UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2019

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 001-37893

FLUENT, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**77-0688094**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

300 Vesey Street, 9th Floor
New York, New York 10282
(Address of Principal Executive Offices) (Zip Code)

(646) 669-7272
(Registrant's Telephone Number, Including Area Code)

33 Whitehall Street, 15th Floor
New York, New York 10004
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.0005 par value per share	FLNT	The NASDAQ Stock Market, LLC

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. x 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). x YES ☐ NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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	x
Non-accelerated filer	☐	Smaller reporting company	x
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 x

As of May 6, 2019, the registrant had 76,533,036 shares of common stock outstanding.

FLUENT, INC.

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PART I - FINANCIAL INFORMATION

Unless otherwise indicated or required by the context, all references in this Quarterly Report on Form 10-Q to "we," "us," "our," "Fluent," or the "Company," refer to Fluent, Inc. and its consolidated subsidiaries.

ITEM 1. FINANCIAL STATEMENTS.

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

	March 31, 2019	December 31, 2018
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 18,707	$ 17,769
Accounts receivable, net of allowance for doubtful accounts of $595 and $1,751	44,023	48,652
Prepaid expenses and other current assets	2,572	1,971
Total current assets	65,302	68,392
Restricted cash	1,480	1,480
Property and equipment, net	2,838	1,380
Right-of-use asset	10,584	—
Intangible assets, net	59,059	61,812
Goodwill	159,791	159,791
Other non-current assets	435	414
Total assets	$ 299,489	$ 293,269
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	$ 6,364	$ 7,855
Accrued expenses and other current liabilities	15,528	21,566
Deferred revenue	674	444
Current portion of long-term debt	4,824	3,500
Current portion of operating lease liability	1,134	—
Total current liabilities	28,524	33,365
Long-term debt, net	50,092	51,972
Operating lease liability, net	10,037	—
Other non-current liabilities	795	766
Total liabilities	89,448	86,103
Shareholders' equity:		
Preferred stock - $0.0001 par value, 10,000,000 shares authorized; 0 shares issued and outstanding at March 31, 2019 and December 31, 2018	—	—
Common stock - $0.0005 par value, 200,000,000 shares authorized; 77,603,189 and 76,525,581 shares issued at March 31, 2019 and December 31, 2018, respectively; and 76,048,360 and 75,292,383 shares outstanding at March 31, 2019 and December 31, 2018, respectively	39	38
Treasury stock, at cost, 1,554,829 and 1,233,198 shares at March 31, 2019 and December 31, 2018, respectively	(4,882)	(3,272)
Additional paid-in capital	399,208	395,769
Accumulated deficit	(184,324)	(185,369)
Total shareholders' equity	210,041	207,166
Total liabilities and shareholders' equity	$ 299,489	$ 293,269

See notes to condensed consolidated financial statements

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

	Three Months Ended March 31,	
	2019	**2018**
Revenue	$ 66,561	$ 55,989
Costs and expenses:		
Cost of revenue (exclusive of depreciation and amortization)	44,829	37,619
Sales and marketing	3,434	3,102
Product development	2,150	734
General and administrative	10,043	6,659
Depreciation and amortization	3,317	3,331
Spin-off transaction costs	—	7,708
Total costs and expenses	63,773	59,153
Income (loss) from operations	2,788	(3,164)
Interest expense, net	(1,778)	(2,394)
Income (loss) before income taxes from continuing operations	1,010	(5,558)
Income tax benefit	35	—
Net income (loss) from continuing operations	1,045	(5,558)
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)	$ 1,045	$ (26,682)
Basic and diluted income (loss) per share:		
Continuing operations	$ 0.01	$ (0.08)
Discontinued operations	$ —	$ (0.30)
Net income (loss)	$ 0.01	$ (0.37)
Weighted average number of shares outstanding:		
Basic	79,097,426	71,537,743
Diluted	80,063,989	71,537,743

See notes to condensed consolidated financial statements

FLUENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Amounts in thousands, except share data)
(unaudited)

	Common stock		Treasury stock		Additional paid-in capital	Accumulated deficit	Total shareholders' equity
	Shares	Amount	Shares	Amount			
Balance as at December 31, 2018	76,525,581	$ 38	1,233,198	$ (3,272)	$ 395,769	$ (185,369)	$ 207,166
Vesting of restricted stock units and issuance of restricted stock	1,077,608	1	—	—	(1)	—	—
Increase in treasury stock resulting from shares withheld to cover statutory taxes in connection with the vesting of restricted stock units	—	—	321,631	(1,610)	—	—	(1,610)
Reclassification of puttable option from liability to equity	—	—	—	—	1,150	—	1,150
Share-based compensation	—	—	—	—	2,290	—	2,290
Net income	—	—	—	—	—	1,045	1,045
Balance as at March 31, 2019	77,603,189	$ 39	1,554,829	$ (4,882)	$ 399,208	$ (184,324)	$ 210,041

	Common stock		Treasury stock		Additional paid-in capital	Accumulated deficit	Total shareholders' equity
	Shares	Amount	Shares	Amount			
Balance as at December 31, 2017	61,631,573	$ 31	352,523	$ (1,274)	$ 392,687	$ (167,437)	$ 224,007
Issuance of common stock upon direct offering to certain investors, net of issuance costs of $108	2,700,000	1	—	—	13,391	—	13,392
Vesting of restricted stock units and issuance of restricted stock	12,105,636	6	—	—	(6)	—	—
Increase in treasury stock resulting from shares withheld to cover statutory taxes in connection with the vesting of restricted stock units	—	—	143,395	(398)	—	—	(398)
Share-based compensation	—	—	—	—	22,701	—	22,701
Net loss	—	—	—	—	—	(26,682)	(26,682)
Spin-off of Red Violet	—	—	—	—	(41,500)	—	(41,500)
Balance as at March 31, 2018	76,437,209	$ 38	495,918	$ (1,672)	$ 387,273	$ (194,119)	$ 191,520

See notes to condensed consolidated financial statements

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

	Three Months Ended March 31,	
	2019	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (income) loss	$ 1,045	$ (26,682)
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	3,317	3,331
Non-cash interest expense and related amortization	319	724
Share-based compensation expense	2,275	6,648
Recovery of bad debt	—	(14)
Allocation of expenses to Red Violet	—	(325)
Deferred income taxes	(35)	—
Changes in assets and liabilities:		
Accounts receivable	4,629	2,127
Prepaid expenses and other current assets	(601)	(1,609)
Other non-current assets	(21)	537
Operating lease assets and liabilities	587	—
Accounts payable	(1,629)	(3,291)
Accrued expenses and other current liabilities	(4,929)	359
Deferred revenue	230	(46)
Other liabilities	(22)	—
Net cash provided by operating activities from continuing operations	5,165	2,883
Net cash used in operating activities from discontinued operations	—	(5,835)
Net cash provided by (used in) operating activities	5,165	(2,952)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(1,385)	(22)
Capitalized costs included in intangible assets	(357)	(177)
Capital contributed to Red Violet	—	(19,728)
Net cash used in investing activities from continuing operations	(1,742)	(19,927)
Net cash used in investing activities from discontinued operations	—	(1,386)
Net cash used in investing activities	(1,742)	(21,313)
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	(875)	(67,107)
Taxes paid related to net share settlement of vesting of restricted stock units	(1,610)	(398)
Net cash (used in) provided by financing activities	(2,485)	13,069
Net increase (decrease) in cash, cash equivalents and restricted cash	938	(11,196)
Cash, cash equivalents and restricted cash at beginning of period	19,249	16,564
Cash, cash equivalents and restricted cash at end of period	$ 20,187	$ 5,368
SUPPLEMENTAL DISCLOSURE INFORMATION		
Cash paid for interest	$ 1,402	$ 1,678
Cash paid for income taxes	$ —	$ —
Share-based compensation capitalized in intangible assets	$ 15	$ 55
Non-cash additions to property and equipment	$ 138	$ —
Reclassification of puttable option from liability to equity	$ 1,150	$ —

See notes to condensed consolidated financial statements

1. Summary of significant accounting policies

(a) Basis of preparation and liquidity

The accompanying unaudited condensed consolidated financial statements have been prepared by Fluent, Inc., a Delaware corporation (the "Company" or "Fluent"), in accordance with accounting principles generally accepted in the United States ("US GAAP") and applicable rules and regulations of the Securities and Exchange Commission (the "SEC") regarding interim financial reporting. Certain information and note disclosures normally included in annual financial statements prepared in accordance with US GAAP have been condensed or omitted pursuant to those rules and regulations.

The accompanying unaudited condensed consolidated financial statements reflect all normal recurring adjustments necessary to present fairly the financial position, results of operations, and cash flows for the interim periods, but are not necessarily indicative of the results of operations to be anticipated for any future interim periods or for the full year ending December 31, 2019.

The information included in this quarterly report on Form 10-Q should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018 ("2018 Form 10-K") filed with the SEC on March 18, 2019.

The condensed consolidated balance sheet as of December 31, 2018 included herein was derived from the audited financial statements as of that date included in the 2018 Form 10-K.

Principles of consolidation

The condensed consolidated financial statements include the financial statements of the Company and its subsidiaries. All significant transactions among the Company and its subsidiaries have been eliminated upon consolidation.

Spin-off of Red Violet

On March 26, 2018, Fluent completed the previously announced spin-off (the "Spin-off") of its risk management business from its performance marketing business by way of a distribution of all the shares of common stock of Fluent's wholly-owned subsidiary, Red Violet, Inc. ("Red Violet"), to Fluent's stockholders of record as of March 19, 2018 and certain warrant holders.

In accordance with Accounting Standards Codification ("ASC") 205-20, "*Discontinued Operations*," the results of Red Violet through the date of the Spin-off are reflected in the Company's prior year condensed consolidated financial statements as discontinued operations and, therefore, are presented as loss from discontinued operations on the condensed consolidated statements of operations and cash activity from discontinued operations on the condensed consolidated statements of cash flows. See Note 3, "Discontinued operations," for details.

Reclassifications

During the year ended December 31, 2018, the Company reviewed its classification of certain expenses in its consolidated statement of operations in an effort to bring added transparency and conformity to its reporting. As a result of this review, the Company made a number of changes to the way it classifies operating expenses. Expenses for prior periods have been reclassified to conform to the current period presentation. For the three months ended March 31, 2018, the reclassifications had no effect on loss from operations, net loss from continuing operations, or net loss.

The following table summarizes the reclassification activity for the three months ended March 31, 2018:

(in thousands)	**As previously reported (1)**	**Category expansion**	**Operating costs and expenses reclassification**	**As currently reported**
Cost of revenue (exclusive of depreciation and amortization)	$ 35,663	$ —	$ 1,956	$ 37,619
Sales and marketing	4,006	(481)	(423)	3,102
Product development	—	734	—	734
General and administrative	8,445	(253)	(1,533)	6,659

During 2018, the Company reclassified certain trade-related accruals from accounts payable (previously trade accounts payable) into accrued expenses and other current liabilities. As a result, for the three months ended March 31, 2018, within cash flows from operating activities on the condensed consolidated statements of cash flows, the increase in accounts payable was reduced by $4,455 resulting in a decrease of $3,291, and the decrease in accrued expenses and other current liabilities was reduced by $4,455 resulting in an increase of $359.

Immaterial Correction of an Error

During the year ended December 31, 2018, the Company identified an error in its calculation of basic and diluted weighted average shares outstanding, in which shares that had vested but were subject to deferred delivery were not included in both the basic and diluted calculations. As a result, basic and diluted loss per share as previously reported for three months ended March 31, 2018 was overstated by an immaterial amount. For the three months ended March 31, 2018, basic and diluted weighted average shares outstanding increased by 4,225,959 shares from 67,311,784 to 71,537,743 shares. The correction of the error resulted in a decrease in basic and diluted loss per share from discontinued operations and net loss from $0.31 and $0.40 per share to $0.30 and $0.37 per share, respectively.

(b) Recently issued and adopted accounting standards

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-02 ("ASU 2016-02"), *Leases (Topic 842)*, and additional changes, modifications, clarifications or interpretations thereafter, which generally require companies to recognize operating and financing lease liabilities and corresponding right-of-use assets on the balance sheet. Effective January 1, 2019, the Company adopted ASU 2016-02 using a modified retrospective approach, utilizing transition guidance introduced in ASU 2018-11, *Leases: Targeted Improvements*, and elected the 'package of practical expedients,' which permits the Company not to reassess prior conclusions about lease identification, classification and initial direct costs.

As of January 1, 2019, the adoption of ASU 2016-02 resulted in the recording of right-of-use assets and operating lease liabilities of $10,866 and $11,138, respectively, on the condensed consolidated balance sheets. The difference between the right-of-use assets and operating lease liabilities was recorded as a write-off of the previously recognized deferred rent liability included in accrued expenses and other current liabilities on the condensed consolidated balance sheets. The standard did not impact the Company's condensed consolidated statements of operations or condensed consolidated statements of cash flows. The accounting for financing leases, previously referred to as capital leases, remained unchanged as a result of the adoption of this guidance.

Subsequent to the adoption of Accounting Standards Codification ("ASC") 842, the Company will continue to recognize, on a discounted basis, its minimum commitments under noncancelable operating leases on its consolidated balance sheets. ASC 842 also provides practical expedients for an entity's ongoing accounting. The Company has elected the short-term lease recognition exemption for all leases that qualify. Accordingly, the Company will not recognize right-of-use assets or lease liabilities for qualifying leases, including existing short-term leases in effect at the transition date, and will recognize those payments on the consolidated statements of operations on a straight-line basis over the lease term. Additionally, the Company has elected the practical expedient to not separate lease and non-lease components for all of its leases. See Note 4, *Lease commitments*, for additional disclosures.

In January 2016, FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses*, and additional changes, modifications, clarifications or interpretations thereafter, which require a reporting entity to estimate credit losses on certain types of financial instruments, and present assets held at amortized cost and available-for-sale debt securities at the amount expected to be collected. The new guidance is effective for annual and interim periods beginning after December 15, 2019, and early adoption is permitted. The Company is currently evaluating the impact of the new guidance on its consolidated financial statements.

(c) Revenue recognition

Revenue is recognized when control of goods or services is transferred to customers, in amounts that reflect the consideration the Company expects to be entitled to in exchange for those goods or services. The Company's performance obligation is typically to (a) deliver data records, based on predefined qualifying characteristics specified by the customer or (b) generate conversions, based on predefined user actions (for example, a click, a registration or the installation of an app) and subject to certain qualifying characteristics specified by the customer.

The Company applies the practical expedient related to the review of a portfolio of contracts in reviewing the terms of customer contracts as one collective group, rather than by individual contract. Based on historical knowledge of the contracts contained in this portfolio and the similar nature and characteristics of the customers, the Company has concluded the financial statement effects are not materially different than accounting for revenue on a contract-by-contract basis.

Revenue is recognized upon satisfaction of the associated performance obligations. The Company's customers simultaneously receive and consume the benefits provided as the Company satisfies its performance obligations. Furthermore, the Company elected the "right to invoice" practical expedient available within ASC 606-10-55-18 as the measure of progress, since the Company has a right to payment from a customer in an amount that corresponds directly with the value of the performance completed to date. The Company's revenue arrangements do not contain significant financing components. The Company has further concluded that revenue does not require disaggregation.

If a customer pays consideration before the Company's performance obligations are satisfied, such amounts are classified as deferred revenue. As of March 31, 2019 and December 31, 2018, the balance of deferred revenue was $674 and $444, respectively. The majority of the deferred revenue balance as of December 31, 2018 was recognized into revenue during the first quarter of 2019.

If there is a delay between the period in which revenue is recognized and when customer invoices are issued, revenue is recognized and related amounts are recorded as unbilled revenue in accounts receivable on the condensed consolidated balance sheets. As of March 31, 2019 and December 31, 2018, unbilled revenue included in accounts receivable totaled $23,413 and $25,545, respectively. In line with industry practice, the unbilled revenue balance is recorded based on the Company's internally-tracked conversions, net of estimated variances between this amount and the amount tracked and subsequently confirmed by customers. The majority of invoices included within the unbilled revenue balance are issued within the month directly following the period of service. Historical estimates related to unbilled revenue are not materially different from actual revenue billed.

Sales commissions are recorded at the time revenue is recognized and recorded in sales and marketing expenses. The Company has elected to utilize a practical expedient to expense incremental costs incurred related to obtaining a contract.

In addition, the Company elected the practical expedient to not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which revenue is recognized at the amount to which the Company has the right to invoice for services performed.

(d) Cash, cash equivalents and restricted cash

As of March 31, 2019 and 2018, the Company's cash, cash equivalents and restricted cash balances consist of the following:

	Three Months Ended March 31,	
(In thousands)	**2019**	**2018**
Cash and cash equivalents	$ 18,707	$ 5,368
Restricted cash	1,480	—
Total cash, cash equivalents and restricted cash	$ 20,187	$ 5,368

2. Income (loss) per share

Basic income (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period, in addition to restricted stock units ("RSUs") and restricted common stock that are vested not delivered. Diluted income (loss) per share reflects the potential dilution that could occur if securities or other contracts to issue common stock are exercised or converted into common stock and is calculated using the treasury stock method for stock options, restricted stock units, restricted stock, warrants and deferred common stock. Common equivalent shares are excluded from the calculation in loss periods, as their effects would be anti-dilutive.

For the three months ended March 31, 2019 and 2018, basic and diluted income (loss) per share was as follows:

	Three Months Ended March 31,	
(In thousands, except share data)	**2019**	**2018**
Numerator:		
Net income (loss) from continuing operations	$ 1,045	$ (5,558)
Net loss from discontinued operations	—	(21,124)
Net income (loss)	$ 1,045	$ (26,682)
Denominator:		
Weighted average of shares outstanding	75,621,360	67,311,784
Weighted average restricted shares vested not delivered	3,476,066	4,225,959
Total basic weighted average shares outstanding	79,097,426	71,537,743
Dilutive effect of assumed conversion of restricted stock units	769,495	—
Dilutive effect of assumed conversion of warrants	197,068	—
Total weighted average diluted shares outstanding	80,063,989	71,537,743
Basic and diluted income (loss) per share: (1)		
Continuing operations	$ 0.01	$ (0.08)
Discontinued operations	$ —	$ (0.30)
Net income (loss)	$ 0.01	$ (0.37)

(1) Income (loss) per share tables may contain summation differences due to rounding.

The following potentially dilutive securities were excluded from the calculation of diluted income (loss) per share because their effects would have been anti-dilutive for the periods presented:

	Three Months Ended March 31,	
	2019	**2018**
Restricted stock units	2,164,404	3,814,128
Stock options	2,142,000	222,000
Warrants	1,665,443	2,623,776
Total anti-dilutive securities	5,971,847	6,659,904

3. Discontinued operations

In accordance with ASC 205-20, *Discontinued Operations*, the financial results of Red Violet are reflected in the Company's condensed consolidated financial statements as discontinued operations and, therefore, are presented as loss from discontinued operations on the condensed consolidated statements of operations and cash activity from discontinued operations on the condensed consolidated statements of cash flows.
For the three months ended March 31, 2018, the financial results of operations of Red Violet were as follows:

(In thousands)	**Three Months Ended March 31, 2018**
Major classes of line items constituting loss from discontinued operations:	
Revenue	$ 3,325
Cost of revenue (exclusive of depreciation and amortization)	2,017
Sales and marketing expenses	1,089
General and administrative expenses	1,852
Depreciation and amortization	451
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)

For the three months ended March 31, 2018, included in the net loss from discontinued operations is a loss on disposal of discontinued operations of $19,040, of which an aggregate of $16,030 represented non-cash charges. The loss on disposal of discontinued operations consisted of the following:

(In thousands)		**Three Months Ended March 31, 2018**
Share-based compensation expense (1)	$	15,548
Write-off of unamortized debt costs (2)		284
Write-off of certain prepaid expenses		198
Spin-off related professional fees		2,012
Spin-off related employee compensation		998
Loss on disposal of discontinued operations	$	19,040

(1) As discussed and defined in Note 10, "Share-based compensation," share-based compensation expense represents non-cash expense in connection with the Acceleration of certain previously outstanding but unvested stock options, RSUs and restricted stock and additional Spin-off Grants, in connection with the Spin-off.

(2) As discussed in Note 7, "Long-term debt, net," in connection with the Spin-off, the Company repaid the Promissory Notes to certain shareholders, which resulted in a write-off of unamortized debt costs of $284.

In addition, during the first quarter of 2018, in connection with the Spin-off of Red Violet, an aggregate of $7,708 was recognized in costs and expenses from continuing operations as spin-off transaction costs, and included non-cash share-based compensation expense of $5,409 as a result of 2,041,000 shares of Transaction Grants (as defined in Note 10, *Share-based compensation*), and employee cash compensation of $2,299.

4. Lease commitments

At the inception of a contract, the Company determines whether the contract is or contains a lease based on the facts and circumstances present. Operating leases with a term greater than one year are recognized on the condensed consolidated balance sheets as right-of-use assets, current portion of operating lease liability and operating lease liability, net. Financing leases with a term greater than one year are recognized on the condensed consolidated balance sheets as property and equipment, net, accrued expenses and other current liabilities and other non-current liabilities. The Company has elected not to recognize leases with terms of one year or less on the condensed consolidated balance sheets.

Lease obligations and their corresponding assets are recorded based on the present value of lease payments over the expected lease term. As the interest rate implicit in lease contracts is typically not readily determinable, the Company utilizes the appropriate incremental borrowing rate, which is the rate incurred to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. Certain adjustments to the right-of-use asset may be required for items such as initial direct costs paid or incentives received. The components of a lease should be split into three categories: lease components, non-lease components and non-components; however, the Company has elected to combine lease and non-lease components into a single component. Rent expense associated with operating leases is recognized over the expected term on a straight-line basis. In connection with financing leases, depreciation of the underlying asset is recognized over the expected term on a straight-line basis and interest expense is recognized as incurred.

The Company has entered into various noncancelable operating and financing lease agreements for certain offices and furniture, fixtures and office equipment. These leases have original lease periods expiring between 2021 and 2025. Although certain leases include options to renew, the Company does not assume renewals in the determination of the lease term unless the renewals are deemed to be reasonably assured at lease commencement. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

For the three months ended March 31, 2019, the components of lease costs, lease term and discount rate are as follows:

(In thousands)	Three Months Ended March 31, 2019
Operating leases:	
Rent expense	$ 489
Financing lease:	
Leased furniture, fixtures and office equipment depreciation expense	24
Interest expense	11
Short-term leases:	
Rent expense	225
Total lease costs	$ 749
Weighted average remaining lease term	
Operating leases	6.5 years
Financing lease	6.6 years
Weighted average discount rate	
Operating leases	5.0%
Financing lease	5.0%

As of March 31, 2019, scheduled future maturities of the Company's lease liabilities are as follows:

(In thousands)	March 31, 2019	
Year	Operating Leases	Financing Lease
Remainder of 2019	$ 594	$ 88
2020	2,160	157
2021	2,131	157
2022	2,082	158
2023	2,222	169
Thereafter	4,116	312
Total undiscounted cash flows	13,305	1,041
Less: imputed interest	(2,134)	(160)
Present value of lease liabilities	$ 11,171	$ 881

For the three months ended March 31, 2019, supplemental cash flow information related to leases are as follows:

(In thousands)	Three Months Ended March 31, 2019
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows used for operating leases	$ 399
Operating cash flows used for financing lease	$ 13
Lease liabilities related to the acquisition of right-of-use assets:	
Operating lease	$ 69

5. Intangible assets, net

Intangible assets, other than goodwill, consist of the following:

(In thousands)	Amortization period	March 31, 2019	December 31, 2018
Gross amount:			
Software developed for internal use	3 years	$ 3,125	$ 3,037
Acquired proprietary technology	5 years	11,459	11,459
Customer relationships	7-10 years	34,986	34,986
Trade names	20 years	16,357	16,357
Domain names	20 years	191	191
Databases	5-10 years	31,292	31,292
Non-competition agreements	2-5 years	1,768	1,768
Total gross amount		99,178	99,090
Accumulated amortization:			
Software developed for internal use		(1,210)	(1,282)
Acquired proprietary technology		(7,558)	(6,987)
Customer relationships		(15,613)	(14,417)
Trade names		(2,709)	(2,504)
Domain names		(32)	(29)
Databases		(11,475)	(10,573)
Non-competition agreements		(1,522)	(1,486)
Total accumulated amortization		(40,119)	(37,278)
Net intangible assets:			
Software developed for internal use		1,915	1,755
Acquired proprietary technology		3,901	4,472
Customer relationships		19,373	20,569
Trade names		13,648	13,853
Domain names		159	162
Databases		19,817	20,719
Non-competition agreements		246	282
Total net intangible assets		$ 59,059	$ 61,812

The gross amounts associated with software developed for internal use primarily represent capitalized costs for internally-developed software. The amounts relating to acquired proprietary technology, customer relationships, trade names, domain names, databases and non-competition agreements primarily represent the fair values of intangible assets acquired as a result of the acquisition of Fluent, LLC ("Fluent LLC"), effective on December 8, 2015 (the "Fluent LLC Acquisition"), and the acquisition of Q Interactive, LLC, effective on June 8, 2016 (the "Q Interactive Acquisition").

For the three months ended March 31, 2019 and 2018, amortization expense related to intangible assets and included in depreciation and amortization expense in the Company's condensed consolidated statements of operations was $3,125 and $3,208, respectively. As of March 31, 2019, intangible assets with a carrying amount of $607, included in the gross amount of software developed for internal use, have not commenced amortization, as they are not ready for their intended use.

As of March 31, 2019, estimated amortization expenses related to the Company's intangible assets for the remainder of 2019 through 2024 and thereafter are as follows:

(In thousands) Year	March 31, 2019
Remainder of 2019	$ 9,525
2020	12,427
2021	8,886
2022	8,049
2023	3,967
2024 and thereafter	16,205
Total	$ 59,059

6. Goodwill

Goodwill represents the cost in excess of fair value of net assets acquired in a business combination. As of March 31, 2019, the total balance of goodwill was $159,791, as a result of the acquisition of Interactive Data, LLC effective on October 2, 2014, the Fluent LLC Acquisition and the Q Interactive Acquisition.

In accordance with ASC Topic 350, *Intangibles - Goodwill and Other,* goodwill is tested at least annually for impairment, or when events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable, by assessing qualitative factors or performing a quantitative analysis in determining whether it is more likely than not that its fair value exceeds the carrying value. The measurement date of the Company's annual goodwill impairment test is October 1.

For the three months ended March 31, 2019, there were no events or changes in circumstances to indicate that goodwill is impaired.

7. Long-term debt, net

Long-term debt, net, related to the Refinanced Term Loan (as defined below) consisted of the following:

(In thousands)	March 31, 2019	December 31, 2018
Principal amount	$ 59,445	$ 60,320
Less: Unamortized debt issuance costs	(4,529)	(4,848)
Long-term debt, net	54,916	55,472
Less: Current portion of long-term debt	(4,824)	(3,500)
Long-term debt, net (non-current)	$ 50,092	$ 51,972

Refinanced Term Loan

In connection with the Spin-off of Red Violet, Fluent LLC refinanced and fully repaid the its existing term loans (the "Term Loans") and certain promissory notes (the "Promissory Notes"), which had been entered into on December 8, 2015, with a new term loan in the amount of $70.0 million ("Refinanced Term Loan"), pursuant to a Limited Consent and Amendment No. 6 ("Amendment No. 6") to its Credit Agreement (the "Credit Agreement"), effective on March 26, 2018 (the "Refinancing").

The Refinanced Term Loan is guaranteed by the Company and its direct and indirect subsidiaries, and secured by substantially all of the assets of the Company and its direct and indirect subsidiaries, including Fluent LLC, in each case, on an equal and ratable basis. The Refinanced Term Loan accrues interest at the rate of either, at Fluent's option, (a) LIBOR (subject to a floor of 0.50%) plus 7.00% per annum, or (b) the base rate (generally equivalent to the U.S. prime rate) plus 6.0% per annum, payable in cash. Interest under the Refinanced Term Loan is payable monthly. Scheduled principal amortization of the Refinanced Term Loan is $875 per quarter, commencing with the fiscal quarter ended June 30, 2018. The Refinanced Term Loan matures on March 26, 2023.

On March 26, 2018, the Refinanced Term Loan was utilized to repay in full the outstanding principal amount plus accrued PIK interest of the Term Loans and Promissory Notes of $55,586 and $11,425, respectively. Prepayment premiums and unamortized debt costs associated with the Term Loans of $2,818 and $3,136, respectively, were capitalized in the balance of the Refinanced Term Loan and are being amortized over the remaining period of the Refinanced Term Loan. In addition, refinancing costs paid to third parties of $193 were recognized in loss on disposal of discontinued operations. See Note 3, "Discontinued operations," for details.

The Credit Agreement, as amended, requires the Company to maintain and comply with certain financial and other covenants, commencing with the fiscal quarter ended June 30, 2018. In addition, the Credit Agreement, as amended, includes certain prepayment provisions, including mandatory quarterly principal prepayments of the Refinanced Term Loan with a portion of the Company's excess cash flow, as defined in the Credit Agreement. For the three months ended March 31, 2019, the quarterly prepayment resulting from excess cash flow was $1,324. As of March 31, 2019, this amount was reclassified to the current portion of long-term debt and will be paid during the second quarter.As of March 31, 2019, the Company was in compliance with all of the financial and other covenants under the Credit Agreement.

Maturities

As of March 31, 2019, scheduled future maturities of the Refinanced Term Loan, including the required principal prepayment based on a portion of the Company's quarterly excess cash flow of $1,324 for the first quarter of 2019 and excluding potential future additional principal prepayments, are as follows:

(In thousands)		
Year		
Remainder of 2019	$	3,949
2020		3,500
2021		3,500
2022		3,500
2023		44,996
Total maturities	$	59,445

Fair value

As of March 31, 2019, the fair value of long-term debt is considered to approximate its carrying value, as the Refinanced Term Loan has a variable interest rate. This fair value assessment represents a Level 2 measurement.

8. Income taxes

The Company is subject to federal and state income taxes in the United States. The tax provision for interim periods is determined using an estimate of the Company's annual effective tax rate. The Company updates its estimated annual effective tax rate on a quarterly basis and, if the estimate changes, makes a cumulative adjustment.

The Company recorded a full valuation allowance against net deferred tax assets as of March 31, 2019 and December 31, 2018 and intends to continue maintaining a full valuation allowance on these net deferred tax assets until there is sufficient evidence to support the release of all or some portion of these allowances. Based on current income from continuing operations and anticipated future earnings, the Company believes there is a reasonable possibility that within the next 12 months sufficient positive evidence may become available to allow a conclusion to be reached that a significant portion, if not all, of the valuation allowance will be released. Release of some or all of the valuation allowance would result in the recognition of certain deferred tax assets and an increase in deferred tax benefit for any period in which such a release may be recorded, however, the exact timing and amount of any valuation allowance release are subject to change, depending upon the level of profitability that the Company is able to achieve and the net deferred tax assets available.

For the three months ended March 31, 2019 and 2018, the Company's effective income tax rate of 3%, differed from the statutory federal income tax rates of 21% and 34%, respectively, with such differences resulting primarily from the application of the full valuation allowance against the Company's deferred tax assets.

The Company assesses its income tax positions and records tax benefits for all years subject to examination based upon its evaluation of the facts, circumstances and information available at the reporting dates. For those tax positions where it is more-likely-than-not that a tax benefit will be sustained, the Company has recorded the largest amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more-likely-than-not that a tax benefit will be sustained, no tax benefit has been recognized in the Company's financial statements.

As of March 31, 2019 and December 31, 2018, the balance of unrecognized tax benefits was $1,480. The unrecognized tax benefits, if recognized, would result in an increase to net operating losses that would be subject to a valuation allowance and, accordingly, result in no impact to the Company’s annual effective tax rate. As of March 31, 2019, the Company has not accrued any interest or penalties with respect to its uncertain tax positions.

The Company does not anticipate a significant increase or reduction in unrecognized tax benefits within the next twelve months.

9. Common stock, treasury stock and warrants

Common stock

As of March 31, 2019 and December 31, 2018, the number of issued shares of common stock was 77,603,189 and 76,525,581, respectively, which included shares of treasury stock of 1,554,829 and 1,233,198, respectively.

For three months ended March 31, 2019, the change in the number of issued shares of common stock was a result of an aggregate 1,077,608 shares of common stock issued upon vesting of RSUs, including 321,631 shares of common stock withheld to cover statutory taxes upon such vesting, which are reflected in treasury stock, discussed below.

Treasury stock

As of March 31, 2019 and December 31, 2018, the Company held shares of treasury stock of 1,554,829 and 1,233,198, with a cost of $4,882 and $3,272, respectively.

The Company's share-based incentive plans, discussed in detail in Note 10, *Share-based compensation*, allow employees to forfeit shares of common stock to satisfy federal and state statutory tax withholding obligations upon the exercise of stock options and the vesting of RSUs and restricted stock awards. The forfeited shares of common stock may be taken into treasury stock by the Company or sold on the open market. For the three months ended March 31, 2019, 321,631 shares of common stock were withheld to cover statutory taxes owed by certain employees upon the vesting of their respective RSUs. These shares were taken into treasury stock.

Warrants

As of March 31, 2019 and December 31, 2018, warrants to purchase an aggregate of 2,498,776 shares of common stock were outstanding, respectively, with exercise prices ranging from $3.75 to $6.00 per share.

On July 9, 2018 the Company entered into First Amendments (the "First Amendments") to the Amendments to Warrants and Agreements to Exercise ("Amended Whitehorse Warrants") with (i) H.I.G. Whitehorse SMA ABF, L.P. regarding 46,667 warrants to purchase common stock of the Company, par value $0.0005 per share, at an exercise price of $3.00 per share; (ii) H.I.G. Whitehorse SMA Holdings I, LLC regarding 66,666 warrants to purchase common stock of the Company at an exercise price of $3.00 per share; and (iii) Whitehorse Finance, Inc. regarding 186,667 warrants to purchase common stock of the Company at an exercise price of $3.00 per share. In November 2017, the Amended Whitehorse Warrants were exercised and the Company issued an aggregate of 300,000 shares of common stock of the Company (the "Warrant Shares") to the warrant holders. Pursuant to the First Amendments, the warrant holders have the right, but not the obligation, to require the Company to purchase from these warrant holders the 300,000 Warrant Shares at $3.8334 per share (the "Put Right"), which may be exercised during the period commencing January 1, 2019 and ending December 15, 2019. In accordance with ASC 480, *Distinguishing Liabilities from Equity*, the Put Right has historically been classified within other current liabilities on the condensed consolidated balance sheets because the market price of the Company's common stock has been lower than the exercise price of $3.8334 per share. As of March 29, 2019, the last reported sale price of the Company's common stock was $5.62 per share, which resulted in the reclassification of the Put Right totaling $1,150 from other current liabilities to equity, which is included within additional paid-in-capital on the condensed consolidated balance sheets as of March 31, 2019.

10. Share-based compensation

As of March 31, 2019, the Company maintains two share-based incentive plans: the Cogint, Inc. 2015 Stock Incentive Plan (the "2015 Plan") and the Fluent, Inc. 2018 Stock Incentive Plan (the "2018 Plan") which, combined, authorize the issuance of

(Amounts in thousands, except share data)

21,104,836 shares of common stock. The primary purpose of the 2015 Plan and 2018 Plans, respectively, is to attract, retain, reward and motivate certain individuals by providing them with opportunities to acquire or increase their ownership interests in the Company.

As of March 31, 2019, there were 78,601 and 3,865,586 shares of common stock reserved for issuance under the 2015 Plan and the 2018 Plan, respectively.

Spin-off of Red Violet

On March 8, 2018, the Company's Compensation Committee approved the acceleration (the "Acceleration") of stock options, RSUs and restricted stock held by certain employees, consultants, and directors, including only those employees who were to continue with Red Violet upon completion of the Spin-off, subject to such employees still being employed or providing services on March 12, 2018 (the "Acceleration Date"). An aggregate of 5,157,998 shares were accelerated, including 47,500 stock options, 4,960,498 RSUs (inclusive of 500,000 shares to Marlin Capital and 2,500,000 to Michael Brauser), and 150,000 shares of restricted stock. Share-based compensation expense of $14,667 resulting from the Acceleration was recognized in loss on disposal of discontinued operations during the first quarter of 2018.

In connection with the Spin-off of Red Violet, common stock awards comprised of an aggregate of 304,000 shares were granted to certain employees of Red Violet ("Spin-off Grants") during the first quarter of 2018, and related share-based compensation expense of $881 was recognized in loss on disposal of discontinued operations. Additionally, an aggregate of 2,041,000 shares of common stock, subject to deferred delivery over a three-year period, were granted to certain Fluent employees as a result of the Spin-off ("Transaction Grants"), and related share-based compensation expense of $5,409 was recognized in costs and expenses as part of the Spin-off transaction costs during the first quarter of 2018.

In total, share-based compensation expense of $15,548, which resulted from the Acceleration and Spin-off Grants in connection with the Spin-off, was recognized in loss on disposal of discontinued operations during the first quarter of 2018. See Note 3, "Discontinued operations".

Stock options

On January 31, 2019, the Compensation Committee of the Company's Board of Directors granted to certain officers stock options, which were issued under the 2018 Plan on February 1, 2019. Subject to continuing service, 50% of the shares subject to these stock options will vest if the Company's stock price remains above 125% of the share price at the grant date for 20 consecutive trading days, and the remaining 50% of the shares subject to these stock options will vest if the Company's stock price remains above 156.25% of the share price at the grant date for 20 consecutive trading days; provided, that no shares will vest prior to the first anniversary of the grant date. Any shares that remain unvested as of the fifth anniversary of the grant date will vest in full on such date. The fair value of the stock options granted was estimated at the date of grant using a Monte Carlo simulation model. The range of the fair value of the stock options that were awarded is $2.82 to $2.87 per share. The key assumptions utilized to calculate the grant-date fair values for these awards are summarized below:

Key Assumptions		
Grant date share price	$	4.64
Expected term		1.0 - 1.3 years
Expected volatility		65%
Dividend yield		—%
Risk-free rate		2.61%

For the three months ended March 31, 2019, details of stock option activity were as follows:

(Amounts in thousands, except share data)

	Number of options		Weighted average exercise price per share	Weighted average remaining contractual term		Aggregate intrinsic value
Outstanding as of December 31, 2018	112,000	$	13.98	2.8 years	$	—
Granted	2,030,000	$	4.64			
Outstanding as of March 31, 2019	2,142,000	$	5.13	9.5 years	$	2,009
Options vested and expected to vest as of March 31, 2019	2,142,000	$	5.13	9.5 years	$	2,009
Options exercisable as of March 31, 2019	112,000	$	13.98	2.6 years	$	19

The aggregate intrinsic value amounts in the table above represent the difference between the closing price of the Company's common stock on March 29, 2019 of $5.62 and the corresponding exercise prices, multiplied by the number of in-the-money stock options as of the same date.

The unvested balance of options is shown below for the three months ended March 31, 2019:

	Number of options		Weighted average exercise price per share	Weighted average remaining contractual term
Unvested as of December 31, 2018	—	$	—	—
Granted	2,030,000	$	4.64	
Unvested as of March 31, 2019	2,030,000	$	4.64	9.8 years

For the three months ended March 31, 2019, compensation expense recognized for these stock options of $851 was recorded in sales and marketing and general and administrative expenses in the condensed consolidated statements of operations. For the three months ended March 31, 2018, compensation expense recognized for these stock options of $243 was recorded in discontinued operations in the condensed consolidated statements of operations. As of March 31, 2019, there was $4,925 of unrecognized share-based compensation with respect to outstanding stock options.

Restricted stock units, common stock grants and restricted stock

For the three months ended March 31, 2019, details of unvested RSU, common stock and restricted stock activity were as follows:

	Number of units		Weighted average grant-date fair value
Unvested as of December 31, 2018	3,831,965	$	7.95
Granted	1,725,930	$	4.78
Vested and delivered	(755,977)	$	5.02
Withheld as treasury stock (1)	(321,631)	$	5.25
Vested not delivered (2)	(673,338)	$	7.25
Forfeited	(48,791)	$	3.39
Unvested as of March 31, 2019	3,758,158	$	7.50

(1) As discussed in Note 9, the increase in treasury stock was due to shares withheld to cover statutory withholding taxes upon the vesting of RSUs. As of March 31, 2019, there were 1,554,829 outstanding shares of treasury stock.

(2) Vested not delivered represent vested RSUs or common stock grants with delivery deferred to a future time. For the three months ended March 31, 2019, there was a net increase of 673,338 shares included in vested not delivered, as a result of the vesting of RSUs with deferred delivery elections. As of March 31, 2019, there were 3,583,255 outstanding RSUs or shares of common stock grants included in vested not delivered.

For the three months ended March 31, 2019 and 2018, the Company recognized compensation (included in sales and marketing , product development, general and administrative and discontinued operations in the condensed consolidated statements of operations, and intangible assets in the condensed consolidated balance sheets) for RSUs, common stock and restricted stock of $1,439 and $22,701, respectively. The fair value of the RSUs and restricted stock was estimated using the closing prices of the Company's common stock on the dates of grant.

As of March 31, 2019, unrecognized share-based compensation expense associated with the granted RSUs and stock options amounted to $18,985, which is expected to be recognized over a weighted average period of 2.5 years.

For the three months ended March 31, 2019 and 2018, share-based compensation for the Company's stock option, RSU, common stock and restricted stock awards were allocated to the following accounts in the condensed consolidated financial statements:

	Three Months Ended March 31,	
(In thousands)	**2019**	**2018**
Sales and marketing	$ 369	$ 666
Product development	245	158
General and administrative	1,661	415
Spin-off transaction costs	—	5,409
Discontinued operations	—	15,713
Total share-based compensation expense	2,275	22,361
Capitalized in intangible assets of continuing operations	15	159
Capitalized in intangible assets of discontinued operations	—	181
Total share-based compensation	$ 2,290	$ 22,701

11. Segment information

The Company identifies operating segments as components of an entity for which discrete financial information is available and is regularly reviewed by the chief operating decision maker(s) in making decisions regarding resource allocation and performance assessment. The Company defines the term “chief operating decision makers” to be its chief executive officer and its president. The Company has determined it operates in one operating segment and one reportable segment, as its chief operating decision makers review financial information presented on a consolidated basis for purposes of allocating resources and evaluating financial performance.

Revenue by country is based on the billing address of the customer. For the three months ended March 31, 2019 and 2018, revenue by geographic area was as follows:

	Three Months Ended March 31,	
(In thousands)	**2019**	**2018**
United States	$ 58,654	$ 52,317
International	7,907	3,672
Revenue	$ 66,561	$ 55,989

Revenue from individual countries other than the United States did not exceed 10% of total revenue for the periods presented. All significant long-lived assets are located in the United States.

12. Related party transactions

For the three months ended March 31, 2019 and 2018, material related party transactions were as follows:

Business Consulting Agreement

Pursuant to a Business Consulting Agreement, Marlin Capital, an affiliate of Michael Brauser, held RSUs representing the right to receive 2,000,000 shares of the Company's common stock, for consulting services provided by Marlin Capital. These RSUs were to vest annually beginning from October 13, 2015 only if certain performance goals of the Company were met. The shares underlying such RSUs would not have been delivered until October 13, 2018, unless there was a change of control of the Company, termination of the agreement by the Company without cause, or termination of the agreement by Marlin Capital for good reason. The Company determined the performance goals were met as of December 31, 2016. For the three months ended March 31, 2018, share-based compensation expense of negative $1,792, as a result of the revaluation of the fair value of RSUs granted, was recognized in general and administrative expenses in association with shares under the Marlin Capital agreement. On March 12, 2018, the Company terminated the Business Consulting Agreement. The unvested 500,000 shares were accelerated and the related share-based compensation expense of $906,000 was recognized fully in loss on disposal of discontinued operations during the first quarter of 2018.

Promissory Notes

On December 8, 2015, the Company entered into the Promissory Notes, with an interest rate of 10% per annum, with certain investors, for aggregate financing of $10.0 million, consisting of $5.0 million from Frost Gamma, $4.0 million from Michael Brauser and $1.0 million from another investor. During the three months ended March 31, 2018, the Company repaid $533, $426 and $107 to Frost Gamma, Michael Brauser and another investor, respectively. On March 26, 2018, as part of the Refinancing associated with the Spin-off of Red Violet, the principal amounts plus accrued PIK interest of the Promissory Notes owing to Frost Gamma, Michael Brauser and such other investor, of $5,713, $4,570 and $1,143, respectively, were fully repaid.

Consulting Agreement

On September 6, 2017, the Company entered into a Consulting Agreement with Michael Brauser, effective as of June 23, 2017, for a term of four years, under which Mr. Brauser served as a strategic advisor to the Company but received no salary for such services. In consideration for Mr. Brauser's services, the Consulting Agreement provided for continued vesting of all outstanding RSUs granted to Mr. Brauser under the Brauser Employment Agreement. For the three months ended March 31, 2018, share-based compensation expense of $302, associated with the Consulting Agreement, was recognized in general and administrative expenses. In addition, upon the Acceleration, the remaining unvested 2,500,000 shares were accelerated, and related share-based compensation expense of $6,468 was recognized in loss on disposal of discontinued operations during the first quarter of 2018. The Consulting Agreement was terminated upon the Spin-off of Red Violet.

13. Contingencies

In the ordinary course of business, the Company is subject to loss contingencies that cover a range of matters. An estimated loss from a loss contingency, such as a legal proceeding or claim, is accrued if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. In determining whether a loss should be accrued, the Company evaluates, among other factors, the degree of probability and the ability to reasonably estimate the amount of any such loss.

On October 26, 2018, the Company received a subpoena from the New York Attorney General’s Office (“NY AG”) regarding compliance with New York Executive Law § 63(12) and New York General Business Law § 349, as they relate to the collection, use, or disclosure of information from or about consumers or individuals submitted to the Federal Communication Commission (“FCC”) in connection with the FCC’s rulemaking proceeding captioned “Restoring Internet Freedom,” WC Docket No. 17-108. On December 13, 2018, the Company received a subpoena from the United States Department of Justice (“DOJ”) regarding the same issue. The Company has been fully cooperating with both the NY AG and the DOJ and is responding to the subpoenas. At this time, it is not possible to determine the duration or disposition of either matter. As such, the Company is unable to make a meaningful estimate of the amount or range of loss, if any, that could result from an unfavorable outcome.

14. Subsequent events

Management has made an evaluation for subsequent events requiring recognition or disclosure in these consolidated financial statements through May 10, 2019, which is the date these condensed consolidated financial statements were available to be issued. None were identified.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Executive Overview

You should read the following discussion in conjunction with our condensed consolidated financial statements and related notes included in this Quarterly Report on Form 10-Q. This Quarterly Report on Form 10-Q contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 ("PSLRA"), Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended, (the "Exchange Act"), about our expectations, beliefs, or intentions regarding our business, financial condition, results of operations, strategies, the outcome of litigation, or prospects. You can identify forward-looking statements by the fact that these statements do not relate strictly to historical or current matters. Rather, forward-looking statements relate to anticipated or expected events, activities, trends, or results as of the date they are made. Because forward-looking statements relate to matters that have not yet occurred, these statements are inherently subject to risks and uncertainties that could cause our actual results to differ materially from any future results expressed or implied by the forward-looking statements. Many factors could cause our actual activities or results to differ materially from the activities and results anticipated in forward-looking statements. These factors include those contained in this Quarterly Report on Form 10-Q, as well as the disclosures made in the Company's Annual Report on Form 10-K for the year ended December 31, 2018 filed on March 18, 2019 ("2018 Form 10-K"), and other filings we make with the Securities and Exchange Commission (the "SEC"). We do not undertake any obligation to update forward-looking statements, except as required by law. We intend that all forward-looking statements be subject to the safe harbor provisions of PSLRA. These forward-looking statements are only predictions and reflect our views as of the date they are made with respect to future events and financial performance.

Overview

Fluent, Inc. ("we," "us," "our," "Fluent," or the "Company"), is an industry leader in data-driven digital marketing services. We primarily perform customer acquisition services by operating highly-scalable digital marketing campaigns, through which we connect our advertiser clients with consumers they are seeking to reach. We deliver data and performance-based marketing executions to our clients, which in 2018 included over 500 consumer brands, direct marketers and agencies across a wide range of industries, including Financial Services, Retail & Consumer, Media & Entertainment, Staffing & Recruitment and Marketing Services.

We attract consumers at scale to our owned digital media properties primarily through promotional offerings and employment opportunities. On average, our websites receive over 900,000 first-party user registrations daily, which include users' names, contact information and opt-in permission to present them with offers on behalf of our clients. According to comScore, we reach 12% of the U.S. digital population on a monthly basis through our owned media properties. Nearly 90% of these users engage with our media on their mobile devices or tablets. Our always-on, real-time capabilities enable users to access our media whenever and wherever they choose.

Once users have registered with our sites, we integrate proprietary direct marketing technologies to engage them with surveys, polls and other experiences, through which we learn about their lifestyles, preferences and purchasing histories. Based on these insights, we serve targeted, relevant offers to them on behalf of our clients. As new users register and engage with our sites and existing registrants re-engage, we believe the enrichment of our database enables expansion of our addressable client base and improves the effectiveness of our performance-based campaigns.

Since our inception, we have amassed a large, proprietary database of first-party, self-declared user information and preferences. We have permission to contact the majority of users in our database through multiple channels, such as email, home address, telephone, push notifications and SMS text messaging. We leverage our data primarily to serve advertisements that we believe will be relevant to users based on the information they have provided. We have also begun to leverage our existing database into new revenue streams, including utilization-based models, such as programmatic advertising and identity resolution, as well as services-based models, such as marketing research and insights.

First Quarter Financial Highlights

Three months ended March 31, 2019 compared to three months ended March 31, 2018:

- Revenue increased 19% to $66.6 million, from $56.0 million.
- Net income from continuing operations was $1.0 million, or $0.01 per share, compared to net loss from continuing operations of $5.6 million (inclusive of spin-off transaction costs of $7.7 million), or $0.08 per share.
- Net loss from discontinued operations was $0.0 million, compared to $21.1 million.

- Media margin increased 20% to $23.1 million, from $19.3 million, representing 35% of revenue.
- Adjusted EBITDA decreased 5% to $9.1 million, based on net income from continuing operations of $1.0 million, from $9.6 million, based on a net loss from continuing operations of $5.6 million.
- Adjusted net income decreased $0.2 million to $4.1 million, or $0.05 per share, from $3.9 million, or $0.05 per share.

Media margin, adjusted EBITDA and adjusted net income are non-GAAP financial measures.

Definitions, Reconciliations and Uses of Non-GAAP Financial Measures

We report the following non-GAAP 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. 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 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 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.

(In thousands)	Three Months Ended March 31, 2019	2018
Net income (loss) from continuing operations	$ 1,045	$ (5,558)
Income taxes	(35)	—
Interest expense, net	1,778	2,394
Spin-off transaction costs	—	7,708
Depreciation and amortization	3,317	3,331
General and administrative	10,043	6,659
Product development	2,150	734
Sales and marketing	3,434	3,102
Non-media cost of revenue (1)	1,361	943
Media margin	$ 23,093	$ 19,313
Revenue	$ 66,561	$ 55,989
Media margin % of revenue	34.7%	34.5%

(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 March 31, 2019	2018
Net income (loss) from continuing operations	$ 1,045	$ (5,558)
Income taxes	(35)	—
Interest expense, net	1,778	2,394
Depreciation and amortization	3,317	3,331
Share-based compensation expense	2,275	6,648
Acquisition-related costs	—	417
Restructuring and certain severance costs	110	2,322
Certain litigation and other related costs	489	46
One-time items	168	—
Adjusted EBITDA	$ 9,147	$ 9,600

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 March 31, 2019	2018
Net income (loss) from continuing operations	$ 1,045	$ (5,558)
Share-based compensation expense	2,275	6,648
Acquisition-related costs	—	417
Restructuring and certain severance costs	110	2,322
Certain litigation and other related costs	489	46
One-time items	168	—
Adjusted net income	4,087	3,875
Adjusted net income per share:		
Basic and diluted	$ 0.05	$ 0.05
Weighted average number of shares outstanding:		
Basic	79,097,426	71,537,743
Diluted	80,063,989	71,537,743

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 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 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. 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. 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 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 three months ended March 31, 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 and the related measure of adjusted net income per share exclude from net income (loss) from continuing operations (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. These items 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 three months ended March 31, 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.

Three months ended March 31, 2019 compared to three months ended March 31, 2018

Revenue. Revenue increased $10.6 million, or 19%, to $66.6 million for the three months ended March 31, 2019, from $56.0 million for the three months ended March 31, 2018. The increase was primarily attributable to demand for our performance-based marketing services from certain existing clients and the addition of new clients. This demand was enabled by our ability to access incremental media supply and expand deployment of our lifecycle marketing initiative, which re-engages users who have previously interacted with our media properties.

Cost of revenue (exclusive of depreciation and amortization). Cost of revenue increased $7.2 million, or 19%, to $44.8 million for the three months ended March 31, 2019, from $37.6 million for the three months ended March 31, 2018. Our cost of revenue primarily consists of media and related costs associated with acquiring traffic from publishers and third-party intermediaries, such as advertising exchanges. We purchase media to acquire traffic for both our owned and operated websites and on behalf of third-party advertisers.

The total cost of revenue as a percentage of revenue remained flat at 67% for the three months ended March 31, 2019 and 2018.

Sales and marketing. Sales and marketing increased $0.3 million, or 11%, to $3.4 million for the three months ended March 31, 2019, from $3.1 million for the three months ended March 31, 2018. For the three months ended March 31, 2019 and 2018, the amounts consisted mainly of employee salaries and benefits of $2.3 million and $1.9 million, advertising costs of $0.4 million and $0.4 million, and non-cash share-based compensation expense of $0.4 million and $0.7 million. The increase in sales and marketing expenses was primarily attributable to the expansion of our workforce to support growth.

Product development. For the three months ended March 31, 2019, product development increased $1.4 million to $2.2 million, from $0.7 million for the three months ended March 31, 2018. For the years ended March 31, 2019 and 2018, the amounts consisted primarily of employee salaries and benefits of $1.6 million and $0.5 million, respectively. The increase in product development costs was the result of development and innovation of our existing offerings to consumers and advertisers, and development of new product offerings, including emerging data offerings.

General and administrative. General and administrative increased $3.4 million, or 51%, to $10.0 million for the three months ended March 31, 2019, from $6.7 million for the three months ended March 31, 2018. For the three months ended March 31, 2019 and 2018, the amounts consisted mainly of employee salaries and benefits of $4.1 million and $3.6 million, non-cash share-based compensation expense of $1.7 million and $0.4 million, professional fees of $1.9 million and $1.0 million, and office overhead of $1.0 million and $0.6 million, respectively. The increase was mainly the result of increased employee-related costs resulting from the expansion of our workforce to support growth, in addition to an increase in professional fees and office overhead, partially offset by a decrease in acquisition and restructuring costs year over year.

Depreciation and amortization. Depreciation and amortization remained relatively flat at $3.3 million for the three months ended March 31, 2019 and March 31, 2018.

Spin-off transaction costs. During the first quarter of 2018, in connection with the Spin-off of Red Violet, an aggregate of $7.7 million was recognized in costs and expenses as Spin-off transaction costs, including non-cash share-based compensation expense of $5.4 million as a result of the 2,041,000 shares of Transaction Grants and employee cash compensation of $2.3 million.

Interest expense, net. Interest expense, net, decreased $0.6 million, or 26%, to $1.8 million for the three months ended March 31, 2019, from $2.4 million for the three months ended March 31, 2018.to a decline in our effective interest rate under our Refinanced Term Loan described below under "Liquidity and Capital Resources" and lower average debt obligations outstanding.

Income (loss) before income taxes from continuing operations. For the three months ended March 31, 2019, income before income taxes from continuing operations was $1.0 million, compared to a loss before income taxes from continuing operations of $5.6 million for the three months ended March 31, 2018. The change in income (loss) before income taxes from continuing operations for the three months ended March 31, 2019 as compared to the corresponding period in 2018 was primarily due to the one-time Spin-off transaction costs of $7.7 million (including non-cash compensation share-based compensation expenses of $5.4 million) incurred during the first quarter of 2018, partially offset by an increase in product development of $1.4 million and an increase in general and administrativeof $3.4 million, discussed above.

Income taxes. Income tax benefit was $35 thousand and $0 thousand for the three months ended March 31, 2019 and 2018, respectively. Our effective tax rate was 3% and 0% for the three months ended March 31, 2019 and 2018.

As of March 31, 2019 and 2018, we recorded a full valuation allowance against our net deferred tax assets. We intend to maintain a full valuation allowance against the net deferred tax assets until there is sufficient evidence to support the release of all or some portion of this allowance. Based on the our history of losses, current income from continuing operations, estimated future taxable income, exclusive of reversing temporary differences and carryforwards, future reversals of existing taxable temporary differences and consideration of available tax planning strategies, we believe there is a reasonable possibility that, within the next twelve months, sufficient positive evidence may become available to allow us to reach a conclusion that a significant portion of the valuation allowance may be released. Release of some or all of the valuation allowance would result in the recognition of certain deferred tax assets and an increase in deferred tax benefit for any period in which such a release may be recorded, however, the exact timing and amount of any valuation allowance release are subject to change, depending on the profitability that we are able to achieve and the net deferred tax assets available.

Net loss from discontinued operations. On March 26, 2018, we completed the Spin-off of Red Violet and the results of Red Violet through this date are reflected as discontinued operations. For the three months ended March 31, 2018, we had net losses from discontinued operations of $21.1 million. This amount consists primarily of the one-time loss on disposal of discontinued operations of $19.0 million, which was primarily comprised of non-cash items of $16.0 million, such as share-based compensation expense and write-off of unamortized debt costs in connection with the Spin-off, and cash items of $3.0 million, including spin-off related professional fees and employee compensation. There were no comparable discontinued operations for the three months ended March 31, 2019. See Note 3, *Discontinued operations*, included in "Notes to Condensed Consolidated Financial Statements," for details.

Net income (loss). Net income of $1.0 million and net loss of $26.7 million were recognized for the three months ended March 31, 2019 and 2018, respectively, as a result of the foregoing.

Effect of Inflation

The rates of inflation experienced in recent years have had no material impact on our financial statements. We attempt to recover increased costs by increasing prices for our services, to the extent permitted by contracts and the competitive environment within our industry.

Liquidity and Capital Resources

Cash flows provided by (used in) operating activities. Net cash provided by operating activities from continuing operations for the three months ended March 31, 2019 and 2018 was $5.2 million and $2.9 million, respectively, which was mainly the result of the net income from continuing operations of $1.0 million compared to net loss from continuing operations of $5.6 million for the three months ended March 31, 2019 and 2018, respectively, adjusted for certain non-cash items, such as depreciation and amortization and share-based compensation expense, of an aggregate $5.9 million and $10.4 million, respectively. In addition, net working capital decreased by $1.8 million and $1.9 million during the three months ended March 31, 2019 and 2018, respectively.

Net cash used in operating activities from discontinued operations for the three months ended March 31, 2019 and 2018 was $0.0 million and $5.8 million, respectively.

As a result of the foregoing, net cash provided by operating activities was $5.2 million for the three months ended March 31, 2019, compared to net cash used in operating activities of $3.0 million for the same period in 2018.

Cash flows used in investing activities. For the three months ended March 31, 2019 and 2018, net cash used in investing activities was $1.7 million and $21.3 million, respectively, which was mainly comprised of net cash used in investing activities from continuing operations of $1.7 million and $19.9 million, and net cash used in investing activities from discontinued operations of $0.0 million and $1.4 million, respectively.

The decrease in net cash used in investing activities for the three months ended March 31, 2019 and 2018 was mainly due to capital contributed to Red Violet of $19.7 million related to the Spin-off during the first quarter of 2018, with no comparable contribution in the current year.

Cash flows (used in) provided by financing activities. Net cash used in financing activities for the three months ended March 31, 2019 of $2.5 million was due to repayments related to the Refinanced Term Loan of $0.9 million and statutory taxes paid related to the net share settlement of vested restricted stock units of $1.6 million. Net cash provided by financing activities for the three months ended March 31, 2018 of $13.1 million was the result of net proceeds of a registered direct offering in January 2018 of $13.4 million and the net proceeds from the Refinanced Term Loan of $67.2 million, which were largely offset with the repayments of the principal balance of Term Loans and Promissory Notes of $67.1 million in March 2018 and statutory taxes paid related to the net share settlement of vested restricted stock units of $0.4 million.

As of March 31, 2019, we had noncancelable operating lease commitments of $13.3 million and a Refinanced Term Loan with a $59.4 million principal balance. For the three months ended March 31, 2019, we funded our operations using available cash.

As of March 31, 2019, we had cash, cash equivalents and restricted cash of approximately $20.2 million, an increase of $0.9 million from $19.2 million as of December 31, 2018, mainly as a result of cash provided by operations. We believe that we will have sufficient cash resources to finance our operations and expected capital expenditures for the next twelve months.

We may explore the possible acquisition of businesses, products and/or technologies that are complementary to our existing business. We are continuing to identify and prioritize additional technologies, which we may wish to develop internally or through licensing or acquisition from third parties. While we may engage from time to time in discussions with respect to potential acquisitions, there can be no assurances that any such acquisitions will be made or that we will be able to successfully integrate any acquired business. In order to finance such acquisitions and working capital, it may be necessary for us to raise additional funds through public or private financings. Any equity or debt financings, if available at all, may be on terms which are not favorable to us and, in the case of equity financings, may result in dilution to stockholders.

During the first quarter of 2018, we refinanced an aggregate of $70.0 million for the repayments of the remaining balance of the Term Loans and Promissory Notes of an aggregate amount of $67.1 million on March 26, 2018 in connection with the Spin-off of Red Violet. As of March 31, 2019, the Refinanced Term Loan has an outstanding principal balance of $59.4 million and matures on March 26, 2023. The Credit Agreement, along with the related Amendment No. 6 governing the Refinanced Term Loan and subsequent amendments, contain restrictive covenants which impose limitations on the way we conduct our business, including limitations on the amount of additional debt we are able to incur and our ability to make certain investments and other restricted payments. The restrictive covenants in the Credit Agreement, as amended, may limit our strategic and financing options and our ability to return capital to our stockholders through dividends or stock buybacks. Furthermore, we may need to incur additional debt to meet future financing needs.

The Refinanced Term Loan is guaranteed by us and our direct and indirect subsidiaries and is secured by substantially all of our assets and those of our direct and indirect subsidiaries, including Fluent, LLC, in each case, on an equal and ratable basis. The Refinanced Term Loan accrues interest at the rate of either, at Fluent's option, (a) LIBOR (subject to a floor of 0.50%) plus 7.00% per annum, or (b) base rate (generally equivalent to the U.S. prime rate) plus 6.0% per annum, payable in cash. Principal amortization of the Refinanced Term Loan is $0.9 million per quarter, commencing with the fiscal quarter ended June 30, 2018. The Refinanced Term Loan matures on March 26, 2023.

The Credit Agreement, as amended, requires us to maintain and comply with certain financial and other covenants, commencing with the fiscal quarter ended June 30, 2018. While we are in compliance with the financial and other covenants as of March 31, 2019, we cannot assure that we will be able to maintain compliance with such financial or other covenants. 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 all of our indebtedness, which would materially adversely affect our financial health if we are unable to access sufficient funds to repay all the outstanding amounts. Moreover, if we are unable to meet our debt obligations as they come due, we could be forced to restructure or refinance such obligations, seek additional equity financing or sell assets, which we may not be able to do on satisfactory terms, or at all. In addition, the Credit Agreement includes certain prepayment provisions, including mandatory quarterly prepayments of the Refinanced

Term Loan with a portion of our excess cash flow and prepayment penalties if we prepay the Refinanced Term Loan before the fourth anniversary of Amendment No. 6. As long as the Refinanced Term Loan remains outstanding, the restrictive covenants and mandatory quarterly prepayment provisions and prepayment penalties could impair our ability to expand or pursue our business strategies or obtain additional funding.

Off-Balance Sheet Arrangements

As of March 31, 2019, we did not have any off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K.

Critical Accounting Policies and Estimates

Management's discussion and analysis of financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP"). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We periodically evaluate our estimates, including those related to revenue recognition, allowance for doubtful receivables, lease commitments, useful lives of intangible assets, recoverability of the carrying amounts of goodwill and intangible assets, share-based compensation and income taxes. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

For additional information, please refer to our 2018 Form 10-K. There have been no additional material changes to Critical Accounting Policies and Estimates disclosed in the 2018 Form 10-K.

Recently issued accounting and adopted standards

See Note 1(b), "*Recently issued and adopted accounting standards,"* in the Notes to Condensed Consolidated Financial Statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of March 31, 2019. We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on the evaluation of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934), the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were not effective as of March 31, 2019. As described below and as previously reported in our 2018 Form 10-K, in connection with management’s assessment of the effectiveness of our internal control over financial reporting at the end of our last fiscal year, management identified a material weakness in our internal control over financial reporting as of December 31, 2018, which is in the process of being remediated as of March 31, 2019.

Notwithstanding the identified material weakness, management believes the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q fairly represent in all material respects our financial condition, results of operations and cash flows at and for the periods presented in accordance with U.S. GAAP.

Previously Identified Material Weakness

In connection with the preparation of the consolidated financial statements for the year ended December 31, 2018 included in the Company's 2018 Form 10-K, management identified a material weakness related to internal control deficiencies over the revenue recognition process; specifically, an aggregation of control deficiencies related to inadequate segregation of duties, significant deficiencies within our information technology general controls, and ineffective manual preventative and detective controls.

Remediation Efforts to Address Material Weakness

With the oversight of management and the Audit Committee of our Board of Directors, we have designed a remediation plan to remediate the underlying causes of the material weakness described above. We plan to revise the process by which we confirm revenues with our clients prior to invoicing and plan to streamline the protocols for communicating and obtaining satisfactory validation of revenues. Our remediation plan is currently in process, and management may determine to enhance existing controls and/or implement additional controls as the implementation progresses.

As part of our ongoing monitoring effort of our internal control over financial reporting, we will report the progress and status of the above remediation efforts to the Audit Committee on a periodic basis throughout the year. Once placed in operation for a sufficient period of time, we will subject these process changes to appropriate tests, in order to determine whether they are operating effectively.

Changes in Internal Control Over Financial Reporting

Except as noted above, there were no changes to our internal control over financial reporting during this quarter ended March 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

Other than as disclosed below under "—Certain Legal Matters," the Company is not currently a party to any legal proceeding, investigation or claim which, in the opinion of the management, is likely to have a material adverse effect on the business, financial condition, results of operations or cash flows. Legal fees associated with legal proceedings are expensed as incurred. We review legal proceedings and claims on an ongoing basis and follow appropriate accounting guidance, including ASC 450, when making accrual and disclosure decisions. We establish accruals for those contingencies where the incurrence of a loss is probable and can be reasonably estimated, and we disclose the amount accrued and the amount of a reasonably possible loss in excess of the amount accrued, if such disclosure is necessary for our financial statements to not be misleading. To estimate whether a loss contingency should be accrued by a charge to income, we evaluate, among other factors, the probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of the loss. We do not record liabilities when the likelihood that the liability has been incurred is probable, but the amount cannot be reasonably estimated.

In addition, we may be involved in litigation from time to time in the ordinary course of business. We do not believe that the ultimate resolution of any such matters will have a material adverse effect on our business, financial condition, results of operations or cash flows. However, the results of such matters cannot be predicted with certainty and we cannot assure you that the ultimate resolution of any legal or administrative proceeding or dispute will not have a material adverse effect on our business, financial condition, results of operations and cash flows.

Certain Legal Matters

On October 26, 2018, the Company received a subpoena from the New York Attorney General’s Office (“NY AG”) regarding compliance with New York Executive Law § 63(12) and New York General Business Law § 349, as they relate to the collection, use, or disclosure of information from or about consumers or individuals submitted to the Federal Communication Commission (“FCC”) in connection with the FCC’s rulemaking proceeding captioned “Restoring Internet Freedom,” WC Docket No. 17-108. On December 13, 2018, the Company received a subpoena from the United States Department of Justice (“DOJ”) regarding the same issue. The Company has been fully cooperating with both the NY AG and the DOJ and is responding to the subpoenas. At this time, it is not possible to determine the duration or disposition of either matter.

Item 1A. Risk Factors.

Our business, financial condition, results of operations, and cash flows may be impacted by a number of factors, many of which are beyond our control, including those set forth in our 2018 Form 10-K, the occurrence of any one of which could have a material adverse effect on our actual results.

There have been no material changes to the Risk Factors previously disclosed in our 2018 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not Applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

		Incorporated by Reference				Filed
Exhibit No.	**Exhibit Description**	**Form**	**File No.**	**Exhibit**	**Filing Date**	**Herewith**
3.1	Certificate of Amendment to the Certificate of Incorporation.	8-K	001-37893	3.1	4/16/2018	
3.2	Amended and Restated Bylaws.	8-K	001-37893	3.2	2/19/2019	
4.1	Form of Common Stock Certificate.	8-K	001-37893	4.1	4/16/2018	
10.1+	Employment Agreement, by and between the Company and Alex Mandel, dated February 1, 2019.					X
31.1	Certification of Chief Executive Officer filed pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Chief Financial Officer filed pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1*	Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2*	Certification by Chief 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	XBRL Instance Document					X
101.SCH	XBRL Taxonomy Extension Schema Document					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					X

* This certification is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, as amended (Exchange Act), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended or the Exchange Act.

\+ Management contract or compensatory plan or arrangement.

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.

		Fluent, Inc.
May 10, 2019	By:	/s/ Alexander Mandel
		Alexander Mandel
		Chief Financial Officer
		(Principal Financial and Accounting Officer)

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement") is made by and between Fluent, Inc. (the "Company") and the individual identified on Exhibit A attached hereto (the "Employee") effective as of the Effective Date.

RECITALS

WHEREAS, the Company's wholly-owned subsidiary, Fluent, LLC, and its subsidiaries engage in the business of performance-based digital advertising and marketing services and solutions to advertisers, publishers, and advertising agencies using proprietary and third-party platforms; and

WHEREAS, from and after the date hereof, the Company desires to retain the services of the Employee pursuant to the terms and conditions set forth herein and the Employee desires to be employed by the Company on such terms and conditions.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Employee agree as follows:

AGREEMENT

1. Term of Agreement. This Agreement will be effective on the Effective Date. The initial term of the Executive's employment shall be for the period set forth on Exhibit A attached hereto (the "Initial Term"); provided that, at the end of the Initial Term, the term of this Agreement shall automatically renew for successive one (1) year terms (each, a "Renewal Term" and collectively with the Initial Term, the "Term"), unless either party provides written notice to the other of a non-renewal of the Term no less than sixty (60) days prior to the commencement of a Renewal Term. The Employee's employment shall terminate upon a non-renewal of the Term.

2. Position and Duties. During the Term, the Employee shall serve the Company in the position and perform the duties as are set forth on Exhibit A attached hereto.

3. Full Business Time and Attention. Except as otherwise set forth in this Agreement, the Employee shall (a) devote all of his business time, attention, skill and energy to the duties and responsibilities of Employee's position (allowing for management of his personal affairs that do not interfere with his duties and responsibilities to the Company); (b) service the Company faithfully, diligently and to the best of Employee's ability; (c) use Employee's best reasonable efforts to promote the success of the Company; and (d) cooperate fully with the Company's Board of Directors (the "Board") in the advancement of the Company's best interests to assure full and efficient performance of Employee's duties hereunder.

4. Compensation and Benefits. During the Term:

a. Base Salary. The Employee shall be paid the annual base salary set forth on Exhibit A attached hereto, or such greater amount as may be determined by the Company from time to time in its sole discretion, payable in equal periodic installments according to the Company's customary payroll practices, but not less frequently than monthly (the "Base Salary"). The Base Salary may be increased but not decreased without the Employee's written consent.

b. Benefits. The Employee shall, during the Term, be eligible to participate, commensurate with the Employee's position, in such retirement, life insurance, hospitalization, major medical, fringe and other employee benefit plans that the Company generally maintains for its full-time employees (collectively, the "Benefits"). Notwithstanding the foregoing, the Company may discontinue or terminate at any time any employee benefit plan, policy or program now existing or hereafter adopted and will not be required to compensate the Employee for such discontinuance or termination; provided, however, that the Company shall be required to offer to the Employee any rights or benefits extended to other employees in the event of termination of such plans or benefits, including, but not limited to coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA").

c. Bonus. During the Term, the Employee shall have an annual target cash bonus opportunity of no less than forty (40%) of one (1) year's Base Salary (the "Bonus"), based on the achievement of Company and individual performance objectives to be determined in good faith by the Board in advance and in consultation with the Employee.

d. Clawback. Notwithstanding any other provisions in this Agreement to the contrary, any incentive-based compensation, or any other compensation, paid to the Employee pursuant to this Agreement or any other agreement or arrangement with the Company which is subject to recovery under any law, government regulation, or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation, or stock exchange listing requirement (or any policy adopted by the Company pursuant to any such law, government regulation or stock exchange listing requirement).

e. Reimbursement. If the Company is required to restate its financial information due to material non-compliance, as a result of misconduct, with financial reporting requirements under federal securities laws, the Employee must reimburse the Company for any bonuses paid to and profits received by Employee from sale of company securities during the twelve (12) months after such financial information was initially reported.

f. Equity Incentive Compensation. The Employee shall be entitled to participate, commensurate with the Employee's position, in the Fluent, Inc. 2018 Stock Incentive Plan (together with any successor plan, the "Incentive Plan"), as further described on Exhibit A attached hereto.

g. Expenses. The Company shall pay on behalf of the Employee (or reimburse Employee for) reasonable documented expenses incurred by Employee in the performance of Employee's duties under this Agreement and, in accordance with the Company's existing policies and procedures pertaining to the reimbursement of expenses to employees in general. In addition, the Company shall promptly pay (or reimburse the Employee for) the documented attorney fees that he incurs in connection with entering into this Agreement, in an amount not to exceed $7,500.

Notwithstanding anything herein to the contrary or otherwise, except to the extent any expense or reimbursement provided pursuant to this Section 4.e does not constitute a "deferral of compensation" within the meaning of Section 409A of the Code (as defined below): (i) the amount of expenses eligible for reimbursement provided to the Employee during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to the Employee in any other calendar year, (ii) the reimbursements for expenses for which the Employee is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred, (iii) the right to payment or reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit and (iv) the reimbursements shall be made pursuant to objectively determinable and nondiscretionary Company policies and procedures regarding such reimbursement of expenses.

5. Termination of Employment.

a. By the Company. The Company may terminate the Term and Employee's employment, for the following reasons:

i. Death. The Term shall terminate immediately upon the death of the Employee.

ii. Disability. The Company may terminate the Term and the Employee's employment with the Company immediately upon a determination of Disability. For purposes of this Agreement the Employee has a "Disability" if, for physical or mental reasons, the Employee is unable to perform the essential duties required of the Employee under this Agreement, even with a reasonable accommodation, for a period of six (6) consecutive months or a period of one-hundred eighty (180) days during any twelve (12) month period, as determined by an independent medical professional mutually acceptable to the parties. The Employee shall submit to a reasonable number of examinations by the independent medical professional making the determination of Disability.

iii. For Cause. The Company may terminate the Term and the Employee's employment with the Company at any time for Cause. For purposes of this Agreement and the Incentive Plan, "Cause" shall mean: (1) Employee's conviction of or plea of guilty or nolo contendere to a felony involving moral turpitude or which results in material harm to the Company, (2) Employee's fraud against the Company or any breach of fiduciary duty owed to the Company, (3) Employee's theft, misappropriation or embezzlement of the assets or funds of the Company or any customer, or engagement in misconduct, that is materially injurious to the Company, (4) Employee's gross negligence or willful misconduct in the performance of Employee's duties under this Agreement, and (5) Employee's material breach of this Agreement, including any material violation of any of the restrictions set forth in Section 7, or any Company policies, including the Company's Code of Ethics and Sexual Harassment Policy, which breach or violation, if capable of being cured, is not cured to the Board's reasonable satisfaction within ten (10) business days after written notice thereof to the Employee.

iv. Without Cause. The Company may terminate the Term and the Employee's employment at any time without Cause by providing the Employee with sixty (60) days' prior written notice; provided, that during such sixty (60) day notice period, the Company may, in its discretion, place restrictions upon the Employee's contact with the workplace, customers and other business-related parties.

b. By Employee. The Employee may terminate the Term and his employment with the Company for any of the following reasons:

i. For Any Reason. Upon sixty (60) days' prior written notice delivered at any time, the Employee may terminate the Term and his employment hereunder, for any reason or no reason at all.

ii. For Good Reason. The Employee may terminate the Term and Employee's employment hereunder for "Good Reason" (as hereinafter defined). For purposes of this Agreement and the Incentive Plan, "Good Reason" shall mean any one of the conditions set forth below, so long as (1) Employee has provided written notice to the Company of the existence of such condition within sixty (60) days of his initial knowledge of its existence, (2) the Company has not remedied the condition caused by the occurrence within thirty (30) days of such notice, to the extent such condition is capable of being cured, and (3) the Employee gives a notice of his termination of employment within thirty (30) days after the end of such thirty (30) day period to remedy such condition. The following conditions will constitute "Good Reason": (A) a material diminution in the Employee's duties, responsibilities or authority; (B) a material breach by the Company of this Agreement or any other material agreement with the Company (e.g., an equity award); (C) the Company materially reduces the Employee's Base Salary or incentive opportunities, as in effect from time to time, without the Employee's prior written consent; (D) the Company requests that the

Employee participate in an unlawful act; or (E) a change in the geographic location in which the Employee must provide services of more than 25 miles from Manhattan.

c. Compensation Upon Termination.

i. Death. Within thirty (30) days following the termination of the Term due to the Employee’s death, the Company shall pay to the Employee’s estate the Employee’s Base Salary, any Bonus for the year prior to the year in which the Employee’s death occurs (to the extent unpaid) and Benefits accrued through the date of the Employee's death. Upon payment to the Employee of the foregoing amounts, the Company shall have no further obligation or liability to the Employee for duplicative payments or benefits under any other agreement, except as required by applicable law.

ii. Disability. Within thirty (30) days following the termination of the Term due to the Employee's Disability, the Company shall pay to the Employee the Employee's Base Salary, any Bonus for the year prior to the year in which the Employee's termination due to Disability occurs (to the extent unpaid) and Benefits accrued through the date of the Employee's termination. Upon payment to the Employee of the foregoing amounts, the Company shall have no further obligation or liability to or for the benefit of the Employee for duplicative payments or benefits under any other agreement, except as required by applicable law.

iii. For Cause. Upon termination of the Term for Cause, the Company shall pay to the Employee the Employee's Base Salary and Benefits accrued through the date of the Employee's termination. Upon payment to the Employee of the foregoing amounts, the Company shall have no further obligation or liability to or for the benefit of the Employee for duplicative payments or benefits under any other agreement, except as required by applicable law.

iv. Without Cause; Non-Renewal of Term by the Company. In the event that either (x) the Company terminates the Term and the Employee's employment without Cause or (y) the Term expires after a notice of non-renewal is delivered by the Company (as described in Section 1), the Company shall pay or provide to the Employee: (1) the greater of (A) the Employee's Base Salary for the remainder of the Term and (B) twelve (12) months' Base Salary; (2) the Bonus for the year prior to the year in which the termination occurs, to the extent unpaid; (3) the Bonus for the year in which the termination occurs, based on actual performance and prorated based on the number of days in such year prior to the date of termination; (4) the Employee's Base Salary and Benefits accrued through the date of the Employee's termination; and (5) the additional vesting of Incentive Plan awards described in Exhibit A. Items (1) and (2) above shall be paid in accordance with the Company's payroll practices in effect from time to time, but not less frequently than monthly, and Item (3) above shall be paid in the calendar year following the year with respect to which the Bonus relates, at the same time that such bonuses are paid to other Company executives; provided, however, the Employee is not in material violation of any of the restrictions set forth in Section 7, which breach or violation, if capable of being cured, is not cured to the Board's reasonable satisfaction within ten (10) business days after written notice thereof to the Employee. Upon payment to the Employee of the foregoing amounts, the Company shall have no further obligation or liability to or for the benefit of the Employee for duplicative payments or benefits under any other agreement, except as required by applicable law.

v. For Any Reason. In the event the Employee terminates his employment with the Company during the Term for any reason other than Good Reason, the Company shall pay to the Employee the Employee's Base Salary, any Bonus for the year prior to the year in which the Employee's termination occurs (to the extent unpaid) and Benefits accrued through the date of the Employee's termination. Upon payment to the Employee of the foregoing amounts, the Company shall have no further obligation or liability to or for the benefit of the Employee for duplicative payments or benefits under any other agreement, except as required by applicable law.

vi. For Good Reason. If the Employee terminates the Term and the Employee's employment for Good Reason, the Company shall pay or provide to the Employee: (1) the greater of (A) the Employee's Base Salary for the remainder of the Term and (B) twelve (12) months' Base Salary; (2) the Bonus for the year prior to the year in which the termination occurs, to the extent unpaid; (3) the Bonus for the year in which the termination occurs, based on actual performance and prorated based on the number of days in such year prior to the date of termination; (4) the Employee's Base Salary and Benefits accrued through the date of termination; and (5) the additional vesting of Incentive Plan awards described in Exhibit A. Items (1) and (2) above shall be paid in accordance with the Company's payroll practices in effect from time to time, but not less frequently than monthly, and Item (3) above shall be paid in the calendar year following the year with respect to which the Bonus relates, at the same time that such bonuses are paid to other Company executives; provided, however, the Employee is not in material violation of any of the restrictions set forth in Section 7, which breach or violation, if capable of being cured, is not cured to the Board's reasonable satisfaction within ten (10) business days after written notice thereof to the Employee. Upon payment to the Employee of the foregoing amounts, the Company shall have no duplicative obligation or liability to or for the benefit of the Employee under any other agreement, except as required by applicable law.

vii. Release. As an additional prerequisite for receipt of the severance benefits described in Section 5(a)(iv) and (vi) above (in excess of Base Salary and Benefits accrued through the date of termination), the Employee must execute, deliver to the Company, and not revoke (to the extent the Employee is allowed to do so) a Release (as defined below) within forty-five (45) days of the date of the Employee's termination of employment (the "Release Period"). "Release" shall mean a release of all claims that the Employee has or may have against the Company, its board of directors, any of its subsidiaries or affiliates, or any of their employees, directors, officers, employees, agents, plan sponsors, administrators, successors, fiduciaries, or attorneys, arising out of the Employee's employment with, and termination of employment from, the Company, except for any claims to enforce the terms of this Agreement and the then-applicable terms of any other written agreement, plan or arrangement of the Company or any of its subsidiaries or affiliates. The Release shall not impose any additional restrictions on the Executive's post-employment activities, shall be in a form that is otherwise reasonably acceptable to the Company or the Board, and shall not be required if it is not delivered by the Company to the Employee within ten (10) business days of the date of Employee's termination. Notwithstanding anything to the contrary in this Agreement, if the Release Period straddles two calendar years, no severance benefits shall be paid to the Employee until the second calendar year (with any missed severance payments being paid to the Employee on the first payroll date occurring in the second calendar year).

6. <u>Indemnification and Insurance.</u>

a. <u>Indemnification</u>. The Employee shall be indemnified (and advanced expenses) to the fullest extent permitted or authorized by the Certificate of Incorporation or Bylaws of the Company.

b. <u>D&O Insurance</u>. A directors' and officers' liability insurance policy (or policies) shall be kept in place by the Company, during the Term and thereafter until the later of (x) the sixth anniversary of the date of the Employee's termination of employment and (y) the date on which all claims against the Employee that would otherwise be covered by such policy (or policies) become fully time-barred, providing coverage to the Employee that is no less favorable to him in any respect (including, without limitation, with respect to scope, exclusions, amounts and deductibles) than the coverage then being provided to any other present or former senior executive or director of the Company.

7. <u>Restrictive Covenants.</u>

a. <u>Confidentiality.</u> The Employee acknowledges that the Confidential Information (as defined below) is a valuable, special, sensitive and unique asset of the business of the Company, the continued confidentiality of which is essential to the continuation of its business, and the improper disclosure or use of which could severely and irreparably damage the Company. The Employee agrees, for and on behalf of himself, the Employee's legal representatives, and the Employee's successors and assigns that all Confidential Information is the property of the Company (and not of the Employee). The Employee further agrees that during the Term and at all times thereafter, the Employee (i) will continue to keep all Confidential Information strictly confidential and not disclose the Confidential Information to any other person or entity and (ii) shall not, directly or indirectly, disclose, communicate or divulge to any person, or use or cause or authorize any person to use any Confidential Information, except as may be used in the performance of the Employee's duties hereunder in compliance with this Agreement and in the best interests of the

Company. “Confidential Information” means all information, data and items relating to the Company (or any of its customers) which is valuable, confidential or proprietary, including, without limitation, information relating to the Company’s software, software code, accounts, receivables, customers and customer lists and data, prospective customers and prospective customer lists and data, Work Product, vendors and vendor lists and data, business methods and procedures, pricing techniques, business leads, budgets, memoranda, correspondence, designs, plans, schematics, patents, copyrights, equipment, tools, works of authorship, reports, records, processes, pricing, costs, products, services, margins, systems, software, service data, inventions, analyses, plans, intellectual property, trade secrets, manuals, training materials and methods, sales and marketing materials and compilations of and other items derived (in whole or in part) from the foregoing. Confidential Information may be in either paper, electronic or computer readable form. Notwithstanding the foregoing, “Confidential Information” shall not include information that: (i) becomes publicly known without breach of the Employee’s obligations under this Section 7(a), or (ii) is required to be disclosed by law or by court order or government order; provided, however, that if the Employee is required to disclose any Confidential Information pursuant to any law, court order or government order, (x) the Employee shall promptly notify the Company of any such requirement so that the Company may seek an appropriate protective order or waive compliance with the provisions of this Agreement, (y) the Employee shall reasonably cooperate with the Company to obtain such a protective order at the Company’s cost and expense, and (z) if such order is not obtained, or the Company waives compliance with the provisions of this Section 7(a), the Employee shall disclose only that portion of the Confidential Information which the Employee is advised by counsel that the Employee is legally required to so disclose. The Employee will notify the Company promptly and in writing of any circumstances of which the Employee has knowledge relating to any unauthorized possession or use of any Confidential Information by any Person.

b. Immunity Notice. The Employee shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that: (i) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and made solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Should the Employee file a lawsuit against the Company for retaliation for reporting a suspected violation of law, the Employee may disclose the trade secret to the Employee’s attorney and use the trade secret information in the court proceeding, if the Employee: (x) files any document containing the trade secret under seal, and (y) does not disclose the trade secret, except pursuant to court order.

c. Return of Company Property. The Employee will deliver to the Company at the termination of the Employee’s employment with the Company, or at any other time the Company may request, all equipment, files, property, memoranda, notes, plans, records, reports, computer tapes, printouts, Confidential Information, Work Product, software, documents and data (and all electronic, paper or other copies thereof) belonging to the Company, which the Employee may then possess or have under the Employee’s control. However, nothing in this Agreement or elsewhere shall prohibit the Employee from retaining (and using appropriately) copies of documents relating to his personal rights and obligations.

d. Intellectual Property Rights. The Employee acknowledges and agrees that all inventions, technology, processes, innovations, ideas, improvements, developments, methods, designs, analyses, trademarks, service marks, and other indicia of origin, writings, audiovisual works, concepts, drawings, reports and all similar, related, or derivative information or works (whether or not patentable or subject to copyright), including but not limited to all patents, copyrights, copyright registrations, trademarks, and trademark registrations in and to any of the foregoing, along with the right to practice, employ, exploit, use, develop, reproduce, copy, distribute copies, publish, license, or create works derivative of any of the foregoing, and the right to choose not to do or permit any of the aforementioned actions, which relate to the Company of its actual or anticipated business, research and development or existing or future products or services and which are conceived, developed or made by the Employee while employed by the Company (collectively, the "Work Product") belong to the Company. All Work Product created by the Employee while employed by the Company (whether or not on the premises) will be considered "work made for hire," and as such, the Company is the sole owner of all rights, title, and interests therein. All other rights to any new Work Product, including but not limited to all of the Employee's rights to any copyrights or copyright registrations related thereto, are hereby conveyed, assigned and transferred to the Company. The Employee will promptly disclose and deliver such Work Product to the Company and, at the Company's expense, perform all actions reasonably requested by the Company (whether during or after the Term) to establish, confirm and protect such ownership (including, without limitation, the execution of assignments, copyright registrations, consents, licenses, powers of attorney and other instruments).

e. Non-Competition. While employed by the Company and for a period of one (1) year thereafter (the "Restricted Period"), the Employee shall not, directly or indirectly, enter into the employment of, render any services to, engage, manage, operate, join, or own, or otherwise offer other assistance to or participate in, as an officer, director, employee, principal, agent, proprietor, representative, stockholder, partner, associate, consultant, sole proprietor or otherwise, any person that, directly or indirectly, is engaged in the Business anywhere in the Restricted Area (as hereinafter defined). Notwithstanding the foregoing, the Employee may own up to two percent (2%) of the outstanding stock of a publicly held corporation which constitutes or is affiliated with any entity that is engaged in the Business so long as the Employee is not an officer, director, employee or consultant or otherwise maintains voting control, whether by contract or otherwise, of such entity, and Employee may be a passive owner of shares of common stock of the Company or securities convertible into or exercisable for shares of common stock of the Company. For purposes of this Section 7, "Restricted Area" means any U.S. state or territory in which the Company, Fluent, LLC or any of their subsidiaries has conducted or proposes to conduct business or offers any services, or any other jurisdiction in or to which the Company, Fluent, LLC or any of their subsidiaries has conducted or proposes to conduct any business or offers any services. For purposes of this Section 7, "Business" means the business of the Company, Fluent, LLC and its subsidiaries as described in the recitals to this Agreement, the actual business of the Company, Fluent, LLC and its subsidiaries as conducted as of the date of termination, and any anticipated business considered by the Board towards which the Company, Fluent, LLC or any subsidiaries thereof has taken material steps or incurred material expenditures in furtherance thereof prior to the termination date.

f. Non-Solicitation. During the Restricted Period, the Employee shall not, directly or indirectly, whether for the Employee's own account or for the account of any other person, (i) attempt to hire, or hire, any person who is employed by the Company, Fluent, LLC or any of their subsidiaries, or solicit or attempt to solicit any such employee to terminate employment with the Company, Fluent, LLC or any of their subsidiaries, or (ii) endeavor to entice away from the Company, or otherwise interfere with (whether by reason of cancellation, withdrawal, modification of relationship or otherwise), any actual or prospective relationship of the Company, Fluent, LLC or any of their subsidiaries, with respect to any person (x) who is employed by or otherwise engaged to perform services for the Company, Fluent, LLC or any of their subsidiaries, including, but not limited to, any independent contractor or representative or (y) who is an actual or bona fide prospective licensee, landlord, customer, supplier, or client of the Company, Fluent, LLC or any of their subsidiaries (or other person with which the Company, Fluent, LLC or any of their subsidiaries had an actual or prospective bona fide business relationship). However, the Employee shall not be deemed to be in violation of this Section 7 if he hires an individual who responds to a general, non-targeted advertisement of employment.

g. Non-Disparagement. The Employee agrees that the Employee will not make or publish any statement or communication which is false, negative, unflattering or disparaging with respect to the Company, Fluent, LLC or any of their respective affiliates and/or any of their respective direct or indirect shareholders, officers, directors, members, managers, employees or agents. The foregoing shall not be violated by (i) statements as required in response to legal proceedings or governmental investigations (including, without limitation, depositions in connection with such proceedings), (ii) statements made in the context of prosecuting or defending any legal dispute (whether or not litigation has commenced) as between the Employee on the one hand and the Company on the other, and (iii) truthful information that is required to be disclosed by applicable law.

h. Non-Interference with Employee's Agency Rights. The Employee understands that the terms of this Agreement, including the provisions regarding confidentiality and non-disparagement, are not intended to interfere with or waive any right (if any such right otherwise existed) to file a charge, cooperate, testify or participate in an investigation with any appropriate federal or state governmental agency, including the ability to communicate with such agency, such as, but not limited to, the Securities and Exchange Commission ("SEC"), the Financial Industry Regulatory Authority ("FINRA"), any other securities regulatory agency or authority, or any other self-regulatory organization, or any other federal or state regulatory authority ("Government Agencies"), whether in connection with reporting a possible securities law violation or otherwise, without notice to Company. This Agreement further does not limit the Employee's right to receive a bounty or reward for information provided to any such Government Agencies, to the SEC staff, or to any other securities regulatory agency or authority.

i. Rationale for and Scope of Covenants. If any of the covenants contained in this Section 7 are held to be invalid or unenforceable due to the unreasonableness of the time, geographic area, or range of activities covered by such covenants, such covenants shall nevertheless be enforced to the maximum extent permitted by law and effective for such period of time, over such geographical area, or for such range of activities as may be determined to be reasonable by a court of competent jurisdiction and the parties hereby consent and agree that the scope of such covenants may be judicially modified, accordingly, in any proceeding brought to enforce such covenants. The Employee agrees that the Employee's services hereunder are of a special, unique, extraordinary and intellectual character and the Employee's position with the Company places the Employee in a position of confidence and trust with the customers, suppliers and employees of the Company. The Employee and the Company agree that, in the course of employment hereunder, the Employee has and will continue to develop a personal relationship with the Company's customers, and a knowledge of these customers' affairs and requirements as well as confidential and proprietary information developed by the Company after the date of this Agreement. The Employee agrees that it is reasonable and necessary for the protection of the goodwill, confidential and proprietary information, and legitimate business interests of the Company that the Employee make the covenants contained herein, that the covenants are a material inducement for the Company to employ or continue to employ the Employee and to enter into this Agreement. For the avoidance of doubt, for purposes of this Section 7, the term "Company" includes Fluent, LLC and each of its other direct and indirect subsidiaries of the Company.

j. Remedies.

i. The Employee consents and agrees that if the Employee violates any covenants contained in this Section 7, the Company would sustain irreparable harm and, therefore, in addition to any other remedies which may be available to it, the Company shall be entitled to seek an injunction restraining the Employee from committing or continuing any such violation of this Section 7. Nothing in this Agreement shall be construed as prohibiting the Company or the Employee from pursuing any other remedies including, without limitation, recovery of damages. The Employee acknowledges that Company and each of its direct and indirect subsidiaries is an express third-party beneficiary of this Agreement and that it may enforce these rights as a third-party beneficiary. The Company has fully performed all obligations entitling it to the restrictive covenants, and the restrictive covenants therefore are not executory or otherwise subject to rejection and are enforceable under the Bankruptcy Code. However, if the Company or its subsidiaries is in material breach of any obligation to the Employee under this Agreement or any other material written agreement to which the Employee is a party, the Restricted Period shall terminate if such breach is not cured to the Employee's reasonable satisfaction within ten (10) days after the Employee provides the Company with written notice of such breach. In the event of the breach by the Employee of any of the provisions of this Section 7, the Company shall be entitled, in addition to all other available rights and remedies, to terminate the Employee's employment status hereunder. The Company may assign the restrictive covenants set forth in this Section 7 in connection with the acquisition of all or substantially all of the assets of the Company and its subsidiaries, and any such assignee or successor shall be entitled to enforce the rights and remedies set forth in this Section 7. The Employee acknowledges and agrees that the Restricted Period for a violated provision of this Section 7 shall be tolled on a day for day basis for all periods in which the Employee is found to have violated such provision so that the Company receives the full benefit of the Restricted Period to which the Employee has agreed.

ii. In addition, and without limitation to the foregoing, except as required by law, if (A) the Company files a civil action against the Employee based on the Employee's alleged breach of the Employee's obligations under Section 7 hereof, and (B) a court of competent jurisdiction issues a judgment that the Employee has breached any of such obligations and has issued injunctive relief, then the Employee shall promptly repay to the Company any such severance payments the Employee previously received pursuant to Section 5(c) in excess of the Employee's Base Salary and Benefits accrued through the date of the Employee's termination, and the Company will have no obligation to pay any of such excess amounts that remain payable by the Company under Section 5.c.

8. Notice. Any notice required or desired to be given under this Agreement shall be in writing and shall be addressed as follows:

If to Company: Fluent, Inc.
33 Whitehall Street
15th Floor
New York, NY 10004
Attn: Daniel J Barsky, General Counsel

If to Employee: Fluent, LLC
33 Whitehall Street
15th Floor
New York, NY 10004
Attn: Alexander E. Mandel

Notice shall be deemed given on the date it is deposited in the United States mail, first class postage prepaid and addressed in accordance with the foregoing, or the date otherwise delivered in person, whichever is earlier. The address to which any notice must be sent may be changed by providing written notice in accordance with this Section 8.

9. General Provisions.

a. Amendments. This Agreement (together with its Exhibits) contains the entire agreement between the parties regarding the subject matter hereof. No agreements or representations, verbal or otherwise, express or implied, with respect to the subject matter of this Agreement have been made by either party which are not set forth expressly in this Agreement. This Agreement may only be altered or amended by the express mutual written consent of the Company and the Employee. In the event of any conflict between the provisions of this Agreement and the provisions of any Incentive Plan agreement, the provisions of this Agreement shall control to the extent they are more favorable to the Employee.

b. Applicable Law. This Agreement shall be governed in accordance with the laws of the State of New York regardless of the conflict of laws rules or statutes of any jurisdiction.

c. Successors and Assigns. This Agreement will be binding upon the Employee's heirs, executors, administrators or other legal representatives or assigns. This Agreement will not be assignable by the Employee, but shall be assigned by the Company in connection with the sale, lease, license, assignment, merger, consolidation, share exchange, liquidation, transfer, conveyance or other disposition (whether direct or indirect) of all or substantially all of its business and/or assets in one or a series of related transactions (individually and/or collectively, a "Fundamental Transaction"). The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Company under this Employment Agreement. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Employment Agreement referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Employment Agreement with the same effect as if such Successor Entity had been named as the Company herein.

d. No Waiver. The failure of any party to this Agreement to enforce at any time any of the provisions of this Agreement shall in no way be construed to be a waiver of any such provision, nor in any way to affect the validity of this Agreement or any part thereof or the right of any party under this Agreement to enforce each and every such provision. No waiver of any breach of this Agreement shall be effective unless it is expressly acknowledged in a writing executed by the party against whom it is sought to be enforced, and any such waiver shall not constitute a waiver of any other or subsequent breach.

e. Section Headings, Construction. The headings used in this Agreement are provided for convenience only and shall not affect the construction or interpretation of this Agreement. All words used in this Agreement shall be construed to be of such gender or number as the circumstances require. In no event shall the terms or provisions hereof be construed against any party on the basis that such party or counsel for such party drafted this Agreement or the attachments hereto.

f. Severability. If any provision of this Agreement is held to be invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement shall remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree shall remain in full force and effect to the extent not held invalid or unenforceable.

g. Survival. The provisions of Sections 5, 6, 7, and 9 of this Agreement shall survive the termination of the Term for any reason.

h. Counterparts. This Agreement may be executed in one or more counterparts each of which shall be deemed to be an original of this Agreement and all of which, when taken together, shall be deemed to constitute one and the same agreement. Signatures delivered electronically (including, without limitation, by portable document format attached to an email) shall be effective for all purposes.

i. Opportunity to Review. The Employee represents that the Employee has been provided with an opportunity to review the terms of the Agreement with legal counsel.

j. Compliance with Code Section 409A. This Agreement is intended, and shall be construed and interpreted, to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”) or an exemption therefrom. For purposes of Code Section 409A, each payment of compensation under this Agreement shall be treated as a separate payment of compensation. Any amounts payable solely on account of an involuntary termination shall be excludible from the requirements of Code Section 409A, either as separation pay or as short-term deferrals to the maximum possible extent. Any reference to the Employee’s “termination,” “termination of employment” or “termination of the Term” shall mean the Employee’s “separation from service” as defined in Code Section 409A from the Company and all entities with whom the Company would be treated as a single employer for purposes of Code Section 409A. Nothing herein shall be construed as a guarantee of any particular tax treatment to Employee and the Company shall have no liability to the Employee with respect to any penalties that might be imposed on the Employee by Code Section 409A for any failure of this Agreement to comply with Code Section 409A. In the event that the Employee is a “specified employee” (as described in Code Section 409A), and any payment or benefit payable pursuant to this Agreement constitutes deferred compensation under Code Section 409A, then no such payment or benefit shall be made before the date that is six months after the Employee’s “separation from service” (as described in Code Section 409A) (or, if earlier, the date of the Employee’s death). Any payment or benefit delayed by reason of the prior sentence shall be paid out or provided in a single lump sum at the end of such required delay period in order to catch up to the original payment schedule.

k. Attorney’s Fees. In any action or proceeding (including any appeals) brought to enforce any provision of this Agreement, each party shall be responsible for its own attorneys’ fees and costs; provided, however, that the Company shall reimburse the Employee for his attorneys’ fees and costs incurred in such action or proceeding, to the extent that the Employee is finally determined to have substantially prevailed on the claims at issue.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first written above.

FLUENT, INC.	**ALEXANDER E. MANDEL**
By: /s/ Daniel J Barsky	/s/ Alexander E. Mandel
Name: Daniel J Barsky	Date: January 30, 2019

EXHIBIT A

1. Effective Date and Initial Term: February 1, 2019 (Effective Date) through December 31, 2020 (Initial Term)

2. Employee Name: Alexander E. Mandel

3. Position: Chief Financial Officer, Principal Financial Officer and Principal Accounting Officer

4. Duties: Lead and oversee the Accounting and Financial functions, in consultation with the Chief Executive Officer, and such other duties and responsibilities that are typically exercised by an individual serving as the chief financial officer at entities of the size and nature of the Company.

5. Location of Employment: Manhattan, New York

6. Term: Commencing on the Effective Date and ending on December 31, 2020, as renewed in accordance with Section 1.

7. Base Salary: $300,000 per annum

8. Equity: During the Term, the Employee shall participate in all incentive awards made under the Incentive Plan to senior executives generally, as such awards are granted from time to time by the Compensation Committee of the Board, in each case at a level, and on terms and conditions, that are (x) commensurate with his positions and responsibilities at the Company and (y) appropriate in light of his performance and of corresponding awards (if any) to other senior executives of the Company. In addition, effective as of the Effective Date, the Employee shall be granted an award of 75,000 Restricted Stock Units (the “RSUs”) under the Incentive Plan, which grant shall vest ratably over the three (3) years from the Effective Date, and in full upon a Change in Control (as defined in the Incentive Plan as of the Effective Date). The 75,000 RSUs granted on the Effective Date as well as the RSUs granted on or about the Effective Date pursuant to the Pay Governance Equity Incentive Plan Design, as approved by the Compensation Committee on January 28, 2019, to the extent that they are scheduled to vest within one year after a termination of employment (if employment had continued), shall also become immediately vested (and if applicable, exercisable for at least 90 days) upon a termination or non-renewal covered by Section 5(c)(iv) or (vi). The Award Agreements for the two RSU grants shall be deemed to include the extended vesting described above.

Exhibit 31.1

CERTIFICATIONS

I, Ryan Schulke, certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q of Fluent, Inc.;

(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.

May 10, 2019

By: /s/ Ryan Schulke

Ryan Schulke

Chief Executive Officer

(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Alex Mandel, certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q of Fluent, Inc.;

(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.

May 10, 2019

By: /s/ Alex Mandel
Alex Mandel
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT
TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Quarterly Report on Form 10-Q of Fluent, Inc. for the quarter ended March 31, 2019 (the "Report"), the undersigned hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge and belief, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Fluent, Inc.

May 10, 2019	By:	/s/ Ryan Schulke
		Ryan Schulke
		Chief Executive Officer
		(Principal Executive Officer)

The certification set forth above is being furnished as an Exhibit solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and is not being filed as part of the Report or as a separate disclosure document of Fluent, Inc. or the certifying officers.

Exhibit 32.2

**CERTIFICATION PURSUANT
TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying Quarterly Report on Form 10-Q of Fluent, Inc. for the quarter ended March 31, 2019 (the "Report"), the undersigned hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge and belief, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Fluent, Inc.

May 10, 2019	By:	/s/ Alex Mandel
		Alex Mandel
		Chief Financial Officer
		(Principal Financial and Accounting Officer)

The certification set forth above is being furnished as an Exhibit solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and is not being filed as part of the Report or as a separate disclosure document of Fluent, Inc. or the certifying officers.