



cogint Announces 2016 Fourth Quarter and Full Year Financial and Operating Results

March 9, 2017

Record Top-line Revenue, Profitability and Doubling of Adjusted EBITDA, Driven by Increased Adoption of Solutions

Full Year 2016 Top-line Revenue at the Top End of Previously Issued Guidance

Increases Revenue Outlook for 2017

BOCA RATON, Fla.--(BUSINESS WIRE)--Mar. 9, 2017-- Cogint, Inc. (NASDAQ:COGT), a leading provider of information and data-driven, performance marketing solutions, today reported record quarterly revenue of \$54.2 million, net loss of \$5.4 million and adjusted EBITDA of \$6.3 million for the fourth quarter ended December 31, 2016, and revenue of \$186.8 million, net loss of \$29.1 million and adjusted EBITDA of \$15.0 million for full year 2016.

Fourth Quarter Financial Highlights

For the three months ended December 31, 2016, as compared to the three months ended December 31, 2015:

- Total revenue increased to \$54.2 million from \$10.8 million.
- Information Services revenue increased to \$16.2 million from \$3.1 million.
- Performance Marketing revenue increased to \$38.0 million from \$7.7 million.
- Gross profit margin increased to 33% from 21%.
- Net loss improved to \$5.4 million from a net loss of \$32.6 million.
- Adjusted EBITDA improved to \$6.3 million from a loss of \$2.3 million.

For the three months ended December 31, 2016, as compared to the three months ended September 30, 2016:

- Total revenue increased to \$54.2 million from \$52.2 million.
- Information Services revenue increased to \$16.2 million from \$14.8 million.
- Performance Marketing revenue increased to \$38.0 million from \$37.4 million.
- Gross profit margin increased to 33% from 24%.
- Net loss improved to \$5.4 million from a net loss of \$9.7 million.
- Adjusted EBITDA increased to \$6.3 million from \$3.2 million.

Full Year Financial Highlights

For the year ended December 31, 2016, as compared to the year ended December 31, 2015:

- Total revenue increased to \$186.8 million from \$14.1 million.
- Information Services revenue increased to \$55.4 million from \$6.4 million.
- Performance Marketing revenue increased to \$131.4 million from \$7.7 million.
- Gross profit margin increased to 28% from 27%.
- Net loss improved to \$29.1 million from a net loss of \$84.5 million.
- Net cash provided by operating activities improved to \$2.1 million from net cash used in operating activities of \$10.7 million.
- Adjusted EBITDA improved to \$15.0 million from a loss of \$6.6 million.

Recent Business Highlights

Within our Information Services segment:

- Leveraging our Agile Audience Engine™, we now interact with over 800,000 consumers daily, generating more than 7 million consumer insights per day and 225 million insights monthly.
- Comprehensive database includes holistic views of greater than 95% of U.S. population, including unique data assets comprising 130 million self-reported consumer profiles up from 120 million, 224 million unique email addresses up from

150 million, across 75 million households, up from 63 million households.

- Increased demand for our targeted acquisition solutions, leveraging our unique ability to build custom audiences in real-time and deliver specific insights that support stronger ROI for our customers' digital marketing executions.
- idiCORE™ continues to expand in the marketplace, landing key customer wins with head-to-head data tests against our competitors, and winning on speed, accuracy and price.
- Added thousands of users currently utilizing idiCORE in their daily workflow; these users represent a variety of industries within the risk management space, including financial services, law firms, collections, government and investigative companies.

Within our Performance Marketing segment:

- Increased profitability resulting from the maturing of strategic growth verticals, Mobile Apps and Career & Education, optimization of media spend, and activation of new media channels utilizing our rapidly growing first-party data asset.
- Powered by our Agile Audience Engine's targeting capabilities, Mobile Apps generated revenue of \$7.1 million in the fourth quarter 2016, a greater than 50% increase over third quarter 2016.
- Career & Education vertical, focused on the "Gig Economy" and providing performance marketing and recruitment solutions to some of the world's fastest growing brands in ride sharing, food and beverage delivery and home and personal care, grew revenue to \$3.3 million in the fourth quarter 2016, a greater than 25% increase over third quarter 2016.
- Increased activity on emerging mediums, delivering strong results for our clients by activating our data on new channels, including Social, Search and Programmatic, Email, Push Notifications, SMS and Call-based platforms.
- Successful launch of our new Pay Per Call ad format, receiving positive customer feedback and indication of adoption across a range of verticals.

"We are pleased to report an exceptional fourth quarter, concluding a very solid 2016. Our performance this quarter is the result of brilliant execution against various initiatives, strong demand for our solutions, and the operational leverage driving our business," stated Derek Dubner, cogint's CEO. "I am very proud of this team and we are very optimistic about 2017 and beyond."

Based on the Company's performance and forecast, the Company is raising its revenue outlook for 2017 to a range of \$233 to \$239 million. Previous guidance called for revenue to be in the range of \$230 to \$235 million.

Use of Non-GAAP Financial Measures

Management evaluates the financial performance of our business on a variety of key indicators, including adjusted EBITDA. Adjusted EBITDA is a non-GAAP financial measure equal to net loss, the most directly comparable financial measure based on US GAAP, plus net loss from discontinued operations, interest expense, income tax (benefit) expenses, depreciation and amortization, share-based payments, and other adjustments, as noted in the table below.

Conference Call

Cogint, Inc. will host a conference call on Thursday, March 9, 2017 at 4:30 PM ET to discuss its 2016 fourth quarter and full year financial and operating results. To listen to the conference call on your telephone, please dial (844) 287-6625 for domestic callers or (574) 990-1020 for international callers and use passcode: 60496600. To access the live audio webcast, visit the cogint website at www.cogint.com. Please login at least 15 minutes prior to the start of the call to ensure adequate time for any downloads that may be required. Following completion of the earnings call, a recorded replay of the webcast will be available for those unable to participate. To listen to the telephone replay, please dial (855) 859-2056 or (404) 537-3406 with the replay passcode 60496600. The replay will also be available for one week on the cogint website at www.cogint.com.

About cogint™

At cogint, we believe that time is your most valuable asset. Through powerful analytics, we transform data into intelligence, in a fast and efficient manner, so that our clients can spend their time on what matters most – running their organizations with confidence. Through leading-edge, proprietary technology and a massive data repository, our data and analytical solutions harness the power of data fusion, uncovering the relevance of disparate data points and converting them into comprehensive and insightful views of people, businesses, assets and their interrelationships. We empower clients across markets and industries to better execute all aspects of their business, from managing risk, conducting investigations, identifying fraud and abuse, and collecting debts, to identifying and acquiring new customers. At cogint, we are dedicated to making the world a safer place, to reducing the cost of doing business, and to enhancing the consumer experience.

RELATED LINKS:<http://www.cogint.com>

FORWARD-LOOKING STATEMENTS

This press release contains "forward-looking statements," as that term is defined under the Private Securities Litigation Reform Act of 1995 (PSLRA), which statements may be identified by words such as "expects," "plans," "projects," "will," "may," "anticipate," "believes," "should," "intends," "estimates," and other words of similar meaning. Such forward looking statements are subject to risks and uncertainties that are often difficult to predict, are beyond our control and which may cause results to differ materially from expectations, including our optimism and outlook for 2017. Readers are cautioned not to place undue reliance on these forward-looking statements, which are based on our expectations as of the date of this press release and speak only as of the date of this press release and are advised to consider the factors listed above together with the additional factors under the heading "Forward-Looking Statements" and "Risk Factors" in the Company's Annual Report on Form 10-K, as may be supplemented or amended by the Company's Quarterly Reports on Form 10-Q and other SEC filings. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

COGINT, INC.

CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share data)
(unaudited)

| | December 31, 2016 | December 31, 2015 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| ASSETS: | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 10,089 | \$ 13,462 |
| Accounts receivable, net of allowance for doubtful accounts of \$790 and \$318 at December 31, 2016 and 2015, respectively | 30,958 | 21,224 |
| Prepaid expenses and other current assets | 2,053 | 2,931 |
| Total current assets | 43,100 | 37,617 |
| Property and equipment, net | 1,350 | 1,062 |
| Intangible assets, net | 98,531 | 87,445 |
| Goodwill | 166,256 | 161,753 |
| Other non-current assets | 2,674 | 1,315 |
| Total assets | \$ 311,911 | \$ 289,192 |
| LIABILITIES AND SHAREHOLDERS' EQUITY: | | |
| Current liabilities: | | |
| Trade accounts payable | \$ 14,725 | \$ 8,863 |
| Accrued expenses and other current liabilities | 6,981 | 9,160 |
| Deferred revenue | 318 | 783 |
| Current portion of long-term debt | 4,135 | 2,250 |
| Total current liabilities | 26,159 | 21,056 |
| Promissory notes payable to certain shareholders, net | 10,748 | 9,618 |
| Long-term debt, net | 35,130 | 39,050 |
| Contingent consideration payable in stock | 10,225 | - |
| Deferred tax liabilities | - | 13,573 |
| Total liabilities | 82,262 | 83,297 |
| Shareholders' equity: | | |
| Convertible Series A preferred stock—\$0.0001 par value 10,000,000 shares authorized; 0 and 4,871,802 shares issued and outstanding at December 31, 2016 and 2015, respectively | - | - |
| Convertible Series B preferred stock—\$0.0001 par value 10,000,000 shares authorized; 0 and 450,962 shares issued and outstanding at December 31, 2016 and 2015, respectively | - | - |
| Common stock—\$0.0005 par value 200,000,000 shares authorized; 53,717,996 and 15,709,786 shares issued at December 31, 2016 and 2015, respectively; and 53,557,761 and 15,709,786 shares outstanding at December 31, 2016 and 2015, respectively | 27 | 8 |
| Treasury stock, at cost, 160,235 and 0 shares at December 31, 2016 and 2015, respectively | (531) | - |
| Additional paid-in capital | 344,384 | 291,032 |
| Accumulated deficit | (114,231) | (85,145) |
| Total shareholders' equity | 229,649 | 205,895 |
| Total liabilities and shareholders' equity | \$ 311,911 | \$ 289,192 |

COGINT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Amounts in thousands, except share data)
(unaudited)

| | Year Ended December 31, | | |
|---------------------------------------------------------------|--------------------------------|-----------------|--------------|
| | 2016 | 2015 | 2014 |
| Revenue | \$ 186,836 | \$ 14,091 | \$ 817 |
| Cost of revenues (exclusive of depreciation and amortization) | 133,798 | 10,253 | 337 |
| Gross profit | 53,038 | 3,838 | 480 |
| Operating expenses: | | | |
| Sales and marketing expenses | 16,296 | 2,925 | 325 |
| General and administrative expenses | 54,094 | 44,472 | 915 |
| Depreciation and amortization | 12,631 | 841 | 17 |
| Write-off of intangible assets | 4,055 | - | - |
| Total operating expenses | 87,076 | 48,238 | 1,257 |
| Loss from operations | (34,038) | (44,400) | (777) |
| Other income (expense): | | | |
| Interest expense, net | (7,593) | (468) | - |

| | | | |
|---------------------------------------------------------------------|--------------------|--------------------|------------------|
| Contingent earn out costs | - | (14,300) | - |
| Other expenses, net | (1,497) | - | - |
| Total other expense | (9,090) | (14,768) | - |
| Loss from continuing operations before income taxes | (43,128) | (59,168) | (777) |
| Income taxes | (14,042) | (16,583) | (167) |
| Net loss from continuing operations | (29,086) | (42,585) | (610) |
| Discontinued operations: | | | |
| Pretax loss from operations of discontinued operations | - | (1,236) | - |
| Pretax loss on disposal of discontinued operations | - | (41,095) | - |
| Income taxes | - | 127 | - |
| Net loss from discontinued operations | - | (42,458) | - |
| Less: Non-controlling interests | - | (508) | - |
| Net loss from discontinued operations attributable to cogint | - | (41,950) | - |
| Net loss attributable to cogint | \$ (29,086) | \$ (84,535) | \$ (610) |
| Loss per share | | | |
| Basic and diluted | | | |
| Continuing operations | \$ (0.65) | \$ (3.27) | \$ (0.14) |
| Discontinued operations | - | (3.22) | - |
| | \$ (0.65) | \$ (6.48) | \$ (0.14) |
| Weighted average number of shares outstanding - | | | |
| Basic and diluted | | | |
| | 44,536,906 | 13,036,082 | 4,501,041 |
| Comprehensive (loss) income: | | | |
| Net loss attributable to cogint | \$ (29,086) | \$ (84,535) | \$ (610) |
| Foreign currency translation adjustment: | | | |
| Unrealized | - | (130) | - |
| Realized upon the disposal of discontinued operations | - | 130 | - |
| Net comprehensive loss | \$ (29,086) | \$ (84,535) | \$ (610) |

COGINT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands, except share data)
(unaudited)

| | <u>Year Ended December 31,</u> | | |
|-------------------------------------------------------------------------------------------------|--------------------------------|-----------------|--------------|
| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net loss | \$(29,086) | \$ (84,535) | \$ (610) |
| Less: Loss from discontinued operations, net of tax | - | (41,950) | - |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | | |
| Depreciation and amortization | 12,631 | 841 | 17 |
| Non-cash interest expenses and related amortization | 2,519 | 151 | - |
| Share-based payments | 29,249 | 34,160 | 23 |
| Non-cash contingent earn out costs | - | 14,300 | - |
| Non-cash loss on exchange of warrants | 1,273 | - | - |
| Write-off of Purchased IP and capitalized litigation costs | 4,055 | - | - |
| Provision for bad debts | 772 | 213 | 105 |
| Deferred income tax benefit | (14,129) | (16,460) | (270) |
| Changes in assets and liabilities of continuing operations, net of the effects of acquisitions: | | | |
| Accounts receivable | (5,833) | (893) | (138) |
| Prepaid expenses and other current assets | 2,095 | (1,574) | (139) |
| Other non-current assets | (1,359) | (513) | (38) |
| Trade accounts payable | 3,565 | 142 | 86 |
| Accrued expenses and other current liabilities | (3,136) | 1,642 | 414 |
| Amounts due to related parties | - | (66) | 52 |
| Deferred revenue | (517) | 306 | 24 |
| Net cash provided by (used in) operating activities from continuing operations | 2,099 | (10,336) | (474) |
| Net cash used in operating activities from discontinued operations | - | (337) | - |
| Net cash provided by (used in) operating activities | <u>2,099</u> | <u>(10,673)</u> | <u>(474)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Purchase of property and equipment | (762) | (662) | (85) |
| Purchase of intangible assets | - | (250) | (27) |
| Capitalized costs included in intangible assets | (10,164) | (3,065) | (186) |
| Proceeds from reverse acquisition | - | 3,569 | - |

| | | | |
|---------------------------------------------------------------------------------|-------------------|------------------|-----------------|
| Acquisition, net of cash acquired | (50) | (93,276) | (5,926) |
| Deposits as collateral | (1,050) | - | - |
| Net cash used in investing activities from continuing operations | (12,026) | (93,684) | (6,224) |
| Net cash used in investing activities from discontinued operations | - | (121) | - |
| Net cash used in investing activities | (12,026) | (93,805) | (6,224) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Proceeds from issuance of shares, net of issuance costs | 10,079 | 59,180 | 12,694 |
| Proceeds for debt obligations | - | 55,000 | - |
| Debt costs | (682) | (2,236) | - |
| Repayments of long-term debt | (2,250) | - | - |
| Taxes paid related to net share settlement of vesting of restricted stock units | (1,193) | - | - |
| Sale of treasury stock | 600 | - | - |
| Net cash provided by financing activities | 6,554 | 111,944 | 12,694 |
| Net (decrease) increase in cash and cash equivalents | \$ (3,373) | \$ 7,466 | \$ 5,996 |
| Cash and cash equivalents at beginning of period | 13,462 | 5,996 | - |
| Cash and cash equivalents at end of period | \$ 10,089 | \$ 13,462 | \$ 5,996 |
| SUPPLEMENTAL DISCLOSURE INFORMATION | | | |
| Cash paid for interest | \$ 3,795 | \$ 3 | \$ - |
| Cash paid (refunded) for income taxes | \$ 87 | \$ (123) | \$ - |
| Share-based compensation expenses capitalized in intangible assets | \$ 1,154 | \$ 363 | \$ - |
| Issuance of common stock to a vendor for services rendered | \$ 146 | \$ - | \$ - |
| Fair value of acquisition consideration: | | | |
| - the reverse acquisition with Tiger Media | \$ - | \$ 44,112 | \$ - |
| - Fluent acquisition | \$ - | \$ 123,766 | \$ - |
| - Q Interactive acquisition | \$ 21,431 | \$ - | \$ - |
| Warrants issued in relation to the term loan | \$ 492 | \$ 1,586 | \$ - |
| Series B Preferred issued in relation to the promissory notes | \$ - | \$ 413 | \$ - |

Use and Reconciliation of Non-GAAP Financial Measures

Management evaluates the financial performance of our business on a variety of key indicators, including adjusted EBITDA. Adjusted EBITDA is a non-GAAP financial measure equal to net loss, the most directly comparable financial measure based on US GAAP, adding back net loss from discontinued operations, interest expense, income tax benefit, depreciation and amortization, share-based payments, and other adjustments, as noted in the unaudited tables below.

| (In thousands) | Year Ended December 31, | | |
|--------------------------------------------------------------|-------------------------|-------------------|----------------|
| | 2016 | 2015 | 2014 |
| Net loss attributable to cogint | \$(29,086) | \$(84,535) | \$(610) |
| Net loss from discontinued operations attributable to cogint | - | 41,950 | - |
| Interest expense, net | 7,593 | 468 | - |
| Income tax benefit | (14,042) | (16,583) | (167) |
| Depreciation and amortization | 12,631 | 841 | 17 |
| Share-based payments | 29,249 | 34,160 | 23 |
| Contingent earn out costs | - | 14,300 | - |
| Non-cash loss on exchange of warrants | 1,273 | - | - |
| Write-off of Purchased IP and capitalized litigation costs | 4,055 | - | - |
| Acquisition-related costs | 488 | 1,268 | 182 |
| Non-recurring legal and litigation costs | 2,588 | 1,483 | 165 |
| Non-recurring fund raising costs | 224 | - | - |
| Adjusted EBITDA | \$ 14,973 | \$ (6,648) | \$(390) |

| (In thousands) | Three Months Ended | | |
|------------------------------------------------------------|--------------------|--------------------|--------------------|
| | December 31, 2016 | September 30, 2016 | December 31, 2015 |
| Net loss attributable to cogint | \$ (5,386) | \$ (9,744) | \$ (32,639) |
| Interest expense, net | 2,032 | 1,880 | 465 |
| Income tax benefit | (2,523) | (4,493) | (16,724) |
| Depreciation and amortization | 3,519 | 3,507 | 708 |
| Share-based payments | 7,308 | 7,318 | 30,508 |
| Contingent earn out costs | - | - | 14,300 |
| Write-off of Purchased IP and capitalized litigation costs | - | 4,055 | - |
| Acquisition-related costs | 57 | (146) | 891 |
| Non-recurring legal and litigation costs | 1,095 | 779 | 235 |
| Non-recurring fund raising costs | 224 | - | - |
| Adjusted EBITDA | \$ 6,326 | \$ 3,156 | \$ (2,256) |

We present adjusted EBITDA as a supplemental measure of our operating performance because we believe it provides useful information to our

investors as it eliminates the impact of certain items that we do not consider indicative of our cash operations and ongoing operating performance. In addition, we use it as an integral part of our internal reporting to measure the performance of our reportable segments, evaluate the performance of our senior management and measure the operating strength of our business.

Adjusted EBITDA is a measure frequently used by securities analysts, investors and other interested parties in their evaluation of the operating performance of companies similar to ours and is an indicator of the operational strength of our business. Adjusted EBITDA eliminates the uneven effect across all reportable segments of considerable amounts of non-cash depreciation and amortization and the non-cash effect of share-based payments.

Adjusted EBITDA is not intended to be a performance measure that should be regarded as an alternative to, or more meaningful than, either operating income or net income as indicators of operating performance or to cash flows from operating activities as a measure of liquidity. The way we measure adjusted EBITDA may not be comparable to similarly titled measures presented by other companies, and may not be identical to corresponding measures used in our various agreements.

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Source: Cogint, Inc.

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