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

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**FORM 8-K**

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**CURRENT REPORT**

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

Date of Report (Date of Earliest Event Reported): March 12, 2020

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**FLUENT, INC.**

(Exact name of registrant as specified in its charter)

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Delaware  
(State or other jurisdiction  
of incorporation)

001-37893  
(Commission  
File Number)

77-0688094  
(I.R.S. Employer  
Identification No.)

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

10282  
(Zip Code)

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

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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.

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**Item 2.02. Results of Operations and Financial Condition.**

On March 12, 2020, Fluent, Inc. issued a press release announcing its fourth quarter and full year 2019 financial results. A copy of 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

| <u>Exhibit No.</u>   | <u>Description</u>                  |
|----------------------|-------------------------------------|
| <a href="#">99.1</a> | Press release, dated March 12, 2020 |

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**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.**

March 12, 2020

By: /s/ Ryan Schulke  
Name: Ryan Schulke  
Title: Chief Executive Officer

## Fluent Announces Fourth Quarter and Full-Year 2019 Financial Results

- **Q4 2019 revenue of \$80.0 million, up 13% over Q4 2018**
- **Net income from continuing operations of \$1.0 million, or \$0.01 per share**
- **Media margin of \$26.3 million, up 5% over Q4 2018 and representing 32.9% of revenue**
- **Adjusted EBITDA of \$11.5 million, representing 14% of revenue**
- **Adjusted net income of \$6.1 million, or \$0.08 per share**

**New York, NY – March 12, 2020** – Fluent, Inc. (NASDAQ: FLNT), a leading data-driven performance marketing company, today reported results for the fourth quarter and fiscal year ended December 31, 2019.

Ryan Schulke, Fluent's Chief Executive Officer, commented, "Our fourth quarter results confirmed the success of our response to factors affecting our business and the further strengthening of our core business in the latter part of the quarter. The uptick in our business demonstrated the resilience of our business model and our team and validates the market's demand for our performance marketing services. During the quarter, we successfully fulfilled increased demand from key clients and further enhanced our client base, serving some of the highest quality leading global brands and innovative disruptors over Fluent's history to date."

### Fourth Quarter Highlights

- Revenue increased 13% to \$80.0 million, from \$70.8 million in Q4 2018
- Net income from continuing operations of \$1.0 million, or \$0.01 per share, compared to net income from continuing operations of \$1.6 million, or \$0.02 per share
- Media margin of \$26.3 million, an increase of 5% over prior period and representing 32.9% of revenue
- Adjusted EBITDA of \$11.5 million, representing 14% of revenue
- Adjusted net income of \$6.1 million, or \$0.08 per share

### Full-Year 2019 Highlights

- Revenue increased 13% to \$281.7 million, from \$250.3 million in 2018
- Net loss from continuing operations of \$1.7 million, or \$0.02 per share, compared to net income from continuing operations of \$3.2 million, or \$0.04 per share
- Net loss from discontinued operations of \$0.0 million, compared to \$21.1 million
- Media margin of \$93.6 million, an increase of 2% over prior period and representing 33.2% of revenue
- Adjusted EBITDA of \$34.7 million, representing 12% of revenue
- Adjusted net income \$13.8 million, or \$0.17 per share

Media margin, adjusted EBITDA and adjusted net income are non-GAAP financial measures, as defined and reconciled below.

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## Conference Call

Fluent, Inc. will host a conference call on Thursday, March 12, 2020 at 4:30 PM ET to discuss its 2019 fourth quarter and full-year 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](http://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 conference 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 10140068. The replay will also be available for one week on the Fluent website at [investors.fluentco.com](http://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](http://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.

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

|   | December 31,<br>2019 | December 31,<br>2018 |
|---|----------------------|----------------------|
| <b>ASSETS:</b>  |                      |                      |
| Cash and cash equivalents   | \$ 18,679            | \$ 17,769            |
| Accounts receivable, net of allowance for doubtful accounts of \$1,967 and \$1,751, respectively  | 60,915               | 48,652               |
| Prepaid expenses and other current assets   | 1,921                | 1,971                |
| Total current assets  | 81,515               | 68,392               |
| Restricted cash   | 1,480                | 1,480                |
| Property and equipment, net   | 2,863                | 1,380                |
| Operating lease right-of-use assets   | 9,865                | —                    |
| Intangible assets, net  | 55,603               | 61,812               |
| Goodwill  | 164,774              | 159,791              |
| Other non-current assets  | 993                  | 414                  |
| <b>Total assets</b>   | <b>\$ 317,093</b>    | <b>\$ 293,269</b>    |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY:</b>  |                      |                      |
| Accounts payable  | \$ 21,574            | \$ 7,855             |
| Accrued expenses and other current liabilities  | 20,358               | 21,566               |
| Deferred revenue  | 1,140                | 444                  |
| Current portion of long-term debt   | 6,873                | 3,500                |
| Current portion of operating lease liability  | 2,282                | —                    |
| Total current liabilities   | 52,227               | 33,365               |
| Long-term debt, net   | 44,098               | 51,972               |
| Operating lease liability, net  | 9,056                | —                    |
| Other non-current liabilities   | 775                  | 766                  |
| <b>Total liabilities</b>  | <b>106,156</b>       | <b>86,103</b>        |
| <b>Shareholders' equity:</b>  |                      |                      |
| Preferred stock — \$0.0001 par value, 10,000,000 Shares authorized; Shares outstanding — 0 shares for both periods  | —                    | —                    |
| Common stock — \$0.0005 par value, 200,000,000 Shares authorized; Shares issued — 78,642,078 and 76,525,581, respectively; and Shares outstanding — 75,873,679 and 75,292,383, respectively | 39                   | 38                   |
| Treasury stock, at cost — 2,768,399 and 1,233,198 shares, respectively  | (8,184)              | (3,272)              |
| Additional paid-in capital  | 406,198              | 395,769              |
| Accumulated deficit   | (187,116)            | (185,369)            |
| <b>Total shareholders' equity</b>   | <b>210,937</b>       | <b>207,166</b>       |
| <b>Total liabilities and shareholders' equity</b>   | <b>\$ 317,093</b>    | <b>\$ 293,269</b>    |

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

|  | Three Months Ended December<br>31, |                 | Year Ended December 31, |                    |
|--|------------------------------------|-----------------|-------------------------|--------------------|
|  | 2019                               | 2018            | 2019                    | 2018               |
| <b>Revenue</b>   | \$ 80,011                          | \$ 70,821       | \$ 281,684              | \$ 250,280         |
| <b>Costs and expenses:</b>   |                                    |                 |                         |                    |
| Cost of revenue (exclusive of depreciation and amortization)             | 55,905                             | 46,440          | 194,435                 | 161,560            |
| Sales and marketing (1)  | 2,336                              | 3,754           | 11,545                  | 13,663             |
| Product development (1)  | 1,570                              | 1,723           | 8,055                   | 5,279              |
| General and administrative (1)   | 13,687                             | 10,620          | 48,065                  | 36,007             |
| Depreciation and amortization  | 3,675                              | 3,153           | 13,940                  | 13,174             |
| Write-off of intangible assets   | 145                                | 1,517           | 425                     | 1,517              |
| Spin-off transaction costs (1)   | —                                  | —               | —                       | 7,708              |
| <b>Total costs and expenses</b>  | <u>77,318</u>                      | <u>67,207</u>   | <u>276,465</u>          | <u>238,908</u>     |
| <b>Income from operations</b>  | 2,693                              | 3,614           | 5,219                   | 11,372             |
| Interest expense, net  | (1,628)                            | (1,925)         | (6,892)                 | (8,134)            |
| <b>Income (loss) before income taxes from continuing operations</b>      | 1,065                              | 1,689           | (1,673)                 | 3,238              |
| Income tax expense   | (109)                              | (46)            | (74)                    | (46)               |
| <b>Net income (loss) from continuing operations</b>                      | 956                                | 1,643           | (1,747)                 | 3,192              |
| <b>Discontinued operations:</b>  |                                    |                 |                         |                    |
| 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)           |
| <b>Net loss from discontinued operations</b>                             | <u>—</u>                           | <u>—</u>        | <u>—</u>                | <u>(21,124)</u>    |
| <b>Net income (loss)</b>   | <u>\$ 956</u>                      | <u>\$ 1,643</u> | <u>\$ (1,747)</u>       | <u>\$ (17,932)</u> |
| <b>Basic and diluted income (loss) per share:</b>                        |                                    |                 |                         |                    |
| Continuing operations  | \$ 0.01                            | \$ 0.02         | \$ (0.02)               | \$ 0.04            |
| Discontinued operations  | \$ —                               | \$ —            | \$ —                    | \$ (0.28)          |
| Net income (loss)  | <u>\$ 0.01</u>                     | <u>\$ 0.02</u>  | <u>\$ (0.02)</u>        | <u>\$ (0.23)</u>   |
| <b>Weighted average number of shares outstanding:</b>                    |                                    |                 |                         |                    |
| Basic and diluted  | 79,328,262                         | 78,201,971      | 79,373,789              | 76,705,877         |
| (1) Amounts include share-based compensation expense as follows:         |                                    |                 |                         |                    |
| Sales and marketing  | \$ 150                             | \$ 731          | \$ 971                  | \$ 2,856           |
| Product development  | 89                                 | 189             | 889                     | 676                |
| General and administrative   | 2,083                              | 1,906           | 8,481                   | 5,740              |
| Spin-off transaction costs   | —                                  | —               | —                       | 5,409              |
| <b>Total share-based compensation expense</b>                            | <u>\$ 2,322</u>                    | <u>\$ 2,826</u> | <u>\$ 10,341</u>        | <u>\$ 14,681</u>   |

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

|   | <b>Year Ended December 31,</b> |             |
|---|--------------------------------|-------------|
|   | <b>2019</b>                    | <b>2018</b> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                                |             |
| Net loss  | \$ (1,747)                     | \$ (17,932) |
| Net loss from discontinued operations   | —                              | 21,124      |
| <b>Adjustments to reconcile net loss from continuing operations to net cash provided by operating activities:</b> |                                |             |
| Depreciation and amortization   | 13,940                         | 13,174      |
| Non-cash interest expense   | 1,387                          | 1,830       |
| Share-based compensation  | 10,341                         | 14,681      |
| Provision for bad debts   | 2,550                          | 462         |
| Write-off of intangible assets  | 425                            | 1,517       |
| Deferred income taxes   | 35                             | 46          |
| Allocation of expenses to Red Violet  | —                              | (325)       |
| <b>Changes in assets and liabilities:</b>   |                                |             |
| Accounts receivable   | (6,978)                        | (12,836)    |
| Prepaid expenses and other current assets   | 104                            | (304)       |
| Other non-current assets  | (551)                          | 683         |
| Operating lease assets and liabilities, net   | 1,473                          | —           |
| Accounts payable  | 6,028                          | 249         |
| Accrued expenses and other current liabilities  | (1,626)                        | 6,771       |
| Deferred revenue  | 663                            | 179         |
| Other   | (26)                           | —           |
| Net cash provided by operating activities from continuing operations  | 26,018                         | 29,319      |
| Net cash used in operating activities from discontinued operations  | —                              | (5,835)     |
| Net cash provided by operating activities   | 26,018                         | 23,484      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                                |             |
| Acquisition of property and equipment   | (2,088)                        | (238)       |
| Business acquisition, net of cash acquired  | (7,246)                        | —           |
| Capitalized costs included in intangible assets   | (2,624)                        | (1,236)     |
| Capital contributed to Red Violet   | —                              | (19,728)    |
| Net cash used in investing activities from continuing operations  | (11,958)                       | (21,202)    |
| Net cash used in investing activities from discontinued operations  | —                              | (1,386)     |
| Net cash used in investing activities   | (11,958)                       | (22,588)    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>  |                                |             |
| 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  | (8,034)                        | (76,787)    |
| Taxes paid related to net share settlement of vesting of restricted stock units                                   | (3,120)                        | (1,989)     |
| Repurchase of treasury stock  | (1,792)                        | (9)         |
| Debt financing costs  | (204)                          | —           |
| Net cash (used in) provided by financing activities   | (13,150)                       | 1,789       |
| Net increase in cash, cash equivalents and restricted cash  | 910                            | 2,685       |
| Cash, cash equivalents and restricted cash at beginning of period   | 19,249                         | 16,564      |
| Cash, cash equivalents and restricted cash at end of period   | \$ 20,159                      | \$ 19,249   |



## 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 tax expense, (2) interest expense, net, (3) depreciation and amortization, (4) write-off of intangible assets, (5) share-based compensation expense, (6) acquisition-related costs, (7) restructuring and certain severance costs, (8) certain litigation and other related costs, and (9) one-time items.

Adjusted net income is defined as net income (loss) from continuing operations, excluding (1) write-off of intangible assets, (2) share-based compensation expense, (3) acquisition-related costs, (4) restructuring and certain severance costs, (5) certain litigation and other related costs, and (6) one-time items. 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.

| (In thousands)                                      | Three Months Ended December 31, |                  | Year Ended December 31, |                  |
|---|---------------------------------|------------------|-------------------------|------------------|
|   | 2019                            | 2018             | 2019                    | 2018             |
| <b>Net income (loss) from continuing operations</b> | \$ 956                          | \$ 1,643         | \$ (1,747)              | \$ 3,192         |
| Income tax expense                                  | 109                             | 46               | 74                      | 46               |
| Interest expense, net                               | 1,628                           | 1,925            | 6,892                   | 8,134            |
| Spin-off transaction costs                          | —                               | —                | —                       | 7,708            |
| Write-off of intangible assets                      | 145                             | 1,517            | 425                     | 1,517            |
| Depreciation and amortization                       | 3,675                           | 3,153            | 13,940                  | 13,174           |
| General and administrative                          | 13,687                          | 10,620           | 48,065                  | 36,007           |
| Product development                                 | 1,570                           | 1,723            | 8,055                   | 5,279            |
| Sales and marketing                                 | 2,336                           | 3,754            | 11,545                  | 13,663           |
| Non-media cost of revenue (1)                       | 2,182                           | 706              | 6,341                   | 3,473            |
| <b>Media margin</b>                                 | <u>\$ 26,288</u>                | <u>\$ 25,087</u> | <u>\$ 93,590</u>        | <u>\$ 92,193</u> |
| Revenue   | \$ 80,011                       | \$ 70,821        | \$ 281,684              | \$ 250,280       |
| <b>Media margin % of revenue</b>                    | <u>32.9%</u>                    | <u>35.4%</u>     | <u>33.2%</u>            | <u>36.8%</u>     |

(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.

| (In thousands)                                      | Three Months Ended December 31, |                  | Year Ended December 31, |                  |
|---|---------------------------------|------------------|-------------------------|------------------|
|   | 2019                            | 2018             | 2019                    | 2018             |
| <b>Net income (loss) from continuing operations</b> | \$ 956                          | \$ 1,643         | \$ (1,747)              | \$ 3,192         |
| Income tax expense                                  | 109                             | 46               | 74                      | 46               |
| Interest expense, net                               | 1,628                           | 1,925            | 6,892                   | 8,134            |
| Depreciation and amortization                       | 3,675                           | 3,153            | 13,940                  | 13,174           |
| Write-off of intangible assets                      | 145                             | 1,517            | 425                     | 1,517            |
| Share-based compensation                            | 2,322                           | 2,826            | 10,341                  | 14,681           |
| Acquisition-related costs                           | 35                              | —                | 483                     | 676              |
| Restructuring and certain severance costs           | 1,596                           | —                | 1,956                   | 2,591            |
| Certain litigation and other related costs          | 1,044                           | —                | 2,135                   | 46               |
| One-time items                                      | 17                              | —                | 185                     | —                |
| <b>Adjusted EBITDA</b>                              | <u>\$ 11,527</u>                | <u>\$ 11,110</u> | <u>\$ 34,684</u>        | <u>\$ 44,057</u> |

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.

| (In thousands, except share data)                              | Three Months Ended December 31, |                 | Year Ended December 31, |                  |
|--|---------------------------------|-----------------|-------------------------|------------------|
|  | 2019                            | 2018            | 2019                    | 2018             |
| <b>Net income (loss) from continuing operations</b>            | \$ 956                          | \$ 1,643        | \$ (1,747)              | \$ 3,192         |
| Write-off of intangible assets                                 | 145                             | 1,517           | 425                     | 1,517            |
| Share-based compensation                                       | 2,322                           | 2,826           | 10,341                  | 14,681           |
| Acquisition-related costs                                      | 35                              | —               | 483                     | 676              |
| Restructuring and certain severance costs                      | 1,596                           | —               | 1,956                   | 2,591            |
| Certain litigation and other related costs                     | 1,044                           | —               | 2,135                   | 46               |
| One-time items   | 17                              | —               | 185                     | —                |
| <b>Adjusted net income</b>                                     | <b>\$ 6,115</b>                 | <b>\$ 5,986</b> | <b>\$ 13,778</b>        | <b>\$ 22,703</b> |
| <b>Adjusted net income per share:</b>                          |                                 |                 |                         |                  |
| Basic  | \$ 0.08                         | \$ 0.08         | \$ 0.17                 | \$ 0.30          |
| Diluted  | \$ 0.08                         | \$ 0.08         | \$ 0.17                 | \$ 0.30          |
| <b>Adjusted weighted average number of shares outstanding:</b> |                                 |                 |                         |                  |
| Basic  | 79,328,262                      | 78,201,971      | 79,373,789              | 76,705,877       |
| Diluted  | 79,701,600                      | 78,201,971      | 80,280,293              | 76,705,877       |

We present media margin, adjusted EBITDA and adjusted net income 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 US 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 legal matters outside the ordinary course of business, including an accrual for a New York State sales and use tax dispute in the fourth quarter of 2019. 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 year ended December 31, 2019 excluded as one-time items \$0.2 million of costs associated with the move of our corporate headquarters. There were no other material 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 US 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 year ended December 31, 2019 excluded as one-time item \$0.2 million of costs associated with the move of our corporate headquarters. There were no other material 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 US GAAP measure of net income (loss) 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.

**Contact Information:**

Investor Relations

Fluent, Inc.

(917) 310-2070

[InvestorRelations@fluentco.com](mailto:InvestorRelations@fluentco.com)