REFINITIV

DELTA REPORT

10-Q

CDLX - CARDLYTICS, INC.

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	1681
CHANGES	252
DELETIONS	634
ADDITIONS	795

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 March 31, 2024 June 30, 2024

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**

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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, Suite 4100 **Atlanta** **Georgia** **30308**

(Address of principal executive offices, including zip code)

(888) 792-5802 798-5802

(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 April 30, 2024 July 31, 2024, there were 48,783,041 49,840,104 shares outstanding of the registrant's common stock, par value $0.0001.

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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

- Unfavorable conditions, including inflationary pressure, 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.
- If we fail to identify and respond effectively to rapidly changing technology and industry needs, our solutions may become less competitive or obsolete.
- We are substantially dependent on Chase, Bank of America, Wells Fargo 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.

Risks Related to our Indebtedness

- 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 convertible notes or to repurchase convertible 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.

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Risks Related to Regulatory and Intellectual Property Matters

- We and our FI partners are subject to stringent and changing privacy and data security laws, rules, contractual obligations, self-regulatory schemes, government regulation, policies and other obligations related to data privacy and security. The actual or perceived failure by us, our customers, our partners, or other third parties whom we rely upon to comply with such obligations could lead to regulatory investigations or actions, litigation, disruptions of our business operations, loss of customers or sales, harm our reputation, result in significant expense, loss of revenue or profits, subject us to significant fines and liability or otherwise adversely affect our business.
- 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 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.

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

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

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Assets		
Current assets:		
Current assets:		
Current assets:		
Cash and cash equivalents		
Cash and cash equivalents		
Cash and cash equivalents		
Accounts receivable and contract assets, net		
Accounts receivable and contract assets, net		
Accounts receivable and contract assets, net		
Other receivables		
Prepaid expenses and other assets		
Total current assets		
Long-term assets:		
Property and equipment, net		
Property and equipment, net		
Property and equipment, net		
Right-of-use assets under operating leases, net		
Intangible assets, net		
Goodwill		
Capitalized software development costs, net		
Other long-term assets, net		
Total assets		
Liabilities and stockholders' equity		
Current liabilities:		
Current liabilities:		
Current liabilities:		
Accounts payable		
Accounts payable		
Accounts payable		
Accrued liabilities:		
Accrued compensation		

Accrued compensation
Accrued compensation
Accrued expenses
Partner Share liability
Partner Share liability
Partner Share liability
Consumer Incentive liability
Deferred revenue
Current operating lease liabilities
Current contingent consideration
Total current liabilities
Long-term liabilities:
Convertible senior notes, net
Convertible senior notes, net
Convertible senior notes, net
Long-term operating lease liabilities
Long-term deferred revenue
Long-term debt
Long-term contingent consideration
Other long-term liabilities
Total liabilities
Stockholders' equity:
Common stock, $0.0001 par value—100,000 shares authorized, 48,174 and 39,728 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively
Common stock, $0.0001 par value—100,000 shares authorized, 48,174 and 39,728 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively
Common stock, $0.0001 par value—100,000 shares authorized, 48,174 and 39,728 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively
Common stock, $0.0001 par value—100,000 shares authorized, 49,402 and 39,728 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively
Common stock, $0.0001 par value—100,000 shares authorized, 49,402 and 39,728 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively
Common stock, $0.0001 par value—100,000 shares authorized, 49,402 and 39,728 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively
Additional paid-in capital
Accumulated other comprehensive income
Accumulated deficit
Total stockholders' equity
Total liabilities and stockholders' equity

See notes to the condensed consolidated financial statements

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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,	
	2024	**2023**	**2024**	**2023**

Revenue
Revenue
Revenue
Costs and expenses:
Costs and expenses:
Costs and expenses:
Partner Share and other third-party costs
Partner Share and other third-party costs
Partner Share and other third-party costs
Delivery costs
Delivery costs
Delivery costs
Sales and marketing expense
Sales and marketing expense
Sales and marketing expense
Research and development expense
Research and development expense
Research and development expense
General and administration expense
General and administration expense
General and administration expense
Acquisition, integration and divestiture cost
Acquisition, integration and divestiture cost
Acquisition, integration and divestiture cost
Change in contingent consideration
Change in contingent consideration
Acquisition, integration and divestiture benefit
Change in contingent consideration
Depreciation and amortization expense
Depreciation and amortization expense
Depreciation and amortization expense
Total costs and expenses
Total costs and expenses
Total costs and expenses
Operating (Loss) Income
Operating (Loss) Income
Operating (Loss) Income
Other expense (income):
Other expense (income):
Other expense (income):
Operating Loss
Other (expense) income:
Interest expense, net
Interest expense, net
Interest expense, net
Foreign currency (loss) gain
Foreign currency (loss) gain
Foreign currency (loss) gain
Total other (expense) income
Total other (expense) income
Total other (expense) income

(Loss) Income before income taxes
(Loss) Income before income taxes
(Loss) Income before income taxes
Foreign currency gain (loss)
Gain on debt extinguishment
Total other income
Loss before income taxes
Net (Loss) Income
Net (Loss) Income
Net (Loss) Income
Net Loss
Net Loss
Net Loss
Net (Loss) Income per share, basic
Net Loss per share, basic and diluted
Net Loss per share, basic and diluted
Net (Loss) Income per share, basic
Net Loss per share, basic and diluted
Weighted-average common shares outstanding, basic and diluted
Weighted-average common shares outstanding, basic and diluted
Weighted-average common shares outstanding, basic and diluted
Net (Loss) Income per share, basic
Net (Loss) Income per share, diluted
Net (Loss) Income per share, diluted
Net (Loss) Income per share, diluted
Weighted-average common shares outstanding, basic
Weighted-average common shares outstanding, basic
Weighted-average common shares outstanding, basic
Weighted-average common shares outstanding, diluted
Weighted-average common shares outstanding, diluted
Weighted-average common shares outstanding, diluted

See notes to the condensed consolidated financial statements

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

	Three Months Ended March 31,	
	2024	**2023**
Net (Loss) Income	$ (24,275)	$ 13,608
Other Comprehensive (Loss) Income:		
Foreign currency translation adjustments	580	(1,274)
Total Comprehensive (Loss) Income	$ (23,695)	$ 12,334

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net Loss	$ (4,257)	$ (23,508)	$ (28,532)	$ (9,900)
Other Comprehensive Loss:				
Foreign currency translation adjustments	(94)	(1,281)	486	(2,555)
Total Comprehensive Loss	$ (4,351)	$ (24,789)	$ (28,046)	$ (12,455)

See notes to the condensed consolidated financial statements

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

Three Six Months Ended March 31, 2024 June 30, 2024:

	Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total	Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
Balance – December 31, 2023								
Balance – December 31, 2023								
Balance – December 31, 2023								
Exercise of common stock options								
Stock-based compensation								
Settlement of restricted stock								
Issuance of common stock, net of issuance costs - Settlement Agreement (as defined below)								
Issuance of common stock, net of issuance costs - Settlement Agreement (as defined below)								
Issuance of common stock, net of issuance costs - Settlement Agreement (as defined below)								
Issuance of common stock, net of issuance costs - ATM Offering Program (as defined below)								
Other comprehensive income								
Other comprehensive income								
Other comprehensive income								
Issuance of common stock pursuant to the 2018 ESPP (as defined below)								
Termination of capped calls related to 2020 Convertible Senior Notes								
Other comprehensive loss								
Net Loss								
Balance – March 31, 2024								
Balance – June 30, 2024								

Three Months Ended March 31, 2023 June 30, 2024:

	Additional Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total	Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
Balance – December 31, 2022								
Balance – December 31, 2022								
Balance – December 31, 2022								
Stock-based compensation								
Stock-based compensation								
Balance – March 31, 2024								
Balance – March 31, 2024								
Balance – March 31, 2024								
Exercise of common stock options								
Stock-based compensation								
Settlement of restricted stock								
Issuance of common stock, net of issuance costs								
Issuance of common stock, net of issuance costs - ATM Offering Program (as defined below)								
Issuance of common stock, net of issuance costs - ATM Offering Program (as defined below)								
Issuance of common stock, net of issuance costs - ATM Offering Program (as defined below)								
Issuance of common stock pursuant to the 2018 ESPP (as defined below)								
Termination of capped calls related to 2020 Convertible Senior Notes								
Other comprehensive loss								
Other comprehensive loss								
Other comprehensive loss								
Net Income								
Balance – March 31, 2023								
Net Loss								
Balance – June 30, 2024								

See notes to the condensed consolidated financial statements

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Six Months Ended June 30, 2023:

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
	Shares	Amount				
Balance – December 31, 2022	33,477	$ 9	$ 1,182,568	$ 5,598	$ (976,570)	$ 211,605
Exercise of common stock options	4	—	11	—	—	11
Stock-based compensation	—	—	20,676	—	—	20,676
Settlement of restricted stock	570	—	—	—	—	—
Issuance of common stock	2,755	—	15,171	—	—	15,171

	Shares	Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
Issuance of common stock pursuant to the 2018 ESPP (as defined below)	282	—	1,104	—	—	1,104
Other comprehensive loss	—	—	—	(2,555)	—	(2,555)
Net Loss	—	—	—	—	(9,900)	(9,900)
Balance – June 30, 2023	37,088	$ 9	$ 1,219,530	$ 3,043	$ (986,470)	$ 236,112

Three Months Ended June 30, 2023:

	Common Stock		Additional	Accumulated Other		
	Shares	Amount	Paid-In Capital	Comprehensive Income	Accumulated Deficit	Total
Balance – March 31, 2023	33,645	$ 9	$ 1,190,950	$ 4,324	$ (962,962)	$ 232,321
Exercise of common stock options	4	—	11	—	—	11
Stock-based compensation	—	—	12,294	—	—	12,294
Settlement of restricted stock	402	—	—	—	—	—
Issuance of common stock	2,755	—	15,171	—	—	15,171
Issuance of common stock pursuant to the 2018 ESPP (as defined below)	282	—	1,104	—	—	1,104
Other comprehensive loss	—	—	—	(1,281)	—	(1,281)
Net Loss	—	—	—	—	(23,508)	(23,508)
Balance – June 30, 2023	37,088	$ 9	$ 1,219,530	$ 3,043	$ (986,470)	$ 236,112

See notes to the condensed consolidated financial statements

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

	Three Months Ended March 31,		Six Months Ended June 30,	
	2024	2023	2024	2023
Operating activities				
Net (Loss) Income				
Net (Loss) Income				
Net (Loss) Income				
Net Loss				
Net Loss				
Net Loss				
Adjustments to reconcile net loss to net cash used in operating activities:				
Credit loss expense (gain)				
Credit loss expense (gain)				
Credit loss expense (gain)				
Credit loss expense				
Credit loss expense				
Credit loss expense				

Depreciation and amortization
Amortization of financing costs charged to interest expense
Amortization of right-of-use assets
Amortization of right-of-use assets
Amortization of right-of-use assets
Gain on debt extinguishment
Stock-based compensation expense
Change in contingent consideration
Change in contingent consideration
Change in contingent consideration
Other non-cash expense (income), net
Other non-cash expense (income), net
Other non-cash expense (income), net
Change in operating assets and liabilities:
Change in operating assets and liabilities:
Change in operating assets and liabilities:
Accounts receivable
Accounts receivable
Accounts receivable
Prepaid expenses and other assets
Accounts payable
Accounts payable
Accounts payable
Other accrued expenses
Partner Share liability
Partner Share liability
Partner Share liability
Consumer Incentive liability
Net cash used in operating activities
Investing activities
Acquisition of property and equipment
Acquisition of property and equipment
Acquisition of property and equipment
Capitalized software development costs
Capitalized software development costs
Capitalized software development costs
Net cash used in investing activities
Net cash used in investing activities
Business acquisitions, net of cash acquired
Net cash used in investing activities
Financing activities
Proceeds from issuance of debt
Proceeds from issuance of debt
Proceeds from issuance of debt
Settlement of contingent consideration
Principal payments of debt
Principal payments of the 2018 Line of Credit
Principal payments of the 2018 Line of Credit
Principal payments of the 2018 Line of Credit
Principal payments of 2020 Convertible Senior Notes
Proceeds from issuance of 2024 Convertible Senior Notes

Proceeds from termination of capped calls related to convertible notes		
Proceeds from issuance of common stock		
Proceeds from issuance of common stock		
Proceeds from issuance of common stock		
Deferred financing costs		
Deferred financing costs		
Deferred financing costs		
Net cash provided by financing activities		
Deferred equity issuance costs		
Equity issuance costs		
Debt issuance costs		
Net cash provided by (used in) financing activities		
Effect of exchange rates on cash, cash equivalents and restricted cash		
Net increase in cash, cash equivalents and restricted cash		
Net decrease in cash, cash equivalents and restricted cash		
Cash, cash equivalents, and restricted cash — Beginning of period		
Cash, cash equivalents, and restricted cash — End of period		

See notes to the condensed consolidated financial statements

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

	Three Months Ended March 31,	
	2024	**2023**
Reconciliation of cash, cash equivalents and restricted cash to the condensed consolidated balance sheet:		
Cash and cash equivalents	$ 97,766	$ 139,194
Restricted cash	—	82
Total cash, cash equivalents and restricted cash — End of period	$ 97,766	$ 139,276
Supplemental schedule of non-cash investing and financing activities:		
Cash paid for interest	$ 1,862	$ 1,268
Amounts accrued for property and equipment	$ 98	$ —
Amounts accrued for capitalized software development costs	$ 135	$ —
Issuance of common stock, net of issuance costs - Settlement Agreement (as defined below)	$ 27,451	$ —

See notes to the condensed consolidated financial statements

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

	Six Months Ended June 30,	
	2024	**2023**
Reconciliation of cash, cash equivalents and restricted cash to the condensed consolidated balance sheet:		
Cash and cash equivalents	$ 71,248	$ 92,069
Restricted cash	—	76
Total cash, cash equivalents and restricted cash — End of period	$ 71,248	$ 92,145
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 2,202	$ 1,924
Amounts accrued for property and equipment	$ 378	$ —
Amounts accrued for capitalized software development costs	$ 150	$ —
Issuance of common stock, net of issuance costs - Settlement Agreement (as defined below)	$ 27,451	$ —
Amounts accrued for debt issuance costs	$ 354	$ —

See notes to the condensed consolidated financial statements

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

1. OVERVIEW OF BUSINESS AND BASIS OF PRESENTATION

Cardlytics, Inc. (“ ("we,” “our,” “us,”" "our," "us," the “Company,” "Company," or “Cardlytics” "Cardlytics") is a Delaware corporation and was formed on June 26, 2008. Our company's mission is to make commerce smarter and rewarding for everyone. We work to accomplish this mission by operating an advertising platform within our own and our partners' digital channels, which includes online, mobile applications, email and various real-time notifications (the "Cardlytics platform"). We also operate a customer data platform that utilizes point-of-sale ("POS") data, including product-level purchase data, to enable marketers to perform analytics and targeted loyalty marketing and also measure the impact of their marketing (the "Bridg platform"). The partners for the Cardlytics platform are predominantly financial institutions ("FI partners") that provide us with access to their anonymized purchase data and digital banking customers. The partners for the Bridg platform are predominantly merchants ("merchant data partners") that provide us with access to their POS data, including product-level purchase data. By applying advanced analytics to the purchase data we receive, we make it actionable, helping marketers reach potential 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, direct-to-consumer, and grocery and gas. Using our purchase intelligence, we enable marketers to reach potential customers across our network of FI partners through their digital banking accounts and present them relevant offers to save money when they are thinking about their finances.

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

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 ("SEC"). 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, 2023.

2024 Convertible Senior Notes

On April 1, 2024, we issued $172.5 million principal amount of its 4.25% Convertible Senior Notes due in 2029 (the "2024 Convertible Senior Notes") in a private offering, including the exercise in full of the initial purchasers' option to purchase up to an additional $22.5 million principal amount of the 2024 Convertible Senior Notes. Refer to Note 7—Debt and Financing Arrangements for further details.

Equity Distribution Agreement

On January 29, 2024, we filed a shelf registration statement on Form S-3 with the SEC, which was declared effective by the SEC on February 9, 2024. This shelf registration statement, which includes a base prospectus, allows us to offer and sell up to a maximum aggregate offering amount of $100.0 million of our registered common stock, preferred stock, debt securities, warrants, or any combination of securities described in the prospectus in one or more offerings.

On March 18, 2024, we entered into an equity distribution agreement (the “Equity Distribution Agreement”) with Evercore Group L.L.C., BofA Securities, Inc. and Cantor Fitzgerald & Co., as sales agents, pursuant to which we may issue and sell, from time to time, shares of our common stock up to a maximum aggregate offering amount of $50.0 million in “at-the-market” "at-the-market" offerings (the “ATM "ATM Offering Program” Program"). On March 18, 2024, we sold 3,907,600 shares of our common stock at a weighted average price per share of $12.80, for aggregate net proceeds of $48.3 million after deducting commissions and estimated offering expenses payable by us, pursuant to the Equity Distribution Agreement and completed the ATM Offering Program.

Divestitures

On December 7, 2023, we sold and transferred substantially all of the assets of HSP EPI Acquisition, LLC, a wholly-owned subsidiary ("Entertainment"), for $6.0 million in cash, subject to a combined $1.1 million held in escrow for indemnities and sales and use taxes, as well as customary post-closing adjustment. During the three months ended June 30, 2024, we received $0.2 million of cash from the escrow and recorded a $0.1 million divestiture expense associated with the net working capital adjustment.

Contingent Consideration for the Acquisition of Bridg

As part of our acquisition of Bridg and pursuant to the terms of the Agreement and Plan of Merger dated as of April 12, 2021, as amended (the "Merger Agreement"), we agreed to make two earnout payments: the First Anniversary Payment Amount and the Second Anniversary Payment Amount, based on the First Anniversary ARR and the Second Anniversary ARR of Bridg (as defined in the Merger Agreement), respectively.

As of December 31, 2023, we had paid the First Anniversary Payment Amount consisting of $50.1 million of cash and 2,740,418 shares of our common stock to the Stockholder Representative, inclusive of brokerage fees and transaction bonuses and accounting for all true-ups and credits.

On January 25, 2024, we entered into a settlement agreement (the "Settlement Agreement") with the Stockholder Representative to resolve all outstanding disputes related to the Merger Agreement, pursuant to which we agreed to pay $25.0 million in cash and issue 3,600,000 shares of our common stock to the Stockholder Representative, inclusive of broker fees and transaction bonuses. Pursuant to the Settlement Agreement we paid the Stockholder Representative $20.0 million in cash on January 26, 2024 and we issued 3,600,000 shares of our common stock on February 1, 2024. The remaining cash payments related to the Settlement Agreement will be paid in two tranches with $3.0 million to be paid by January 31, 2025 and $2.0 million to be paid by June 30, 2025, which are presented in our consolidated balance sheet as current and long-term contingent consideration. Refer to Refer to Note 9—Fair Value Measurements and Refer to Note 10—Commitments and Contingencies for further information about the Bridg acquisition and related contingent consideration.

On June 10, 2024, PNC Financial Services Group, Inc., which acted as the paying agent in connection with payments made in connection with the Merger Agreement and the Settlement Agreement, notified us of a balance of approximately $5.9 million from a payment account related to the Merger Agreement and transferred the balance to us. We have recorded the $5.9 million as a gain that was realized during the quarter ended June 30, 2024. The gain is reflected as change in contingent consideration in the condensed consolidated statements of operation.

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, stock-based compensation, allowance for doubtful accounts, valuation of acquired intangible assets of Bridg, valuation of contingent consideration for Bridg, valuation of long-lived assets, goodwill valuation, income tax including 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.

Macroeconomic Considerations

Unfavorable conditions in the economy both in the United States and abroad may negatively affect the growth of our business and our results of operations. For example, macroeconomic events, including the changes in inflation, the U.S. Federal Reserve raising interest rates, disruptions in access to bank deposits or lending commitments due to bank failures, the Russia-Ukraine war and the Middle East conflict have led to economic uncertainty globally. Historically, during periods of economic uncertainty and downturns, businesses may slow spending on advertising, which may impact our business and our customers’ businesses.

The effect of macroeconomic conditions may not be fully reflected in our results of operations until future periods. If, however, economic uncertainty increases or the global economy worsens, our business, financial condition and results of operations may be harmed. For further discussion of the potential impacts of macroeconomic events on our business, financial condition and operating results, see the section titled "Risk Factors."

2. SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING STANDARDS

Significant Accounting Policies

There have been no changes to our significant accounting policies other than the standards adopted below. 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, 2023, 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.

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Recently Adopted Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) 2023-07, Segment Reporting (Topic 280). The new standard requires enhanced disclosures about significant segment expenses and other segment items and requires companies to disclose all annual disclosures about segments in interim periods. The new standard also permits companies to disclose more than one measure of segment profit or loss, requires disclosure of the title and position of the Chief Operating Decision Maker, and requires companies with a single reportable segment to provide all disclosures required by Topic 280. The new standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted and companies are required to apply the ASU retrospectively to all periods presented. We are currently evaluating the impact that the adoption of this standard will have on our financial statements and related disclosures.

3. BUSINESS COMBINATIONS AND DIVESTITURES

Our historical 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.

During the three six months ended March 31, 2024 June 30, 2024 and 2023 we incurred no cost realized an expense of $0.2 million and a $1.7 million cost, gain of $9.9 million, respectively, primarily in connection with our acquisition of Bridg due to the changes in the estimated brokerage fees and transaction bonuses and accounting for all true-ups and credits related to the acquisition of Bridg. These costs are included in acquisition, integration and divestiture cost on our condensed consolidated statements of operations.

Divestitures

On December 7, 2023, we sold and transferred substantially all of the assets of Entertainment, for $6.0 million in cash, subject to a combined $1.1 million held in escrow for indemnities and sales and use taxes, as well as customary post-closing adjustment. During the three months ended June 30, 2024, we received $0.2 million of cash from the escrow and recorded a $0.1 million divestiture expense associated with the net working capital adjustment.

4. GOODWILL AND ACQUIRED INTANGIBLES

Goodwill

Goodwill is tested annually for impairment, unless certain triggering events require an interim impairment analysis, including macroeconomic conditions, industry and market considerations, costs factors, overall financial performance, and other relevant entity-specific events and changes. These considerations are evaluated holistically to assess whether it is more likely than not that a reporting unit's carrying value exceeds its fair value. Our reporting units consist of the Cardlytics platform in the U.S., the Cardlytics platform in the U.K. and the Bridg platform. There is no goodwill recorded within the Cardlytics platform in the U.K.

There have been no changes to the carrying amounts of goodwill since December 31, 2023. The carrying amounts of goodwill as of March 31, 2024 are June 30, 2024 were as follows (in thousands):

	Cardlytics Platform	Bridg Platform	Consolidated
Goodwill	$ 159,429	$ 117,773	$ 277,202

We have assessed the triggering events criteria along with related conditions and developments as of March 31, 2024 June 30, 2024. We have determined that none of the conditions collectively constitute a triggering event. As such, we have determined that it is not more likely than not that the carrying values of our reporting units exceed their respective fair values, and an impairment test was not required as of March 31, 2024 June 30, 2024. However, future changes in assumptions or deterioration in market conditions could result in an impairment.

Acquired Intangibles

We evaluate the recoverability of our finite-lived intangible assets and other long-lived assets whenever events or substantive changes in circumstances indicate that the carrying amount may not be recoverable. Prior to the quantitative goodwill impairment test, we evaluated the recoverability of these long-lived assets for our asset groups. The evaluation is based on the cash flows generated by the underlying asset groups, including estimated future operating results, trends or other determinants of fair value. If the total of the expected future undiscounted cash flows were less than the carrying amount of the asset group, we would recognize an impairment charge to the extent the carrying amount of the asset group exceeded its estimated fair value.

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2024 Acquired Intangibles

Acquired intangible assets subject to amortization as of March 31, 2024 June 30, 2024 were as follows:

		Gross Carrying Amount		Accumulated Amortization		Net	Weighted Average Remaining Useful Life
		(in thousands)					(in years)
Developed technology		64,070		(36,521)		27,549	3.1
Merchant relationships		25,915		(21,320)		4,595	2.1
Total other intangible assets	$	89,985	$	(57,841)	$	32,144	

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		Gross Carrying Amount		Accumulated Amortization		Net	Weighted Average Remaining Useful Life
		(in thousands)					(in years)
Developed technology		63,621		(38,305)		25,316	2.8
Merchant relationships		21,930		(17,887)		4,043	1.8
Total other intangible assets	$	85,551	$	(56,192)	$	29,359	

2023 Acquired Intangibles

Acquired intangible assets subject to amortization as of December 31, 2023 were as follows:

		Gross Carrying Amount		Accumulated Amortization		Divestiture of Entertainment		Net	Weighted Average Remaining Useful Life
		(in thousands)							(in years)
Trade name	$	2,315	$	(1,802)	$	(513)	$	—	0.0
Developed technology		64,070		(33,838)		(449)		29,783	3.4
Merchant relationships		25,915		(16,784)		(3,985)		5,146	2.4
Total other intangible assets	$	92,300	$	(52,424)	$	(4,947)	$	34,929	

Amortization expense of acquired intangibles during the three months ended March 31, 2024 June 30, 2024 and 2023 was $2.8 million and $3.5 million $3.4 million, respectively. Amortization expense of acquired intangibles during the six months ended June 30, 2024 and 2023 was $5.6 million and $6.9 million, respectively.

As of March 31, 2024 June 30, 2024, we expect amortization expense in future periods to be as follows (in thousands):

	Amount
2024 (remaining nine months)	
2024 (remaining six months)	
2025	
2026	
2027	
Thereafter	
Thereafter	
Thereafter	
Total expected future amortization expense	

5. REVENUE

The Cardlytics platform

The Cardlytics platform is our proprietary native bank advertising channel that enables marketers to reach consumers through the FI partners' trusted and frequently visited digital banking 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 FI 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 $37.6 million $40.8 million and $31.3 million $32.7 million during the three months ended March 31, 2024 June 30, 2024 and 2023, respectively. Consumer Incentives totaled $78.4 million and $64.0 million during the six months ended June 30, 2024 and 2023, 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 consolidated statements of operation is presented net of Consumer Incentives and gross of Partner Share.

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The Cardlytics platform is priced predominantly in two ways: (1) Cost per Served Sale ("CPS"), and (2) Cost per Redemption ("CPR").

- **CPS.** Our primary pricing model is CPS. We generate Revenue by charging a percentage, which we refer to as the CPS Rate, of all purchases from the marketer by consumers who (1) 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 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. We seek to optimize the level of Consumer Incentives to retain a greater portion of Billings. However, if the amount of Consumer Incentives exceeds the amount of Billings that we are paid by the applicable marketer we are still responsible for paying the total Consumer Incentive. This has occurred infrequently and has been immaterial in amount for each of the periods presented. In some instances, we may also charge the marketer the Consumer Incentive, in which case the marketer determines the level of Consumer Incentive for the campaign.

- **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 March 31, Three Months Ended March 31, Three Months Ended March 31,			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Cost per Served Sale				
Cost per Served Sale				
Cost per Served Sale				
Cost per Redemption				
Cost per Redemption				
Cost per Redemption				
Other				
Other				
Other				
Other Revenue(1)				
Cardlytics Platform Revenue				
Cardlytics Platform Revenue				
Cardlytics Platform Revenue				

(1) Other Revenue during the three and six months ended June 30, 2024 primarily includes pricing models that do not relate to CPS and CPR, which includes proof-of-concept pricing models that we are exploring and hosting fees that we charge our FI partners to support the costs required to host our services. Other Revenue during the three and six months ended June 30, 2023 primarily consists of revenue from Entertainment.

The Bridg platform

The Bridg platform primarily generates Revenue through the sale of subscriptions to our cloud-based customer-data platform and the delivery of professional services, such as implementation, onboarding and technical support in connection with each subscription. We recognize subscription Revenue on a ratable basis over the contract term beginning on the date that our service is made available to the customer. For non-recurring services or transactional based fees dependent on system usage, Revenue is recognized as services are delivered. Our subscription contracts are generally 6 to 60 months in duration and are generally billed in advance on a monthly, quarterly or annual basis.

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

	Three Months Ended March 31,	
	2024	2023
Bridg Platform Revenue	$ 5,375	$ 5,301

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Bridg Platform Revenue	$ 5,634	$ 5,975	$ 11,009	$ 11,276

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

Contract Balance Type	Contract Balance Type	Consolidated Balance Sheets Location	March 31, 2024	December 31, 2023	Contract Balance Type	Consolidated Balance Sheets Location	June 30, 2024	December 31, 2023
Contract assets, current								
Total contract assets								
Total contract assets								
Total contract assets								
Contract liabilities, current								
Contract liabilities, current								
Contract liabilities, current								
Contract liabilities, long-term								
Total contract liabilities								

During the three six months ended March 31, 2024 June 30, 2024, we recognized $2.0 million $1.7 million of Revenue related to amounts that were included in deferred Revenue Deferred revenue as of December 31, 2023.

The following information represents the total transaction price for the remaining performance obligations as of March 31, 2024 June 30, 2024 related to contracts expected to be recognized over future periods. This includes deferred Revenue Deferred revenue on our consolidated balance sheets and contracted amounts that will be invoiced and recognized as Revenue in future periods. As of March 31, 2024 June 30, 2024, we had $35.8 million $43.9 million of remaining performance obligations through June 2028, of which $12.1 million $19.9 million is expected to be recognized in the next twelve months, with the remaining amount recognized thereafter. The remaining performance obligations exclude future transaction Revenue revenue of variable consideration that are allocated to wholly unsatisfied distinct services that form part of a single performance obligation and meets certain variable allocation criteria.

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6. LEASES

We have various non-cancellable operating and finance leases for our office spaces, data centers and operational assets with lease periods expiring between 2024 and 2032.

Lease assets and liabilities, net, are as follows (in thousands):

Lease Type	Lease Type	Consolidated Balance Sheets Location	March 31, 2024	December 31, 2023	Lease Type	Consolidated Balance Sheets Location	June 30, 2024	December 31, 2023
Operating lease assets								

Finance lease assets
Total lease assets
Operating lease liabilities, current
Operating lease liabilities, current
Operating lease liabilities, current
Operating lease liabilities, long-term
Finance lease liabilities, current
Finance lease liabilities, long-term
Total lease liabilities
Total lease liabilities
Total lease liabilities

7. DEBT AND FINANCING ARRANGEMENTS

Our debt consists of the following (in thousands):

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Line of Credit		
2024 Convertible Senior Notes, net		
2020 Convertible Senior Notes, net		
Total debt		

Accrued interest is included within accrued expenses in our consolidated balance sheet. We had accrued interest related to our 2024 Convertible Senior Notes and 2020 Convertible Senior Notes of less than $0.1 million $2.0 million and $0.9 million $0.7 million, respectively, as of March 31, 2024 June 30, 2024 and December 31, 2023.

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2024 Convertible Senior Notes

On April 1, 2024, we issued $172.5 million principal amount of its 4.25% Convertible Senior Notes due in 2029 (the "2024 Convertible Senior Notes") in a private offering, including the exercise in full of the initial purchasers' option to purchase up to an additional $22.5 million principal amount of the 2024 Convertible Senior Notes. The net proceeds from this offering were $166.8 million, after deducting the initial purchasers' discounts, commissions and the offering expense payable by us. The 2024 Convertible Senior Notes were issued pursuant to, and are governed by, an indenture, dated as of April 1, 2024 (the "2024 Indenture"), between us and U.S. Bank Trust Company, National Association, as Trustee.

The 2024 Convertible Senior Notes will accrue interest at a rate of 4.25% per annum, payable semi-annually in arrears on April 1 and October 1 of each year, beginning on October 1, 2024. The 2024 Convertible Senior Notes will mature on April 1, 2029, unless earlier converted or repurchased by us. Before January 2, 2029, noteholders will have the right to convert their 2024 Convertible Senior Notes only in the following circumstances: (i) during any calendar quarter (and only during such calendar quarter) commencing after the calendar quarter ending on June 30, 2024, if the last reported sale price per share of our common stock, exceeds 130% of the conversion price for each of at least 20 trading days, whether or not consecutive, during the 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter; (ii) during the five consecutive business days immediately after any 10 consecutive trading day period (such 10 consecutive trading day period, the "measurement period") if the trading price per $1,000 principal amount of 2024 Convertible Senior Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price per share of the common stock on such trading day and the conversion rate on such trading day; (iii) upon the occurrence of certain corporate events or distributions on the common stock, as described in the 2024 Indenture; and (iv) at any time from, and including, January 2, 2029 until the close of business on the scheduled trading day immediately before the maturity date. We will settle conversions by paying or delivering, as applicable, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election. The initial conversion rate is 55.4939 shares of common stock per $1,000 principal amount of 2024 Convertible Senior Notes, which represents an initial conversion price of approximately $18.02 per share of common stock. The conversion rate and conversion price will be subject to customary adjustments upon the occurrence of certain events. In addition, if certain corporate events that constitute a "Make-Whole Fundamental Change" (as defined in the 2024 Indenture) occur, then the conversion rate will, in certain circumstances, be increased for a specified period of time.

If a "Fundamental Change" (as defined in the 2024 Indenture) occurs, then, subject to a limited exception for certain cash mergers, noteholders may require us to repurchase their 2024 Convertible Senior Notes at a cash repurchase price equal to the principal amount of the 2024 Convertible Senior Notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the fundamental change repurchase date. The definition of Fundamental Change includes certain business combination transactions involving us and certain de-listing events with respect to the common stock.

The net carrying amount of the liability component of the 2024 Convertible Senior Notes is as follows (in thousands):

		June 30, 2024
Principal	$	172,500
Minus:		
Unamortized issuance costs		(5,332)
Net carrying amount	$	167,168

Interest expense recognized related to the 2024 Convertible Senior Notes is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024		2024	
Contractual interest expense (due in cash)	$	1,812	$	1,812
Amortization of debt issuance costs		277		277
Total interest expense related to the 2024 Convertible Senior Notes	$	2,089	$	2,089
Effective interest rate		4.84 %		4.84 %

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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 September 2025 (the "2020 Convertible Senior Notes"), including the exercise in full of the initial purchasers' option to purchase up to an additional $30.0 million principal amount of the 2020 Convertible Senior Notes. The 2020 Convertible Senior Notes were issued pursuant to an indenture, dated September 22, 2020 (the "2020 Indenture"), between us and U.S. Bank National Association, as trustee. The net proceeds from this offering were $222.7 million, after deducting

During 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.

On April 1, 2024 we issued convertible senior notes with an aggregate principal amount of $172.5 million bearing an interest rate of 4.25% due on April 1, 2029. The net proceeds from this offering were an estimated $166.8 million, after deducting the initial purchasers' discounts, commissions and the offering expenses payable by us. Subsequent to March 31, 2024 quarter ended June 30, 2024, we used approximately $169.3 million, consisting of the net proceeds from the 2024 Convertible Senior Notes offering, together with cash on hand, to repurchase for cash approximately $183.9 million in aggregate principal amount of the 2020 Convertible Senior Notes. Refer to Note 13—Subsequent Events for further details. Notes, together with accrued and unpaid interest, in privately negotiated transactions below par and entered into concurrently with the pricing of the offering through one of the initial purchasers or one of its affiliates, as our agents. As a result of the extinguishment of the 2020 Convertible Senior Notes, we have recorded a gain of $13.0 million, which is recorded as a Gain on debt extinguishment on the condensed consolidated statement of operations.

The 2020 Convertible Senior Notes are general senior, unsecured obligations and will mature on September 15, 2025, unless earlier converted, redeemed or repurchased. The 2020 Convertible Senior Notes bear interest at a rate of 1.00% per year, payable semiannually in arrears on March 15 and September 15 of each year, which began on March 15, 2021. The 2020 Convertible Senior 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 2020 Convertible Senior 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 2020 Indenture) per $1,000 principal amount of the 2020 Convertible Senior 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 2020 Convertible Senior Notes on each such trading day; (3) if we call such 2020 Convertible Senior 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 2020 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 December 31, 2023, and thus the 2020 Convertible Senior Notes are not convertible at the option of the holders during the quarter ending June 30, 2024 based on the stock price conditions. The 2020 Convertible Senior Notes may be convertible in the future if the stock price condition is satisfied during future measurement periods or if another conversion condition is satisfied. 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 2020 Convertible Senior Notes may convert all or any portion of their 2020 Convertible Senior 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 2020 Indenture.

The conversion rate for the 2020 Convertible Senior Notes is initially 11.7457 shares of common stock per $1,000 principal amount of 2020 Convertible Senior Notes, which is equivalent to an initial conversion price of approximately $85.14 per share of common stock. The conversion rate for the 2020 Convertible Senior Notes is subject to adjustment under certain circumstances in accordance with the terms of the 2020 Indenture. In addition, following certain corporate events that occur prior to the maturity date of the 2020 Convertible Senior Notes or if we deliver a notice of redemption in respect of the 2020 Convertible Senior Notes, we will, in certain circumstances, increase the conversion rate of the 2020 Convertible Senior Notes for a holder who elects to convert its 2020 Convertible Senior Notes in connection with such a corporate event or convert its notes called for redemption during the related redemption period (as defined in the 2020 Indenture), as the case may be.

We may redeem for cash all or any portion of the 2020 Convertible Senior Notes, at our option, 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 2020 Convertible Senior 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 2020 Convertible Senior Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. No sinking fund is provided for the 2020 Convertible Senior Notes. If we elect to redeem less than all of the 2020 Convertible Senior Notes, at least $75.0 million aggregate principal amount of 2020 Convertible Senior Notes must be outstanding and not subject to redemption as of the relevant redemption notice date.

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If we undergo a Fundamental Change (as defined in the 2020 Indenture), then, except as set forth in the 2020 Indenture, holders may require, subject to certain exceptions, us to repurchase for cash all or any portion of their 2020 Convertible Senior Notes at a fundamental change repurchase price equal to 100% of the principal amount of the 2020 Convertible Senior Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

The 2020 Convertible Senior Notes were historically accounted for in accordance withFASB 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 2020 Convertible Senior 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 2020 Convertible Senior 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 2020 Convertible Senior 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 2020 Convertible Senior Notes is as follows (in thousands):

	March 31, 2024	**December 31, 2023**
	June 30, 2024	**December 31, 2023**
Principal		
Minus:		
Minus: Unamortized issuance costs		
Minus: Unamortized issuance costs		
Minus: Unamortized issuance costs		
Unamortized issuance costs		
Unamortized issuance costs		
Unamortized issuance costs		
Net carrying amount of the liability component		

Interest expense recognized related to the 2020 Convertible Senior Notes is as follows (in thousands):

	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended March 31,

		Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2024	2023	2024	2023
	2024				
	2024				
Contractual interest expense (due in cash)					
Contractual interest expense (due in cash)					
Contractual interest expense (due in cash)					
Amortization of debt issuance costs					
Amortization of debt issuance costs					
Amortization of debt issuance costs					
Total interest expense related to the 2020 Convertible Senior Notes					
Total interest expense related to the 2020 Convertible Senior Notes					
Total interest expense related to the 2020 Convertible Senior Notes					
Effective interest rate	Effective interest rate	1.64 %	1.64 %	1.64 %	1.64 %
Effective interest rate					
Effective interest rate					

Capped Call Transactions

In connection with the issuance of the 2020 Convertible Senior Notes, we entered into privately negotiated capped call transactions (the "Capped Calls") with an affiliate of one of the initial Note purchasers or the 2020 Convertible Senior Notes and certain other financial institutions. The Capped Calls are intended to reduce potential dilution to our common stock upon any conversion of 2020 Convertible Senior Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted 2020 Convertible Senior Notes, as the case may be. The Capped Calls are recorded in stockholders' equity and are were 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 had an initial strike price of $85.14 per share, subject to certain adjustments, which corresponds to the initial conversion price of the 2020 Convertible Senior Notes. The Capped Calls have had an initial cap price of $128.51 per share, subject to certain adjustments. On May 29, 2024, we entered into agreements to terminate all remaining Capped Calls associated with the 2020 Convertible Senior Notes. The Capped Calls were separate transactions, entered into by the Company with the counterparties, and were not part of the terms of the 2020 Convertible Senior Notes. Cash proceeds from the termination of the Capped Calls totaled $0.1 million, which we received on June 3, 2024. The $0.1 million cash proceeds from the termination of the Capped Calls were recorded as a credit to additional paid in capital on our consolidated balance sheet.

2018 Loan Facility

In April 2022, we amended our loan facility with Pacific Western Bank (the "2018 Loan Facility") to increase the capacity of our asset-backed revolving line of credit (the "2018 Line of Credit") from $50.0 million to $60.0 million with an option to increase to $75.0 million upon syndication. This amendment also extended the maturity date of the 2018 Loan Facility from December 31, 2022 to April 29, 2024, and further stated that if we had positive Adjusted EBITDA by December 31, 2023, we could extend the maturity date of the loan to April 29, 2025. Additionally with this amendment, the former cash covenant, as described below, was removed and was replaced with a requirement to maintain a minimum level of Adjusted Contribution and a minimum adjusted cash of $25.0 million, which is reduced by eligible accounts receivable in excess of the loan capacity. In November 2022, we amended our 2018 Loan Facility to modify the eligible account receivable to exclude U.K. accounts, reduce the ability to borrow up to 85% of the amount of our eligible accounts receivable to 50% and adjusted the required minimum level of Adjusted Contribution. In February 2023, we amended our 2018 Loan Facility to remove and replace the former Adjusted Contribution covenant with a requirement to maintain a minimum level of Adjusted EBITDA. In May 2023, we amended our 2018 Loan Facility to modify the covenants related to the maximum amount of cash we are allowed to pay for the First Anniversary Payment Amount and Second Anniversary Payment Amount under the Merger Agreement. In February 2024, we amended our 2018 Loan Facility to increase the ability to borrow up to 75% of the amount of our eligible accounts receivable, adjusted the required minimum level of Adjusted EBITDA and increased the interest rate to the prime rate plus 0.25%. We also confirmed the extension of the maturity date of the loan to April 29, 2025.

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The 2018 Loan Facility includes customary representations, warranties and covenants (affirmative and negative), including restrictive covenants that prohibit mergers, acquisitions, dispositions of assets, incurrence of indebtedness, encumbrances on our assets and the payment or declaration of dividends, in each case subject to specified exceptions.

The 2018 Loan Facility also includes standard events of default, including in the event of a material adverse change. Upon the occurrence of an event of default, the lender may declare all outstanding obligations immediately due and payable and take such other actions as are set forth in the 2018 Loan Facility and increase the interest rate otherwise applicable to advances under the 2018 Line of Credit by an additional 3.00%. All of our obligations under the 2018 Loan Facility are secured by a first priority lien on substantially all of our assets. The 2018 Loan Facility does not include any prepayment penalties.

As In April 2024, we repaid in full $30.0 million of March 31, 2024, we had borrowed $30.0 million, which we paid down subsequent to March 31, 2024. the principal balance of the 2018 Line of Credit. Interest on advances under the 2018 Line of Credit bore an interest rate equal to the prime rate plus 0.25%. During the three six months ended March 31, 2024 June 30, 2024, we incurred approximately $0.7 million of interest expense associated with the 2018 Loan Facility. In addition, we are were required to pay an unused line fee of 0.15% per annum on the average daily unused amount of the revolving commitment. As of March 31, 2024 June 30, 2024, we had $29.5 million $60.0 million of unused available borrowings under our 2018 Line of Credit. We believe we are in compliance with all financial covenants as of March 31, 2024 June 30, 2024.

In July, we amended our 2018 Loan Facility, which increased the ability to borrow up to 85% of the amount of our U.S. eligible accounts receivable and 30% of the amount of our U.K. eligible accounts receivable, decreased our required minimum level of Adjusted EBITDA, and decreased the interest rate to prime rate plus 0.125%. The amendment also establishes a reserve in an amount equal to a percentage of the amount needed to retire the outstanding 2020 Convertible Notes. The amendment also includes extension of the maturity date of the loan to July 31, 2026.

8. STOCK-BASED COMPENSATION

Our 2018 Equity Incentive Plan ("2018 Plan") became effective in February 2018. Prior to the 2018 Plan, we granted awards under our 2008 Stock Plan ("2008 Plan"). Any awards granted under the 2008 Plan remain subject to the terms of our 2008 Plan and applicable award agreements, and shares subject to awards granted under our 2008 Plan that are forfeited, canceled or expired prior to vesting become available for use under our 2018 Plan. As of December 31, 2023, there were 961,558 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 through 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 1,986,417 shares on January 1, 2024.

On July 18, 2022, our Board of Directors adopted the Cardlytics, Inc. 2022 Inducement Plan ("2022 Inducement Plan"). Our Board of Directors also adopted a form of stock option grant notice and agreement and a form of restricted stock unit grant notice and agreement for use with the 2022 Inducement Plan. We reserved a total of 1,500,000 shares of our Common Stock under the 2022 Inducement Plan. On January 18, 2023, our Board of Directors approved an amendment to the 2022 Inducement Plan to reserve an additional 350,000 shares of our common stock. On July 13, 2023, our Board of Directors approved an amendment to the 2022 Inducement Plan to reserve an additional 800,000 shares of our common stock. As of March 31, 2024 June 30, 2024, there were 41,539 3,039 shares available under the 2022 Inducement Plan.

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,	
	2024	2023	2024	2023
Delivery costs				
Delivery costs				
Delivery costs				
Sales and marketing expense				
Sales and marketing expense				
Sales and marketing expense				
Research and development expense				
Research and development expense				
Research and development expense				
General and administration expense				
General and administration expense				
General and administration expense				
Total stock-based compensation expense				
Total stock-based compensation expense				
Total stock-based compensation expense				

During the three six months ended March 31, 2024 June 30, 2024 and 2023, we capitalized $1.3 million $2.5 million and $0.4 million $1.0 million of stock-based compensation expense for software development, respectively.

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Restricted Stock Units

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

	Shares (in thousands)	Shares (in thousands)	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term (in years)	Unamortized Compensation Costs (in thousands)	Shares (in thousands)	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term (in years)	Unamortized Compensation Costs (in thousands)
Unvested — December 31, 2023									

Granted

Vested

Vested

Vested

Forfeited

Forfeited

Forfeited

Unvested — March 31, 2024

Unvested — March 31, 2024

Unvested — March 31, 2024

Unvested — June 30, 2024

Unvested — June 30, 2024

Unvested — June 30, 2024

During the three six months ended March 31, 2024 June 30, 2024, we granted 2,356,940 2,661,766 RSUs to employees and non-employee directors, which have vesting periods ranging from vesting immediately to vesting in four years.

Subsequent to March 31, 2024 June 30, 2024, we granted 205,300 2,500 RSUs to employees and non-employee directors, which have vesting periods of a one to two years. year vesting period. Unamortized stock-based compensation expense related to these RSUs totaled $2.7 million less than $0.1 million.

Performance-based RSUs

In July 2022, we granted 100,990 PSUs which vest on the achievement of specific Revenue-based performance metrics ("2022 Bridg PSUs").

In March 2022 and August 2022, we granted 269,202 and 25,248 performance-based restricted stock units ("2022 PSUs"), respectively, consisting of three tranches. The first two tranches each represent 25% of the grant, and each vest upon the achievement of certain milestones related to the installation of our Ad Server at our FI Partners. 50% of the third tranche vests upon the achievement of a certain number of advertisers purchasing both the Cardlytics and Bridg platforms at a target incremental Billings amount over 2021, and the remaining 50% of the tranche vests six months after this target is achieved. In December 2022, the compensation committee of our Board of Directors certified that the first tranche's milestone related to the installation of our Ad Server at our FI partners had been achieved, which resulted in the immediate vesting of the first tranche representing 25% of the grant.

In September 2021, we granted 6,666 PSUs that have the same unmet vesting conditions of the 2020 PSUs, 6,667 PSUs which have the same unmet Revenue target vesting condition of the 2021 PSUs and 2020 PSUs which have the same unmet different Revenue target vesting condition of the 2021 PSUs as described below. As discussed below, we concluded that the achievement of the 2020 PSUs and 2021 PSUs is no longer probable and have reversed the previously recognized cumulative expense in the respective period in which the 2020 PSUs and 2021 PSUs were determined to no longer be achievable. As of April 1, 2024, the 2020 PSU was forfeited as the performance condition was not met during the performance period.

In July 2021, we granted 34,344 performance-based restricted stock units ("Bridg PSUs") that 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. During 2023, the compensation committee of our Board of Directors certified the vesting of shares associated with the 50% attainment of the units based on the achieved annual run rate during the specified period.

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. During the year-ended December 31, 2023, we reassessed the likelihood of achieving the 2021 PSUs performance-based vesting condition and concluded that the achievement is no longer probable. As a result of the change in estimate, we have reversed the previously recognized cumulative expense associated with the 2021 PSUs since the grant date as a benefit to stock-based compensation during the year ended December 31, 2023.

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

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 unmet at the time 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. During the year-ended December 31, 2022, we reassessed the likelihood of achieving the 2020 PSUs performance-based vesting condition and concluded the achievement is no longer probable. As a result of the change in estimate, we have recognized the cumulative expense associated with the 2020 PSUs from the grant date as a benefit to stock-based compensation during the year ended December 31, 2022. On April 1, 2024, the 2020 PSU was forfeited as the performance condition was not met during the performance period.

With the exception of the 2021 and 2022 PSUs, and any other PSUs tied to these vesting conditions, 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, 2023, 657,826 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 397,283 shares on January 1, 2024. 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, 2024, we issued 242,245 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.

The fair value of our reporting units was classified in Level 3 of the fair value hierarchy due to the significance of unobservable inputs developed using company-specific information. Refer to Note 4 - Goodwill and Acquired Intangibles for further details.

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.

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Included in the fair value table are cash equivalents and contingent consideration. Cash equivalents are comprised of money market funds and U.S. treasury bills stated at amortized cost, which approximates fair value at the balance sheet dates, due to the short period of time to maturity. The fair value of cash equivalents are as follows (in thousands):

	June 30, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents				
Money market funds	$ 30,747	$ —	$ —	$ 30,747

	Level 1		Level 2		Level 3		Total
US Treasury Bills	14,895		—		—		14,895
Total cash equivalents at fair value	$ 45,642	$	—	$	—	$	45,642

The contingent consideration for the acquisition of Bridg is composed of the payments per the Settlement Agreement. The fair value of cash equivalents and contingent consideration in connection with the Bridg acquisition are were as follows (in thousands):

	March 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents				
Money market funds	$ 23,175	$ —	$ —	$ 23,175
US Treasury Bills	5,979	—	—	5,979
Total cash equivalents at fair value	$ 29,154	$ —	$ —	$ 29,154

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Current contingent consideration	$ —	$ —	$ 39,398	$ 39,398
Long-term contingent consideration	—	—	4,162	4,162
Total liabilities	$ —	$ —	$ 43,560	$ 43,560

The following table shows a reconciliation of the beginning and ending fair value measurements of our contingent consideration, which we have valued using level 3 inputs:

	Three Months Ended March 31,		
	Three Months Ended March 31,		
	Three Months Ended March 31,		
	2024		
	2024		
	Six Months Ended June 30,		
	Six Months Ended June 30,		
	Six Months Ended June 30,		
	2024	**2024**	**2023**
Beginning balance			
Beginning balance			
Beginning balance			
Decrease due to earnout settlement			
Decrease due to earnout settlement			
Decrease due to earnout settlement			
Change in contingent consideration			
Change in contingent consideration			
Change in contingent consideration			
Reclassification due to remaining payments being fixed per Settlement Agreement			
Reclassification due to remaining payments being fixed per Settlement Agreement			
Change in fair value of contingent consideration			

Reclassification due to remaining payments being fixed per Settlement Agreement
Ending balance
Ending balance
Ending balance

As part of our acquisition of Bridg and pursuant to the terms of the Merger Agreement, we agreed to make two earnout payments: the First Anniversary Payment Amount and the Second Anniversary Payment Amount, based on the First Anniversary ARR and the Second Anniversary ARR of Bridg (as defined in the Merger Agreement), respectively.

As of December 31, 2023, we had paid the First Anniversary Payment Amount consisting of $50.1 million of cash and 2,740,418 shares of our common stock to the Stockholder Representative, inclusive of brokerage fees and transaction bonuses and accounting for all true-ups and credits.

On January 25, 2024, we entered into the Settlement Agreement with the Stockholder Representative to resolve all outstanding disputes related to the Merger Agreement, pursuant to which we agreed to pay $25.0 million in cash and issue 3,600,000 shares of our common stock to the Stockholder Representative, inclusive of broker fees and transaction bonuses. Pursuant to the Settlement Agreement we paid the Stockholder Representative $20.0 million in cash on January 26, 2024 and we issued 3,600,000 shares of our common stock on February 1, 2024. The remaining cash payments related to the Settlement Agreement will be paid in two tranches with $3.0 million to be paid by January 31, 2025 and $2.0 million to be paid by June 30, 2025, which are presented in our consolidated balance sheet as current and long-term contingent consideration.

As of March 31, June 30, 2024, the contingent consideration is valued at $4.3 4.4 million, exclusive of $0.3 million in broker fees and other costs, which is included in accrued expenses on our consolidated balance sheets. We determined the present value of the contingent consideration by discounting the future payments to be paid by January 31, 2025 and June 30, 2025. As the remaining payments are fixed as per the Settlement Agreement, the contingent consideration is no longer subject to ASC 820, Fair Value Measurement.

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10. COMMITMENTS AND CONTINGENCIES

Commitments

We had a minimum Partner Share commitment to a certain FI partner totaling $10.0 million over a 12-month period which ended on March 31, 2023. We have had accrued $4.5 million for the Partner Share shortfall, included within Partner Share liability on our condensed consolidated balance sheet. We expect to pay this shortfall through June 30, 2024. As of March 31, 2024 June 30, 2024, we paid $2.4 million $3.4 million of our shortfall. During the three six months ended March 31, 2023, June 30, 2024 and 2023, we recognized zero and $1.3 million of expected minimum Partner Share commitment shortfalls within Partner Share and other third-party costs on our condensed consolidated statement of operations. Subsequent to June 30, 2024, we paid $1.1 million of the remaining portion of our shortfall commitment.

Other Commitments

In January 2023, we renewed a cloud hosting arrangement guaranteeing an aggregated spend of $13.5 million over a 12 month period. In January 2024, we renewed our agreement guaranteeing an aggregated spend of $17.0 million each year over the next 36 month period.

We lease property and equipment under non-cancelable operating lease agreements. Refer to Note 6—Leases for further details. 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 September 2025. Refer to Note 7—Debt and Financing Arrangements for further details. Subsequent to March 31, 2024 During the three months ended June 30, 2024, we partially paid down the 2020 Convertible Senior Notes and issued 2024 Convertible Senior Notes with an aggregate principal amount of $172.5 million bearing an interest rate of 4.25% due on April 1, 2029. Refer to Note 13—Subsequent Events 7—Debt and Financing Arrangements for further details.

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.

As part of the acquisition of Bridg, and pursuant to the terms of the Merger Agreement, we agreed to make two earnout payments: the First Anniversary Payment Amount and the Second Anniversary Payment Amount, based on the First Anniversary ARR and the Second Anniversary ARR of Bridg, respectively. We were unable to reach an agreement with respect to the First Anniversary Payment Amount with the Stockholder Representative and submitted our dispute to an independent accountant as contemplated by the Merger Agreement.

On April 28, 2023, the independent accountant made its determination of the appropriate amount of the First Anniversary ARR, determining the First Anniversary ARR to be $23.2 million. After review of the determination by the independent accountant, we filed a verified complaint in the Delaware Court of Chancery in May 2023 seeking declaratory judgment that a certain portion of the independent accountant's determination related to the First Anniversary ARR be stricken as null and void. Subsequently, on January 25, 2024, we entered into the Settlement Agreement with the Stockholder Representative to resolve all outstanding disputes related to the Merger Agreement, including the First Anniversary Payment Amount, pursuant to which we agreed to pay $25 million in cash and issue 3,600,000 shares of our common stock to the Stockholder Representative, inclusive of broker fees and transaction bonuses and to dismiss our verified complaint in the Delaware Court of Chancery.

We are not presently a party to any other 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. Refer to Refer to Note 9—Fair Value Measurements for further information about the Bridg acquisition and related contingent consideration.

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11. EARNINGS PER SHARE

The computations of the numerators and denominators of diluted Net (Loss) IncomeDiluted net loss per share are is the same as follows (in thousands, except basic net loss per share amounts):

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Numerator:		
Net (Loss) Income, basic	$ (24,275)	$ 13,608
Plus: interest expense, net of tax attributable to assumed conversion of Convertible Senior Notes	—	940
Net (Loss) Income, diluted	$ (24,275)	$ 14,548
Denominator:		
Weighted-average common shares outstanding, basic	43,248	33,595
Plus: dilutive effect of assumed conversion of Convertible Senior Notes	—	2,701
Plus: dilutive effect of assumed conversion of restricted stock units	—	144
Plus: dilutive effect of assumed conversion of common stock options	—	2
Plus: dilutive effect of assumed issuance of common stock pursuant to the ESPP	—	285
Weighted-average common shares outstanding, diluted	43,248	36,727
Net (Loss) Income per share, basic	$ (0.56)	$ 0.41
Net (Loss) Income per share, diluted	$ (0.56)	$ 0.40

for the three and six months ended June 30, 2024 and 2023 because the effects of potentially dilutive items were anti-dilutive, given our net losses during these periods. The following securities for the three months ended March 31, 2024 as of June 30, 2024 and 2023 have been excluded from the calculation of diluted weighted-average common shares outstanding because the effect is anti-dilutive (in thousands):

	Three Months Ended March 31, 2024
Common stock options	59
Convertible Senior Notes	2,701
Unvested restricted stock units	6,769
Common stock issuable pursuant to the ESPP	171

	June 30, 2024	June 30, 2023
Common stock options	58	99
2020 Convertible Senior Notes	541	2,701
2024 Convertible Senior Notes	9,573	—
Unvested restricted stock units	5,997	7,473

Common stock issuable pursuant to the 2018 ESPP	69	84

12. SEGMENTS

As of March 31, 2024 June 30, 2024, we have three operating segments: the Cardlytics platform in the U.S., the Cardlytics platform in the U.K. and the Bridg platform, 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,	
	2024	2023	2024	2023
Cardlytics platform				
Cardlytics platform				
Cardlytics platform				
Revenue				
Revenue				
Revenue				
Minus: Partner Share and other third-party costs				
Minus: Partner Share and other third-party costs				
Minus: Partner Share and other third-party costs				
Adjusted Contribution				
Adjusted Contribution				
Adjusted Contribution				
Bridg platform				
Bridg platform				
Bridg platform				
Revenue				
Revenue				
Revenue				
Minus: Partner Share and other third-party costs				
Minus: Partner Share and other third-party costs				
Minus: Partner Share and other third-party costs				
Adjusted Contribution				
Adjusted Contribution				
Adjusted Contribution				
Consolidated				
Consolidated				
Consolidated				
Revenue				
Revenue				
Revenue				
Minus: Partner Share and other third-party costs				
Minus: Partner Share and other third-party costs				
Minus: Partner Share and other third-party costs				

Adjusted Contribution
Adjusted Contribution
Adjusted Contribution

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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 Revenue on our platforms 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. Management views Adjusted Contribution as the most relevant metric to measure the financial performance as it reflects the dollars we keep after all of our partners are paid.

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

	Three Months Ended March 31,	
	2024	2023
Adjusted Contribution	$ 37,065	$ 30,947
Minus:		
Delivery costs	6,173	6,424
Sales and marketing expense	14,118	13,948
Research and development expense	13,048	11,564
General and administration expense	14,485	13,070
Acquisition, integration and divestiture costs	—	1,723
Change in contingent consideration	5,817	(34,584)
Depreciation and amortization expense	6,250	6,575
Total other expense	1,449	(1,381)
Income (loss) before income taxes	$ (24,275)	$ 13,608

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Adjusted Contribution	$ 36,378	$ 37,531	$ 73,443	$ 68,478
Minus:				
Delivery costs	7,661	7,015	13,834	13,439
Sales and marketing expense	14,025	15,205	28,143	29,153
Research and development expense	13,470	14,847	26,518	26,411
General and administration expense	16,151	16,276	30,636	29,346
Acquisition, integration and divestiture benefit	162	(9,947)	162	(8,224)
Change in contingent consideration	(5,808)	11,258	9	(23,326)
Depreciation and amortization expense	6,529	7,200	12,779	13,775
Total other expense	(11,555)	(815)	(10,106)	(2,196)
Loss before income taxes	$ (4,257)	$ (23,508)	$ (28,532)	$ (9,900)

The following tables provide geographical information (in thousands):

	Three Months Ended June 30,	Six Months Ended June 30,

	2024	2023	2024	2023
Revenue:				
Revenue:				
Revenue:				
United States				
United States				
United States				
United Kingdom				
United Kingdom				
United Kingdom				
Total				
Total				
Total				

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Property and equipment, net:		
United States		
United States		
United States		
United Kingdom		
Total		
Total		
Total		

Capital expenditures within the United States totaled $0.8 million and zero for the six months ended June 30, 2024 and 2023, respectively. Capital expenditures within the United Kingdom totaled less than $0.1 million for each period during the three six months ended March 31, 2024 June 30, 2024 and 2023.

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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 money market accounts, demand deposit accounts and U.S. Treasury Bills 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 are of high credit quality.

Marketers

Beginning in the period ending December 31, 2023, we define a marketer as a customer who has a distinct contractual relationship with us, rather than aggregating by parent company. We believe this is a more accurate representation for how marketing budgets are managed at our customer level. This methodology change in our aggregation impacts how we calculate our revenue and accounts receivable concentration and we changed the prior year presentation to be in conformity.

Our Revenue and accounts receivable are diversified among a large number of marketers segregated by both geography and industry. During the three six months ended March 31, 2024 June 30, 2024 and 2023, our top five marketers accounted for 21% 15% and 16% 17% of our Revenue, respectively, with no marketer accounting for over 10%. As of March 31, 2024 June 30, 2024 and 2023, our top five marketers accounted for 21% 15% and 16% of our accounts receivable, respectively, with no marketer accounting for 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. The agreements generally have auto-renewal provisions that allow for the agreements to extend past their originally contemplated end date, unless terminated earlier in accordance with the terms of the agreement. If an FI partner terminates its agreement with us, we would lose that FI partner as a source of purchase data and online banking customers.

During the three six months ended March 31, 2024 June 30, 2024 and 2023 our top three FI partners combined to account for over 90% and 70% 85% of the total Partner Share we paid to all partners, respectively, with the top FI partner representing over 50% for each period and the second and third largest FI partners representing over 15% and 10% of Partner Share, respectively. No other partner accounted for over 10% of Partner Share during these periods.

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13. SUBSEQUENT EVENTS

2024 Convertible Senior Notes

On April 1, 2024, we issued of $172.5 million principal amount of its 4.25% Convertible Senior Notes due in 2029 (the "2024 Convertible Senior Notes") in a private offering (the "Offering"), including the exercise in full of the initial purchasers' option to purchase up to an additional $22.5 million principal amount of 2024 Convertible Senior Notes. The net proceeds from this offering were an estimated $166.8 million, after deducting the initial purchasers' discounts, commissions and the offering expense payable by us. The 2024 Convertible Senior Notes were issued pursuant to, and are governed by, an Indenture, dated as of April 1, 2024, between us and U.S. Bank Trust Company, National Association, as Trustee.

The 2024 Convertible Senior Notes will accrue interest at a rate of 4.25% per annum, payable semi-annually in arrears on April 1 and October 1 of each year, beginning on October 1, 2024. The 2024 Convertible Senior Notes will mature on April 1, 2029, unless earlier converted or repurchased by us. Before January 2, 2029, noteholders will have the right to convert their 2024 Convertible Senior Notes only in the following circumstances: (i) during any calendar quarter (and only during such calendar quarter) commencing after the calendar quarter ending on June 30, 2024, if the last reported sale price per share of the our common stock, $0.0001 par value per share, exceeds 130% of the conversion price for each of at least 20 trading days, whether or not consecutive, during the 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter; (ii) during the five consecutive business days immediately after any 10 consecutive trading day period (such 10 consecutive trading day period, the "measurement period") if the trading price per $1,000 principal amount of 2024 Convertible Senior Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price per share of the common stock on such trading day and the conversion rate on such trading day; (iii) upon the occurrence of certain corporate events or distributions on the common stock, as described in the Indenture; and (iv) at any time from, and including, January 2, 2029 until the close of business on the scheduled trading day immediately before the maturity date. We will settle conversions by paying or delivering, as applicable, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election. The initial conversion rate is 55.4939 shares of common stock per $1,000 principal amount of 2024 Convertible Senior Notes, which represents an initial conversion price of approximately $18.02 per share of common stock. The conversion rate and conversion price will be subject to customary adjustments upon the occurrence of certain events. In addition, if certain corporate events that constitute a "Make-Whole Fundamental Change" (as defined in the Indenture) occur, then the conversion rate will, in certain circumstances, be increased for a specified period of time.

If a "Fundamental Change" (as defined in the Indenture) occurs, then, subject to a limited exception for certain cash mergers, noteholders may require us to repurchase their 2024 Convertible Senior Notes at a cash repurchase price equal to the principal amount of the 2024 Convertible Senior Notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the fundamental change repurchase date. The definition of Fundamental Change includes certain business combination transactions involving us and certain de-listing events with respect to the common stock.

We used approximately $169.3 million, consisting of the net proceeds from the Offering, together with cash on hand, to repurchase for cash approximately $183.9 million in aggregate principal amount of the 2020 Convertible Senior Notes, together with accrued and unpaid interest, in privately negotiated transactions below par and entered into concurrently with the pricing of the Offering through one of the initial purchasers or one of its affiliates, as our agents.

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, 2023 included in our Annual Report on Form 10-K, filed with the SEC Securities and Exchange Commission ("SEC") on March 14, 2024.

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; and anticipated payments under the Merger Agreement with Bridg; and anticipated Partner Share commitment shortfall payments. Bridg. 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

Our company's mission is to make commerce smarter and rewarding for everyone. We work to accomplish this mission by operating an advertising platform within our own and our partners' digital channels, which includes online, mobile applications, email and various real-time notifications (the "Cardlytics platform"). We also operate a customer data platform that utilizes point-of-sale ("POS") data, including product-level purchase data, to enable marketers to perform analytics and targeted loyalty marketing and also measure the impact of their marketing (the "Bridg platform"). The partners for the Cardlytics platform are predominantly financial institutions ("FI partners") that provide us with access to their anonymized purchase data and digital banking customers. The partners for the Bridg platform are predominantly merchants ("merchant data partners") that provide us with access to their POS data, including product-level purchase data. By applying advanced analytics to the purchase data we receive, we make it actionable, helping marketers reach potential 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, direct-to-consumer, and grocery and gas.

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 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.

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 platforms by making their customers more highly engaged with our platforms. However, these investments negatively impact our GAAP Revenue, which is reported net of Consumer Incentives.

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.

Key Performance Metrics

	Three Months Ended June 30,		Six Months Ended June 30,	
in thousands except per user amounts				
in thousands except per user amounts				
in thousands except per user amounts				
Cardlytics MAUs				
Cardlytics MAUs				
in thousands except ARPU amounts	**2024**	**2023**	**2024**	**2023**
Cardlytics MAUs				
Cardlytics ARPU				
Cardlytics ARPU				
Cardlytics ARPU				

Cardlytics Monthly Active Users ("MAUs")

We define MAUs as targetable customers that have logged in and visited online or mobile applications containing offers, opened an email containing an offer, 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 the Cardlytics platform's ability to drive engagement and is reflective of the marketing base that we offer to marketers. Beginning as of September 30, 2023, we are reporting only the total number of unique targetable customers within each FI, which we have applied to our reporting for current and prior periods in this Form 10-Q.

		Three Months Ended June 30,			Change			Six Months Ended June 30,			Change			
in thousands	**in thousands**	**2024**	**2023**		**#**		**%**	**2024**		**2023**		**#**		**%**
in thousands														
in thousands														
Cardlytics MAUs	Cardlytics MAUs	165,489	159,995	159,995	5,494	5,494	3	167,014	159,072	159,072	7,942	7,942	5	5
Cardlytics MAUs														

Cardlytics MAUs

During the three months ended March 31, 2024 June 30, 2024, Cardlytics MAUs increased by 10.4 5.5 million compared to the three months ended March 31, 2023 June 30, 2023 primarily driven by an increase organic growth of the existing FI partners in the U.K. and U.S. and a new MAUs. FI Partner in the U.K.

During the six months ended June 30, 2024, Cardlytics MAUs increased by 7.9 million compared to the six months ended June 30, 2023 primarily driven by organic growth of the existing FI partners in the U.K. and U.S. and a new FI Partner in the U.K.

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Cardlytics Average Revenue per User ("ARPU")

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 FI partners with respect to the Cardlytics platform.

	Three Months Ended March 31,		Change	
	2024	2023	$	%
Cardlytics ARPU	$ 0.40	$ 0.41	$ (0.01)	(2)

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2024	2023	$	%	2024	2023	$	%
Cardlytics ARPU	$ 0.42	$ 0.48	$ (0.06)	(13)	$ 0.82	$ 0.89	$ (0.07)	(9)

During the three months ended March 31, 2024 June 30, 2024, Cardlytics ARPU decreased by $0.01 $0.06 compared to the three months ended March 31, 2023 June 30, 2023 as a result of a $3.3 million an $8.0 million increase in Revenue and Consumer Incentives due to higher engagement with our customers than expected.

During the six months ended June 30, 2024, Cardlytics ARPU decreased by $0.07 compared to the three months ended June 30, 2023 as a 10.4 million result of an $14.3 million increase in Cardlytics MAUs. Consumer Incentives due to higher engagement with our customers than expected.

Key Financial Metrics (Including Non-GAAP Metrics Metrics)

in thousands	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Revenue	$ 67,608	$ 64,331
Billings	$ 105,216	$ 95,626
Gross Profit	$ 30,892	$ 24,523
Adjusted Contribution	$ 37,065	$ 30,947
Net (Loss) Income	$ (24,275)	$ 13,608
Adjusted EBITDA	$ 226	$ (6,091)
Adjusted Net Loss	$ (4,054)	$ (9,216)
Net cash used in operating activities	$ (17,617)	$ (10,064)
Free Cash Flow	$ (22,364)	$ (12,866)

	Three Months Ended June 30,		Six Months Ended June 30,	
in thousands	2024	2023	2024	2023
Revenue	$ 69,636	$ 76,701	$ 137,244	$ 141,032
Consumer Incentives	$ 40,753	$ 32,723	$ 78,362	$ 64,018
Billings	$ 110,389	$ 109,424	$ 215,606	$ 205,050
Gross Profit	$ 28,717	$ 30,516	$ 59,609	$ 55,039
Adjusted Contribution	$ 36,378	$ 37,531	$ 73,443	$ 68,478
Net Loss	$ (4,257)	$ (23,508)	$ (28,532)	$ (9,900)
Adjusted EBITDA	$ (2,285)	$ (4,073)	$ (2,059)	$ (10,164)

Adjusted Net Loss	$ (7,590)	$ (8,406)	$ (11,644)	$ (17,623)
Net cash provided by (used in) operating activities	$ 4,430	$ 5,750	$ (13,188)	$ (4,313)
Free Cash Flow	$ (428)	$ 2,994	$ (22,793)	$ (9,872)

Definitions of Non-GAAP Measures

Billings

Billings represents the gross amount billed to customers and marketers for services 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 Billings is an important indicator for the current health of the business because it directly represents our ability to bill customers for our services before any Consumer Incentives are paid. 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.

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 Revenue on our platforms 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. Management views Adjusted Contribution as the most relevant metric to measure the financial performance as it reflects the dollars we keep after all of our partners are paid.

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We use Adjusted Contribution extensively to measure the efficiency of our advertising platform, make decisions to manage advertising campaigns and evaluate our operational performance. 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 by segment.

Adjusted EBITDA

Adjusted EBITDA represents our Net (Loss) Income Loss before interest expense, net; depreciation and amortization; stock-based compensation expense; foreign currency loss (gain); loss; gain on debt extinguishment; acquisition, integration and divestiture costs; benefit; and change in contingent consideration; and, in applicable periods, certain other income and expense items, such as impairment of goodwill and intangible assets; loss on divestiture; restructuring and reduction of force; income tax benefit; and deferred implementation costs. We do not consider these excluded items to be indicative of our core operating performance. Of these items depreciation and amortization expense, stock-based compensation expense, and foreign currency loss (gain) are non-cash impacting. Notably, any impacts related to minimum Partner Share commitments in connection with agreements with certain partners are not added back to net income 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 income loss and other GAAP financial results.

Adjusted Net Loss

We define Adjusted Net Loss as our Net (Loss) Income Loss before stock-based compensation expense; foreign currency loss (gain); loss; gain on debt extinguishment; acquisition, integration and divestiture costs; benefit; amortization of acquired intangibles; and change in contingent consideration; and, in applicable periods, certain other income and expense items, such as impairment of goodwill and intangible assets; loss on divestiture; restructuring and reduction of force; and income tax benefit. We define Adjusted Net Loss per share as Adjusted Net Loss divided by our weighted-average common shares outstanding, diluted.

Free Cash Flow

We define Free Cash Flow as net cash used in operating activities, plus acquisition of property and equipment and capitalized software development costs and, in applicable periods, acquisition of patents. We believe free cash flow is useful to measure the funds generated in a given period that are available for distribution or to sustain the business. We believe this supplemental information enhances stockholders' ability to evaluate our performance.

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Results of Non-GAAP Measures

Billings

		Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
in thousands	in thousands	2024	2023	$	%	2024	2023	$	%
in thousands									
in thousands									
Cardlytics Billings	Cardlytics Billings	$ 110,389	$ $ 109,424	$ $ 965	1 1	$ 215,606	$ $ 205,050	$ $ 10,556	5 5
Cardlytics Billings									
Cardlytics Billings									

During the three months ended March 31, 2024 June 30, 2024, Billings increased by $9.6 1.0 million compared to the three months ended March 31, 2023 June 30, 2023 primarily driven by a $7.0 million increase in net sales to existing marketers, an increase of $4.4 million $2.6 million in sales to new marketers, partially offset by $1.8 million loss due a $1.6 million decrease in net sales to existing marketers.

During the six months ended June 30, 2024, Billings increased by $10.6 million compared to the sale six months ended June 30, 2023 primarily driven by an increase of Entertainment. $13.7 million in sales to new marketers, partially offset by a $3.1 million decrease in net sales to existing marketers.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Consolidated				
Consolidated				
Consolidated				
Revenue				
Revenue				
Revenue				
Plus:				
Plus:				
Consumer Incentives				
Consumer Incentives				
Consumer Incentives				
Billings				
Cardlytics platform				
Revenue				
Revenue				
Revenue				
Plus:				
Consumer Incentives				
Consumer Incentives				
Consumer Incentives				
Billings				

Billings
Billings
Cardlytics platform
Cardlytics platform
Cardlytics platform
Bridg platform
Revenue
Revenue
Revenue
Plus:
Plus:
Plus:
Consumer Incentives
Consumer Incentives
Consumer Incentives
Billings
Billings
Billings
Bridg platform
Bridg platform
Bridg platform
Revenue
Revenue
Revenue
Plus:
Plus:
Plus:
Consumer Incentives
Consumer Incentives
Consumer Incentives
Billings
Billings
Billings

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Adjusted Contribution

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,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Consolidated				
Consolidated				
Consolidated				
Revenue				
Revenue				
Revenue				
Minus:				

Minus:
Minus:
Partner Share and other third-party costs
Partner Share and other third-party costs
Partner Share and other third-party costs
Delivery costs[1]
Delivery costs[1]
Delivery costs[1]
Gross Profit
Gross Profit
Gross Profit
Plus:
Plus:
Plus:
Delivery costs[1]
Delivery costs[1]
Delivery costs[1]
Adjusted Contribution
Adjusted Contribution
Adjusted Contribution
Adjusted Contribution
Cardlytics platform
Cardlytics platform
Cardlytics platform
Revenue
Revenue
Revenue
Minus:
Minus:
Minus:
Partner Share and other third-party costs
Partner Share and other third-party costs
Partner Share and other third-party costs
Delivery costs[1]
Delivery costs[1]
Delivery costs[1]
Gross Profit
Gross Profit
Gross Profit
Plus:
Plus:
Plus:
Delivery costs[1]
Delivery costs[1]
Delivery costs[1]
Adjusted Contribution
Adjusted Contribution
Adjusted Contribution
Adjusted Contribution
Bridg platform
Bridg platform

REFINITIV

Bridg platform	
Revenue	
Revenue	
Revenue	
Minus:	
Minus:	
Minus:	
Partner Share and other third-party costs	
Partner Share and other third-party costs	
Partner Share and other third-party costs	
Delivery costs(1)	
Delivery costs(1)	
Delivery costs(1)	
Gross Profit	
Gross Profit	
Gross Profit	
Plus:	
Plus:	
Plus:	
Delivery costs(1)	
Delivery costs(1)	
Delivery costs(1)	
Adjusted Contribution	
Adjusted Contribution	
Adjusted Contribution	
Adjusted Contribution	

(1) Stock-based compensation expense recognized in consolidated delivery costs totaled $0.7 million and $0.6 million for each of the three months ended March 31, 2024June 30, 2024 and 2023,. respectively. Stock based compensation expense recognized in consolidated delivery costs totaled $1.4 million and $1.1 million for the six months ended June 30, 2024 and 2023, respectively.

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Adjusted EBITDA

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net (Loss) Income				
Net (Loss) Income				
Net (Loss) Income				
Plus:				
Plus:				
Net Loss				
Plus:				
Interest expense, net				
Interest expense, net				
Interest expense, net				
Depreciation and amortization				

Depreciation and amortization
Depreciation and amortization
Stock-based compensation expense
Stock-based compensation expense
Stock-based compensation expense
Foreign currency loss (gain)
Foreign currency loss (gain)
Foreign currency loss (gain)
Foreign currency (gain) loss
Gain on debt extinguishment
Acquisition, integration and divestiture costs
Acquisition, integration and divestiture costs
Acquisition, integration and divestiture costs
Change in contingent consideration
Change in contingent consideration
Acquisition, integration and divestiture benefit
Acquisition, integration and divestiture benefit
Acquisition, integration and divestiture benefit
Change in contingent consideration
Adjusted EBITDA
Adjusted EBITDA
Adjusted EBITDA
Adjusted EBITDA

The following table presents a reconciliation of adjusted EBITDA to Adjusted Contribution, the most directly comparable segment income measure, for each of the periods indicated (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Consolidated				
Consolidated				
Consolidated				
Adjusted Contribution				
Adjusted Contribution				
Adjusted Contribution				
Minus:				
Minus:				
Delivery costs				
Delivery costs				
Delivery costs				
Sales and marketing expense				
Research and development expense				
General and administration expense				
Stock-based compensation expense				
Adjusted EBITDA				
Adjusted EBITDA				
Adjusted EBITDA				
Cardlytics platform				
Adjusted Contribution				
Adjusted Contribution				
Adjusted Contribution				
Minus:				

Delivery costs
Delivery costs
Delivery costs
Sales and marketing expense
Sales and marketing expense
Sales and marketing expense
Research and development expense
Research and development expense
Research and development expense
General and administration expense
General and administration expense
General and administration expense
Stock-based compensation expense
Stock-based compensation expense
Stock-based compensation expense
Adjusted EBITDA
Adjusted EBITDA
Adjusted EBITDA
Cardlytics platform
Cardlytics platform
Cardlytics platform
Bridg platform
Adjusted Contribution
Adjusted Contribution
Adjusted Contribution
Minus:
Minus:
Minus:
Delivery costs
Delivery costs
Delivery costs
Sales and marketing expense
Sales and marketing expense
Sales and marketing expense
Research and development expense
Research and development expense
Research and development expense
General and administration expense
General and administration expense
General and administration expense
Stock-based compensation expense
Stock-based compensation expense
Stock-based compensation expense
Adjusted EBITDA
Adjusted EBITDA
Adjusted EBITDA
Bridg platform
Bridg platform
Bridg platform
Adjusted Contribution
Adjusted Contribution

Adjusted Contribution
Minus:
Minus:
Minus:
Delivery costs
Delivery costs
Delivery costs
Sales and marketing expense
Sales and marketing expense
Sales and marketing expense
Research and development expense
Research and development expense
Research and development expense
General and administration expense
General and administration expense
General and administration expense
Stock-based compensation expense
Stock-based compensation expense
Stock-based compensation expense
Adjusted EBITDA
Adjusted EBITDA
Adjusted EBITDA

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Adjusted Net Loss

The following table presents a reconciliation of Adjusted Net Loss to Net (Loss) Income, Loss, the most directly comparable GAAP measure, for each of the periods indicated (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net (Loss) Income				
Net (Loss) Income				
Net (Loss) Income				
Plus:				
Plus:				
Net Loss				
Plus:				
Stock-based compensation expense				
Stock-based compensation expense				
Stock-based compensation expense				
Foreign currency loss (gain)				
Foreign currency loss (gain)				
Foreign currency loss (gain)				
Acquisition, integration and divestiture costs				
Acquisition, integration and divestiture costs				
Acquisition, integration and divestiture costs				
Amortization of acquired intangibles				

Amortization of acquired intangibles
Foreign currency (gain) loss
Gain on debt extinguishment
Acquisition, integration and divestiture benefit
Amortization of acquired intangibles
Change in contingent consideration
Change in contingent consideration
Change in contingent consideration
Adjusted Net Loss
Adjusted Net Loss
Adjusted Net Loss
Weighted-average number of shares of common stock used in computing Adjusted Net Loss per share:
Weighted-average number of shares of common stock used in computing Adjusted Net Loss per share:
Weighted-average number of shares of common stock used in computing Adjusted Net Loss per share:
Weighted-average common shares outstanding, diluted
Weighted-average common shares outstanding, diluted
Weighted-average common shares outstanding, diluted
Adjusted Net Loss per share, diluted
Adjusted Net Loss per share, diluted
Adjusted Net Loss per share, diluted
Adjusted Net Loss per share, diluted

Free Cash Flow

The following is a reconciliation of free cash flow to net cash provided by (used in) operating activities, the most directly comparable GAAP measure, net cash used in operating activities for each of the periods indicated (in thousands):

	Three Months Ended March 31,			
	Three Months Ended March 31,			
	Three Months Ended March 31,			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net cash used in operating activities				
Net cash used in operating activities				
Net cash used in operating activities				
Plus:				
Plus:				
Net cash provided by (used in) operating activities				
Plus:				
Acquisition of property and equipment				
Acquisition of property and equipment				
Acquisition of property and equipment				
Capitalized software development costs				
Capitalized software development costs				
Capitalized software development costs				
Free Cash Flow				
Free Cash Flow				
Free Cash Flow				

Components of Results of Operations

Revenue

We sell our Cardlytics platform solution by entering into agreements directly with marketers or their marketing agencies, generally through the execution of insertion orders. The insertion orders state the terms of the arrangement, the negotiated fee, payment terms and the fixed period of time of the campaign. We invoice marketers monthly based on the qualifying purchases of our partners' customers as reported by our partners during the month. We report our Revenue net of Consumer Incentives and gross of Partner Share and other third-party costs. The Bridg platform generates Revenue through the sale of subscriptions to our cloud-based customer-data platform and the delivery of professional services, such as implementation, onboarding and technical support in connection with each subscription. We recognize subscription Revenue on a ratable basis over the contract term beginning on the date that our service is made available to the customer.

Cost and Expense

We classify our expenses into the following categories: Partner Share and other third-party costs; delivery costs; sales and marketing expense; research and development expense; general and administrative expense; and depreciation and amortization expense.

Partner Share and Other Third-Party Costs

Partner Share and other third-party costs consist primarily of the Partner Share that we pay our partners, media and data costs and deferred implementation costs incurred pursuant to our agreements with certain partners. To the extent that we use a specific partners' customer's anonymized purchase data in the delivery of our solutions, we generally pay the applicable partner a Partner Share calculated based on the relative contribution of the data provided by the partner to the overall delivery of the services. We expect that our Partner Share and other third-party costs will increase in absolute dollars as a result of our Revenue growth.

Delivery Costs

Delivery costs consist primarily of personnel costs of our campaign, data operations and production support teams, including salaries, benefits, bonuses, stock-based compensation and payroll taxes. Delivery costs also include hosting costs, purchased or licensed software costs, outsourcing costs and professional services costs. As we continue to migrate our technology to the cloud, our delivery costs will increase in absolute dollars and if such anticipated Revenue growth does not occur, our delivery costs as a percentage of Revenue will be adversely affected. Over time, we expect delivery costs will decline as a percentage of Revenue.

Sales and Marketing Expense

Sales and marketing expense consists primarily of personnel costs of our sales, account management, marketing and analytics teams, including salaries, benefits, bonuses, commissions, stock-based compensation and payroll taxes. Sales and marketing expense also includes professional fees, marketing programs such as trade shows, marketing materials, public relations, sponsorships and other brand building expenses, as well as outsourcing costs, travel and entertainment expenses and company-funded consumer testing expenses for certain marketers that are not current customers. We expect that our sales and marketing expense will increase in absolute dollars as a result of hiring new sales representatives and as we invest to enhance our brand. Over time, we expect sales and marketing expenses will decline as a percentage of Revenue.

Research and Development Expense

Research and development expense consists primarily of personnel costs of our information technology ("IT") engineering, IT architecture and product development teams, including salaries, benefits, bonuses, stock-based compensation and payroll taxes. Research and development expense also includes outsourcing costs, software licensing costs, professional fees and travel expenses. We focus our research and development efforts on improving our solutions and developing new ones. We expect research and development expense to increase in absolute dollars as we continue to create new solutions and improve the functionality of our existing solutions.

General and Administrative Expense

General and administrative expense consists of personnel costs of our executive, finance, legal, compliance, IT support and human resources teams, including salaries, benefits, bonuses, stock-based compensation and payroll taxes. General and administrative expense also includes professional fees for external legal, accounting and consulting services, financing transaction costs, facilities costs such as rent and utilities, royalties, bad debt expense, travel expense, property taxes and franchise taxes. We expect that general and administrative expenses will increase on an absolute dollar basis but decrease as a percentage of Revenue as we focus on processes, systems and controls to enable our internal support functions to scale with the growth of our business.

Acquisition, Integration and Divestiture (Benefit) Costs

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. Divestiture costs primarily represent legal and other professional fees.

Change in Contingent Consideration

Our acquisition of Bridg included a component of contingent consideration to be paid to the sellers if certain performance levels were achieved by Bridg over a specific period of time. Contingent consideration is initially recorded at fair value on the acquisition date based, in part, on a range of estimated probabilities for achievement of these performance levels. The fair value is periodically adjusted as actual performance levels become known and updates are made to the estimated probabilities for future performance. A gain or loss is recognized in the income statement for fair value adjustments. If we make additional acquisitions, it is possible that we will incur gains or losses in the future due to the change in contingent consideration.

Depreciation and Amortization Expense

Depreciation and amortization expense includes depreciation of property and equipment over the estimated useful life of the applicable asset as well as amortization of acquired intangible assets, deferred patent costs and capitalized internal-use software development costs.

Interest Expense, Net

Interest expense, net consists of interest incurred on our debt facilities, as well as related discount amortization and financing costs, partially offset by interest income on our cash balances.

Foreign Currency (Loss) Gain

Foreign currency (loss) gain consists primarily of gains and losses on foreign currency transactions.

Gain on Debt Extinguishment

Gain on debt extinguishment is associated with debt extinguishment including the write off of the unamortized debt issuance costs. These are primarily non-cash and are associated with debt payment transactions which are non-recurring.

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,	
	2024	**2023**	**2024**	**2023**
Revenue				
Revenue				
Revenue				
Costs and expenses:				
Costs and expenses:				
Costs and expenses:				
Partner Share and other third-party costs				
Partner Share and other third-party costs				
Partner Share and other third-party costs				
Delivery costs				
Delivery costs				
Delivery costs				
Sales and marketing expense				
Sales and marketing expense				
Sales and marketing expense				
Research and development expense				
Research and development expense				
Research and development expense				
General and administrative expense				
General and administrative expense				
General and administrative expense				
Acquisition, integration and divestiture cost				
Acquisition, integration and divestiture cost				
Acquisition, integration and divestiture cost				
Change in contingent consideration				
Change in contingent consideration				
Acquisition, integration and divestiture benefit				
Change in contingent consideration				
Depreciation and amortization expense				
Depreciation and amortization expense				
Depreciation and amortization expense				
Total costs and expenses				
Total costs and expenses				
Total costs and expenses				
Operating (Loss) Income				
Operating (Loss) Income				

Operating (Loss) Income
Other expense:
Other expense:
Other expense:
Operating Loss
Other (expense) income:
Interest expense, net
Interest expense, net
Interest expense, net
Foreign currency (loss) gain
Foreign currency gain (loss)
Foreign currency (loss) gain
Foreign currency gain (loss)
Foreign currency gain (loss)
Gain on debt extinguishment
Total other income
Net Loss before income taxes
Foreign currency (loss) gain
Total other (expense) income
Total other (expense) income
Total other (expense) income
Net (Loss) Income before income taxes
Net (Loss) Income before income taxes
Net (Loss) Income before income taxes
Net (Loss) Income
Net (Loss) Income
Net (Loss) Income
Net Loss
Net Loss
Net Loss

Comparison of Three and Six Months Ended March 31, 2024 June 30, 2024 and 2023

Revenue

		Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
in thousands	in thousands	2024	2023	$	%	2024	2023	$	%
in thousands									
in thousands									
Billings									
Billings									
Billings	Billings	$ 110,389 $	$ 109,424 $	$ 965	1 1 %	$ 215,606 $	$ 205,050 $	$ 10,556	5 5 %
Consumer Incentives									
Consumer Incentives									
Consumer Incentives									
Revenue									
Revenue									
Revenue	Revenue	$ 69,636 $	$ 76,701 $	$ (7,065)	(9) (9) %	$ 137,244 $	$ 141,032 $	$ (3,788)	(3) (3) %
% of Billings									
% of Billings									
% of Billings									

The $3.3 million increase $7.1 million decrease in Revenue during the three months ended March 31, 2024 June 30, 2024 compared to the three months ended March 31, 2023 June 30, 2023 was comprised of a $9.6 million $1.0 million increase in Billings and a $6.3 million $8.0 million increase in Consumer Incentives. Consumer Incentives grew at a higher rate than Billings during the three months ended March 31, 2024 June 30, 2024 compared to the three months ended March 31, 2023 June 30, 2023 primarily due to optimization of our targeting capabilities.

higher engagement than expected.

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The $3.8 million decrease in Revenue during the six months ended June 30, 2024 compared to the three months ended June 30, 2023 was comprised of a $10.6 million increase in Billings and a $14.3 million increase in Consumer Incentives. Consumer Incentives grew at a higher rate than Billings during the six months ended June 30, 2024 compared to the six months ended June 30, 2023 primarily due to higher engagement than expected.

Costs and Expenses

Partner Share and Other Third-Party Costs

in thousands	in thousands	Three Months Ended June 30, 2024		2023		Change $		%		Six Months Ended June 30, 2024		2023		Change $		%
in thousands																
in thousands																
Partner Share and other third-party costs																
Partner Share and other third-party costs																
Partner Share and other third-party costs	Partner Share and other third-party costs	$	33,258	$	$39,170	$	$(5,912)	(15)	(15)	% $	63,801	$	$72,554	$	$(8,753)	(12) (12)%
% of Revenue																
% of Revenue																
% of Revenue																

Partner Share and other third-party costs decreased by $2.8 5.9 million during the three months ended March 31, 2024 June 30, 2024 compared to the three months ended March 31, 2023 June 30, 2023, primarily driven by a renegotiation of terms with a certain FI Partner and changes in Partner Share mix.

Partner Share and other third-party costs decreased by $8.8 million during the six months ended June 30, 2024 compared to the six months ended June 30, 2023, partially due to a decrease of $1.3 million due to from a Partner Share commitment shortfall accrual in 2023 that did not reoccur in 2024. Excluding this shortfall commitment, the balance in Partner Share and other third-party costs decreased by $1.5 million $7.5 million. The decrease is primarily driven by a renegotiation of terms with a certain FI Partner and changes in Partner Share mix.

Delivery Costs

in thousands	in thousands	Three Months Ended June 30, 2024		2023		Change $		%		Six Months Ended June 30, 2024		2023		Change $		%
in thousands																
in thousands																
Delivery costs excluding stock-based compensation expense	Delivery costs excluding stock-based compensation expense	$	6,940	$	$6,450	$	$490	8	8	% $	12,470	$	$12,306	$	$164	1 1 %
Delivery costs excluding stock-based compensation expense																
Delivery costs excluding stock-based compensation expense																
Plus:																
Plus:																
Plus:																
Stock-based compensation expense																
Stock-based compensation expense																
Stock-based compensation expense																

Total delivery costs	Total delivery costs	$ 7,661	$	$7,015	$ $646	9	9 %	$ 13,834	$ $13,439	$ $395	3 3 %

Total delivery costs

Total delivery costs

% of Revenue

% of Revenue

% of Revenue

Total delivery costs decreased increased by $0.3 million $0.6 million during the three months ended March 31, 2024 June 30, 2024 compared to the three months ended March 31, 2023 June 30, 2023. Delivery costs excluding stock-based compensation decreased increased by $0.3 million $0.5 million during the three months ended March 31, 2024 June 30, 2024 compared to the three months ended March 31, 2023 June 30, 2023, driven by $0.6 million decrease $0.5 million increase in data storage costs.

Total delivery costs increased by $0.4 million during the six months ended June 30, 2024 compared to the six months ended June 30, 2023. Delivery costs excluding stock-based compensation increased by $0.2 million during the six months ended June 30, 2024 compared to the six months ended June 30, 2023, driven by a $0.1 million decrease in professional fees and a $0.1 million decrease $0.2 million increase in staff expense, partially offset by a $0.4 million increase in incentive compensation. expenses.

Sales and Marketing Expense

in thousands	in thousands	Three Months Ended June 30, 2024	2023	Change $	%	Six Months Ended June 30, 2024	2023	Change $	%
in thousands									
in thousands									
Sales and marketing expense excluding stock-based compensation expense	Sales and marketing expense excluding stock-based compensation expense	$ 11,122	$ $11,454	$ $ (332)	(3) (3) %	$ 22,099	$ $22,349	$ $ (250)	(1) (1)%
Sales and marketing expense excluding stock-based compensation expense									
Sales and marketing expense excluding stock-based compensation expense									
Plus:									
Plus:									
Plus:									
Stock-based compensation expense									
Stock-based compensation expense									
Stock-based compensation expense									
Total sales and marketing expense	Total sales and marketing expense	$ 14,025	$ $15,205	$ $(1,180)	(8) (8) %	$ 28,143	$ $29,153	$ $(1,010)	(3) (3)%
Total sales and marketing expense									
Total sales and marketing expense									
% of Revenue									
% of Revenue									
% of Revenue									

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Total sales and marketing expenses increased decreased by $0.2 million $1.2 million during the three months ended March 31, 2024 June 30, 2024 compared to the three months ended March 31, 2023 June 30, 2023. Sales and marketing expense excluding the impact of stock-based compensation increased decreased by $0.1 million $0.3 million during the three months ended March 31, 2024 June 30, 2024 compared to the three months ended March 31, 2023 June 30, 2023 primarily due to a $0.7 million increase $0.9 million decrease in incentive compensation, staff expenses and a $0.1 million decrease in travel expenses, partially offset by a $0.7 million increase marketing expense.

Total sales and marketing expenses decreased by $1.0 million during the six months ended June 30, 2024 compared to the six months ended June 30, 2023. Sales and marketing expense excluding the impact of stock-based compensation decreased by $0.3 million during the six months ended June 30, 2024 compared to the six months ended June 30, 2023 primarily due to a $0.5 million decrease in staff expense, expenses, a $0.2 million decrease in marketing events administrative expenses and a $0.1 million decrease increase in professional fees.

fees, partially offset by a $0.5 million increase in marketing expense.

Research and Development Expense

		Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
in thousands	**in thousands**	**2024**	**2023**	**$**	**%**	**2024**	**2023**	**$**	**%**
in thousands									
in thousands									
Research and development expense excluding stock-based compensation expense	Research and development expense excluding stock-based compensation expense	$ 8,837	$ $10,345	$ $(1,508)	(15) (15)%	$ 17,935	$ $17,824	$ $111	1 1 %
Research and development expense excluding stock-based compensation expense									
Research and development expense excluding stock-based compensation expense									
Plus:									
Plus:									
Plus:									
Stock-based compensation expense									
Stock-based compensation expense									
Stock-based compensation expense									
Total research and development expense	Total research and development expense	$ 13,470	$ $14,847	$ $(1,377)	(9) (9)%	$ 26,518	$ $26,411	$ $107	— — %
Total research and development expense									
Total research and development expense									
% of Revenue									
% of Revenue									
% of Revenue									

Total research and development expense decreased by $1.4 million during the three months ended June 30, 2024 compared to the three months ended June 30, 2023. Research and development expense excluding stock-based compensation decreased by $1.5 million during the three months ended June 30, 2024 compared to the three months ended June 30, 2024, primarily due to a $1.2 million decrease in staff expenses and a $0.5 million decrease in consulting fee, partially offset by a $0.2 million increase in data storage and software licenses. The decrease of $1.2 million is primarily due to increased benefit from capitalized software development of $2.4 million, offset by a $1.2 million tax credit forfeiture.

Total research and development expense increased by $1.5 0.1 million during the threesix months ended March 31, 2024 June 30, 2024 compared to the threesix months ended March 31, 2023 June 30, 2023. Research and development expense excluding stock-based compensation increased decreased by $1.6 million $0.1 million during the threesix months ended March 31, 2024 June 30, 2024 compared to the threesix months ended March 31, 2024 June 30, 2023, primarily due to a $1.7 million increase $0.7 million decrease in incentive compensation professional fees, a $0.1 million decrease in staff expenses and a $0.5 million$0.1 million decrease in administrative expenses, partially offset by a $0.8 million increase in data storage and software licenses, primarily offset by a $0.5 million decrease in staff expense and a $0.1 million decrease in consulting fees. licenses.

General and Administrative Expense

		Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
in thousands	**in thousands**	**2024**	**2023**	**$**	**%**	**2024**	**2023**	**$**	**%**
in thousands									
in thousands									

General and administrative expense excluding stock-based compensation expense	General and administrative expense excluding stock-based compensation expense	$11,764	$	$ 13,355	$	$(1,591)	(12)	(12)%	$22,998	$	$26,163	$	$(3,165)	(12)	(12)%	
General and administrative expense excluding stock-based compensation expense																
General and administrative expense excluding stock-based compensation expense																
Plus:																
Plus:																
Plus:																
Stock-based compensation expense																
Stock-based compensation expense																
Stock-based compensation expense	4,387	2,921	2,921	1,466	1,466	50	50	7,638	7,638	3,183	3,183	4,455	4,455	n/a	n/a	
Total general and administrative expense	Total general and administrative expense	$16,151	$	$ 16,276	$	$ (125)	(1)	(1)%	$30,636	$	$29,346	$	$ 1,290	4	4 %	
Total general and administrative expense																
Total general and administrative expense																
% of Revenue																
% of Revenue																
% of Revenue																

Total general and administrative expense increased decreased by $1.4 0.1 million during the three months ended March 31, 2024 June 30, 2024 compared to the three months ended March 31, 2023 June 30, 2023. General and administrative expense excluding stock-based compensation decreased by $1.6 million during the three months ended March 31, 2024 June 30, 2024 compared to the three months ended March 31, 2023 June 30, 2023, primarily due to a $1.4 1.3 million decrease in software licenses, a $1.0 million decrease in professional fees, a $0.5 million decrease in facility expenses and a $0.2 million decrease in staff expenses, partially offset by a $1.2 million increase in bad debt and a $0.2 million increase in travel expenses.

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Total general and administrative expense increased by $1.3 millionduring the six months ended June 30, 2024 compared to the six months ended June 30, 2023. General and administrative expense excluding stock-based compensation decreased by $3.2 million during the six months ended June 30, 2024 compared to the six months ended June 30, 2023, primarily due to a $2.7 million decrease in software licenses, a $2.3 million decrease in professional fees, a $1.0 million decrease in software licenses, a $0.6 million decrease in staff expense, facility expenses, a $0.5 million decrease in facility administrative expenses and a $0.4 0.1 million decrease in data storage expense, staff expenses, partially offset by a $1.7 3.0 million increase in bad debt and a $0.6 0.3 million increase in incentive compensation. travel expenses.

Stock-based Compensation Expense

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

		Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
in thousands	in thousands	2024	2023	$	%	2024	2023	$	%
in thousands									
in thousands									
Delivery costs									
Delivery costs									
Delivery costs	Delivery costs	$ 721 $	$ 565 $	$156 28	28 %	$ 1,364 $	$ 1,133 $	$ 231 20	20 %
Sales and marketing expense									
Sales and marketing expense									
Sales and marketing expense									
Research and development expense									
Research and development expense									
Research and development expense									
General and administrative expense	General and administrative expense	4,387 2,921	2,921 1,466	1,466 50	50 7,638	7,638 3,183	3,183 4,455	4,455 n/a	n/a
General and administrative expense									
General and administrative expense									
Total stock-based compensation expense									
Total stock-based compensation expense									
Total stock-based compensation expense	Total stock-based compensation expense	$ 12,644 $	$11,739 $	$905 8	8 %	$23,629 $	$19,707 $	$ 3,922 20	20 %
% of Revenue									

% of Revenue

% of Revenue

Stock-based compensation expense increased by $3.0 million $0.9 million during the three months ended March 31, 2024 June 30, 2024 compared to the three months ended March 31, 2023 June 30, 2023, primarily driven by new hires and grants during the three months ended June 30, 2024, partially offset by higher forfeitures related to executive departures that occurred during the three months ended June 30, 2023.

Stock-based compensation expense increased by $3.9 million during the six months ended June 30, 2024 compared to the six months ended June 30, 2023, primarily driven by higher forfeitures related to executive departures that occurred during the three months ended March 31, 2023 June 30, 2023.

Acquisition, integration and divestiture cost benefit

		Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
in thousands	**in thousands**	**2024**	**2023**	**$**	**%**	**2024**	**2023**	**$**	**%**
in thousands									
in thousands									
Acquisition, integration and divestiture cost									
Acquisition, integration and divestiture cost									
Acquisition, integration and divestiture cost									
Acquisition, integration and divestiture benefit		$ 162	$ (9,947)	$ 10,109	(102)	$ 162	$ (8,224)	$ 8,386	(102)
% of Revenue									
% of Revenue									
% of Revenue									

During the three months ended March 31, 2024 June 30, 2024 and 2023 we incurred zero realized an expense of $0.2 million and a $1.7 million cost, respectively, gain of $9.9 million primarily in connection with our acquisition of Bridg due to the changes in the estimated brokerage fees and transaction bonuses and accounting for all true-ups and credits related to the acquisition of Bridg. Refer to Note 3 - Business Combinations to our consolidated financial statements for additional information.

During the six months ended June 30, 2024 and 2023 we realized an expense of $0.2 million and a gain of $8.2 million primarily due to the changes in the estimated brokerage fees and transaction bonuses and accounting for all true-ups and credits related to the acquisition of Bridg. Refer to Note 3 - Business Combinations to our consolidated financial statements for additional information.

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Change in contingent consideration

		Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
in thousands	**in thousands**	**2024**	**2023**	**$**	**%**	**2024**	**2023**	**$**	**%**
in thousands									
in thousands									
Change in contingent consideration									
Change in contingent consideration									
Change in contingent consideration	Change in contingent consideration	$ (5,808) $	$11,258 $	$(17,066)	(152) (152)	$ 9 $	$ (23,326) $	$23,335	n/a n/a
% of Revenue									
% of Revenue									
% of Revenue									

During the three months ended March 31, 2024 and 2023, June 30, 2024 we recognized a loss of $5.8 million and realized a gain of $34.6 million $5.8 million primarily related to the Settlement Agreement. Refer to Note 1—Overview of Business and Basis of Presentation for additional information. During the three months ended June 30, 2023 we realized a cost of $11.3 million primarily due to the change in value of contingent consideration to the former Bridg shareholders. Refer to Note 9—Fair Value Measurements to our consolidated financial statements for additional information regarding the contingent consideration.

During the six months ended June 30, 2024, respectively, the change in contingent consideration is less than a $0.1 million benefit as a result of the $5.9 million gain we recognized due to the Settlement Agreement, almost entirely offset by the $5.8 million loss related to the change in value of contingent consideration to the former Bridg shareholders. During the six months ended June 30, 2023 we realized a gain of $23.3 million primarily due to the change in value of contingent consideration to the former Bridg shareholders. Refer to Note 9—Fair Value Measurements to our consolidated financial statements for additional information regarding the contingent consideration.

Depreciation and Amortization Expense

		Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
in thousands	in thousands	2024	2023	$	%	2024	2023	$	%
in thousands									
in thousands									
Depreciation and amortization expense									
Depreciation and amortization expense									
Depreciation and amortization expense	Depreciation and amortization expense	$ 6,529	$ 7,200	$ (671)	(9) (9) %	$ 12,779	$ 13,775	$ (996)	(7) (7)%
% of Revenue									
% of Revenue									
% of Revenue									

Depreciation and amortization expense decreased by $0.3 million $0.7 million during the three months ended March 31, 2024 June 30, 2024 compared to the three months ended March 31, 2023 June 30, 2023, primarily due to a decrease in the acquisition of property and equipment and fully amortized intangibles.

Depreciation and amortization expense decreased by $1.0 million during the six months ended June 30, 2024 compared to the six months ended June 30, 2023, primarily due to a decrease in the acquisition of property and equipment and fully amortized intangibles.

Interest Expense, Net

		Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
in thousands	in thousands	2024	2023	$	%	2024	2023	$	%
in thousands									
in thousands									
Interest expense									
Interest expense									
Interest expense	Interest expense	$ (2,433)	$ $ (1,621)	$ $ (812)	50 50 %	$ (4,175)	$ $ (2,744)	$ $ (1,431)	52 52 %
Interest income	Interest income	872	1,047 1,047	(175) (175)	(17) (17)	1,795 1,795	2,162 2,162	(367) (367)	(17)
Interest income									
Interest income									
Interest expense, net									
Interest expense, net									

Interest expense, net	Interest expense, net	$(1,561)	$	$ (574)	$	$(987)	n/a	n/a	$ (1,497)	$	$ (582)	$	$ (915)	n/a	n/a
% of Revenue															
% of Revenue															
% of Revenue															

Interest expense, net increased by $0.8 million $1.0 million during the three months ended March 31, 2024 June 30, 2024 compared to the three months ended March 31, 2023 as a result June 30, 2023 primarily due to an increase in our interest expense related to our 2024 Convertible Senior Notes, partially offset by repayment of our 2018 Line of Credit. Refer to Note 7—Debt and Financing Arrangements to our consolidated financial statements for additional information regarding the 2018 Loan Facility, which had $30.0 million outstanding 2024 Convertible Senior Notes.

Interest expense, net increased by $0.9 million during the entirety of the three six months ended March 31, 2024, but June 30, 2024 compared to the six months ended June 30, 2023 primarily due to an increase in our interest expense related to our 2024 Convertible Senior Notes, partially offset by repayment of our 2018 Line of Credit. Refer to Note 7—Debt and Financing Arrangements to our consolidated financial statements for additional information regarding the 2024 Convertible Senior Notes.

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Foreign Currency Gain (Loss)

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
in thousands	**2024**	**2023**	**$**	**%**	**2024**	**2023**	**$**	**%**
Foreign currency gain (loss)	$ 99	$ 1,389	$ (1,290)	(93)%	$ (531)	$ 2,778	$ (3,309)	n/a
% of Revenue	— %	2 %			(1)%	2 %		

Foreign currency gain (loss) was only outstanding for a partial period gain of $0.1 million during the three months ended March 31, 2023.

Foreign Currency (Loss) Gain

	Three Months Ended March 31,		Change	
in thousands	**2024**	**2023**	**$**	**%**
Foreign currency (loss) gain	$ (630)	$ 1,389	$ (2,019)	n/a
% of Revenue	(1)%	2 %		

Foreign currency (loss) gain was a loss of $0.6 million during the three months ended March 31, 2024 June 30, 2024 compared to foreign currency (loss) a gain of $1.4 million during the three months ended March 31, 2023 June 30, 2023, primarily due to the decrease in the value of the British pound relative to the U.S. dollar.

Foreign currency gain (loss) was a loss of $0.5 million during the six months ended June 30, 2024 compared to a gain of $2.8 million during the six months ended June 30, 2023, primarily due to the decrease in the value of the British pound relative to the U.S. dollar.

Gain on Debt Extinguishment

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
in thousands	**2024**	**2023**	**$**	**%**	**2024**	**2023**	**$**	**%**
Gain on debt extinguishment	$ 13,017	$ —	$ 13,017	n/a	$ 13,017	$ —	$ 13,017	n/a
% of Revenue	19 %	— %			9 %	— %		

Gain on debt extinguishment was a gain of $13.0 million during the three and six months ended June 30, 2024 compared to zero during the three and six months ended June 30, 2023, due to the aggregated payment towards the 2020 Convertible Senior Notes in April 2024. Refer to Note 7—Debt and Financing Arrangements to our consolidated financial statements for additional information regarding the 2020 Convertible Senior Notes.

Liquidity and Capital Resources

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

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Cash and cash equivalents		
Working capital(1)		
Working capital(1)		
Working capital(1)		
Accounts receivable and contract assets, net		
Unused available borrowings		

(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 fully FDIC-insured money market accounts, demand deposit accounts and U.S. Treasury Bills. As of March 31, 2024 June 30, 2024, our demand deposit accounts and our money market account earned approximately 5.0% annual rate of interest. As of March 31, 2024 June 30, 2024, our U.S. Treasury Bills earned approximately 5.3% annual rate of interest. As of March 31, 2024 June 30, 2024, $2.7 million $3.1 million of our cash and cash equivalents were in the United Kingdom. While our investment in Cardlytics U.K. Limited is not considered indefinitely invested, we do not have any current plans to repatriate these funds.

Through March 31, 2024 June 30, 2024, we have incurred accumulated net losses of $1,135.5 million $1,139.8 million since inception, including net loss of $24.3 million $4.3 million for the three months ended March 31, 2024, respectively. June 30, 2024. We have historically financed our operations and capital expenditures through convertible note financings, private placements of our redeemable convertible preferred stock, public offerings of our common stock as well as lines of credit and term loans.

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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 platforms, the introduction of new solutions, the continued market acceptance of our solutions and the extent of the impact of macroeconomic events on the global economy. We expect to incur additional operating losses in the near term as we continue our efforts to grow our business 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 and in the long-term 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.

Sources of Material Cash Requirements

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 September 2025 (the "2020 Convertible Senior Notes"), including the exercise in full of the initial purchasers' option to purchase up to an additional $30.0 million principal amount of the 2020 Convertible Senior Notes. The 2020 Convertible Senior Notes were issued pursuant to an indenture, dated September 22, 2020, 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. Refer to Note 7—Debt and Financing Arrangements to our consolidated financial statements for additional information regarding the contingent consideration.

On April 1, 2024, we partially paid down the 2020 Convertible Senior Notes at prices below par and issued the 2024 Convertible Senior Notes (as defined below) with an aggregate principal amount of $172.5 million bearing an interest rate of 4.25% due on April 1, 2029 as described below. The remaining portion not paid down on the 2020 Convertible Senior Notes are due on April 1, 2025.

Partner Share Commitment

We had a minimum Partner Share commitment to a certain FI partner totaling $10.0 million over a 12-month period which ended on March 31, 2023. We have had accrued $4.5 million for the Partner Share shortfall, included within Partner Share liability on our condensed consolidated balance sheet. We expect to pay this shortfall through June 30, 2024. As of March 31, 2024 June 30, 2024, we paid $2.4 million $3.4 million of our shortfall. During the three six months ended March 31, 2023, June 30, 2024 and 2023, we recognized zero and $1.3 million of expected minimum Partner Share commitment shortfalls within Partner Share and other third-party costs on our condensed consolidated statement of operations. Subsequent to June 30, 2024, we paid $1.1 million of the remaining portion of our shortfall commitment.

Contingent consideration for the acquisition of Bridg

On January 25, 2024, we entered into a settlement agreement (the "Settlement Agreement") with the Stockholder Representative to resolve all outstanding disputes related to the Merger Agreement, pursuant to which we agreed to pay $25.0 million in cash and issue 3,600,000 shares of our common stock to the Stockholder Representative, inclusive of broker fees and transaction bonuses. Pursuant to the Settlement Agreement we paid the Stockholder Representative $20.0 million in cash on January 26, 2024 and we issued 3,600,000 shares of our common stock on February 1, 2024. The remaining cash payments related to the Settlement Agreement will be paid in two tranches with $3.0 million to be paid by January 31, 2025 and $2.0 million to be paid by June 30, 2025, which is presented in our consolidated balance sheet as long-term contingent consideration.

As of March 31, June 30, 2024, the contingent consideration is valued at $4.3 4.4 million, exclusive of $0.3 million in broker fees and other costs, which is included in accrued expenses on our consolidated balance sheets. We determined the present value of the contingent consideration by discounting the future payments to be paid by January 31, 2025 and June 30, 2025. As the remaining payments are fixed as per the Settlement Agreement, the contingent consideration is no longer subject to ASC 820, Fair Value Measurement.

Other Commitments

In January 2024, we renewed our agreement guaranteeing an aggregated spend of $17.0 million each year over the next 36 month period. As of June 30, 2024 we have paid $8.5 million towards our cloud hosting arrangement guarantee.

Sources of Funds

Equity Distribution Agreement

On January 29, 2024, we filed a shelf registration statement on Form S-3 with the SEC, which was declared effective by the SEC on February 9, 2024. This shelf registration statement, which includes a base prospectus, allows us to offer and sell up to a maximum aggregate offering amount of $100.0 million of our registered common stock, preferred stock, debt securities or warrants, or any combination of securities described in the prospectus in one or more offerings.

On March 18, 2024, we entered into an equity distribution agreement (the “Equity Distribution Agreement”) with Evercore Group L.L.C., BofA Securities, Inc. and Cantor Fitzgerald & Co., as sales agents, pursuant to which we may issue and sell, from time to time, shares of our common stock up to a maximum aggregate offering amount of $50.0 million in “at-the-market” offerings (the “ATM Offering Program”). On March 18, 2024, we sold 3,907,600 shares of our common stock at a weighted average price per share of $12.80, for aggregate net proceeds of $48.3 million after deducting commissions and estimated offering expenses payable by us, pursuant to the Equity Distribution Agreement and completed the ATM Offering Program.

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 September 2025 (the "2020 Convertible Senior Notes"), including the exercise in full of the initial purchasers' option to purchase up to an additional $30.0 million principal amount of the 2020 Convertible Senior Notes. The 2020 Convertible Senior Notes were issued pursuant to an indenture, dated September 22, 2020 (the "2020 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. Refer to Note 7—Debt and Financing Arrangements to our consolidated financial statements for additional information regarding the contingent consideration.

Subsequent to March 31, 2024, we partially paid down the 2020 Convertible Senior Notes at prices below par and issued convertible senior notes with an aggregate principal amount of $172.5 million bearing an interest rate of 4.25% due on April 1, 2029 as described below.

2024 Convertible Senior Notes

On April 1, 2024, we issued of $172.5 million principal amount of its 4.25% Convertible Senior Notes due in 2029 (the "2024 Convertible Senior Notes" and together with the 2020 Convertible Senior Notes, the "Notes") in a private offering, (the "Offering"), including the exercise in full of the initial purchasers' option to purchase up to an additional $22.5 million principal amount of 2024 Convertible Senior Notes. The net proceeds from this the offering were an estimated $166.8 million, after deducting the initial purchasers' discounts, commissions and the offering expenses payable by us. The 2024 Convertible Senior Notes were issued pursuant to, and are governed by, an indenture, (the “Indenture”), dated as of April 1, 2024, between us and U.S. Bank Trust Company, National Association, as trustee. We used approximately $169.3 million, consisting of the net proceeds from the Offering, offering, together with cash on hand, to repurchase for cash approximately $183.9 million in aggregate principal amount of the 2020 Convertible Senior Notes, together with accrued and unpaid interest, in privately negotiated transactions below par and entered into concurrently with the pricing of the Offering offering through one of the initial purchasers or one of its affiliates, as our agents.

2018 Loan Facility

In April 2022, we amended our 2018 loan facility with Pacific Western Bank (the "2018 Loan Facility Facility") to increase the capacity of our asset-backed revolving line of credit (the "2018 Line of Credit Credit") from $50.0 million to $60.0 million with an option to increase to $75.0 million upon syndication. This amendment also extended the maturity date of the 2018 Loan Facility from December 31, 2022 to April 29, 2024, and further stated that if we had positive Adjusted EBITDA by December 31, 2023, we could extend the maturity date of the loan to April 29, 2025. Additionally with this amendment, the former cash covenant, as described below, was removed and was replaced with a requirement to maintain a minimum level of Adjusted Contribution and a minimum adjusted cash of $25.0 million, which is reduced by eligible accounts receivable in excess of the loan capacity. In November 2022, we amended our 2018 Loan Facility to modify the eligible account receivable to exclude UK accounts, reduce the ability to borrow up to 85% of the amount of our eligible accounts receivable to 50% and adjusted the required minimum level of Adjusted Contribution. In February 2023, we amended our 2018 Loan Facility to remove and replace the former Adjusted Contribution covenant with a requirement to maintain a minimum level of Adjusted EBITDA. In May 2023, we amended our 2018 Loan Facility to modify the covenants related to the maximum amount of cash we are allowed to pay for the First Anniversary Payment Amount and Second Anniversary Payment Amount under the Merger Agreement. In February 2024, we amended our 2018 Loan Facility to increase the ability to borrow up to 75% of the amount of our eligible accounts receivable, adjusted the required minimum level of Adjusted EBITDA and increased the interest rate to the prime rate plus 0.25%.

We also confirmed the extension of the maturity date of the loan to April 29, 2025.

As In April 2024, we repaid in full $30.0 million of March 31, 2024, we had borrowed $30.0 million, which we paid down subsequent to March 31, 2024. the principal balance of the 2018 Line of Credit. Interest on advances under the 2018 Line of Credit bore an interest rate equal to the prime rate plus 0.25%. During the three six months ended March 31, 2024 June 30, 2024, we incurred approximately $0.7 million of interest expense associated with the 2018 Loan Facility. In addition, we are required to pay an unused line fee of 0.15% per annum on the average daily unused amount of the revolving commitment. As of March 31, 2024 June 30, 2024, we had $29.5 million $60.0 million of unused available borrowings under our 2018 Line of Credit. We believe we are in compliance with all financial covenants as of March 31, 2024 June 30, 2024.

Subsequent to June 30, 2024, we amended our 2018 Loan Facility, which increased the ability to borrow up to 85% of the amount of our U.S. eligible accounts receivable and 30% of the amount of our U.K. eligible accounts receivable, modified our required minimum level of Adjusted EBITDA, and decreased the interest rate to prime rate plus 0.125%. The amendment also establishes a reserve in an amount equal to a percentage of the amount needed to retire the outstanding 2020 Convertible Notes. The amendment also includes extension of the maturity date of the loan to July 31, 2026.

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 between one and four months following redemption, regardless of whether we have collected payment from a marketer or its agency. We are generally obligated to pay our FI partners' Partner Share 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 FI 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.

The following table summarizes our cash flows for the periods presented (in thousands):

	Three Months Ended March 31,		Six Months Ended June 30,	
	2024	2023	2024	2023
Cash, cash equivalents and restricted cash — Beginning of period				
Net cash used in operating activities				
Net cash used in investing activities				
Net cash provided by financing activities				
Net cash provided by (used in) financing activities				
Effect of exchange rates on cash, cash equivalents and restricted cash				
Cash, cash equivalents and restricted cash — End of period				

Operating Activities

Operating activities used $17.6 million $13.2 million of cash during the three six months ended March 31, 2024 June 30, 2024, which reflected our Net Loss of $24.3 million $28.5 million, including $20.5 million $29.7 million of non-cash charges, and a $5.8 million change in estimated contingent consideration, offset by a $19.6 million $14.4 million change in our net operating assets and liabilities. The non-cash charges primarily related to stock-based compensation expense, depreciation and amortization expense, amortization of right-of-use assets, amortization of financing costs charged to interest expense and credit losses expense. The change in our net operating assets and liabilities was primarily due to a $8.7 million $7.2 million decrease in our Consumer Incentive liability, a $13.3 million $15.1 million decrease in Partner Share liability, a $7.6 million $7.3 million decrease in other accrued expense and a $3.5 million $0.4 million increase in prepaid expenses and other assets, partially offset by a $13.3 million $14.8 million decrease in accounts receivable and a $0.1 million $0.8 million increase in accounts payable. These fluctuations are primarily driven by the quarterly seasonality of our business.

Operating activities used $10.1 million $4.3 million of cash during the three six months ended March 31, 2023 June 30, 2023, which reflected our net income loss of $13.6 million $9.9 million, which included $15.0 million including $34.1 million of non-cash charges offset by a $34.6 million $23.3 million change in estimated contingent consideration, and a $4.1 million $5.2 million change in our net operating assets and liabilities. The non-cash charges primarily related to stock-based compensation expense, depreciation and amortization expense, amortization of right-of-use assets, amortization of financing costs charged to interest expense and credit losses expense. The change in our net operating assets and liabilities was primarily due to a $10.6 million $11.0 million decrease in our Consumer Incentive liability, a $9.7 million $0.3 million decrease in Partner Share liability and a $3.1 million $11.0 million decrease in other accrued expense, a $1.7 million $2.0 million decrease in accounts payable and a $0.4 million increase decrease in prepaid expenses and other assets, partially offset by a $21.4 million $18.1 million decrease in accounts receivable. These fluctuations are primarily driven by the quarterly seasonality of our business.

Investing Activities

Investing activities used $4.7 million $9.4 million and $2.8 million $5.5 million and in cash during the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively. Our investing cash flows during the three six months ended March 31, 2024 June 30, 2024 and 2023 primarily consisted of funds used for the purchases of technology hardware and capitalization of costs to develop internal-use software.

Financing Activities

Financing activities provided $28.3 million $2.0 million in cash during the three six months ended March 31, 2024 June 30, 2024, which consisted of aggregated net proceeds of $166.8 million proceeds from issuance of our 2024 Convertible Senior Notes offering ($172.5 million from the issuance of the 2024 Convertible Senior Notes offset by $5.6 million in debt issuance costs) and an aggregate net proceeds of $48.6 million, pursuant to the Equity Distribution Agreement, and completed the ATM Offering Program, partially offset by a $20.1 169.3 million of principal payment of debt towards our 2020 Convertible Senior Notes, $30.0 million payment to the 2018 Line of Credit and $14.2 million paid in cash related to the settlement agreement with the Stockholder Representative to resolve all outstanding disputes related to the Merger Agreement, inclusive of brokerage fees and transaction bonuses and accounting for all true-ups and credits. credit.

Financing activities provided $30.0 million used $20.1 million in cash during the three six months ended March 31, 2023 June 30, 2023, consisting of $50.1 million paid for the First Anniversary Payment and $30.0 million borrowed under our 2018 Line of Credit.

Critical Accounting 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 both in the initial valuation and ongoing impairment analysis of goodwill and acquired intangible assets of Bridg and Entertainment, the assumptions used in the valuation of contingent consideration related to the acquisition of Bridg, 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, 2023, except as it relates to our adoption of ASU 2020-06. Refer to Note 2 - Significant Account Policies and Recent Accounting Standards to our condensed consolidated financial statements for a description of the impact of our adoption of ASU 2020-06.

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 of 8.50% plus 0.25%. In July, we amended our 2018 Loan Facility, which decreased the interest rate to prime rate plus 0.125%. As of March 31, 2024 June 30, 2024, the prime rate was 8.50% and a 10% increase in the current prime rate would, for example, result in a $0.5 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%. On April 1, 2024 we issued the 2024 Convertible Senior Notes bearing an interest rate of 4.25%.

Foreign Currency Exchange Risk

Both Revenue and operating expense of Cardlytics U.K. Limited are denominated in British pounds. We bear foreign currency risks related to the extent that any unfavorable fluctuation in the exchange rate between U.S. dollars and the British pound could result in an adverse impact to either Revenue or expense. For example, if the average value of the British pound had been 10% lower relative to the U.S. dollar during the three six months ended March 31, 2024 June 30, 2024 and 2023, our Revenue would have decreased by $0.6 million $1.3 million and $0.4 million $0.9 million, respectively. The overall impact to net loss would be partially mitigated by decreases in operating expense of $0.4 million $0.8 million for each period in the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively.

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 the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, our principal executive officer and principal financial officer has 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.

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.

As part of the acquisition of Bridg, and pursuant to the terms of the Agreement and Plan of Merger dated as of April 12, 2021, as amended (the "Merger Agreement"), we agreed to make two earnout payments: the First Anniversary Payment Amount and the Second Anniversary Payment Amount, based on the First Anniversary ARR and the Second Anniversary ARR of Bridg, respectively. We were unable to reach an agreement with respect to the First Anniversary Payment Amount with the Stockholder Representative and submitted our dispute to an independent accountant as contemplated by the Merger Agreement.

On April 28, 2023, the independent accountant made its determination of the appropriate amount of the First Anniversary ARR, determining the First Anniversary ARR to be $23.2 million. After review of the determination by the independent accountant, we filed a verified complaint in the Delaware Court of Chancery in May 2023 seeking declaratory judgment that a certain portion of the independent accountant's determination related to the First Anniversary ARR be stricken as null and void. Subsequently, on January 25, 2024, we entered into a Settlement Agreement with the Stockholder Representative to resolve all outstanding disputes related to the Merger Agreement, including the First Anniversary Payment Amount, pursuant to which we agreed to pay $25 million in cash and issue 3,600,000 shares of our common stock to the Stockholder Representative, inclusive of broker fees and transaction bonuses and to dismiss our verified complaint in the Delaware Court of Chancery.

We paid the Stockholder Representative $20.0 million in cash on January 26, 2024 and we issued 3,600,000 shares of our common stock on February 1, 2024. The remaining cash payments related to the Settlement Agreement will be paid in two tranches with $3.0 million to be paid by January 31, 2025 and $2.0 million to be paid by June 30, 2025, which is presented in our consolidated balance sheet as long-term and current contingent consideration.

We are not presently a party to any other 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.

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ITEM 1A. RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider 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

Unfavorable conditions, including inflationary pressure, 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 created significant instability in recent years. For example, inflation rates have fluctuated significantly in recent periods, and increased inflation may result in decreased demand for our products and solutions, increases in our operating costs (including our labor costs), reduced liquidity and limitations on our ability to access credit or otherwise raise capital. In addition, the Federal Reserve has raised, and may again raise, interest rates in response to concerns about inflation, which coupled with reduced government spending and volatility in financial markets may have the effect of further increasing economic uncertainty and heightening these risks. Additionally, financial markets around the world experienced volatility following the invasion of Ukraine by Russia in February 2022 and escalating conflicts in the Middle East in late 2023. Further, concerns have recently arisen with respect to the financial condition of a number of banking organizations in the United States, in particular those with exposure to certain types of depositors and large portfolios of investment securities. While we do not have any exposure to banking organizations that have entered receivership or become insolvent, we do maintain our cash at financial institutions, at times in balances that exceed the current insurance limits set forth by the Federal Deposit Insurance Corporation (the "FDIC"). If other banks and financial institutions enter receivership or become insolvent in the future due to financial conditions affecting the banking system and financial markets, our ability to access our cash, cash equivalents and investments, including our ability to transfer funds, make payments or receive funds, may be threatened and could have a material adverse effect on our business and financial condition. These conditions make it extremely difficult for marketers and us to accurately forecast and plan future business activities and could cause marketers to begin or continue to reduce or delay their marketing spending. Historically, economic downturns have resulted in overall reductions in marketing spending. 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 expanded into new industries such as travel and entertainment, direct-to-consumer, grocery and gas. All of these industries have been negatively impacted by inflationary pressure and certain precautions taken to control inflationary pressure. 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 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 and its subsidiaries;
- decisions made by our FI partners to increase Consumer Incentives or use their Partner Share to fund their Consumer Incentives;

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- 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;
- other events or factors, including those resulting from war, such as hostilities between Russia and Ukraine, and the current armed conflict in the Middle East, and incidents of terrorism;
- 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 and other metrics and the price of our common stock may be particularly pronounced in the current economic environment. 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 achieve or sustain our revenue and billings growth rate in the future.

Our revenue increased 5.1% decreased 2.7% to $67.6 million $137.2 million during the three six months ended March 31, 2024 June 30, 2024 from $64.3 million $141.0 million during the three six months ended March 31, 2023 June 30, 2023. Our billings increased 10.0% 5.1% to $105.2 million $215.6 million during the three six months ended March 31, 2024 June 30, 2024 from $95.6 million $205.1 million during the three six months ended March 31, 2023 June 30, 2023. We may not be able to achieve or maintain year-over-year revenue billings growth and billings may not see revenue growth in the near term or at all, 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, but not limited to, slowing demand for our solutions, increasing competition, decreasing growth of our overall market, inflationary pressure, 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.

The majority of our revenue and billings during the three six months ended March 31, 2024 June 30, 2024 and the full year of 2023 were derived from sales of advertising via the Cardlytics platform. Our operating results could suffer due to:

- lack of continued participation by FI partners in our network or our failure to attract new FI partners;
- any decline in demand for the Cardlytics platform by marketers or their agencies;
- failure by our FI partners to increase engagement with our solutions within their customer bases, adopt our new technology and products, 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 FI partners' customers;
- FI 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, or an FI partner’s decision to implement any existing or future product or technology of a competitor alongside, or in lieu, of the Cardlytics platform;

- FI partners developing, or acquiring, their own technology to support purchase intelligence marketing or other incentive programs;

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- 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 often required to pay Consumer Incentives before we receive payment from the applicable marketer. Accordingly, if 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, Wells Fargo 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 the three six months ended March 31, 2024 June 30, 2024 and 2023 our top three FI partners combined to account for over 90% and 70% 85% of the total Partner Share we paid to all partners, respectively, with the top FI partner representing over 50% for each period and the second and third largest FI partners representing over 15% and 10% of Partner Share, respectively. 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 more prior notice. If an FI partner terminates its agreement with us, we would lose that FI partner 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;
- concern by our FI partners or their customers related to our 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 Chase, Bank of America, Wells Fargo 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 unfavorable macroeconomic conditions 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, 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 may decline.

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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. 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, 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 expanded into new industries such as travel and entertainment, direct-to-consumer, grocery and gas, 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.

An actual or perceived breach of the security of our systems, or those of third parties upon which we rely, could result in adverse consequences resulting from such breach, including but not limited to a disruption of our operations, reputational harm, loss of revenue or profits, loss of customers, regulatory investigations or actions, litigation, fines and penalties and other adverse consequences.

We leverage our FI partners' purchase data and infrastructures to deliver our Cardlytics platform. We do not currently receive or have access to any 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. Additionally, we receive, collect, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit, share and have access to personal data as a result of other aspects of our business. As such, we may be a more visible target for cyberattacks or physical breaches of our systems, databases or data centers, and we may in the future suffer from such attacks or breaches. There is a risk that actors may attempt to gain access to our systems, for the purpose of stealing personal data, sensitive or proprietary data, accessing sensitive information on our network, or disrupting our or their respective operations. Cyberattacks, malicious internet-based activity and online and offline fraud, and other similar activities threaten the confidentiality, integrity, and availability of our sensitive information and information systems, and those of the third parties upon which we rely. Such threats are prevalent and continue to rise, are increasingly difficult to detect, and come from a variety of sources, including traditional computer "hackers," threat actors, "hacktivists," organized criminal threat actors, personnel (such as through theft or misuse), sophisticated nation states, and nation-state-supported actors.

Some actors now engage and are expected to continue to engage in cyberattacks, including without limitation nation-state actors for geopolitical reasons and in conjunction with military conflicts and defense activities. During times of war and other major conflicts, we, the third parties upon which we rely, and our customers may be vulnerable to a heightened risk of these attacks, including retaliatory cyberattacks, that could materially disrupt our systems and operations, and ability to provide our service.

In addition to traditional computer "hackers," we and the third parties upon which we rely are subject to a variety of evolving threats, including but not limited to social-engineering attacks (including deep fakes, which may be increasingly more difficult to identify as fake, and phishing attacks), threat actors, software bugs, malicious code (such as viruses and worms), employee theft or misuse, denial-of-service attacks, credential attacks, credential harvesting, 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 viruses, malware installation, server malfunction, software or hardware failures, loss of data or other computer assets, adware, malicious or unintentional actions or in actions by employees or others with authorized access to our network that create or expose vulnerabilities, attacks enhanced or facilitated by artificial intelligence ("AI"), and other similar threats or other similar issues. In particular, severe ransomware attacks are becoming increasingly prevalent and can lead to significant interruptions in our operations, ability to provide our products or services, loss of sensitive data and income, reputational harm, and diversion of

funds. Extortion payments may alleviate the negative impact of a ransomware attack, but we may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments.

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 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, many of our employees work remotely, which may make us more vulnerable to cyberattacks and has increased risks to our systems and data, as more of our employees utilize network connections, computers and devices outside our premises or network, including working at home, while in transit and in public locations. 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.

We rely on third-party service providers and technologies to operate critical business systems to process sensitive information in a variety of contexts, including, without limitation, cloud-based infrastructure, data center facilities, encryption and authentication technology, employee email, and other functions. Our ability to monitor these third parties' information security practices is limited, and these third parties may not have adequate information security measures in place. If our third-party service providers experience a security incident or other interruption, we could experience adverse consequences. While we may be entitled to damages if our third-party service providers fail to satisfy their data privacy or security-related obligations to us, any award may be insufficient to cover our damages, or we may be unable to recover such award. In addition, supply-chain attacks have increased in frequency and severity, and we cannot guarantee that third parties’ infrastructure in our supply chain or our third-party partners' supply chains have not been compromised.

While we have implemented security measures designed to protect against security incidents, there can be no assurance that these measures will be effective. We take steps designed to detect, mitigate, and remediate vulnerabilities in our systems (such as our hardware and software, including that of third parties upon which we rely). We may not, however, detect and remediate all such vulnerabilities, at all or on a timely basis. Further, we may experience delays in developing and deploying remedial measures and patches designed to address identified vulnerabilities. Even if we have issued or otherwise made patches for vulnerabilities in our software applications, products or services, our customers may be unwilling or unable to deploy such patches and use such information effectively and in a timely manner. Vulnerabilities could be exploited and result in a security incident.

Any of the previously identified or similar threats could cause a security incident or other interruption that could result in unauthorized, unlawful, or accidental acquisition, modification, destruction, loss, alteration, encryption, disclosure of, or access to our sensitive information or our information technology systems, or those of the third parties upon whom we rely. A security incident or other interruption could disrupt our ability (and that of third parties upon whom we rely) to provide our platform.

Further, we could expend significant financial and operational resources to protect against or in response to a security incident, 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. Applicable data privacy and security obligations may require us to notify relevant stakeholders, including affected individuals, customers, regulators, and investors, of security incidents. Such disclosures are costly, and the disclosure or the failure to comply with such requirements could lead to adverse consequences.

In any event, an actual or perceived breach of the security of our, or the third parties on which we rely, systems or data could materially harm our business, financial condition and operating results. Security incidents and associated consequences may prevent or cause customers to stop using our platform, deter new customers from using our platform, and negatively impact our ability to grow and operate our business.

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.

In addition to experiencing a security incident, third parties may gather, collect, or infer sensitive information about us from public sources, data brokers, or other means that reveals competitively sensitive details about our organization and could be used to undermine our competitive advantage or market position.

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 platforms. Any failure or delays in the performance of our systems could cause service interruptions or impaired system performance. Such failures in our systems could cause us to fail 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 equipment, additional data storage and maintenance solutions, 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 FI partners, our business, results of operations and financial conditions could be harmed.

We had a minimum Partner Share commitment to a certain FI partner totaling $10.0 million over a 12-month period which ended on March 31, 2023. We have accrued $4.5 million for the Partner Share shortfall, included within Partner Share liability on our condensed consolidated balance sheet. We expect to pay this shortfall through June 30, 2024. As of March 31, 2024, we paid $2.4 million of our shortfall. During the three months ended March 31, 2023, we recognized $1.3 million of expected minimum Partner Share commitment shortfalls within Partner Share and other third-party costs on our condensed consolidated statement of operations.

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.

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 revenue and accounts receivable are diversified among a large number of marketers segregated by both geography and industry. Our revenue and accounts receivable are diversified among a large number of marketers segregated by both geography and industry. Our revenue and accounts receivable are diversified among a large number of marketers segregated by both geography and industry. During the three six months ended March 31, 2024 June 30, 2024 and 2023, our top five marketers accounted for 21% 15%

and 16% 17% of our revenue, Revenue, respectively, with no marketer accounting for over 10%. As of March 31, 2024 June 30, 2024 and 2023, our top five marketers accounted for 21% 15% and 16% of our accounts receivable, respectively, with no marketer accounting for over 10%.

We do not have material 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.

We have a relatively 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
- 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 measure 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. 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 or mobile applications 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 may 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 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 campaigns 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 partner 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. 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 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 with our marketers or their agencies are not long-term, 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 net income in the future.

We have incurred annual net losses since inception and expect to incur net losses in certain periods in the future. During the three six months ended March 31, 2024 June 30, 2024 and 2023, our net loss was $24.3 million $28.5 million and our net income was $13.6 million $9.9 million, respectively. We had an accumulated deficit of $1.1 billion as of March 31, 2024 June 30, 2024. We have never achieved net income on an annual basis, and we do not know if we will be able to achieve or sustain net income. 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. Our general and administrative expenses may increase as a result of our growth as well. Our ability to achieve and sustain net income 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 net income.

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, of 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, although we believe we currently have competition from other companies that deliver similar solutions on a smaller scale. In the future, we may face competition from online retailers, credit card companies, established enterprise software companies, advertising and marketing companies and 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 only moderately 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 and inflationary pressure. 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 can. 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. Specifically, we have largely migrated to a cloud-based solution hosted by Amazon Web Services. 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, or 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 be able to make at their discretion) or to refuse to implement the mechanisms that we request to ensure compliance with our technical requirements or legal obligations;
- 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 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, and certain marketers may severely limit their spending on our solutions or stop spending with us entirely. Replacements for any of these third-party identifiers may not fit the needs of certain marketers or be available in a timely manner or under economically beneficial terms.

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 could 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, loss of data center capacity, or changes to our data hosting solutions could adversely affect our business, financial condition and operating results.

Our business is heavily dependent upon highly complex data processing capabilities. We currently contract with Amazon Web Services for our cloud-hosting solutions. We have largely migrated our data storage capabilities to Amazon Web Services' cloud-hosting solution. If we do not complete the migration in a seamless fashion or fail to administer the cloud-hosting solution in a well-managed, secure and effective manner, we may experience unplanned service disruptions or unforeseen costs. If for any reason our arrangements with our 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-hosting solutions, and we may incur significant costs and possible service interruption in connection with doing so. Further, protection of our data-hosting solutions against damage or interruption from cyber-attacks, 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-hosting solutions that we utilize could result in interruptions to the availability or functionality of our solutions. In addition, the failure of the 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-hosting solutions that we utilize 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 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 corporate culture has contributed to our success, and if we cannot maintain it as we grow, we could lose the innovation, creativity and teamwork fostered by our culture, and our business may be harmed.

As of March 31, 2024 June 30, 2024, we had 444 457 full-time employees. We intend to may further expand our overall headcount and operations, with no assurance that we will be able to do so while effectively maintaining our corporate culture. 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, change and integrate acquired businesses and their employees, 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. Additionally, available share count, at current market price, may limit our ability to attract and retain key talent as a part of our equity compensation.

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. 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. Additionally, available share count, at current market price, may limit our ability to attract and retain key talent as a part of our equity compensation. 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 the U.K., 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 may be adversely affected.

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. 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 U.S.-based 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.

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

During the three six months ended March 31, 2024 June 30, 2024 and 2023, we derived 7.5% 7.7% and 5.1% 5.2%, respectively, of our revenue from outside the U.S. While substantially all of our operations are located in the U.S., we have an office in the U.K. 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 and compliance costs associated with having international operations;
- fluctuations in currency exchange rates and related effects 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, including inflationary pressure;
- the global economic uncertainty and financial market conditions;
- reduction in billings associated with the U.K. as well as issues related to foreign currency exchange rates and trade with the U.K.;

- 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 applicable 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 products in certain foreign markets, and the risks and costs of non-compliance;
- potential changes in a specific country's or region's political or economic climate, including the current hostilities between Russia and Ukraine and conflict in the Middle East;
- heightened risks of unfair or corrupt business practices in certain geographies and of improper or fraudulent sales arrangements that may impact financial results, which may also result in restatements of financial statements or 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 overlap 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 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 many 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.

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, including inflationary pressure. We generate revenue and incur expenses for employee compensation and other operating expenses at our U.K. office in the local currency. Fluctuations in the exchange rates between the U.S. dollar and British pound 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.

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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") carry-forwards 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, 2023 and December 31, 2022, we had U.S. federal and state NOLs of $896.0 million and $879.6 million, respectively. Our federal NOLs generated in tax years beginning before January 1, 2018, are only permitted to be carried forward for 20 years under applicable U.S. tax law. Our federal NOLs generated in tax years beginning after December 31, 2017, may be carried forward indefinitely, but the deductibility of such federal NOL carry-forwards is limited to 80% of taxable income. It is uncertain if and to what extent various states will conform to federal law.

In addition, under Section 382 and Section 383 of the Internal Revenue Code of 1986, as amended (the "Code"), 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 NOL carry-forwards and other pre-change tax attributes to offset its post-change taxable income or taxes may be limited. We have experienced "ownership changes" under Code 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 Code Section 382. If we are or become subject to limitations on our use of federal NOL carry-forwards under IRC Section 382, our federal NOL carry-forwards could expire unutilized or underutilized, even if we earn taxable income against which our federal NOL carry-forwards 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 NOL carry-forwards is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed.

Changes in tax laws or regulations could materially adversely affect our company.

New tax laws or regulations could be enacted at any time, and existing tax laws or regulations could be interpreted, modified or applied in a manner that is adverse to us, which could adversely affect our business and financial condition. For instance, the Inflation Reduction Act was passed in the U.S. in 2022, which provides for a minimum tax equal to 15% of the adjusted financial statement income of certain large corporations, as well as a 1% excise tax on certain share buybacks by public corporations, that would be imposed on such corporations. In addition, it is uncertain if and to what extent various states will conform to federal tax legislation. The impact of such changes or future legislation could increase our U.S. tax expense and could have a material adverse impact on our business and financial condition.

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. 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;
- 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 successfully integrate 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 results.

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

Under accounting principles, we have allocated 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 recorded 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 and other long-term assets;
- 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 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. 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.

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 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 that Dosh Rewards constitute property that is subject to state 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.

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Bringing new FI partners into our network can may 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 partner 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 partner's 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.

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 impacts the total fees we can collect from marketers, or over performing, which may result in 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 partner is subject to change at any time, as such understanding can be impacted by factors such as changes to an FI partner's business strategy, changes to an FI partner's user interface, or changes in the behavior or makeup of an FI partner'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 Indebtedness

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 on September 15, 2025 (the "2020 Convertible Senior Notes"). The interest rate for the 2020 Convertible Senior Notes 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. In April 2024, we issued of $172.5 million principal amount of our 4.25% Convertible Senior Notes due 2029 (the “2024 Convertible Senior Notes”, and together with the 2020 Convertible Senior Notes, the “Notes”). Subsequent to March 31, 2024, we and used approximately $169.3 million, consisting of the net proceeds from the offering, together with cash on hand, to repurchase for cash approximately $183.9 million in aggregate principal amount of the 2020 Convertible Senior Notes. The interest rate for the 2024 Convertible Senior Notes is fixed at 4.25% per annum and is payable semi-annually in arrears on April 1 and October 1 of each year, beginning on October 1, 2024. Additionally, during the three months ended March 31, 2024, we borrowed $30.0 million against had $60.0 million of unused available borrowings under our 2018 Line of Credit. Borrowings under our 2018 Line of Credit bear an interest rate equal to the prime rate of 8.50% plus 0.25% as of March 31, 2024 0.125%.

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Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including the Notes and any borrowings under our 2018 Line of Credit, 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 existing or 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, our 2018 Line of Credit contains and our future debt agreements may contain restrictive covenants that may limit our ability to or 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 indentures governing the 2020 Convertible Senior Notes and 2024 Convertible Senior Notes, respectively) at a repurchase price equal to 100% of the principal amount of the Notes to be repurchased, as applicable, 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 indentures governing the Notes, as applicable, or to pay any cash payable on future conversions as required by such indenture would constitute a default under such indenture. A default under an 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 the U.S. and worldwide economic climate;
- negatively expose us to 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 working capital, funding future acquisitions, and 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 either series of Notes, if triggered, may adversely affect our financial condition and results of operations.

In the event the conditional conversion feature of either series of Notes is triggered, holders of such Notes will be entitled to convert their Notes at any time during specified periods at their option. If one or more holders elect to convert their Notes, as applicable, 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 applicable series of 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**Table of the 2020 Senior Convertible 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 2020 Senior Convertible Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted 2020 Senior Convertible Notes, as the case may be, with such reduction and/or offset subject to a cap.Contents**

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 2020 Senior Convertible 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 2020 Senior Convertible Notes (and are likely to do so following any conversion of the 2020 Convertaible Senior Notes, any repurchase of the 2020 Senior Convertible Notes by us on any fundamental change repurchase date, any redemption date, or any other date on which the 2020 Senior Convertible 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.

Risks Related to Regulatory and Intellectual Property Matters

We and our FI partners are subject to stringent and evolving U.S. and foreign privacy and data security laws, rules, contractual obligations, regulation, industry standards, policies and other obligations related to data privacy and security. The actual or perceived failure by us, our partners, or other third parties whom we rely upon to comply with such obligations could lead to regulatory investigations or actions, litigation (including class claims), mass arbitration demands, disruptions of our business operations, or loss of customers or sales, harm our reputation, result in significant expense or loss of revenue or profits, subject us to significant fines and liability or otherwise adversely affect our business.

In the ordinary course of business, we collect, receive, store, process, use, generate, transfer, disclose, make accessible, protect, secure, dispose of, transmit, and share personal data and other sensitive information including proprietary and confidential business data, trade secrets, and intellectual property ("process" or "processing") necessary to operate our business, for legal and marketing purposes, and for other business-related purposes. We, our FI partners, our marketers and other third parties whom we rely upon are subject to a number of data privacy and security obligations, such as various laws, regulations, guidance, industry standards, external and internal privacy policies, contractual requirements, and other obligations relating to data privacy and security 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 but are not limited to 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, privacy 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 various tracking technologies to collect and utilize user information. Additionally, new legislation proposed or enacted in various states will continue to shape the data privacy environment nationally.

The California Consumer Privacy Act ("CCPA"), which took effect on January 1, 2020, is an example of the trend towards 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 data, opt out of certain personal data sharing, and receive detailed information about how their personal data is used. The CCPA also increases the data privacy and security obligations on entities handling personal data, 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 $7,500 per intentional violation and allows private litigants affected by certain data breaches to recover significant statutory damages, 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 the California Privacy Rights Act ("CPRA"), which took effect on January 1, 2023, significantly modifies the CCPA, including by expanding consumers' rights with respect to certain sensitive personal data. The CPRA also created a new state agency that is vested with authority to implement and enforce the CCPA and the CPRA.

In the past few years, other states, including Virginia, Colorado, Utah, Iowa, Montana, Indiana, Tennessee, Oregon, Texas, Delaware, New Jersey, New Hampshire and Connecticut, have also passed comprehensive privacy laws that impose certain obligations on covered businesses, including requiring covered businesses to provide specific disclosures in privacy notices and to afford residents with certain rights concerning their personal data. Similar laws are being considered in several other states, as well as at the federal and local levels. These developments may further complicate compliance efforts, and may increase legal risk and compliance costs for us and the third parties upon whom we rely.

Outside of the United States, an increasing number of laws, regulations, and industry standards may govern data privacy and security. For example, the European Union’s General Data Protection Regulation ("EU GDPR") and the United Kingdom’s GDPR ("U.K. GDPR") impose strict requirements for processing personal data. For example, under the EU GDPR, companies may face temporary or definitive bans on data processing and other corrective actions, fines of up to 20 million euros or 4% of annual global revenue (whichever is greater), or private litigation related to processing of personal data brought by classes of data subjects or consumer protection organizations authorized at law to represent their interests. 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 these requirements only apply to providers of certain public electronic communications services. Additional European Union member state laws of this type may follow.

In the ordinary course of business, we may transfer personal data from Europe and other jurisdictions to the United States or other countries. Europe and other jurisdictions have enacted laws requiring data to be localized or limiting the transfer of personal data to other countries. In particular, the European Economic Area ("EEA") and the U.K. have significantly restricted the transfer of personal data to the U.S. and other countries whose privacy laws it believes are inadequate. Other jurisdictions may adopt similarly stringent interpretations of their data localization and cross-border data transfer laws. Although there are currently various mechanisms that may be used to transfer personal data from the EEA and U.K. to the U.S. in compliance with law, such as the EEA standard contractual clauses and U.K.'s International Data Transfer Agreement, and the EU-U.S. Data Privacy Framework and the UK extension thereto (which allows for transfers to relevant U.S.-based organizations who self-certify compliance and participate in the framework), these mechanisms are subject to legal challenges, and there is no assurance that we can satisfy or rely on these measures to lawfully transfer personal data to the U.S. If there is no lawful manner for us to transfer personal data from the EEA, the U.K., or other jurisdictions to the U.S., or if the requirements for a legally compliant transfer are too onerous, we could face significant adverse consequences, including the interruption or degradation of our operations, the need to relocate part of or all of our business or data processing activities to other jurisdictions at significant expense, increased exposure to regulatory actions, substantial fines and penalties, the inability to transfer data and work with partners, vendors and other third parties, and injunctions against our processing or transferring of personal data necessary to operate our business. Additionally, companies that transfer personal data out of the EEA and U.K. to other jurisdictions, particularly to the U.S., are subject to increased scrutiny from regulators, individual litigants, and activist groups. Some European regulators have ordered certain companies to suspend or permanently cease certain transfers out of the EEA for allegedly violating GDPR's cross-border data transfer limitations.

Our employees and personnel may use generative AI technologies to perform their work, and the disclosure and use of personal data in generative AI technologies is subject to various privacy laws and other privacy obligations. Governments have passed and are likely to pass additional laws regulating generative AI. Our use of this technology could result in additional compliance costs, regulatory investigations and actions, and lawsuits. If we are unable to use generative AI, it could make our business less efficient and result in competitive disadvantages.

In addition to data privacy and security laws, we are also bound by contractual obligations related to data privacy and security, and our efforts to comply with such obligations may not be successful. We publish privacy policies, marketing materials and other statements regarding data privacy and security. If these policies, materials or statements are found to be deficient, lacking in transparency, deceptive, unfair, or misrepresent our practices, we may be subject to investigation, enforcement actions by regulators or other adverse consequences.

Obligations related to data privacy and security are quickly changing, becoming increasingly stringent, and creating regulatory uncertainty. Additionally, these obligations may be subject to differing applications and interpretations, which may be inconsistent or conflict among jurisdictions. Preparing for and complying with these obligations requires us to devote significant resources, which may necessitate changes to our services, information technologies, systems, and practices and to the services, information, technologies, systems and practices of any third parties that process personal data on our behalf. In addition, these obligations may require us to change or business model. 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.

We may at times fail (or be perceived to have failed) in our efforts to comply with our data privacy and security obligations. Moreover, despite our efforts, our personnel or third parties on whom we rely may fail to comply with such obligations, which could negatively impact our business operations. If we or the third parties which we rely upon fail, or are perceived to have failed, to address or comply with applicable data privacy and security obligations, we could face significant consequences, including, but not limited to: government enforcement actions (which could result in investigations, fines, penalties, audits and inspections), litigation (including class-action claims), additional reporting requirements and/or oversight, bans on processing personal data and orders to destroy or not use personal data. In particular, plaintiffs have become increasingly more active in bringing privacy-related claims against companies, including class action litigation and mass arbitration demands. Some of these claims allow for the recovery of statutory damages on a per violation basis, and, if viable, carry the potential for monumental statutory damages, depending on the volume of data and the number of violations. Any of these events could have a material adverse effect on our reputation, business or financial condition, potentially resulting in negative consequences including, but not limited to loss of customers, interruptions or stoppages in our business operations, inability to process personal data or to operate in certain jurisdictions, limited ability to develop or commercialize our products, expenditure of time and resources to defend any claim or inquiry, adverse publicity or substantial changes to our business model or operations.

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 the date of filing, we had sixteen issued patents relating to our software. 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 infringements. We have registered, or are registering, the "Cardlytics," "Dosh," "Bridg" and "Rippl" names and logos 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. Additionally, certain FIs have a right to obtain the source code underlying Cardlytics Ad Server through the release of source code held in escrow upon the occurrence of specified events, which could compromise the proprietary nature of the Cardlytics 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, protect our trade secrets, determine the validity and scope of the intellectual property rights of others or 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.

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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.

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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.

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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 $2.60 to an intraday high of $161.47 through May 7, 2024 August 7, 2024. 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.

The stock markets have experienced extreme price and volume fluctuations in recent periods that have affected and continue to affect the market prices of equity securities of many companies, including our own, due to, among other factors, the actions of market participants or other actions outside of our control, including general market volatility caused by expected interest rate changes and inflation. 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, or a natural disaster, such as an earthquake, fire or 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, GA; Menlo Park, CA and New York, NY. 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 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.

Our business and operations could be negatively affected if we become subject to any securities litigation or stockholder activism.

Our business and operations could be negatively affected if we become subject to any securities litigation or stockholder activism, which could cause us to incur significant expenses, hinder the execution of our business and growth strategy and impact the price of our common stock.

In the past, securities class action litigation often has been brought against companies following a decline in the market price of such companies' securities. In addition, stockholder activism, which could take many forms and arise in a variety of situations, has been increasing recently, and new universal proxy rules could significantly lower the cost and further increase the ease and likelihood of stockholder activism. This risk is especially relevant for us as a result of the significant stock price volatility experienced by technology companies in recent years. Volatility in our stock price or other reasons may in the future cause us to become the target of securities litigation or stockholder activism. Securities litigation and stockholder activism, including potential proxy contests, could result in substantial costs, including significant legal fees and other expenses, and divert our management and Board of Directors' attention and resources from our business. Additionally, securities litigation and stockholder activism could give rise to perceived uncertainties as to our future, adversely affect our relationships with customers and business partners, adversely affect our reputation, and make it more difficult to attract and retain qualified personnel. Our stock price could also be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any securities litigation and stockholder activism.

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

Purchases of Equity Securities by the Issuer

None.

Recent Issuances of Unregistered Securities

None.

ITEM 6. EXHIBITS

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

			Incorporated by Reference							Incorporated by Reference				
Exhibit	Exhibit	Exhibit Description	Schedule /Form	File Number	Exhibit	Filing Date	Filed Herewith	Exhibit	Exhibit Description	Schedule /Form	File Number	Exhibit	Filing Date	Filed Herewith
10.1														
	10.2													
	10.2													
	10.2													
	10.3													
	10.3													
	10.3	Assumption Agreement and Sixteenth Amendment to Loan and Security Agreement, dated as of March 26, 2024, by and among Cardlytics, Inc., as Borrower and Pacific Western Bank, as Lender							X					
	10.4	Work Order between the Company and American Express Travel Related Services Company dated March 14, 2024 to Master Hosted Services Agreement							X					
4.1														
	4.2													
	4.2													
	4.2													
	10.1^													
	10.1^													

	10.1^	Statement of Work Change Order dated May 24, 2024, between the Registrant and Bank of America, N.A.		X					
	10.2^	Assumption Agreement and Seventeenth Amendment to Loan and Security Agreement, dated as of July 30, 2024, by and among Cardlytics, Inc., as Borrower and Banc of California, as Lender		X					
31.1	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	31.1	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	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	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*	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	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	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.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	101.sch	XBRL Taxonomy Schema Linkbase Document			X	101.sch	XBRL Taxonomy Schema Linkbase Document		X
101.cal	101.cal	XBRL Taxonomy Calculation Linkbase Document			X	101.cal	XBRL Taxonomy Calculation Linkbase Document		X
101.def	101.def	XBRL Taxonomy Definition Linkbase Document			X	101.def	XBRL Taxonomy Definition Linkbase Document		X
101.lab	101.lab	XBRL Taxonomy Label Linkbase Document			X	101.lab	XBRL Taxonomy Label Linkbase Document		X
101.pre	101.pre	XBRL Taxonomy Presentation Linkbase Document			X	101.pre	XBRL Taxonomy Presentation Linkbase Document		X
104	104	Cover page formatted as Inline XBRL and contained in Exhibit 101			X	104	Cover page formatted as Inline XBRL and contained in Exhibit 101		X

^ Certain portions of this exhibit, indicated by asterisks, have been omitted pursuant to Item 601(b)(10) of Regulation S-K because they are not material and would likely cause competitive harm to the registrant if publicly disclosed.

* 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:	May 8, August 7, 2024	By:	/s/ Karim Temsamani
			Karim Temsamani Chief Executive Officer *(Principal Executive Officer)*
Date:	May 8, August 7, 2024	By:	/s/ Alexis DeSieno
			Alexis DeSieno Chief Financial Officer *(Principal Financial and Accounting Officer)*

Exhibit 10.3

0001666071-24-000094image_0.jpg 10.1

Sixteenth image_0.jpg **Change Order**

Contract Title:	First Change Order	Change Order Contract Number: CDR0008840.0	
		Order Number: CW1813213	
Vendor Name:	Cardlytics, Inc. 675 Ponce de Leon Ave, Suite 4100 Atlanta, GA 30308	Effective Date:	date of the last signature below
		Expiration Date:	07/31/2025
		Main Agreement:	CW1649578

This **CHANGE ORDER** amends the Order Number identified above, which was executed under the Main Agreement identified above, is entered into as of the Effective Date by and between Company and Vendor, and consists of this signature page and the attached Schedules (including the Exhibits thereto) if any, any addenda, and all other documents attached hereto, which are incorporated by this reference. Each capitalized term used but not defined in this Change Order shall have the meaning assigned in the Main Agreement and/or Order Agreement identified above.

Company shall have the right to terminate this Change Order at any time in its sole discretion. For the avoidance of doubt, this termination right is applicable to this Change Order only and does not alter the terms of the Main Agreement.

For Vendor:	**For Company:**
By:	By:
Name:	Name: Sam Griffin
Title:	Title: Sr. Procurement Specialist
Date:	Date:
Address for Notices:	Address for Notices: Bank of America Global Third Party Program 100 N. Tryon Street, NC1-007-39-05 Charlotte NC 28255 For urgent notices, a copy may be sent to Leila.Meghji@bofa.com

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Exhibit 10.1

Change Order

In consideration of the good and valuable, the receipt and sufficiency of which is hereby acknowledged, the Parties amend the Order as follows:

Under Section 2. Definitions of Terms, Acronyms, and Abbreviations Used in this SOW, add the below definitions for Company Direct Content Provider and Company Direct Content Provider Fee.

"Company Direct Content Provider" means a Content Provider that Company contracts directly with for the purpose of promoting Offers to Users which Offers will be displayed and served by Vendor through certain Company distribution channels.

"Company Direct Content Provider Fee" means with respect to each campaign originating from a Company Direct Content Provider the greater of (i) [***] of the total advertising fees received by the Company Direct Content Provider or Company, as applicable and (ii) [***]. A Company Direct Content Provider Fee will be due each instance Vendor creates a new campaign ID for an Offer. Examples of instances requiring the creation of a new campaign ID include, but are not limited to, (i) changes of targeting goals, (ii) expiration of campaign build dates and (iii) new timeframes or refreshes of the Offer. For the avoidance of doubt, new campaign IDs do not need to be created as a result of (i) changes in the ad copy, logos, standard audience segments or reward amounts, (ii) expansion of audiences to consume budgets, (iii) audience refreshes (provided that the campaign build dates have not expired) and (iv) A/B testing.

Under Section 3. Description and Scope of Project, add the Additional Service Terms as stated below.

Company Direct Content Provider or Company, as applicable, shall be solely responsible for billing and collecting User Incentives and advertising fees from its Content Providers. For the avoidance of doubt, Vendor shall have no liability for User Incentives or fees related to Company Direct Content Provider Offers. Vendor will provide Company or Company Direct Content Provider with monthly performance reporting with respect to Company Direct Content Provider Offers and necessary billing information with respect to each campaign.

Company will, or direct Company Direct Content Provider to, (i) use commercially reasonable efforts to collect in a timely fashion all User Incentives and advertising fees from the applicable Content Providers (ii) provide Vendor with a report setting forth the advertising fees charged with respect to Company Direct Content Provider Offers and the appropriate Company Direct Content Provider Fees due. Vendor will deduct the Company Direct Content Provider Fees from the Revenue Share Amount on a monthly basis as set forth below.

Under Section 12. Service Payments, add below Company Direct Content Provider Fee Terms as stated below.

Vendor shall deduct the Company Direct Content Provider Fee from the Revenue Share Amount on a monthly basis regardless of when Company or Company Direct Content Provider (as applicable) collects payment from the applicable Content Provider; provided that if a Content Provider does not pay Company or Company Direct Content Provider (as applicable) within ninety (90) days of a payment due date, Company or Company Direct Content Provider shall notify Vendor of the non-payment and (i) in the event the applicable Company Direct Content Provider Fee was greater than [***], Vendor shall remit the difference between the Company Direct Content Provider Fee withheld and [***] with the next scheduled payment of the Revenue Share Amount and (ii) Vendor shall terminate the related campaigns (if any) as promptly as possible; provided further that, if the Company or Company Direct Content Provider does receive payment related to any amounts following such remit by Vendor, Company or Company Direct Content Provider shall promptly notify Vendor and Vendor shall make appropriate deductions on the following Revenue Share Amount.

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.

Exhibit 10.2

Seventeenth Amendment to Loan and Security Agreement

Borrower: **(1) Cardlytics, Inc., a Delaware corporation ("Parent")**
(2) Dosh Holdings LLC (formerly known as BSpears Merger Sub II, LLC), an Ohio limited liability company
(3) AFIN Intermediate Holdings, Inc. a Delaware corporation
(4) AFIN Holdings Inc., a Delaware corporation
(5) HSP EPI Acquisition, LLC, a Delaware limited liability company

Date: **July 30, 2024**

Borrower: (1) Cardlytics, Inc., a Delaware corporation ("This**Parent")**

(2) Dosh Holdings LLC (formerly known as BSpears Merger Sub II, LLC), an Ohio limited liability company

(3) AFIN Intermediate Holdings, Inc. a Delaware corporation

(4) AFIN Holdings Inc., a Delaware corporation

(5) HSP EPI Acquisition, LLC, a Delaware limited liability company Date: March 26, 2024

This **SIXTEENTH SEVENTEENTH AMENDMENT TO LOAN AND SECURITY AGREEMENT** (this

"Amendment")is entered into among, the borrowers named above (each and collectively, the "Borrower"), the lenders from time to time party to the Loan Agreement ("Lenders") and Banc of California, a California state-chartered bank (formerly known as Pacific Western Bank) in its capacity as administrative and collateral agent for the Lenders ("Agent").

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. **Consent to 2024 Convertible Notes. Modified Definition of Eligible UK Accounts.** Borrower has informed Agent and Lenders that it intends to issue up to $172.5 million in unsecured convertible notes, due April 2029 on the terms The definition of "Eligible UK Accounts" set forth in the offering memorandum provided to Agent and Lenders prior to the date hereof ("2024 ConvertibleNotes"). Borrower has represented and warranted to Agent and Lenders that the proceeds of such 2024 Convertible Note offering will be used to redeem or repurchase for cash a portion of outstanding 2020 Convertible Notes at, or below, par value ("2020 Convertible Note Repurchase"). Agent and Lenders hereby consent to the issuance of the 2024 Convertible Notes by Parent and the 2020 Convertible Note Repurchase, provided that (i) all of the 2024 Convertible Notes are unsecured, (ii) proceeds from the 2024 Convertible Notes are used in whole or in part for the 2020 Convertible Note Repurchase (and Borrower shall provide Agent with evidence thereof, promptly upon request), (iii) the stated interest rate of the 2024 Convertible Notes does not exceed seven percent (7%) per annum, and (iv) Borrower complies with the provisions of Section 5.5(xviii) of the Loan Agreement in connection with any 2020 Convertible Note Repurchases, including without limitation, the requirement relating to Borrower's minimum pro forma cash after such settlement of the 2020 Convertible Note Repurchases. This consent does not constitute a consent to any further or other transactions, whether or not similar to the foregoing, nor does it constitute a waiver of any provisions of, or rights and remedies under, the Loan Agreement or any of the other Loan Documents.

2. **Amendments to the Loan Agreement.**

2.1 **Negative Covenants.** Section 5.5 of the Loan Agreement is hereby amended, as

follows:

(a) Section 5.5(xviii) 8 of the Loan Agreement is hereby amended and restated

in its entirety to read as follows:

Exhibit 10.3

"(xviii) (A) prepay in cash any principal of or interest on, or redeem or repurchase for cash anyEligible UK Accounts" means Accounts which meet all of the 2020 Convertible Notes ((i) other than a repurchase or settlement upon conversion onrequirements of "Eligible Borrower Accounts", except for the occurrence of a "fundamental change," and (ii) other than settlement upon conversion fact that (i) they arise in the ordinary course of the 2020 Convertible Notes UK Sub's business, (ii) they are owing to the UK Sub, (ii) they are owing from an Account Debtor located outside the United States, and (iv) they are owing in accordance with their terms or any other redemption or repurchase British Pounds ("Minimum UK Eligibility Requirements; provided that Eligible UK Accounts may not constitute more than 30% of the 2020 Convertible

Notes, total of Eligible Borrower Accounts and (iii) other than Eligible UK Accounts. Agent may, from time to time, in its Good Faith Business Judgment, revise the 2020 Convertible Note Repurchase, so long as in connection with any such settlement, redemption or repurchase in cash (other than cash in lieu Minimum UK Eligibility Requirements, upon 30 days prior written notice to Borrower.

2. Added Definition of fractional shares) (x) Borrower shall have, on a pro forma basis after giving effect to such settlement, redemption or repurchase, unrestricted cash in deposit accounts with Lender in an amount equal to or greater than (i) the principal amount Seventeenth Amendment. The definition of the Loans then outstanding, plus (ii) $25,000,000; provided that clause (ii) shall be reduced to

$22,000,000 upon Agent's receipt of evidence (reasonably satisfactory to Agent) that Borrower has made the Bridg settlement payment of

$3,000,000 on or before January 31, 2025 and shall be further reduced to

$20,000,000 upon Agent's receipt of evidence (reasonably satisfactory to Agent) that Borrower has made the Bridg settlement payment of

$2,000,000 on or before June 30, 2025 and (y) at the time of any such settlement, redemption or repurchase, no Default or Event of Default shall have occurred or would reasonably be expected to result from such settlement), (B) effect any amendment to the terms of the 2020 Convertible Notes which has the effect of shortening the maturity thereof to a date prior to September 2025, or otherwise shortening any dates upon which payments of principal or interest are due thereon, or increasing the interest rate thereon, or (C) changing the redemption or mandatory prepayment provisions of the 2020 Convertible Notes, or other material provisions thereof in a manner that makes them more restrictive or adverse as to Borrower; or"

(b) Section 5.5 of the Loan Agreement "Seventeenth Amendment" is hereby amended by adding a new subclause (xx) to the end thereof, to read as follows:

"(xx)(A) prepay in cash any principal of or interest on, or redeem or repurchase for cash any of the 2024 Convertible Notes ((i) other than a repurchase or settlement upon conversion on the occurrence of a "fundamental change," and (ii) other than settlement upon conversion of the 2024 Convertible Notes in accordance with their terms or any other redemption or repurchase of the 2024 Convertible Notes, so long as in connection with any such settlement, redemption or repurchase in cash (other than cash in lieu of fractional shares) (x) Borrower shall have, on a pro forma basis after giving effect to such settlement, redemption or repurchase, unrestricted cash in deposit accounts with Lender in an amount equal to or greater than (i) the principal amount of the Loans then outstanding, plus (ii) $25,000,000; provided that clause (ii) shall be reduced to $22,000,000 upon Agent's receipt of evidence (reasonably satisfactory to Agent) that Borrower has made the Bridg settlement payment of $3,000,000 on or before January 31, 2025 and shall be further reduced to $20,000,000 upon Agent's receipt of evidence (reasonably satisfactory to Agent) that Borrower has made the Bridg settlement payment of $2,000,000 on or before June 30, 2025 and (y) at the time of any such settlement, no Default or Event of Default shall have occurred or would reasonably be expected to result from such settlement), (B) effect any amendment to the terms of the 2024 Convertible Notes which has the effect of shortening the maturity thereof to a date prior to April 1, 2029, or otherwise shortening any dates upon which payments of principal or interest are due thereon, or increasing the interest rate thereon, or (C) changing the redemption or mandatory prepayment provisions of the 2024 Convertible Notes, or other material provisions thereof in a manner that makes them more restrictive or adverse as to Borrower; or"

2.2 Definitions. Section 8 of the Loan Agreement is hereby amended, as follows:

(a) Adding the following definitions added to Section 8 of the Loan Agreement, in

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Exhibit 10.3

alpha-numerical order:

"'2024 Convertible Notes' means Borrower's convertible senior notes due 2029 in a principal amount not to exceed $172.5 million, which are on substantially the terms set forth in the draft preliminary offering memorandum for the convertible notes provided to the Agent alphabetical order, and Lenders on or prior to the date of the Sixteenth Amendment." shall read as follows:

"'Sixteenth Seventeenth Amendment'" means that Sixteenth Seventeenth Amendment to Loan and Security Agreement, dated as of March 26, 2024 July 31, 2024 by and between Borrower, Agent and Lenders."

(b) 3. Adding a new clause (vi) Modified Borrowing Base Advance Rate. Section 1(a)(1)(b) of the Schedule to Loan and Security Agreement that currently reads as follows:

(b) 75% (an "Advance Rate") of the definition amount of "Change Borrower's Eligible Accounts (as defined in Control" in Section 8 above).

Exhibit 10.2

is hereby amended and restated in its entirety to read as follows:

(b) the sum of the following:

(i) **85%** (an "EBA Advance Rate") of the amount of Eligible Borrower Accounts (as defined in Section 8 of the Loan Agreement).

(ii) **30%** (an "UK Advance Rate" and together with the EBA Advance Rate, the "Advance Rate") of the amount of Eligible UK Accounts (as defined in Section 8 of the Loan Agreement).

4. Modified Borrowing Base to Add Convertible Note Reserves. A new subclause (3) is hereby added to Section 1(a) of the Schedule to Loan and Security Agreement which shall immediately follow Section 1(a)(2) of the Schedule to Loan and Security Agreement and shall read as follows:

"(vi)(3) 2020 Convertible Note Reserves. In addition to any other Reserves imposed by Agent, during the 2020 Convertible Note Reserve Period, the Agent shall apply a 'fundamental change' or other event occurs which gives any holders Reserve to the Revolving Loan Credit Limit in an amount equal to the following ("2020 Convertible Note Reserve"):

Period	Reserve Amount Equal To:
September 15, 2024 through December 14, 2024	[***] of the amount needed to fully retire the outstanding 2020 Convertible Notes
December 15, 2024 through March 14, 2025	[***] of the amount needed to fully retire the outstanding 2020 Convertible Notes
March 15, 2025 through June 14, 2025	[***] of the amount needed to fully retire the outstanding 2020 Convertible Notes
June 15, 2025 and thereafter	[***] of the amount needed to fully retire the outstanding 2020 Convertible Notes

Notwithstanding the foregoing, the 2020 Convertible Note Reserve may be reduced by the amount of Borrower's Liquidity, as of such date.

As used herein, "2020 Convertible Note Reserve Period" means the period commencing on September 15, 2024, through the earlier to occur of (a) the repayment in full of the 2024 2020 Convertible Notes a right (subject to require the Borrower satisfaction of any conditions to repurchase any 2024 Convertible Notes. repayment imposed by this Agreement), and (b) the maturity date thereof.

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.

Exhibit 10.2

(c) As used herein, "Restating clause (ix) Liquidity" means, on any date, (i) unrestricted cash and cash equivalents maintained with Lender or Lender's Affiliates at such date, minus (ii) the unrestricted cash needed to satisfy the Minimum Cash financial covenant set forth in Section 5 of the definition Schedule below, plus (ii) Loans available hereunder on such date.

5. **Modified Interest Rate.** The portion of "Permitted Indebtedness" Section 2 of the Schedule to Loan and adding a new clause (x) to the definition of "Permitted Indebtedness", Security Agreement entitled "Revolving Loans" is hereby amended and restated in its entirety to read as follows:

"(ix) Indebtedness consisting Revolving

Loans: The Revolving Loans shall bear interest at a rate per annum, equal to the sum of the 2024 Convertible Notes; and

(x) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness (a) Prime Rate in clauses (ii) through (ix) above, effect from time to time, provided plus that the principal amount thereof is not increased and the terms thereof are not modified to impose more burdensome terms upon Borrower." (b) **0.125%.**

2.3 6. **Deposit Accounts. Added 17th Amendment Success Fee.** The following 17th Amendment Success Fee is hereby added to Section 8(b)(i) 3 of the Schedule to Loan and Security Agreement immediately following the provision regarding the 6th Amendment Success Fee, and the 17th Amendment Success Fee shall read as follows:

17th Amendment

Success Fee: In the event Borrower realizes Billings of [***] or more during any twelve-month period ending at the end of any month after the date of the Seventeenth Amendment, Borrower shall pay Agent for the benefit of the Lenders a one-time success fee (the "Success Fee") in the amount of [***] within 30 days after the end of such month.

7. **Modified Maturity Date.** Section 4 of the Schedule to Loan and Security

Agreement is hereby amended and restated in its entirety to read as follows:

4. MATURITY DATE

(Section 6.1): July 31, 2026.

8. Modified Minimum Cumulative Adjusted EBITDA Financial Covenant. The Minimum Cumulative Adjusted EBITDA financial covenant set forth in Section 5 of the Schedule to Loan and Security Agreement is hereby amended and restated in its entirety to read as follows:

Minimum Cumulative

Adjusted EBTIDA: Borrower shall maintain a cumulative minimum Adjusted EBITDA of not less than the following amounts during the following periods:

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.

Exhibit 10.2

Period Ended	Minimum Cumulative Adjusted EBITDA (000s omitted) "( )" denotes negative Adjusted EBTIDA, in which case Minimum Cumulative Adjusted EBITDA cannot exceed (i.e., be more negative than) the negative amounts set forth below
6-months ending June 30, 2024	[***]
9-months ending September 30, 2024	[***]
12-months ending December 31, 2024	[***]

As used herein "Adjusted EBITDA"

shall mean, for any applicable period, (a) EBITDA for such period, determined in accordance with GAAP; plus, (b) other fees, costs and expenses permitted by the Agent on a case-by-case basis, minus (c) capitalized software development expenses.

"(1) EBITDA" means with respect to any fiscal period, on a consolidated basis, an amount equal to the earnings of Borrower may maintain up and its Subsidiaries before the sum of (a) tax, plus (b) depreciation and amortization, plus (c) interest, plus (d) non-cash expenses and charges, including, without limitation, any non-cash stock compensation expenses.

9. Modified Reporting Requirements. Each of the reporting requirements set forth in Section 6 of the Schedule to Loan and Security Agreement is hereby modified to provide that such required reporting will be of Parent and its Subsidiaries (on a total not consolidated and consolidating basis).

10. Added Covenant Regarding Amended and Restated Loan Agreement. A new subclause (i) is hereby added at the end of Section 8 of the Schedule to exceed $15,000,000 in Deposit Accounts at other institutions in Loan and Security Agreement which shall read as follows:

(i) **Amended and Restated Loan Agreement.** Within 30 days after the United States (including amounts held in date of the Permitted HNB Accounts Seventeenth Amendment, Borrower shall provide Agent for the benefit of Agent and Borrower's PayPal account), in each case, subject to Lenders with a control agreement among Borrower, such institution duly executed Amended and Agent, Restated Loan and Security Agreement, in form and substance satisfactory to Agent and Lender, along with such other Loan Documents as Agent and Lender may require in its Good Faith Business Judgment, within the time-frame specified herein, if any; connection therewith. Borrower's failure to deliver such amended and restated loan agreement to Agent as provided for above shall constitute an immediate Event of Default hereunder.

11. provided Added Covenant Regarding Opinions of Counsel. that A new subclause (j) is hereby added at the end of Section 8 of the Schedule to Loan and Security Agreement which shall read as follows:

(j) **Opinions of Counsel.** Within 30 days after the date of the Seventeenth Amendment, and in conjunction with the Amended and Restated Loan and Security Agreement to be entered into among Borrower, Agent and Lenders and

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.

Exhibit 10.2

the transaction evidenced thereby, Agent shall have received a control legal opinion from _____________, counsel to the Loan Parties, addressed to the Agent for the benefit of the Agent and the Lenders, and in form and substance reasonably satisfactory to the Agent. Borrower's failure to cause such legal opinion to be delivered to Agent as provided for above shall constitute an immediate Event of Default hereunder. Without limiting the generality of the foregoing, such legal opinion shall opine as to, among other things, (i) Borrower being duly organized, validly existing, and in good standing under the laws of its state of organization and having all requisite legal power and authority to enter into and perform under the Loan Documents, (ii) Borrower being duly qualified to own and operate its properties and assets and to carry on its businesses as they are currently being conducted and as they are contemplated to be conducted pursuant to the terms of the Loan Documents, and being in good standing in each jurisdiction where the conduct of its businesses or the ownership or operation of its properties and assets makes such qualification necessary, (iii) the Loan Documents, to the extent Borrower is a party thereto, having been duly authorized by all necessary corporate or limited liability company action (as the case may be) on the part of Borrower, under the laws of its state of organization, and have been duly executed and delivered by Borrower, (iv) the Loan Documents, to the extent Borrower is a party thereto, constituting the legal, valid, and binding obligations of Borrower, enforceable against Borrower in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency and other similar laws affecting creditors generally, (v) the execution, delivery, and performance of the Loan Documents by Borrower, to the extent it is a party thereto, the compliance with the terms and conditions thereof, and the consummation of the transactions contemplated thereby, do not and will not conflict with, result in a breach of, or constitute a default under (a) any statute, rule, or regulation applicable to Borrower; (b) the certificate of incorporation or operating agreement for Borrower's PayPal account shall not be required hereunder so long as (as the balance case may be) of Borrower or its other organizational documents; or (c) to the best of such counsel's knowledge, any material agreement to which Borrower is a party or by which it or its assets are bound, or any order, judgment, or decree which is binding on Borrower and (vi) to the best of such counsel's knowledge, there are no actions, suits, proceedings, or investigations pending or threatened against Borrower. The foregoing list does not exceed

$250,000." constitute an exclusive list, and there may be other matters upon which Agent will request the counsel to provide an opinion.

3.12. **Facility Fee**. In consideration for Agent and Lenders entering into this Amendment, Borrower shall concurrently pay to Agent for the benefit of Lenders a fee in the amount of **$5,000** [***] which shall be non-refundable and in addition to all interest and other fees payable to Agent for benefit of Lenders under the Loan Documents.Agent is authorized to charge said fee to Borrower's loan account or any of Borrower's deposit accounts with Agent.

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

5. 14. **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.

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.

Exhibit 10.3 10.2

6. 15. **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.

7. 16. **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.

8. 17. **Applicable law.** THIS AMENDMENT AND THE OTHER LOAN DOCUMENTS SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES (BUT INCLUDING AND GIVING EFFECT TO SECTIONS 5- 1401 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW), EXCEPT TO THE EXTENT ANY SUCH OTHER LOAN DOCUMENT EXPRESSLY SELECTS THE LAW OF ANOTHER JURISDICTION AS GOVERNING LAW THEREOF, IN WHICH CASE THE LAW OF SUCH OTHER JURISDICTION SHALL GOVERN.

9. 18. **Consent to Jurisdiction.**The provisions of Section 9.21 of the Loan Agreement titled: "Consent to Jurisdiction" shall apply to this Amendment, and the terms thereof are incorporated herein by this reference.

10. 19. **General Provisions.**Borrower (including Converted Entity) 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. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Amendment and/or any document to be signed in connection with this Amendment and the transactions contemplated hereby shall be deemed to include Electronic Signatures (as defined below), deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be. As used herein, "Electronic Signatures" means any electronic symbol or process attached to, or associated with, any contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record.

11. 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.

Exhibit 10.2

20. 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.

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.

Exhibit 10.3

Borrower: **Agent and**

CARDLYTICS, INC.	BANC OF CALIFORNI
By: _/s/ Nick Lynton Name: Nick Lynton Title: Chief Legal and Privacy Officer	By: _/s/ Mertzel_ Name: Mertzel Name: Sama Title: Se President

Borrower/Converted Entity **Borrower**:

DOSH HOLDINGS LLC

By: _/s/ Nick Lynton
Name: Nick Lynton
Title: Manager

Borrower:

AFIN INTERMEDIATE HOLDINGS INC.

By: _/s/ Nick Lynton
Name: Nick Lynton
Title: President, Treasurer and Secretary

Borrower:

AFIN HOLDINGS INC.

By: _/s/ Nick Lynton
Name: Nick Lynton
Title: President, Treasurer and Secretary

Borrower:

HSP EPI ACQUISITION, LLC

By: _/s/ Nick Lynton
Name: Nick Lynton
Title: Manager and President

[Signature Page—Sixteenth Seventeenth Amendment to Loan and Security Agreement]

Exhibit 10.4

Work Order 00011520.0 dated March 14, 2024 to Master Hosted Services Agreement 00006601.0

This Order ("**Order**") is entered into by and between **American Express Travel Related Services Company, Inc.** ("**AXP**") and Cardlytics, Inc. ("**Supplier**"), as of the date referenced above ("**Order Effective Date**") pursuant to the Master Hosted Services Agreement by and between AXP and Supplier, dated as of February 5, 2023 (the "**MasterAgreement**").

This Order is subject to, and governed by, the terms of the Master Agreement, which is incorporated herein by reference, and such terms shall continue to apply to this Order notwithstanding termination or expiration of the Master Agreement. The capitalized words and terms used but not otherwise defined in this Order will have the meanings stated in the Master Agreement. The term "**Agreement**," as used herein and in the incorporated Master Agreement, shall refer to this Order and all of its incorporated parts, including the Master Agreement, its exhibits, and the exhibits hereto.

1. **<u>Hosted Services</u>.** Supplier will perform the Hosted Services in accordance with the Agreement including this Order at the Service Levels stated in Exhibit A1 to this Order.

a. **Description of Hosted Services.** During the Term, Supplier shall make available to AXP Supplier's proprietary marketing platform (the "**Platform**") that enables merchants and other advertising customers ("**Advertisers**") to market card-linked offers sourced and provided by Supplier (such offers for Participating Advertisers (defined below) made available to AXP under this Order, "**Offers**") to allow for the placement of Offers to Cardmembers (defined below) within AXP's proprietary Amex Offers program (such provision of the Platform to AXP, the "**Hosted Services**," and, together with all other aspects of the services provided by Supplier to AXP under this Order, the "**Services**"). [***]

b. **Service Level Agreement**. Supplier shall provide the Services in accordance with the service commitment set forth on Exhibit A1, subject to the remedies set forth therein, which remedies shall constitute an adjustment to the consideration for Supplier's Services otherwise provided under this Agreement and shall not operate to limit or exclude any other remedy otherwise available for any underlying or related breach of this Agreement. Supplier and AXP agree that the program objectives and invoicing agreements set forth on Exhibit A2 shall also apply to the operation of the Services set forth herein (and, as to the invoicing agreements, reimbursement of the Customer Incentive Advancement set forth in Section 3(b)).

c. **Participating Advertisers and Offers**.

i. On a [***] basis, the Parties will meet and discuss:

1. [***] a list of Advertisers for inclusion as Participating Advertisers [***]

2. a working set of AXP guidelines for Offers [***] and

3. [***]

ii. Supplier shall ensure and represents that Participating Advertiser Agreements include the terms set forth on Exhibit B (or equivalent terms). In the event that Supplier receives notice from a Participating Advertiser of any event described in item 4 of Exhibit B, Supplier shall promptly notify AXP in writing of the same.

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.

2. Term and Termination.

a. **Term.** The "**Initial Term**" of this Order and Supplier's performance of its obligations under this Order, will begin on the Order Effective Date and will end, subject to Section 11.7 of the Master Agreement, upon termination as expressly permitted under this Order, or, if not so terminated, three (3) years after the first Offer is made available to Cardmembers (outside of a testing environment) within the AO Program (such date, [***] the "**Launch Date**"). The Parties shall use commercially reasonable efforts to achieve a Launch Date that is no later than [***]; provided that, if such Launch Date is not achieved, the Parties shall work diligently and in good faith in an effort to achieve a Launch Date that is earlier than [***] (the "**Outside Date**"). Upon expiration of the Initial Term, this Order may be renewed for successive one (1) year periods (each a "**Renewal Term**") by either Party providing written notice of renewal to the other Party no later than one hundred and twenty (120) days prior to the expiration of the Initial Term or the then-current Renewal Term, in which case (A) the other Party may terminate the Agreement, effective as of the last day of the Initial Term or the then-current Renewal Term, upon notice provided at any time within thirty (30) days following its receipt of such renewal notice and, (B) if the other Party does not so terminate the Agreement, the Term (defined immediately below) shall be extended for a Renewal Term. The Initial Term and any and all Renewal Terms shall constitute the "**Term**" under this Order.

b. **Termination for Convenience.** At any time after the Outside Date, AXP may terminate the Order for convenience upon ninety (90) days prior written notice. [***]

c. **Redeemed Offers Honored on Termination.** Upon any termination of this Order, AXP shall commence an orderly process to remove Offers from the AO Program but shall honor any Offers in which Cardmembers enroll prior to such removal, and Supplier shall [***], regardless of the effective date of the termination of this Order.

3. Delivery of Offers, [***]

a. **Delivery of Offers to AXP and Presentment of Offers to AXP Cardmembers.**

The parties shall utilize the process set forth in Exhibit D in connection with the review and processing of Offers. [***]

b. **Customer Incentive Advancements.** AXP shall be responsible for crediting individual Cardmembers the cash-back rewards earned from Offers redeemed by AXP Cardmembers in accordance with the terms of the Offers ("**Customer Incentive Advancements**") in a timely manner. Supplier shall reimburse AXP via wire transfer (in accordance with Section 3(c) below) an amount equal to the Customer Incentive Advancements redeemed during each calendar month during the Term, as set forth in Section 3(c)(i) below. [***]

c. **Other Payment Terms.**

i. Supplier shall pay to AXP the amount of Customer Incentive Advancements for a given calendar month within [***] days from the date of AXP's invoice for each calendar month during the Term, provided that AXP shall not send an invoice with respect to any calendar month until at [***]

ii. [***]

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.

Exhibit 10.4

d. **Notification Events.** Supplier will provide AXP promptly, upon request , information about Supplier's and its affiliates' finances, creditworthiness, and operations, including its most recent certified financial statements. Moreover, Supplier will promptly notify AXP's Chief Financial Officer and General Counsel at any time of any of the following: (i) a material reduction in Supplier's long-term credit rating as determined by Moody's Investors Service or S&P Global; (ii) Supplier receives a "going concern" explanation or qualification from its external auditor; (iii) Supplier's cessation of a substantial portion of or adversely altering its operations, including any termination or substantial reduction of business with one or more of Supplier's other top three financial institution customers by revenue; (iv) Supplier's entry into a definitive agreement to sell any material portion of its assets or Supplier's entry into a definitive agreement whereby any party will acquire 25% or more of any class of the equity interests issued by Supplier (other than parties owning 25% or more of such interests as of the Order Effective Date), whether through acquisition of new equity interests, previously outstanding interests, or otherwise or through a merger or consolidation transaction; (v) Supplier suffering a material adverse change in its business, assets, condition (financial or otherwise) or prospects, or a material adverse change occurs in Supplier's industry; (vi) Supplier's breach of any provision of the Agreement; (vii) Supplier becoming or threatening to become insolvent; (viii) Supplier's 's reasonable belief that Supplier will not be able to perform its obligations under the Order; (ix) the establishment of a reserve with, or other protective action taken by any Entity with whom Supplier has entered into an arrangement for services involving the Platform or otherwise similar to the Hosted Services that requires Supplier to provide such Entity with a letter of credit, guaranty or other third-party assurance of payment; (x) Supplier's material lack of compliance with or an event of default under the terms of a material agreement between Supplier and any third party, regardless of whether the agreement has been publicly disclosed in an SEC or comparable public filing; or (xi) Supplier ceasing to become a public company, Supplier's decision to delist from a public stock exchange, or Supplier's receipt of notice of delisting from any public stock exchange.

4. **[***]**

5. **Reports.** Supplier shall provide AXP with the following data and reports related to the Services on an ongoing basis:

a. [***]

6. **[***]**

7. **Offer Approval.** AXP shall approve or decline Offer campaigns (or other Offer groupings and/or proposed targeting metrics). Offer campaigns (or other Offer groupings and/or proposed targeting metrics) shall not be utilized until and unless affirmatively approved by AXP. AXP agrees that all approved Offer campaigns shall be launched within [***] of acknowledgement by AXP, which acknowledgement shall be provided within [***]

8. **Platform Requirements.**

a. [***]

b. **User Interface.** AXP shall not be obligated to modify its user interface and user experience for the online website and mobile app components of the AO Program or otherwise.

c. **Program Alerts.** AXP may in its sole discretion implement alerts to inform Cardmembers as to [***]

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.

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9. **Trade Name Usage.** Supplier shall be permitted to use AXP's trade name to promote, and in connection with, the Hosted Services and the Offers program, provided that each such use shall be approved in advance in writing by AXP in its sole discretion.

10. **[***]**

a. [***]

b. In connection with the foregoing, appropriate representatives of the Parties shall meet within thirty (30) days after the Order Effective Date and thereafter on at least a quarterly basis to discuss specifications and a coordination of efforts from a [***] perspective to [***]

11. **[RESERVED]**

12. **Project Coordination.** In advance of the Launch Date, Supplier and AXP shall determine [***]

13. **Miscellaneous.**

a. For clarity, it is the intention of the Parties that Supplier shall [***]

b. Supplier shall [***]

c. Supplier acknowledges that [***]

d. In addition to the indemnity provisions set forth in the Master Agreement, Supplier will, at its own expense, defend, indemnity and hold harmless AXP, its parent, and its respective employees, agents, subsidiaries and affiliates, from and against any and all claims, losses, judgments, costs, awards, expenses (including reasonable attorneys' fees, expert witness fees and costs of settlement) and liability of any kind arising out of or relating to:

i. [***]

e. For so long as Supplier or any of its affiliates is engaged in providing services to AXP (under the Agreement or otherwise), Supplier and its affiliates shall not [***] unless such [***] is expressly permitted in advance in writing by AXP.

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f. [***]

g. For the avoidance of doubt, neither Article 13 of the Master Agreement nor any other provision of the Agreement shall be construed as limiting the claims, losses, judgments, costs, awards, expenses (including reasonable attorneys' fees, expert witness fees and costs of settlement) or liability as to which an indemnity and defense are otherwise due under the terms of the Agreement.

h. [***]

i. [***]

j. [***] as well as this Section 13 and any other terms of this Order which by their nature should survive, will survive termination or expiration of this Order and continue in full force and effect.

14. **Press Release and other Advance Announcements.**[***] Supplier and AXP shall issue a joint press release approved in advance in writing by both Parties announcing the provision of Hosted Services by Supplier to AXP. Furthermore, no earlier than [***] prior to such Launch Date, Supplier may disclose [***]

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.

Exhibit 10.4

15. **Additional Definitions**.

a. [***]

b. "**American Express Card**" or "**Card**" means [***]

c. [***]

d. "**Cardmember**" means a person or Entity whose name appears on a Card or who has entered into an agreement establishing a Card account with an issuer of a Card.

e. "**Entity**" means a corporation, partnership, sole proprietorship, trust, association, or any other legally recognized entity or organization.

f. [***]

g. "**Marks**" means names, logos, service marks, trademarks, trade names, taglines, or other proprietary designs or designations.

h. "**Merchant**" or "**AXP Merchant**" means a person or Entity who accepts or has during a relevant time period accepted payments made using any Card.

i. "**Offer Credit**" means the amount of a Charge that AXP credits to a Cardmember in connection with a redeemed Offer.

j. [***]

k. [***]

l. [***]

m. [***]

The Parties have executed this Order by their authorized representatives below. This

Order is in effect as of the Order Effective Date.

American Express Travel Related Services Company, Inc.		**Cardlytics, Inc.**	
By:	/s/ Dina A. Dass	By:	/s/ Karim Temsamani
Title:	Director, GSM	Title:	Chief Executive Officer
Name:	Dina A. Dass	Name:	Karim Temsamani
Date:	March 14, 2024	Date:	March 14, 2024

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.

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Karim Temsamani, 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: May 8, August 7, 2024

By: /s/ Karim Temsamani

Karim Temsamani
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, Alexis DeSieno, 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: May 8, August 7, 2024

By: /s/ Alexis DeSieno

Alexis DeSieno
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), Karim Temsamani, Chief Executive Officer and Alexis DeSieno, Chief Financial Officer of Cardlytics, Inc. (the "Company") each hereby certifies that, to the best of his and her knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended March 31, 2024 June 30, 2024 (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: May 8, August 7, 2024	By:	/s/ Karim Temsamani
		Karim Temsamani
		Chief Executive Officer
		(Principal Executive Officer)
Date: May 8, August 7, 2024	By:	/s/ Alexis DeSieno
		Alexis DeSieno
		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.

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