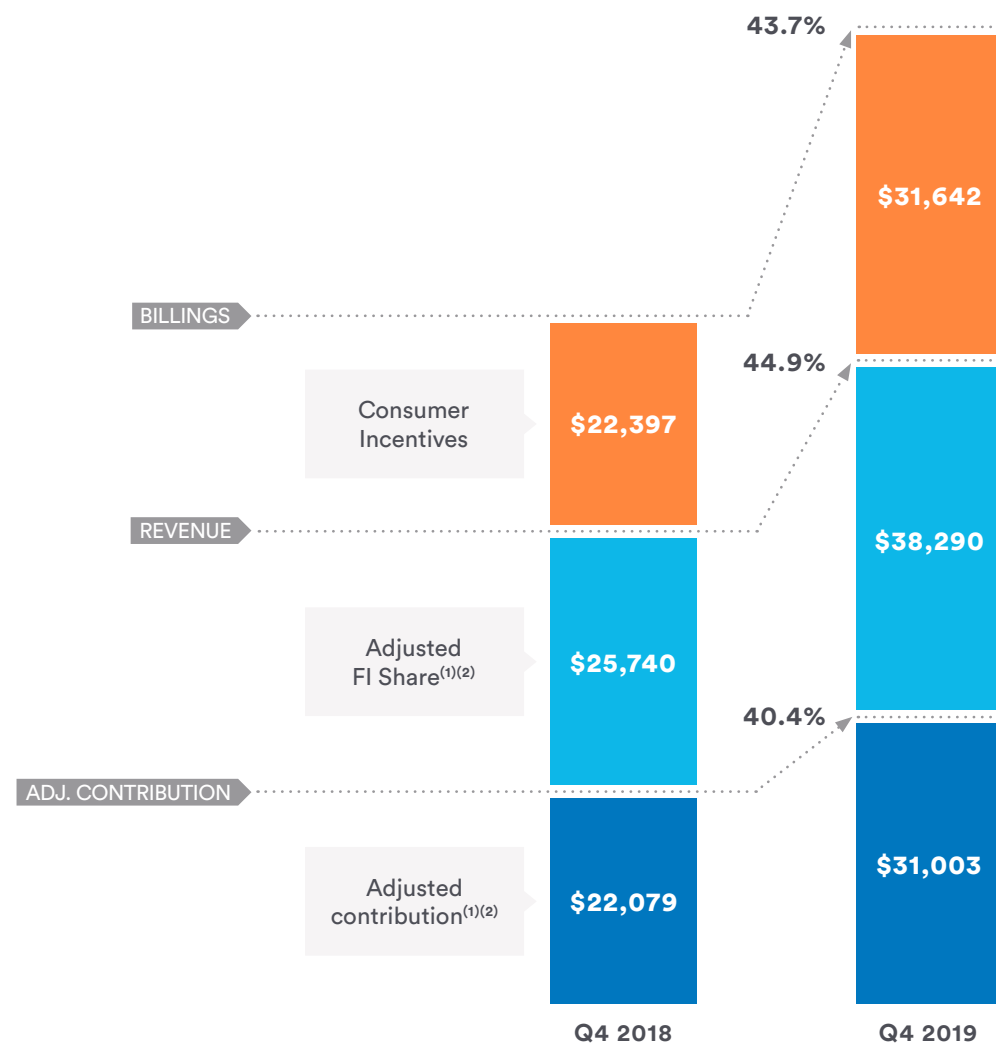
(3) Adjusted contribution includes the impact of a \$0.8 million gain during the third quarter of 2018 related to the renewal of our agreement with an FI partner, which contains certain amendments that are retroactively applied as of January 1, 2018.

# Billings and Adjusted Contribution best reflect performance





# Q4 2019 Results



	Three Months Ended December 31,		Change	
	2018	2019	\$	%
Billings <sup>(1)</sup>	\$70,216	\$100,935	\$30,719	43.7%
Consumer Incentives	22,397	31,642	9,245	41.2%
Revenue	47,819	69,293	21,474	44.9%
Adjusted FI Share and other third-party costs <sup>(1)(2)</sup>	25,740	38,290	12,550	48.8%
Adjusted Contribution <sup>(1)(2)</sup>	\$22,079	\$31,003	\$8,924	40.4%

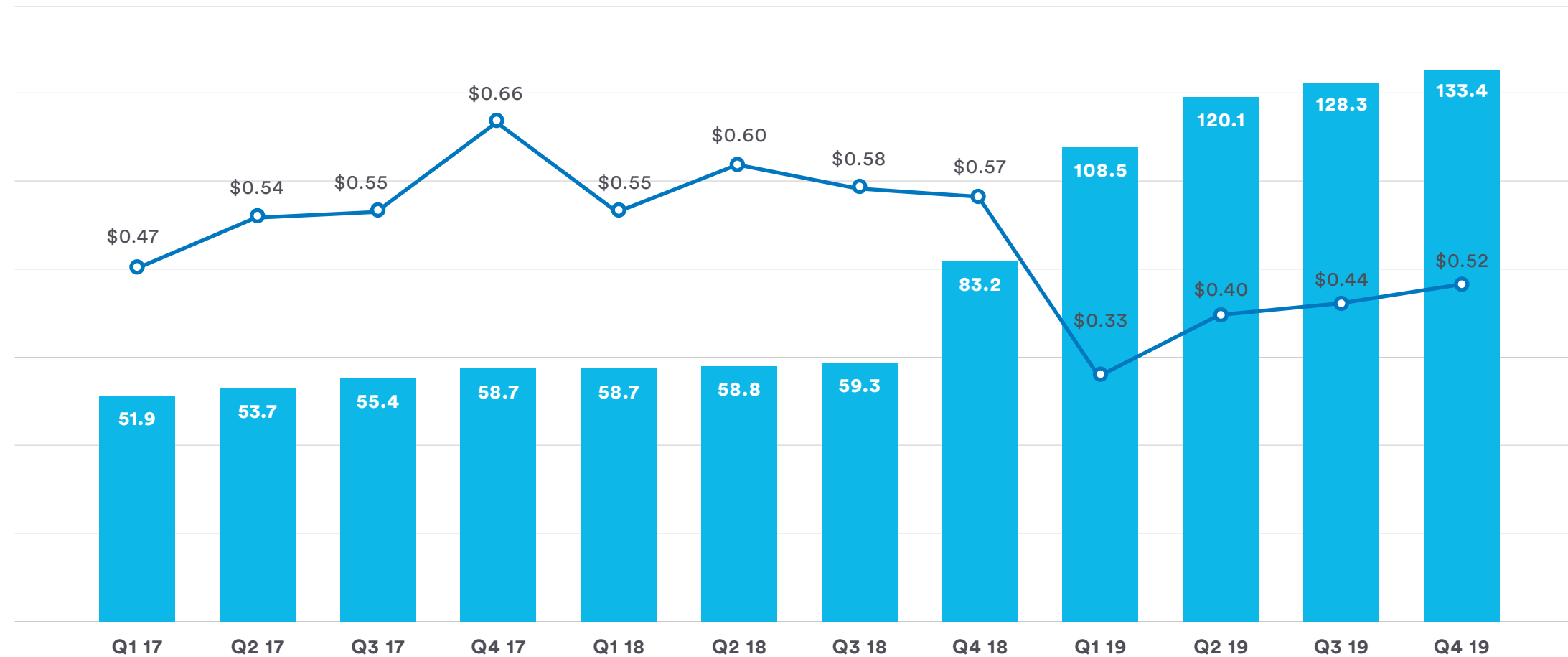
(1) Billings, adjusted FI share and other third-party costs and adjusted contribution are non-GAAP measures. Reconciliations of these non-GAAP measures to the most comparable GAAP measures are presented below under the headings “Reconciliation of GAAP Revenue to Billings,” “Reconciliation of GAAP FI Share and Other Third-Party Costs to Adjusted FI Share and Other Third-Party Costs” and “Reconciliation of GAAP Gross Profit to Adjusted Contribution.” Please see appendix for definitions.

(2) Adjusted FI Share and other third-party costs and adjusted contribution include the impact of a \$0.8 million gain during 2018 related to the renewal of our agreement with an FI partner, which contains certain amendments that are retroactively applied as of January 1, 2018.

# Significant FI MAU increase precedes expected Billings growth and future ARPU expansion

(FI MAUs in millions)

● FI MAUs<sup>(1)</sup> — ARPU<sup>(1)</sup>



(1) Please see appendix for definitions.

# Appendix



# Appendix

## Q4 2019 Results (unaudited)

(Amounts in thousands, except ARPU and per share amounts)

	Three Months Ended December 31,		Change		Year Ended December 31,		Change	
	2018	2019	AMT	%	2018	2019	AMT	%
Billings <sup>(1)</sup>	\$70,216	\$100,935	\$30,719	43.7%	\$218,980	\$316,053	\$97,073	44.3%
Consumer Incentives	22,397	31,642	9,245	41.3%	68,296	105,623	37,327	54.7%
Revenue	\$47,819	\$69,293	\$21,474	44.9%	\$150,684	\$210,430	\$59,746	39.6%
Adjusted FI Share and other third-party costs <sup>(1)</sup>	25,740	38,290	12,550	48.8%	81,234	115,211	33,977	41.8%
Adjusted contribution <sup>(1)</sup>	\$22,079	\$31,003	\$8,924	40.4%	\$69,450	\$95,219	\$25,769	37.1%
Net (loss) income attributable to common stockholders	(\$11,566)	\$3,427	\$14,993	(129.6%)	(\$53,199)	(\$17,144)	\$36,055	(67.8%)
Net (loss) income per share attributable to common stockholders, diluted (EPS)	(\$0.53)	\$0.12	\$0.65	(123.6%)	(\$2.79)	(\$0.72)	\$2.07	(74.1%)
Adjusted EBITDA <sup>(1)</sup>	\$308	\$6,891	\$6,583	2137.3%	(\$6,595)	\$6,052	\$12,647	(191.8%)
Adjusted EBITDA margin <sup>(2)</sup>	0.64%	9.94%			(4.38%)	2.88%		
Non-GAAP net (loss) income <sup>(1)</sup>	(\$1,254)	\$5,153	\$6,407	(510.9%)	(\$14,759)	(\$1,900)	\$12,859	(87.1%)
Non-GAAP net (loss) income per share, diluted <sup>(1)</sup>	(\$0.06)	\$0.18	\$0.24	(418.4%)	(\$0.73)	(\$0.08)	\$0.65	(89.1%)
FI MAUs <sup>(1)</sup>	83,223	133,435	50,212	60%	65,012	122,586	60,027	92.3%
ARPU <sup>(1)</sup>	\$0.57	\$0.52	(\$0.05)	(8.9%)	\$2.30	\$1.72	(\$0.58)	(25.2%)

(1) Billings, adjusted FI share and other third-party costs, adjusted contribution, adjusted EBITDA, non-GAAP net (loss) income and non-GAAP net (loss) income per share are non-GAAP measures. Reconciliations of these non-GAAP measures to the most comparable GAAP measures are included in the appendix to this presentation, as well as definitions of these non-GAAP terms.

(2) Adjusted EBITDA margin is calculated as adjusted EBITDA divided by revenue.

# Appendix

## Guidance

(Amounts in millions)

	Q1 2020
Billings <sup>(1)</sup>	\$64.0 - \$69.0
Revenue	\$43.5 - \$46.5
Adjusted contribution <sup>(2)</sup>	\$19.0 - \$20.5
Adjusted EBITDA <sup>(3)</sup>	(\$4.5) - (\$3.0)

(1) A reconciliation of billings to GAAP revenue on a forward-looking basis is presented below under the heading “Reconciliation of Forecasted GAAP Revenue to Billings.”

(2) A reconciliation of adjusted contribution to GAAP gross profit on a forward-looking basis is not available without unreasonable efforts due to the high variability, complexity and low visibility with respect to the items excluded from this non-GAAP measure.

(3) A reconciliation of adjusted EBITDA to GAAP net loss on a forward-looking basis is not available without unreasonable efforts due to the high variability, complexity and low visibility with respect to the items excluded from this non-GAAP measure.





# Appendix

## Reconciliation of GAAP Revenue to Billings (unaudited)

(Amounts in thousands)

	Three Months Ended											
	Mar 31, 2017	Jun 30, 2017	Sept 30, 2017	Dec 31, 2017	Mar 31, 2018	Jun 30, 2018	Sept 30, 2018	Dec 31, 2018	Mar 31, 2019	Jun 30, 2019	Sept 30, 2019	Dec 31, 2019
Revenue	\$26,881	\$32,812	\$31,406	\$39,266	\$32,713	\$35,570	\$34,582	\$47,819	\$35,988	\$48,730	\$56,419	\$69,293
Plus:												
Consumer Incentives	13,229	14,750	14,114	19,068	16,049	15,848	14,002	22,397	22,562	25,046	26,373	31,642
Billings	\$40,110	\$47,562	\$45,520	\$58,334	\$48,762	\$51,418	\$48,584	\$70,216	\$58,550	\$73,776	\$82,792	\$100,935



# Appendix

## Reconciliation of GAAP Gross Profit to Adjusted Contribution (unaudited)

(Amounts in thousands)

	Three Months Ended											
	Mar 31, 2017	Jun 30, 2017	Sept 30, 2017	Dec 31, 2017	Mar 31, 2018	Jun 30, 2018	Sept 30, 2018	Dec 31, 2018	Mar 31, 2019	Jun 30, 2019	Sept 30, 2019	Dec 31, 2019
Revenue	\$26,881	\$32,812	\$31,406	\$39,266	\$32,713	\$35,570	\$34,582	\$47,819	\$35,988	\$48,730	\$56,419	\$69,293
Minus:												
FI Share and other third-party costs <sup>(2)</sup>	16,677	19,680	14,529	22,361	21,420	19,747	17,982	26,222	19,004	27,620	32,470	38,986
Delivery costs <sup>(3)</sup>	1,553	1,896	1,646	1,917	1,943	2,559	3,007	3,123	3,246	3,370	3,070	3,207
Gross profit	\$8,651	\$11,236	\$15,231	\$14,988	\$9,350	\$13,264	\$13,593	\$18,474	\$13,738	\$17,740	\$20,879	\$27,100
Plus:												
Delivery costs <sup>(3)</sup>	1,553	1,896	1,646	1,917	1,943	2,559	3,007	3,123	3,246	3,370	3,070	3,207
Non-cash equity expense included in FI Share	-	-	-	-	2,519	-	-	-	-	-	-	-
Amortization of deferred FI implementation costs	391	354	365	516	412	346	378	482	653	731	789	696
Adjusted contribution <sup>(1)(2)</sup>	\$10,595	\$13,486	\$17,242	\$17,421	\$14,224	\$16,169	\$16,978	\$22,079	\$17,637	\$21,841	\$24,738	\$31,003

(1) FI Share and other third-party costs, gross profit and adjusted contribution include the impact of an accrued expense totaling \$1.5 million during both the first and second quarter of 2017 related to an expected shortfall in meeting a minimum FI Share commitment. The accrued expense was reversed during the third quarter of 2017, resulting in a non-cash gain totaling \$3.0 million.

(2) FI Share and other third-party costs, gross profit and adjusted contribution include the impact of a \$0.8 million gain during 2018 related to the renewal of our agreement with an FI partner, which contains certain amendments that are retroactively applied as of January 1, 2018.

(3) Delivery costs include stock-based compensation expense as follows:

	Three Months Ended											
	Mar 31, 2017	Jun 30, 2017	Sept 30, 2017	Dec 31, 2017	Mar 31, 2018	Jun 30, 2018	Sept 30, 2018	Dec 31, 2018	Mar 31, 2019	Jun 30, 2019	Sept 30, 2019	Dec 31, 2019
Stock-based compensation expense	\$41	\$43	\$62	\$56	\$85	\$183	\$203	\$162	\$164	\$199	\$176	\$172

# Appendix

## Reconciliation of GAAP FI Share and Other Third-Party Costs to Adjusted FI Share and Other Third-Party Costs *(unaudited)*

*(Amounts in thousands)*

	Three Months Ended											
	Mar 31, 2017	Jun 30, 2017	Sept 30, 2017	Dec 31, 2017	Mar 31, 2018	Jun 30, 2018	Sept 30, 2018	Dec 31, 2018	Mar 31, 2019	Jun 30, 2019	Sept 30, 2019	Dec 31, 2019
FI Share and other third-party costs <sup>(1)(2)</sup>	\$16,677	\$19,680	\$14,529	\$22,361	\$21,420	\$19,747	\$17,982	\$26,222	\$19,004	\$27,620	\$32,470	\$38,986
Minus:												
Non-cash equity expense included in FI Share	-	-	-	-	2,519	-	-	-	-	-	-	-
Amortization of deferred FI implementation costs	391	354	365	516	412	346	378	482	653	731	789	696
Adjusted FI Share and other third-party costs <sup>(1)(2)</sup>	\$16,286	\$19,326	\$14,164	\$21,845	\$18,489	\$19,401	\$17,604	\$25,740	\$18,351	\$26,889	\$31,681	\$38,290

(1) FI Share and other third-party costs and adjusted FI Share and other third-party costs include the impact of an accrued expense totaling \$1.5 million during both the first and second quarter of 2017 related to an expected shortfall in meeting a minimum FI Share commitment. The accrued expense was reversed during the third quarter of 2017, resulting in a non-cash gain totaling \$3.0 million.

(2) FI Share and other third-party costs and adjusted FI Share and other third-party costs include the impact of a \$0.8 million gain during 2018 related to the renewal of our agreement with an FI partner, which contains certain amendments that are retroactively applied as of January 1, 2018.

# Appendix

## Reconciliation of GAAP Net Loss to Adjusted EBITDA (unaudited)

(Amounts in thousands)

	Three Months Ended											
	Mar 31, 2017	Jun 30, 2017	Sept 30, 2017	Dec 31, 2017	Mar 31, 2018	Jun 30, 2018	Sept 30, 2018	Dec 31, 2018	Mar 31, 2019	Jun 30, 2019	Sept 30, 2019	Dec 31, 2019
Net (loss) income <sup>(1)</sup>	(\$12,463)	(\$648)	(\$2,474)	(\$4,056)	(\$20,055)	(\$13,053)	(\$8,368)	(\$11,566)	(\$6,314)	(\$6,510)	(\$7,747)	\$3,427
Plus:												
Income tax benefit	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense (income), net	2,644	2,020	1,763	1,812	1,749	992	254	269	304	338	218	(321)
Depreciation and amortization expense	765	767	771	725	910	784	777	811	961	1,053	1,167	1,354
Stock-based compensation expense	983	1,242	1,482	1,440	2,900	8,345	5,723	9,822	1,708	3,072	7,486	3,585
Foreign currency (gain) loss	(165)	(579)	(455)	(119)	(683)	1,109	256	490	(491)	667	903	(1,859)
Amortization of deferred FI implementation costs	391	354	365	516	412	346	378	482	653	731	789	696
Costs associated with financing events	-	129	-	-	-	-	118	-	-	-	123	-
Loss on extinguishment of debt	-	-	-	-	-	924	-	-	-	23	28	-
Change in fair value of warrant liabilities, net	327	1,466	(1,381)	169	9,172	(1,611)	(801)	-	-	-	-	-
Change in fair value of convertible promissory notes	2,606	(7,575)	-	-	-	-	-	-	-	-	-	-
Non-cash equity expense included in FI Share	-	-	-	-	2,519	-	-	-	-	-	-	-
Adjusted EBITDA <sup>(1)</sup>	(\$4,912)	(\$2,824)	\$71	\$487	(\$3,076)	(\$2,164)	(\$1,663)	\$308	(\$3,179)	(\$626)	\$2,967	\$6,891

(1) Net (loss) income and adjusted EBITDA include the impact of a \$0.8 million gain during 2018 related to the renewal of our agreement with an FI partner, which contains certain amendments that are retroactively applied as of January 1, 2018. Please see appendix for definition of adjusted EBITDA.

# Appendix

## Reconciliation of GAAP Net (Loss) Income to Non-GAAP Net (Loss) Income and Non-GAAP Net (Loss) Income Per Share *(unaudited)*

*(Amounts in thousands, except per share amounts)*

	Three Months Ended December 31,		Year Ended December 31,	
	2018	2019	2018	2019
Net (loss) income <sup>(1)</sup>	(\$11,566)	\$3,427	(\$53,042)	(\$17,144)
Plus:				
Stock-based compensation expense	9,822	3,585	26,790	15,851
Foreign currency (gain) loss	490	(1,859)	1,172	(781)
Loss on extinguishment of debt	-	-	924	51
Change in fair value of warrant liabilities, net	-	-	6,760	-
Non-cash equity expense included in FI Share	-	-	2,519	-
Costs associated with financing events	-	-	118	123
Non-GAAP net (loss) income <sup>(1)</sup>	<u>(\$1,254)</u>	<u>\$5,153</u>	<u>(\$14,759)</u>	<u>(\$1,900)</u>
Weighted-average number of shares of common stock used in computing non-GAAP net (loss) income per share:				
GAAP weighted-average common shares outstanding, diluted	21,760	28,083	19,060	23,746
Weighted-average preferred shares, assuming conversion	-	-	1,108	-
Non-GAAP weighted-average common shares outstanding, diluted	<u>21,760</u>	<u>28,083</u>	<u>20,168</u>	<u>23,746</u>
Non-GAAP net (loss) income per share, diluted	<u>(\$0.06)</u>	<u>\$0.18</u>	<u>(\$0.73)</u>	<u>(\$0.08)</u>

(1) Net (loss) income and non-GAAP net (loss) income include the impact of a \$0.8 million gain during 2018 related to the renewal of our agreement with an FI partner, which contains certain amendments that are retroactively applied as of January 1, 2018.



# Appendix

Reconciliation of Forecasted GAAP Revenue to Billings <i>(unaudited)</i>		(Amounts in millions)
		Q1 2020 Guidance
Revenue		\$43.5 - \$46.5
Plus:		
Consumer Incentives		\$17.5 - \$25.5
Billings		\$64.0 - \$69.0



# Appendix

## Defintions

**FI MAUs:** We define FI MAUs as targetable customers or accounts of our FI partners that logged in and visited the online or mobile banking applications of, or opened an email containing our offers from, our FI partners during a monthly period. We then calculate a monthly average of these FI MAUs for the periods presented.

**ARPU:** We define ARPU as the total Cardlytics Direct revenue generated in the applicable period calculated in accordance with GAAP, divided by the average number of FI MAUs in the applicable period.

**Billings:** Billings represents the gross amount billed to marketers for advertising campaigns in order to generate revenue. Billings is reported gross of both Consumer Incentives and FI Share. Our GAAP revenue is recognized net of Consumer Incentives and gross of FI Share.

**Adjusted Contribution:** We define adjusted contribution as a measures by which revenue generated from our marketers exceeds the cost to obtain the purchase data and the digital advertising space from our FI 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 FI Share and other third-party costs exclusive of a non-cash equity expense and amortization of deferred FI implementation costs, which are non-cash costs. 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.

**Adjusted EBITDA:** We define adjusted EBITDA as our net loss before income tax benefit; interest expense (income), net; depreciation and amortization expense; stock-based compensation expense; foreign currency (gain) loss; amortization of deferred FI implementation costs; costs associated with financing events; loss on extinguishment of debt; change in fair value of warrant liabilities, net; change in fair value of convertible promissory notes; and a non-cash equity expense recognized in FI Share.

**Non-GAAP Net (loss) Income:** We define non-GAAP net loss as our net loss before stock-based compensation expense; change in fair value of warrant liabilities, net; change in fair value of convertible promissory notes; foreign currency (gain) loss; loss on extinguishment of debt; costs associated with financing events; and non-cash equity expense recognized in FI Share. Notably, any impacts related to minimum FI Share commitments in connection with agreements with certain FI partners are not added back to net loss in order to calculate adjusted EBITDA.

**Non-GAAP Net (loss) income per share:** We define non-GAAP net loss per share as non-GAAP net (loss) income divided by non-GAAP weighted-average common shares outstanding, diluted, which includes our GAAP weighted-average common shares outstanding, diluted, and our weighted-average preferred shares outstanding, assuming conversion.

