UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of Earliest Event Reported): August 8, 2019

FLUENT, INC.
(Exact name of registrant as specified in its charter)

Delaware	001-37893	77-0688094
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

300 Vesey Street, 9th Floor New York, New York	10282
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (646) 669-7272

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

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

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. ☐

Item 2.02. Results of Operations and Financial Condition.

On August 8, 2019, Fluent, Inc. issued a press release announcing second quarter 2019 financial results. The press release is furnished herewith as Exhibit 99.1.

The information included herein and in Exhibit 99.1 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 ("Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Press release, dated August 8, 2019

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 hereunto duly authorized.

Fluent, Inc.

August 8, 2019	By:	/s/ Ryan Schulke
	Name:	Ryan Schulke
	Title:	Chief Executive Officer

Exhibit 99.1

Fluent Announces Second Quarter 2019 Financial Results

- **Q2 2019 revenue of $70.6 million, up 24% over Q2 2018**
- **Net income from continuing operations of $0.7 million, or $0.01 per share**
- **Media margin of $22.9 million, up 4% over Q2 2018 and representing 32% of revenue**
- **Adjusted EBITDA of $9.7 million, representing 14% of revenue**
- **Adjusted net income of $4.6 million, or $0.06 per share**

New York, NY – August 8, 2019 – Fluent, Inc. (NASDAQ: FLNT), a leading data-driven performance marketing company, today reported financial results for the second quarter ended June 30, 2019.

Ryan Schulke, Fluent's Chief Executive Officer, commented, "Our second quarter results reflect strong top-line growth of 24% year-over-year, stemming from increased demand from some of our highest-profile advertiser clients. We believe this demand validates the effectiveness of our performance marketing solutions with leading-edge advertisers, with whom we saw an opportunity in Q2 to strategically capture share for the long-term. At the same time, as we moved in real-time to fulfill that demand, the media we acquired to do so came at a higher cost. Building a business around high-quality clients often comes at a lower margin in the short term, but as we invest into newer supply channels and optimize to improve our yields, we are working to build value for the long term. Our updated outlook for 2019 reflects these investments."

Second Quarter Highlights

- Revenue of $70.6 million, an increase of 24% over Q2 2018
- Net income from continuing operations of $0.7 million, or $0.01 per share, compared to $2.6 million, or $0.03 per share, in Q2 2018
- Media margin of $22.9 million, an increase of 4% over Q2 2018 and representing 32% of revenue
- Adjusted EBITDA of $9.7 million, representing 14% of revenue
- Adjusted net income of $4.6 million, or $0.06 per share

Media margin, adjusted EBITDA and adjusted net income are non-GAAP financial measures. Media margin is defined as revenue minus cost of revenue (exclusive of depreciation and amortization) attributable to variable costs paid for media and related expenses. Adjusted EBITDA is defined as net income (loss) from continuing operations, excluding (1) income taxes, (2) interest expense, net, (3) depreciation and amortization, (4) share-based compensation expense, (5) acquisition-related costs, (6) restructuring and certain severance costs, (7) certain litigation and related costs, and (8) one-time items. Adjusted net income is defined as net income (loss) from continuing operations, excluding (1) share-based compensation expense, (2) acquisition-related costs, (3) restructuring and certain severance costs, (4) certain litigation and related costs, and (5) one-time items. Adjusted net income is also presented on a per share (basic and diluted) basis. Reconciliations of these non-GAAP measures are provided below.

Business Outlook - 2019

Fluent is providing updated revenue, media margin and Adjusted EBITDA guidance for full-year 2019 as follows:

- Revenue is anticipated to be $277-$285 million, representing growth of 11%-14% over full-year 2018, and as compared with $285-$293 million previously.
- Media margin is anticipated to be in the range of $93-$98 million, as compared with $100-$106 million previously.
- Adjusted EBITDA is anticipated to be in the range of $37-$42 million, as compared with $46-$50 million previously.

Fluent is not able to provide a reconciliation of projected media margin or adjusted EBITDA to the most directly comparable expected GAAP results, due to the unknown effect, timing and potential significance of certain operating costs and expenses, share-based compensation expense, depreciation and amortization expense, interest expense (net), and the provision for (benefit from) income taxes.

Conference Call

Fluent, Inc. will host a conference call on Thursday, August 8, 2019 at 4:30 PM ET to discuss its 2019 second quarter financial results. To listen to the conference call on your telephone, please dial (888) 339-0797 for domestic callers, or (412) 317-5248 for international callers. To access the live audio webcast, visit the Fluent website at investors.fluentco.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 (877)

344-7529 or (412) 317-0088 with the replay passcode 10133583. The replay will also be available for one week on the Fluent website at investors.fluentco.com.

About Fluent, Inc.

Fluent (NASDAQ: FLNT) is a leading performance marketing company with expertise in creating meaningful connections between consumers and brands. Leveraging our proprietary first-party database of opted-in consumer profiles, Fluent drives intelligent growth strategies that deliver superior outcomes. Founded in 2010, the company is headquartered in New York City. For more information, visit www.fluentco.com.

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

The matters contained in this press release may be considered to be "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. Those statements include statements regarding the intent, belief or current expectations or anticipations of Fluent and members of our management team. Factors currently known to management that could cause actual results to differ materially from those in forward-looking statements include the following: compliance with a significant number of governmental laws and regulations, including those laws and regulations regarding privacy and data; failure to safeguard the personal information and other data contained in our database; failure to compete effectively against other online marketing and advertising companies; dependence on third-party publishers, internet search providers and social media platforms for a significant portion of visitors to our websites; dependence on our key personnel; dependence on emails, text messages and telephone calls, among other channels, to reach users for marketing purposes; competition we face for web traffic; ability to compete and manage media costs in an industry characterized by rapidly-changing internet media and advertising technology, evolving industry standards, regulatory uncertainty, and changing user and client demands; liability related to actions of third-party publishers; limitations on our or our third-party publishers' ability to collect and use data derived from user activities; ability to remain competitive with the shift of online interactions from computers to mobile devices; dependence on third-party service providers; management of the growth of our operations, including the integration of the AdParlor business and other acquired business units or personnel; management of unfavorable publicity and negative public perception about our industry; failure to meet our clients' performance metrics or changing needs; failure to detect click-through or other fraud on advertisements; achievement of some or all of the benefits that we expect to achieve as a stand-alone company; failure to adequately protect intellectual property rights or allegations of infringement of intellectual property rights; compliance with the covenants of our credit agreement; and the potential for failures in our internal control over financial reporting. These and additional factors to be considered are set forth under "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 and in our other filings with the Securities and Exchange Commission. Fluent undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results or expectations.

FLUENT, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share and per share data)
(unaudited)

	June 30, 2019	December 31, 2018
ASSETS:		
Cash and cash equivalents	$ 21,836	$ 17,769
Accounts receivable, net of allowance for doubtful accounts of $461 and $1,751, respectively	45,705	48,652
Prepaid expenses and other current assets	2,493	1,971
Total current assets	70,034	68,392
Restricted cash	1,480	1,480
Property and equipment, net	3,025	1,380
Operating lease right-of-use assets	10,271	—
Intangible assets, net	56,583	61,812
Goodwill	159,791	159,791
Other non-current assets	435	414
Total assets	$ 301,619	$ 293,269
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Accounts payable	$ 6,426	$ 7,855
Accrued expenses and other current liabilities	16,654	21,566
Deferred revenue	646	444
Current portion of long-term debt	5,380	3,500
Current portion of operating lease liability	2,184	—
Total current liabilities	31,290	33,365
Long-term debt, net	47,645	51,972
Operating lease liability, net	9,647	—
Other non-current liabilities	766	766
Total liabilities	89,348	86,103
Shareholders' equity:		
Preferred stock - $0.0001 par value, 10,000,000 shares authorized; 0 shares issued and outstanding at June 30, 2019 and December 31, 2018	—	—
Common stock - $0.0005 par value, 200,000,000 shares authorized; 78,534,774 and 76,525,581 shares issued at June 30, 2019 and December 31, 2018, respectively; and 76,749,285 and 75,292,383 shares outstanding at June 30, 2019 and December 31, 2018, respectively	39	38
Treasury stock, at cost, 1,785,489 and 1,233,198 shares at June 30, 2019 and December 31, 2018, respectively	(6,351)	(3,272)
Additional paid-in capital	402,192	395,769
Accumulated deficit	(183,609)	(185,369)
Total shareholders' equity	212,271	207,166
Total liabilities and shareholders' equity	$ 301,619	$ 293,269

FLUENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except share and per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	**2018**	**2019**	**2018**
Revenue	$ 70,560	$ 56,935	$ 137,121	$ 112,924
Costs and expenses:				
Cost of revenue (exclusive of depreciation and amortization)	49,133	35,757	93,962	73,376
Sales and marketing	3,058	3,167	6,492	6,269
Product development	2,287	1,142	4,445	1,876
General and administrative	10,294	8,953	20,329	15,612
Depreciation and amortization	3,306	3,338	6,623	6,669
Spin-off transaction costs	—	—	—	7,708
Total costs and expenses	68,078	52,357	131,851	111,510
Income from operations	2,482	4,578	5,270	1,414
Interest expense, net	(1,767)	(1,933)	(3,545)	(4,327)
Income (loss) before income taxes from continuing operations	715	2,645	1,725	(2,913)
Income tax benefit	—	—	35	—
Net income (loss) from continuing operations	715	2,645	1,760	(2,913)
Discontinued operations:				
Loss from operations of discontinued operations, net of $0 income taxes	—	—	—	(2,084)
Loss on disposal of discontinued operations, net of $0 income taxes	—	—	—	(19,040)
Net loss from discontinued operations	—	—	—	(21,124)
Net income (loss)	$ 715	$ 2,645	$ 1,760	$ (24,037)
Basic income (loss) per share:				
Continuing operations	$ 0.01	$ 0.03	$ 0.02	$ (0.04)
Discontinued operations	$ —	$ —	$ —	$ (0.28)
Net income (loss)	$ 0.01	$ 0.03	$ 0.02	$ (0.32)
Diluted income (loss) per share:				
Continuing operations	$ 0.01	$ 0.03	$ 0.02	$ (0.04)
Discontinued operations	$ —	$ —	$ —	$ (0.28)
Net income (loss)	$ 0.01	$ 0.03	$ 0.02	$ (0.32)
Weighted average number of shares outstanding:				
Basic	79,388,383	78,196,959	79,297,599	74,885,746
Diluted	81,132,304	78,196,959	80,443,530	74,885,746
(1) Amounts include share-based compensation expense as follows:				
Sales and marketing expenses	160	742	529	1,408
Product development	277	193	522	351
General and administrative expenses	2,517	1,679	4,178	2,094
Spin-off transaction costs	—	—	—	5,409
Discontinued operations	—	—	—	15,713
Total share-based compensation expense	2,954	2,614	5,229	24,975

FLUENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)
(unaudited)

	Six Months Ended June 30,	
	2019	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 1,760	$ (24,037)
Net loss from discontinued operations	—	21,124
Adjustments to reconcile net income (loss) from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	6,623	6,669
Non-cash interest expense and related amortization	648	1,079
Share-based compensation expense	5,229	9,262
Provision for bad debt	189	93
Allocation of expenses to Red Violet	—	(325)
Changes in assets and liabilities:		
Accounts receivable	2,758	(1,793)
Prepaid expenses and other current assets	(522)	(173)
Other non-current assets	(21)	541
Operating lease assets and liabilities, net	1,560	—
Accounts payable	(1,551)	(208)
Accrued expenses and other current liabilities	(3,762)	(2,366)
Deferred revenue	202	578
Net cash provided by operating activities from continuing operations	13,113	10,444
Net cash used in operating activities from discontinued operations	—	(5,835)
Net cash provided by operating activities	13,113	4,609
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(1,894)	(92)
Capitalized costs included in intangible assets	(978)	(512)
Capital contributed to Red Violet	—	(19,728)
Net cash used in investing activities from continuing operations	(2,872)	(20,332)
Net cash used in investing activities from discontinued operations	—	(1,386)
Net cash used in investing activities	(2,872)	(21,718)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of shares, net of issuance costs	—	13,392
Proceeds from debt obligations, net of debt costs	—	67,182
Repayments of long-term debt	(3,095)	(67,982)
Taxes paid related to net share settlement of restricted stock units and issuance of restricted stock	(3,079)	(1,979)
Net cash (used in) provided by financing activities	(6,174)	10,613
Net increase (decrease) in cash, cash equivalents and restricted cash	4,067	(6,496)
Cash, cash equivalents and restricted cash at beginning of period	19,249	16,564
Cash, cash equivalents and restricted cash at end of period	$ 23,316	$ 10,068

Definitions, Reconciliations and Uses of Non-GAAP Financial Measures

The following non-GAAP measures are used in this release:

Media margin is defined as revenue minus cost of revenue (exclusive of depreciation and amortization) attributable to variable costs paid for media and related expenses. Media margin is also presented as percentage of revenue.

Adjusted EBITDA is defined as net income (loss) from continuing operations, excluding (1) income taxes, (2) interest expense, net, (3) depreciation and amortization, (4) share-based compensation expense, (5) acquisition-related costs, (6) restructuring and certain severance costs, (7) certain litigation and other related costs, and (8) one-time items.

Adjusted net income is defined as net income (loss) from continuing operations, excluding (1) share-based compensation expense, (2) acquisition-related costs, (3) restructuring and certain severance costs, (4) certain litigation and other related costs, and (5) one-time items. Adjusted net income per share is defined as adjusted net income per basic and diluted weighted average shares outstanding. Adjusted net income is also presented on a per share (basic and diluted) basis.

Below is a reconciliation of media margin from net income (loss) from continuing operations, which we believe is the most directly comparable GAAP measure.

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	**2019**	**2018**	**2019**	**2018**
Net income (loss) from continuing operations	$ 715	$ 2,645	$ 1,760	$ (2,913)
Income tax benefit	—	—	(35)	—
Interest expense, net	1,767	1,933	3,545	4,327
Spin-off transaction costs	—	—	—	7,708
Depreciation and amortization	3,306	3,338	6,623	6,669
General and administrative	10,294	8,953	20,329	15,612
Product development	2,287	1,142	4,445	1,876
Sales and marketing	3,058	3,167	6,492	6,269
Non-media cost of revenue (1)	1,475	813	2,836	1,756
Media margin	$ 22,902	$ 21,991	$ 45,995	$ 41,304
Revenue	$ 70,560	$ 56,935	$ 137,121	$ 112,924
Media margin % of revenue	32.5%	38.6%	33.5%	36.6%

(1) Represents the portion of cost of revenue (exclusive of depreciation and amortization) not attributable to variable costs paid for media and related expenses.

Below is a reconciliation of adjusted EBITDA from net income (loss) from continuing operations, which we believe is the most directly comparable GAAP measure.

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	**2019**	**2018**	**2019**	**2018**
Net income (loss) from continuing operations	$ 715	$ 2,645	$ 1,760	$ (2,913)
Income tax benefit	—	—	(35)	—
Interest expense, net	1,767	1,933	3,545	4,327
Depreciation and amortization	3,306	3,338	6,623	6,669
Share-based compensation expense	2,954	2,614	5,229	9,262
Acquisition-related costs	448	140	448	557
Restructuring and certain severance costs	250	269	360	2,591
Certain litigation and other related costs	227	—	716	46
One-time items	—	—	168	—
Adjusted EBITDA	$ 9,667	$ 10,939	$ 18,814	$ 20,539

Below is a reconciliation of adjusted net income and the related measure of adjusted net income per share from net income (loss) from continuing operations, which we believe is the most directly comparable GAAP measure.

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands, except share data)	**2019**	**2018**	**2019**	**2018**
Net income (loss) from continuing operations	$ 715	$ 2,645	$ 1,760	$ (2,913)
Share-based compensation expense	2,954	2,614	5,229	9,262
Acquisition-related costs	448	140	448	557
Restructuring and certain severance costs	250	269	360	2,591
Certain litigation and other related costs	227	—	716	46
One-time items	—	—	168	—
Adjusted net income	$ 4,594	$ 5,668	$ 8,681	$ 9,543
Adjusted net income per share:				
Basic	$ 0.06	$ 0.07	$ 0.11	$ 0.13
Diluted	$ 0.06	$ 0.07	$ 0.11	$ 0.13
Weighted average number of shares outstanding:				
Basic	79,388,383	78,196,959	79,297,599	74,885,746
Diluted	81,132,304	78,196,959	80,443,530	74,885,746

We present media margin, adjusted EBITDA, adjusted net income and adjusted net income per share as supplemental measures of our financial and operating performance because we believe they provide useful information to investors. More specifically:

Media margin, as defined above, is a measure of the efficiency of the Company's operating model. We use media margin and the related measure of media margin as a percentage of revenue as primary metrics to measure the financial return on our media and related costs, specifically to measure the degree by which the revenue generated from our digital marketing services exceeds the cost to attract the consumers to whom offers are made through our services. Media margin is used extensively by our management to manage our operating performance, including evaluating operational performance against budgeted media margin and understanding the efficiency of our media and related expenditures. We also use media margin for performance evaluations and compensation decisions regarding certain personnel.

Adjusted EBITDA, as defined above, is another primary metric by which we evaluate the operating performance of our business, on which certain operating expenditures and internal budgets are based and by which, in addition to media margin and other factors, our senior management is compensated. The first three adjustments represent the conventional definition of EBITDA, and the remaining adjustments are items recognized and recorded under GAAP in particular periods but might be viewed as not necessarily coinciding with the underlying business operations for the periods in which they are so recognized and recorded. These adjustments include certain severance costs associated with department-specific reorganizations and certain litigation and other related costs associated with extraordinary legal matters. Items are considered one-time in nature if they are non-recurring, infrequent or unusual and have not occurred in the past two years or are not expected to recur in the next two years, in accordance with SEC rules. Adjusted EBITDA for the six months ended June 30, 2019 excluded as one-time items $0.2 million of costs associated with the move of our corporate headquarters. There were no other adjustments for one-time items in the periods presented.

Adjusted net income, as defined above, and the related measure of adjusted net income per share exclude certain items that are recognized and recorded under GAAP in particular periods but might be viewed as not necessarily coinciding with the underlying business operations for the periods in which they are so recognized and recorded. Adjusted net income for the six months ended June 30, 2019 excluded as one-time items $0.2 million of costs associated with the move of our corporate headquarters. There were no other adjustments for one-time items in the periods presented. We believe adjusted net income affords investors a different view of the overall financial performance of the Company than adjusted EBITDA and the GAAP measure of net income from continuing operations.

Media margin, adjusted EBITDA, adjusted net income and adjusted net income per share are not intended to be performance measures that should be regarded as an alternative to, or more meaningful than, net income (loss) from continuing operations as indicators of operating performance. None of these metrics are presented as measures of liquidity. The way we measure media margin, adjusted EBITDA and adjusted net income 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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