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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 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 001-37788

WAITR HOLDINGS INC.
(Exact name of Registrant as specified in its Charter)

Delaware (State or other jurisdiction of incorporation or organization)	**26-3828008** (I.R.S. Employer Identification No.)
844 Ryan Street, Suite 300 **Lake Charles, Louisiana** (Address of principal executive offices)	**70601** (Zip Code)

Registrant's telephone number, including area code: **1-337-534-6881**

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
Emerging growth company	☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, Par Value $0.0001 Per Share	WTRH	The Nasdaq Stock Market LLC

The number of shares of Registrant's Common Stock outstanding as of August 6, 2019 was 76,684,094.

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

WAITR HOLDINGS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	June 30, 2019 Unaudited	December 31, 2018
ASSETS		
CURRENT ASSETS		
Cash	$ 72,827	$ 209,340
Accounts receivable, net	7,149	3,687
Capitalized contract costs, current	2,601	1,869
Prepaid expenses and other current assets	9,673	4,548
TOTAL CURRENT ASSETS	**92,250**	**219,444**
Property and equipment, net	4,511	4,551
Capitalized contract costs, noncurrent	1,191	827
Goodwill	225,946	1,408
Intangible assets, net	96,863	261
Other noncurrent assets	539	61
TOTAL ASSETS	**$ 421,300**	**$ 226,552**
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
CURRENT LIABILITIES		
Accounts payable	$ 2,188	$ 1,827
Restaurant food liability	7,537	208
Accrued payroll	8,294	3,055
Short-term loan	5,032	658
Deferred revenue, current	3,472	3,314
Income tax payable	—	25
Other current liabilities	12,597	4,508
TOTAL CURRENT LIABILITIES	**39,120**	**13,595**
Long-term debt	118,364	80,985
Accrued workers' compensation liability	603	908
Deferred revenue, noncurrent	1,048	1,356
Other noncurrent liabilities	287	217
TOTAL LIABILITIES	**159,422**	**97,061**
Commitment and contingencies (Note 11)		
STOCKHOLDERS' EQUITY:		
Common stock, $0.0001 par value; 249,000,000 shares authorized and 76,134,094 and 54,035,538 shares issued and outstanding at June 30, 2019 and December 31, 2018, respectively	8	5
Additional paid in capital	382,402	200,417
Accumulated deficit	(120,532)	(70,931)
TOTAL STOCKHOLDERS' EQUITY	**261,878**	**129,491**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 421,300**	**$ 226,552**

The accompanying notes are an integral part of these condensed consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
REVENUE	**$ 51,342**	**$ 16,160**	**$ 99,374**	**$ 28,569**
COSTS AND EXPENSES:				
Operations and support	39,698	11,918	75,881	21,034
Sales and marketing	15,339	2,805	25,662	5,169
Research and development	2,149	609	4,089	1,197
General and administrative	12,380	7,842	31,298	11,355
Depreciation and amortization	4,824	276	8,940	502
Impairment of intangible assets	—	—	18	—
Loss on disposal of assets	10	—	15	8
TOTAL COSTS AND EXPENSES	**74,400**	**23,450**	**145,903**	**39,265**
LOSS FROM OPERATIONS	**(23,058)**	**(7,290)**	**(46,529)**	**(10,696)**
OTHER EXPENSES (INCOME) AND LOSSES (GAINS), NET				
Interest expense	2,190	290	3,795	462
Interest income	(241)	—	(580)	(1)
Gain on derivatives	—	(165)	—	(327)
Other income	(123)	(39)	(173)	(38)
NET LOSS BEFORE INCOME TAXES	**(24,884)**	**(7,376)**	**(49,571)**	**(10,792)**
Income tax expense (benefit)	(32)	23	30	34
NET LOSS	**$ (24,852)**	**$ (7,399)**	**$ (49,601)**	**$ (10,826)**
LOSS PER SHARE:				
Basic and diluted	$ (0.32)	$ (0.74)	$ (0.70)	$ (1.08)
Weighted average common shares outstanding – basic and diluted	72,416,614	9,997,815	68,492,911	10,023,853

The accompanying notes are an integral part of these condensed consolidated financial statements.

WAITR HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Six Months Ended June 30,	
	2019	2018
Cash flows from operating activities:		
Net loss	$ (49,601)	$ (10,826)
Adjustments to reconcile net loss to net cash used in operating activities:		
Non-cash interest expense	1,079	142
Non-cash advertising expense	310	187
Stock-based compensation	4,552	2,182
Equity issued in exchange for services	60	60
Loss on disposal of assets	15	8
Depreciation and amortization	8,940	502
Impairment of intangible assets	18	—
Amortization of capitalized contract costs	1,250	613
Gain on derivatives	—	(327)
Changes in assets and liabilities:		
Accounts receivable	(1,734)	(653)
Capitalized contract costs	(2,346)	(1,196)
Prepaid expenses and other current assets	(3,932)	(2,482)
Accounts payable	(592)	829
Restaurant food liability	6,399	(4)
Deferred revenue	(151)	1,362
Change in current income taxes	(25)	3
Accrued payroll	4,113	739
Accrued workers' compensation liability	(305)	—
Other current liabilities	(2,441)	4,475
Other noncurrent liabilities	40	(12)
Net cash used in operating activities	**(34,351)**	**(4,398)**
Cash flows from investing activities:		
Purchases of property and equipment	(990)	(1,113)
Acquisition of Bite Squad, net of cash acquired	(192,568)	—
Collections on notes receivable	53	—
Internally developed software	(155)	—
Consideration paid for IndiePlate asset acquisition	—	(11)
Proceeds from sale of property and equipment	23	—
Net cash used in investing activities	**(193,637)**	**(1,124)**
Cash flows from financing activities:		
Proceeds from convertible notes issuance	—	1,410
Waitr shares redeemed for cash	(10)	—
Proceeds from issuance of stock	50,002	—
Equity issuance costs	(4,175)	—
Proceeds from Additional Term Loans	42,080	—
Proceeds from short-term loan	5,032	2,172
Payments on short-term loan	(658)	(215)
Proceeds from exercise of stock options	3	10
Taxes paid related to net settlement on stock-based compensation	(799)	—
Net cash provided by financing activities	**91,475**	**3,377**
Net change in cash	**(136,513)**	**(2,145)**
Cash, beginning of period	209,340	3,947
Cash, end of period	**$ 72,827**	**$ 1,802**
Supplemental disclosures of cash flow information:		
Cash paid during the period for state income taxes	$ 30	$ 31
Cash paid during the period for interest	2,715	6
Supplemental disclosures of non-cash investing and financing activities:		
Services receivable	$ —	$ 1,000
Stock issued as consideration in Bite Squad acquisition	126,574	—
Stock issued in connection with Additional Term Loans	3,884	—
Non-cash gain on debt extinguishment	1,897	—
Debt assumed in IndiePlate asset acquisition	—	60
Bifurcated embedded derivatives	—	87
Discount on convertible notes due to beneficial conversion feature	—	1,501
Stock issued as consideration in GoGoGrocer asset acquisition	—	142

The accompanying notes are an integral part of these condensed consolidated financial statements.

WAITR HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
THREE AND SIX MONTHS ENDED JUNE 30, 2019
(in thousands, except share data)
(unaudited)

Six Months Ended June 30, 2019

	Common stock		Additional paid in capital	Accumulated deficit	Total stockholders' equity (deficit)
	Shares	Amount			
Balances at December 31, 2018	**54,035,538**	**$ 5**	**$ 200,417**	**$ (70,931)**	**$ 129,491**
Net loss	—	—	—	(49,601)	(49,601)
Gain on debt extinguishment	—	—	1,897	—	1,897
Exercise of stock options and vesting of restricted stock units	9,599	—	3	—	3
Taxes paid related to net settlement on stock-based compensation	(79,900)	—	(799)	—	(799)
Stock-based compensation	—	—	4,552	—	4,552
Equity issued in exchange for services	—	—	60	—	60
Issuance of common stock in connection with Additional Term Loans	325,000	—	3,884	—	3,884
Public Warrants exchanged for common stock	4,494,889	1	(610)	—	(609)
Stock issued as consideration in Bite Squad Merger	10,591,968	1	126,573	—	126,574
Issuance of common stock	6,757,000	1	46,425	—	46,426
Balances at June 30, 2019	**76,134,094**	**$ 8**	**$ 382,402**	**$ (120,532)**	**$ 261,878**

Three Months Ended June 30, 2019

	Common stock		Additional paid in capital	Accumulated deficit	Total stockholders' equity (deficit)
	Shares	Amount			
Balances at March 31, 2019	**69,368,381**	**$ 7**	**$ 331,539**	**$ (95,680)**	**$ 235,866**
Net loss	—	—	—	(24,852)	(24,852)
Gain on debt extinguishment	—	—	1,897	—	1,897
Exercise of stock options and vesting of restricted stock units	8,713	—	2	—	2
Stock-based compensation	—	—	2,519	—	2,519
Public Warrants exchanged for common stock	—	—	(10)	—	(10)
Equity issued in exchange for services	—	—	30	—	30
Issuance of common stock	6,757,000	1	46,425	—	46,426
Balances at June 30, 2019	**76,134,094**	**$ 8**	**$ 382,402**	**$ (120,532)**	**$ 261,878**

The accompanying notes are an integral part of these condensed consolidated financial statements.

WAITR HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
THREE AND SIX MONTHS ENDED JUNE 30, 2018
(in thousands, except share data)
(unaudited)

Six Months Ended June 30, 2018

	Preferred Seed I		Preferred Seed II		Preferred Seed AA		Common stock		Additional paid in capital	Accumulated deficit	Total stockholders' equity (deficit)
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balances at December 31, 2017	**3,413,235**	**$ —**	**3,301,326**	**$ —**	**7,264,489**	**$ —**	**10,050,180**	**$ —**	**$ 35,110**	**$ (36,620)**	**$ (1,510)**
Net loss	—	—	—	—	—	—	—	—	—	(10,826)	(10,826)
Exercise of stock options	—	—	—	—	—	—	210,087	—	10	—	10
Stock-based compensation	—	—	—	—	—	—	—	—	1,962	—	1,962
Cancellation of stock	—	—	—	—	—	—	(132,095)	—	—	—	—
Equity compensation on Requested Amendment	—	—	—	—	—	—	—	—	220	—	220
Equity issued in exchange for services	—	—	—	—	—	—	—	—	60	—	60
Stock issued as consideration in GoGoGrocer asset acquisition	—	—	—	—	—	—	16,311	—	142	—	142
Discount on convertible notes due to beneficial conversion feature	—	—	—	—	—	—	—	—	1,501	—	1,501
Balances at June 30, 2018	**3,413,235**	**$ —**	**3,301,326**	**$ —**	**7,264,489**	**$ —**	**10,144,483**	**$ —**	**$ 39,005**	**$ (47,446)**	**$ (8,441)**

Three Months Ended June 30, 2018

	Preferred Seed I		Preferred Seed II		Preferred Seed AA		Common stock		Additional paid in capital	Accumulated deficit	Total stockholders' equity (deficit)
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balances at March 31, 2018	**3,413,235**	**$ —**	**3,301,326**	**$ —**	**7,264,489**	**$ —**	**10,050,180**	**$ —**	**$ 37,687**	**$ (40,047)**	**$ (2,360)**
Net loss	—	—	—	—	—	—	—	—	—	(7,399)	(7,399)
Exercise of stock options	—	—	—	—	—	—	210,087	—	10	—	10
Stock-based compensation	—	—	—	—	—	—	—	—	886	—	886
Cancellation of stock	—	—	—	—	—	—	(132,095)	—	—	—	—
Equity compensation on Requested Amendment	—	—	—	—	—	—	—	—	220	—	220
Equity issued in exchange for services	—	—	—	—	—	—	—	—	30	—	30
Stock issued as consideration in GoGoGrocer asset acquisition	—	—	—	—	—	—	16,311	—	142	—	142
Discount on convertible notes due to beneficial conversion feature	—	—	—	—	—	—	—	—	30	—	30
Balances at June 30, 2018	**3,413,235**	**$ —**	**3,301,326**	**$ —**	**7,264,489**	**$ —**	**10,144,483**	**$ —**	**$ 39,005**	**$ (47,446)**	**$ (8,441)**

The accompanying notes are an integral part of these condensed consolidated financial statements.

WAITR HOLDINGS INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share and per share data)

1. Organization

Waitr Holdings Inc., a Delaware corporation, together with its wholly-owned subsidiaries (the "Company," "Waitr," "we," "us" and "our"), operates an online food ordering and delivery platform, powered by its team of delivery drivers. Waitr's business model is the three-sided marketplace (restaurants, drivers and diners), enabled by its purpose-built platform. On January 17, 2019, Waitr acquired BiteSquad.com, LLC ("Bite Squad"), an online food ordering and delivery platform, which also operates a three-sided marketplace. The Company connects diners and restaurants via Waitr's website and mobile application (the "Waitr Platform") and Bite Squad's website and mobile application (the "Bite Squad Platform" and together with the Waitr Platform, the "Platforms"). The Company's Platforms allow consumers to browse local restaurants and menus, track order and delivery status, and securely store previous orders and payment information for ease of use and convenience. Restaurants benefit from the online Platforms through increased exposure to consumers for carryout sales and expanded business in the delivery market.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The unaudited interim condensed consolidated financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and in accordance with the rules and regulations of the United States Securities and Exchange Commission ("SEC") as they apply to interim financial information. Accordingly, the interim condensed consolidated financial statements do not include all of the information and notes required by GAAP for complete annual financial statements, although the Company believes that the disclosures made are adequate to make information not misleading.

The unaudited interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto, together with management's discussion and analysis of financial condition and results of operations, contained in our Annual Report on Form 10-K for the year ended December 31, 2018 (the "2018 Form 10-K"). The interim condensed consolidated financial statements are unaudited, but in the Company's opinion, include all adjustments that are necessary for a fair presentation of the results for the periods presented. The interim results are not necessarily indicative of results that may be expected for any other interim period or the fiscal year.

Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and all wholly-owned subsidiaries. Intercompany transactions and balances have been eliminated upon consolidation.

Reclassification

Certain prior period amounts included in the unaudited condensed consolidated statements of operations have been reclassified to conform to the current period's presentation. The Company has revised the classification of certain employee-related wages and payroll taxes associated with such wages for the three and six months ended June 30, 2018 to better align the statement of operations line items with departmental responsibilities and management of operations. These reclassifications had no effect on the Company's reported total costs and expenses, loss from operations, net loss or loss per share for the three or six months ended June 30, 2018.

The table below summarizes the financial statement line items impacted by these reclassifications (in thousands):

	Three Months Ended June 30, 2018			Six Months Ended June 30, 2018		
	As Previously Reported	Reclassification	As Reclassified	As Previously Reported	Reclassification	As Reclassified
Operations and support expenses	$ 10,498	$ 1,420	$ 11,918	$ 18,414	$ 2,620	$ 21,034
Sales and marketing expenses	2,786	19	2,805	5,139	30	5,169
General and administrative expenses	9,256	(1,414)	7,842	13,957	(2,602)	11,355
Related party expenses	25	(25)	—	48	(48)	—

Certain prior period amounts included in the unaudited condensed consolidated balance sheets and statements of cash flows have been reclassified to conform to the current period's presentation.

Restaurant Food Liability

All transactions processed through the Bite Squad Platform and certain transactions processed through the Waitr Platform result in the Company receiving all of the transaction proceeds. The Company records as a restaurant food liability the net balance owed to the restaurant, after deducting the commissions and other fees charged to the restaurant. The Company remits payments to the restaurants twice a month, generally on the 1st and 15th.

Use of Estimates

The preparation of the unaudited condensed consolidated financial statements in accordance with GAAP requires the Company to make estimates and assumptions that affect the amounts reported in the unaudited condensed consolidated financial statements and accompanying notes.

Significant estimates and judgments relied upon in preparing these condensed consolidated financial statements affect the following items: determination of the nature and timing of satisfaction of revenue-generating performance obligations and the standalone selling price of performance obligations, variable consideration, other obligations such as product returns and refunds, allowance for doubtful accounts, allowance for chargebacks, incurred loss estimates under our insurance policies with large deductibles or retention levels, income taxes, useful lives of tangible and intangible assets, depreciation and amortization, equity compensation, contingencies, goodwill and other intangible assets, and fair value of assets acquired and liabilities assumed as part of a business combination. The Company regularly assesses these estimates and records changes to estimates in the period in which they become known. The Company bases its estimates on historical experience and various other assumptions believed to be reasonable under the circumstances. Changes in the economic environment, financial markets, and any other parameters used in determining these estimates could cause actual results to differ from those estimates.

Critical Accounting Policies and Estimates

Except as set forth below, there has been no material change to our critical accounting policies and estimates described in the 2018 Form 10-K.

Revenue

The Company generates revenue ("transaction fees") primarily when diners place an order on one of the Platforms. In the case of diner subscription fees, revenue is recognized when payment for the monthly subscription is received. Revenue consists of the following for the periods indicated (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Transaction fees	$ 50,227	$ 15,406	$ 97,195	$ 27,249
Setup and integration fees	1,081	626	2,103	1,116
Other	34	128	76	204
	$ 51,342	**$ 16,160**	**$ 99,374**	**$ 28,569**

Transaction fees represent the revenue recognized from the Company's obligation to process orders on the Platforms. The performance obligation is satisfied when the Company successfully processes an order placed on one of the Platforms and the restaurant receives the order at their location. The obligation to process orders on the Platforms represents a series of distinct performance obligations satisfied over time that the Company combines into a single performance obligation. Consistent with the recognition objective in Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers*, the variable consideration due to the Company for processing orders is recognized on a daily basis. As an agent of the restaurant in the transaction, the Company recognizes transaction fees earned from the restaurant on the platform on a net basis. Transaction fees also include a fee charged to the end user customer when they request the order be delivered to their location. Revenue is recognized for diner fees once the delivery service is completed. The contract period for substantially all restaurant contracts is one month as both the Company and the restaurant have the ability to unilaterally terminate the contract by providing notice of termination.

For the periods presented in this Quarterly Report on Form 10-Q (the "Form 10-Q"), the Company also received non-refundable upfront setup and integration fees for onboarding certain restaurants. Setup and integration activities primarily represented administrative activities that allowed the Company to fulfill future performance obligations for these restaurants and do not represent services transferred to the restaurant. However, the non-refundable upfront setup and integration fees charged to restaurants resulted in a performance obligation in the form of a material right related to the restaurant's option to renew the contract each day rather than provide a notice of termination. Upfront non-refundable fees were generally due shortly after the contract was executed; however, the Company could provide installment payment options for up to six months. Revenue related to setup and integration fees was recognized ratably over a two-year period.

On July 1, 2019, the Company provided notice to the majority of restaurants on its Waitr Platform, informing restaurants of proposed changes to the agreements between the Company and the restaurants, which include the elimination of the one-time setup and integration fee election in exchange for a performance-based, tiered transaction fee. See *Note 16 – Subsequent Events* for additional details.

The Company sells gift cards on the Bite Squad Platform and recognizes revenue upon gift card redemption. Gift cards that have not yet been utilized amount to $579 as of June 30, 2019 and are included on the unaudited condensed consolidated balance sheet in other current liabilities.

Other revenue consists primarily of subscription revenue from restaurants who have opted to pay an ongoing monthly fee to remain on the Platforms instead of a lump sum setup fee.

Significant Judgment

Most of the Company's contracts with restaurants contain multiple performance obligations as described above. For these contracts, the Company accounts for individual performance obligations separately if they are both capable of being distinct, and distinct in the context of the contract. Determining whether products and services are considered distinct performance obligations that should be accounted for separately may require significant judgment.

Judgment is also required to determine the standalone selling price for each distinct performance obligation. The Company used the alternative approach in ASC 606 to allocate the upfront fee between the material right obligation and the transaction fee obligation, which resulted in all of the upfront non-refundable payment at inception of the contract being allocated to the material right obligation. When contracts with restaurants include other performance obligations, such as ancillary equipment, the Company establishes a single amount to estimate the standalone selling price for the goods or services. In instances where the standalone selling price is not directly observable, it is determined using observable inputs.

Contract Balances

The timing of revenue recognition may differ from the timing of invoicing to restaurants. The Company records a receivable when it has an unconditional right to the consideration. Setup and integration fees were due at inception of the contract; in certain cases, extended payment terms may have been provided for up to six months and are included in accounts receivable. The opening balance of accounts receivable, net was $3,687 and $2,124 as of January 1, 2019 and 2018, respectively.

Payment terms and conditions on setup and integration fees varied by contract type, although terms typically included a requirement of payment within six months. The Company recorded a contract liability in deferred revenue for the unearned portion of the upfront non-refundable fee. In instances where the timing of revenue recognition differs from the timing of invoicing, the Company has determined its contracts do not include a significant financing component.

Assets Recognized from Costs to Obtain and Costs to Fulfill a Contract with a Customer

The Company recognizes an asset for the incremental costs of obtaining a contract with a restaurant and recognizes the expense over the course of the period when the Company expects to recover those costs. The Company has determined that certain internal sales incentives earned at the time when an initial contract is executed meet these requirements. Capitalized sales incentives are amortized to sales and marketing expense on a straight-line basis over the period of benefit, which the Company has determined to be two years. Deferred costs related to obtaining contracts with restaurants were $1,454 and $986 as of June 30, 2019 and December 31, 2018, respectively, out of which $990 and $679, respectively, were classified as current. Amortization of expense for the costs to obtain a contract were $242 and $121 for the three months ended June 30, 2019 and 2018, respectively, and $451 and $216 for the six months ended June 30, 2019 and 2018, respectively.

The Company also recognizes an asset for the costs to fulfill a contract with a restaurant when they are specifically identifiable, generate or enhance resources used to satisfy future performance obligations, and are expected to be recovered. The Company has determined that certain costs related to setup and integration activities meet the capitalization criteria under ASC Topic 340-40, *Other Assets and Deferred Costs*. Costs related to these implementation activities are deferred and then amortized to operations and support expense on a straight-line basis over a period of benefit, which the Company has determined to be two years. Deferred costs related to fulfilling contracts with restaurants were $2,338 and $1,710 as of June 30, 2019 and December 31, 2018, respectively, out of which $1,611 and $1,190, respectively, were classified as current. Amortization of expense for the costs to fulfill a contract were $425 and $220 for the three months ended June 30, 2019 and 2018, respectively, and $799 and $397 for the six months ended June 30, 2019 and 2018, respectively.

The Company applies a practical expedient to expense costs as incurred for costs to obtain a contract with a restaurant when the amortization period would have been one year or less.

There was no impairment loss in relation to capitalized costs for the periods presented.

Recent Accounting Pronouncements

Changes to GAAP are established by the Financial Accounting Standards Board (“FASB”), in the form of Accounting Standards Updates (“ASUs”), to the FASB’s ASCs.

The Company considered the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on these unaudited condensed consolidated financial statements. As an emerging growth company, the Company has elected to use the extended transition period for complying with new or revised financial accounting standards provided pursuant to Section 13 (a) of the Exchange Act.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820) – Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which removes, modifies or adds disclosure requirements regarding fair value measurements. The amendments in this ASU are effective for all entities beginning after December 15, 2019, with amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and narrative description of measurement uncertainty requiring prospective adoption and all other amendments requiring retrospective adoption. Early adoption is permitted. The Company is currently evaluating the impact of the adoption of ASU 2018-13 on its related disclosures and does not expect it to have a material impact on the unaudited condensed consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-07, *Compensation – Stock Compensation (Topic 718),* to simplify the accounting for share-based payments to non-employees by aligning it with the accounting for share-based payments to employees, with certain exceptions. Under the new standard, equity-classified non-employee awards will be initially measured on the grant date and re-measured only upon modification, rather than at each reporting period. Measurement will be based on an estimate of the fair value of the equity instruments to be issued. ASU 2018-07 is effective for public business entities in fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. For all other entities, the standard is effective in fiscal years beginning after December 15, 2019 and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted, including in an interim period for which financial statements have not been issued or made available for issuance but not before an entity adopts ASC 606. As an emerging growth company, the Company will not be subject to the requirements of ASU 2018-07 until fiscal year 2020. The Company’s adoption of this ASU will not have a material impact on the unaudited condensed consolidated financial statements.

In July 2017, the FASB issued ASU No. 2017-11, *Earnings Per Share (Topic 260), Distinguishing Liabilities from Equity (Topic 480) and Derivatives and Hedging (Topic 815): I. Accounting for Certain Financial Instruments with Down Round Features; II. Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception*. Part I of ASU 2017-11 addresses the complexity of accounting for certain financial instruments with down round features. Down round features are features of certain equity-linked instruments (or embedded features) that result in the strike price being reduced based on the pricing of future equity offerings. Current accounting guidance creates cost and complexity for entities that issue financial instruments (such as warrants and convertible instruments) with down round features that require fair value measurement of the entire instrument or conversion option. Part II of ASU 2017-11 addresses the difficulty of navigating ASC Topic 480, *Distinguishing Liabilities from Equity,* because of the existence of extensive pending content in ASC 480. This pending content is the result of the indefinite deferral of accounting requirements about mandatorily redeemable financial instruments of certain nonpublic entities and certain mandatorily redeemable noncontrolling interests. Part II of ASU 2017-11 does not have an accounting effect. ASU 2017-11 is effective for public business entities for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. For all other entities, the standard is effective for fiscal years beginning after December 15, 2019 and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. As an emerging growth company, the Company will not be subject to the requirements of ASU 2017-11 until fiscal year 2020. The Company is currently evaluating the impact that adopting this ASU will have on the unaudited condensed consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, to replace the incurred loss impairment methodology under current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The Company will be required to use a forward-looking expected credit loss model for accounts receivables, loans, and other financial instruments. ASU 2016-13 is effective for public business entities for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. For all other entities, the standard is effective for fiscal years beginning after December 15, 2020, including interim periods within fiscal years beginning after December 15, 2021. Early adoption is permitted for all entities beginning after December 15, 2018, including interim periods within those fiscal years. As an emerging growth company, the Company will not be subject to the requirements of ASU 2016-13 until fiscal year 2020. The Company is currently evaluating the impact that adopting this ASU will have on the unaudited condensed consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842).* ASU 2016-02 increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 is effective for public business entities for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. For all other entities, the standard is effective for fiscal years beginning after December 15, 2019 and interim periods beginning after December 15, 2020. Early adoption is permitted. As an emerging growth company, the Company will not be subject to the requirements of ASU 2016-02 until fiscal year 2020. The Company is currently evaluating the impact that adopting this ASU will have on the unaudited condensed consolidated financial statements.

3. Business Combinations

Bite Squad Merger

On January 17, 2019, the Company completed the acquisition of Bite Squad, a Minnesota limited liability company, pursuant to the Agreement and Plan of Merger, dated as of December 11, 2018 (the “Bite Squad Merger Agreement”), by and among the Company, Bite Squad and Wingtip Merger Sub, Inc., a Delaware corporation and wholly-owned subsidiary of the Company. The transactions contemplated by the Bite Squad Merger Agreement are referred to herein as the “Bite Squad Merger.” Upon consummation of the Bite Squad Merger, Wingtip Merger Sub, Inc. merged with and into Bite Squad, with Bite Squad surviving the merger in accordance with the Minnesota Revised Uniform Limited Liability Act as a wholly-owned, indirect subsidiary of the Company. Founded in 2012 and based in Minneapolis, Bite Squad operates a three-sided marketplace, consistent with Waitr, through the Bite Squad Platform. The consideration for the Bite Squad Merger consisted of $192,949 payable in cash (subject to adjustments), the pay down of $12,705 of indebtedness of Bite Squad and an aggregate of 10,591,968 shares of the Company’s common stock, par value $0.0001 per share (“common stock”), valued at $11.95 per share. On June 18, 2019, the Company finalized the adjustments contemplated by the Bite Squad Merger Agreement, resulting in the payment of an additional $149 of cash consideration to the Bite Squad members, recorded as additional goodwill. The following represents the total merger consideration:

(in thousands, except per share amount)		
Shares transferred at closing		10,592
Value per share	$	11.95
Total share consideration	$	126,574
Plus: cash transferred to Bite Squad members		193,098
Plus: pay down of debt		12,705
Total merger consideration	$	332,377

The Bite Squad Merger was considered a business combination in accordance with ASC 805, and has been accounted for using the acquisition method. Under the acquisition method of accounting, total merger consideration, acquired assets and assumed liabilities are recorded based on their estimated fair values on the acquisition date. The excess of the fair value of merger consideration over the fair value of the assets less liabilities acquired has been recorded as goodwill.

The preliminary fair value of assets acquired and liabilities assumed in the Bite Squad Merger consists of the following (in thousands):

Cash and cash equivalents	$	11,819
Settlements due from credit card processors		1,097
Accounts receivable		2,048
Inventory		940
Prepaid expenses and other		562
Intangible assets		104,400
Loans receivable		336
Other noncurrent assets		163
Restaurant food liability		(930)
Accounts payable		(953)
Accrued payroll		(1,125)
Accrued taxes		(1,818)
Other accruals		(8,652)
Indebtedness		(48)
Total assets acquired and liabilities assumed		107,839
Goodwill		224,538
Total merger consideration	$	332,377

The Company engaged a third-party to assist management in estimating the fair value of the assets and liabilities. The goodwill recorded in the Bite Squad Merger represents future anticipated economic benefits from combining operations of Waitr and Bite Squad, including, but not limited to, future growth into new markets, future enhancements to the Platforms, future customer relationships and the workforce in place. Approximately 81% of the goodwill is expected to be deductible for U.S. federal income tax purposes given the federal tax treatment of the transaction.

The acquired identifiable intangible assets include customer relationships, trade name and developed technology. The developed technology asset was valued using the "with & without" methodology which considers the direct replacement and opportunity costs associated with the underlying technology. The developed technology acquired represents a Level 3 measurement as it was based on unobservable inputs reflecting the Company's assumptions used in pricing the asset at fair value. These inputs required significant judgments and estimates at the time of the valuation.

The acquired customer relationships were valued using the income approach, specifically, the multi-period excess earnings method, which measures the after-tax cash flows attributable to the existing customer relationships after deducting the operating costs and contributory asset charges associated with economic rents associated with supporting the existing customer relationships. The customer relationships acquired represent a Level 3 measurement as it was based on unobservable inputs reflecting the Company's assumptions used in pricing the asset at fair value. These inputs required significant judgments and estimates at the time of the valuation.

The acquired trade name was valued using the income approach, specifically, the relief from royalty rate method, which measures the cash flow streams attributable to the trade name in the form of royalty payments that would be paid to the owner of the trade name in return for the rights to use the trade name. The trade name acquired represents a Level 3 measurement as it was based on unobservable inputs reflecting the Company's assumptions used in pricing the asset at fair value. These inputs required significant judgments and estimates at the time of the valuation.

While the Company has substantially completed the determination of the fair values of the assets acquired and liabilities assumed, the Company is still finalizing the calculation of the purchase price adjustments pursuant to the Bite Squad Merger Agreement, which could affect the final fair value analysis. The Company anticipates finalizing the determination of the fair values by the fourth quarter of 2019.

The results of operations of Bite Squad are included in our unaudited condensed consolidated financial statements beginning on the acquisition date, January 17, 2019. Revenue and net loss of Bite Squad included in the unaudited condensed consolidated statement of operations in the three months ended June 30, 2019 totaled approximately $26,147 and $7,368, respectively, and in the six months ended June 30, 2019 totaled approximately $49,062 and $11,951, respectively.

Identifiable intangible assets acquired from Bite Squad consist of the following (in thousands):

	Amortizable Life (in years)	Value
Customer Relationships	7.5	$ 81,000
Trade name	3.0	5,400
Developed technology	4.0	18,000
Total		**$ 104,400**

The acquired identifiable intangible assets are amortized on a straight-line basis to reflect the pattern in which the economic benefits of the intangible assets are consumed.

In connection with the Bite Squad Merger, the Company incurred direct and incremental costs of $6,956 consisting of legal and professional fees, which are included in general and administrative expenses in the unaudited condensed consolidated statement of operations in the six months ended June 30, 2019.

Pro-Forma Financial Information (Unaudited)

The supplemental condensed consolidated results of the Company on an unaudited pro forma basis as if the Bite Squad Merger had been consummated on January 1, 2018 are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net Revenue	$ 51,341	$ 36,350	$ 103,659	$ 65,719
Net Loss	24,258	13,157	50,668	21,386

These pro forma results were based on estimates and assumptions, which the Company believes are reasonable. They are not the results that would have been realized had the Company been a consolidated company during the periods presented and are not indicative of consolidated results of operations in future periods. The pro forma results include adjustments primarily related to acquisition accounting adjustments and interest expense associated with the related Additional Term Loans. Acquisition costs and other non-recurring charges incurred are included in the period presented.

Landcadia Business Combination

On November 15, 2018, the Company (f/k/a Landcadia Holdings, Inc.) completed the acquisition of Waitr Incorporated (the “Landcadia Business Combination”). Waitr Incorporated began operations in 2014 as a restaurant platform for online food ordering and delivery services. Landcadia Holdings, Inc. was a special purpose acquisition company whose business was to effect a merger, capital stock exchange, asset acquisition, stock purchase reorganization or similar business combination. The Landcadia Business Combination was accounted for as a reverse recapitalization, with no goodwill or other intangible assets recorded, in accordance with GAAP. Landcadia Holdings, Inc. was treated as the “acquired” company for financial reporting purposes. Accordingly, for accounting purposes, the Landcadia Business Combination was treated as the equivalent of Waitr Incorporated issuing stock for the net assets of Landcadia Holdings, Inc., accompanied by a recapitalization. The net assets of Landcadia Holdings, Inc. were stated at historical cost, with no goodwill or other intangible assets recorded. Reported amounts from operations included herein prior to the Landcadia Business Combination are those of Waitr Incorporated. The shares and earnings per share available to holders of the Company’s common stock as of and for the three and six months ended June 30, 2018, respectively, have been retroactively restated to reflect the exchange ratio established in the Landcadia Business Combination (0.8970953 Waitr Holdings Inc. shares to 1.0 Waitr Incorporated share). The pro forma information of the Landcadia Business Combination has been excluded as the amounts are not material.

The aggregate consideration for the Landcadia Business Combination was $300,000, consisting of $71,680 in cash and 22,831,697 shares of the Company’s common stock valued at $10.00 per share.

4. Accounts Receivable

Accounts receivable consist of the following (in thousands):

	June 30, 2019	December 31, 2018
Credit card receivables	$ 5,228	$ 1,871
Receivables from restaurants and customers	2,289	1,991
Accounts receivable	$ 7,517	$ 3,862
Less: allowance for doubtful accounts and chargebacks	(368)	(175)
Accounts receivable, net	**$ 7,149**	**$ 3,687**

5. Intangibles Assets and Goodwill

Intangible Assets

Intangible assets with finite useful lives are amortized using the straight-line method over their estimated useful lives and include internally developed software, as well as software to be otherwise marketed, and trademarks/trade name/patents and customer relationships. These intangible assets are reviewed for impairment whenever events or circumstances indicate that they may not be recoverable. The Company has determined that the Waitr trademark intangible asset is an indefinite-lived asset and therefore is not subject to amortization but is evaluated annually for impairment. The Bite Squad trade name intangible asset, however, is being amortized over its estimated useful life.

Intangible assets are stated at cost or acquisition-date fair value less accumulated amortization and consist of the following (in thousands):

	As of June 30, 2019			
	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment	Intangible Assets, Net
Software	$ 19,320	$ (2,550)	$ (607)	$ 16,163
Trademarks/Trade name/Patents	5,405	(830)	—	4,575
Customer Relationships	81,142	(5,017)	—	76,125
Total	**$ 105,867**	**$ (8,397)**	**$ (607)**	**$ 96,863**

	As of December 31, 2018			
	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment	Intangible Assets, Net
Software	$ 1,239	$ (536)	$ (589)	$ 114
Trademarks/Trade name/Patents	5	—	—	5
Customer Relationships	142	—	—	142
Total	**$ 1,386**	**$ (536)**	**$ (589)**	**$ 261**

On January 17, 2019, the Company acquired intangible assets in connection with the acquisition of Bite Squad, including customer relationships of $81,000, trade names valued at $5,400 and developed technology of $18,000 (see *Note 3 – Business Combinations*).

An impairment loss of $18 in the three months ended March 31, 2019 was recorded for the portion of previously capitalized software that was replaced due to the release of new software developed in 2019.

The Company recorded amortization expense of $4,310 and $28 for the three months ended June 30, 2019 and 2018, respectively, and $7,945 and $58 for the six months ended June 30, 2019 and 2018, respectively. Estimated future amortization expense of intangible assets is as follows (in thousands):

	Amortization
The remainder of 2019	$ 8,640
2020	17,227
2021	17,165
2022	15,581
2023	10,800
Thereafter	27,450
Total future amortization	**$ 96,863**

Goodwill

The Company recorded $224,538 of goodwill as a result of the allocation of the purchase price over assets acquired and liabilities assumed in the Bite Squad Merger. No impairment losses were recorded for the three or six months ended June 30, 2019. The Company's goodwill balance is as follows as of June 30, 2019 and December 31, 2018 (in thousands):

	June 30, 2019	December 31, 2018
Balance, beginning of period	$ 1,408	$ 1,408
Acquisition during the period	224,538	—
Balance, end of period	**$ 225,946**	**$ 1,408**

6. Other Current Liabilities

Other current liabilities consist of the following (in thousands):

	June 30, 2019	December 31, 2018
Accrued advertising expenses	$ 1,328	$ 887
Accrued transaction expenses	4,000	—
Accrued sales tax payable	889	—
Other current liabilities	6,380	3,621
Total other current liabilities	**$ 12,597**	**$ 4,508**

7. Debt

The Company's outstanding debt obligations are as follows (in thousands):

	June 30, 2019	December 31, 2018
Term Loans	$ 67,080	$ 25,000
Notes	60,205	60,000
	$ 127,285	$ 85,000
Less: unamortized debt issuance costs on Term Loans	(5,903)	(2,268)
Less: unamortized debt issuance costs on Notes	(3,018)	(1,747)
Total long-term debt	**$ 118,364**	**$ 80,985**
Short-term loans	5,032	658
Total outstanding debt	**$ 123,396**	**$ 81,643**

The following discussion includes a description of the Company's outstanding debt at June 30, 2019 and December 31, 2018. Interest expense related to the Company's outstanding debt totaled $2,190 and $290 for the three months ended June 30, 2019 and 2018, respectively, and $3,795 and $462 for the six months ended June 30, 2019 and 2018, respectively. Interest expense includes interest on outstanding borrowings and amortization of debt issuance costs.

Debt Facility

On November 15, 2018, the Company's wholly-owned indirect subsidiary Waitr Inc., as borrower, entered into the Credit and Guaranty Agreement, dated as of November 15, 2018 (as amended or otherwise modified from time to time, the "Credit Agreement") with Luxor Capital Group, LP ("Luxor Capital"), as administrative agent and collateral agent, the various lenders party thereto, Waitr Intermediate Holdings, LLC, a Delaware limited liability company ("Intermediate Holdings") and wholly-owned direct subsidiary of the Company, and certain subsidiaries of Waitr Inc. as guarantors. The Credit Agreement provides for a senior secured first priority term loan facility (the "Debt Facility") to Waitr Inc. in the aggregate principal amount of $25,000 (the "Original Term Loans"). On January 17, 2019, Intermediate Holdings and Waitr Inc. entered into the Amendment No. 1 to Credit and Guaranty Agreement (the "First Credit Agreement Amendment") with the various lenders party thereto and Luxor Capital, as administrative agent and collateral agent, which amended the Credit Agreement in order to provide to Waitr Inc. additional senior secured first priority term loans under the Debt Facility in the aggregate principal amount of $42,080 (the "Additional Term Loans"), the proceeds of which were used to consummate the Bite Squad Merger.

On May 21, 2019, in connection with the Company's underwritten follow-on public offering of common stock (the "Offering") (see *Note 13 – Stockholders' Equity*), the Company entered into the Amendment No. 2 to Credit and Guaranty Agreement (the "Second Credit Agreement Amendment"), which removed the requirement under the Credit Agreement that Intermediate Holdings maintain minimum consolidated liquidity of $15,000 as of the last day of each fiscal quarter. Additionally, the Second Credit Agreement Amendment changed the prepayment expiration date for the Debt Facility from November 15, 2019 to August 31, 2019. Pursuant to the Second Credit Agreement Amendment, Luxor waived any prepayment requirement under the Credit Agreement solely with respect to the proceeds from the issuance of common stock in the Offering. The revisions in the Second Credit Agreement Amendment, along with those in the Convertible Notes Second Amendment (as defined under *Notes* below), resulted in the application of debt extinguishment accounting (see *Debt Extinguishment* below).

The Original Term Loans are guaranteed by Intermediate Holdings and secured by (i) a first priority pledge of the equity interests of Waitr Inc. and (ii) a first priority lien on substantially all other assets of Waitr Inc. and Intermediate Holdings (subject to customary exceptions). The Additional Term Loans are guaranteed by Intermediate Holdings, Bite Squad and its subsidiaries and the other guarantors party to the Credit Agreement and secured by a lien on substantially all assets of Waitr Inc., Intermediate Holdings, Bite

Squad and its subsidiaries and the other guarantors under the Credit Agreement. The Additional Term Loans and Original Term Loans (together, the "Term Loans"), will mature on November 15, 2022.

Interest on borrowings under the Debt Facility initially accrued at a rate of 7.0% per annum. Effective January 17, 2019, in connection with the First Credit Agreement Amendment, interest on borrowings under the Debt Facility accrues at a rate of 7.125% per annum, payable quarterly, in cash or, at the election of the borrower, as a payment-in-kind. Any amounts paid in kind will be added to the principal amount of the Debt Facility on such interest payment date (increasing the principal amount thereof) and will thereafter bear interest at the rate set forth above. The effective interest rate for borrowings on the Debt Facility, after considering the allocated discount, is approximately 10.32%.

From the closing date of the Additional Term Loans through August 31, 2019, Waitr Inc. will be required to pay a prepayment premium of 5.0% of the principal amount of any Term Loans to be prepaid during such period in connection with (i) any prepayments (whether before or after an event of default), (ii) any payment, repayment or redemption of the obligations following an acceleration, (iii) certain bankruptcy events, or (iv) acceleration upon the termination for any reason of the definitive agreements documenting the convertible promissory notes issued under the Convertible Notes Agreement (as defined under *Notes* below). Thereafter, the Term Loans may be prepaid without penalty or premium.

In connection with the Additional Term Loans, the Company issued to the lenders under the First Credit Agreement Amendment 325,000 shares of common stock of the Company in a private placement. The lenders under the First Credit Agreement Amendment have customary registration rights with respect to such shares.

The Credit Agreement includes a number of customary covenants. Such covenants, among other things, limit or restrict the ability of each of Intermediate Holdings, Waitr Inc. and its subsidiaries to:

- incur additional indebtedness and make guarantees;
- incur liens on assets;
- engage in mergers or consolidations or fundamental changes;
- dispose of assets;
- pay dividends and distributions or repurchase capital stock;
- make investments, loans and advances, including acquisitions;
- amend organizational documents and other material contracts;
- enter into certain agreements that would restrict the ability to incur liens on assets;
- repay certain junior indebtedness;
- enter into certain transactions with affiliates;
- enter into sale leaseback transactions; and
- change the conduct of its business.

The aforementioned restrictions are subject to certain exceptions including (i) the ability to incur additional indebtedness, liens, investments, dividends and distributions, and prepayments of junior indebtedness subject, in each case, to compliance with certain financial metrics and/or certain other conditions and (ii) a number of other traditional exceptions that grant Waitr Inc. continued flexibility to operate and develop its business. The Credit Agreement also includes customary affirmative covenants, representations and warranties and events of default. We believe that we were in compliance with all covenants under the Credit Agreement as of June 30, 2019.

In connection with the Debt Facility, the Company issued to Luxor Capital warrants which are currently exercisable for 399,726 shares of the Company's common stock (the "Debt Warrants"). See *Note 13 – Stockholders' Equity* for additional details.

Notes

In connection with the closing of the Landcadia Business Combination, the Company entered into the Credit Agreement, dated as of November 15, 2018 (as amended or otherwise modified from time to time, the "Convertible Notes Agreement"), pursuant to which the Company issued unsecured convertible promissory notes to Luxor Capital Partners, LP, Luxor Capital Partners Offshore Master Fund, LP, Luxor Wavefront, LP and Lugard Road Capital Master Fund, LP (the "Luxor Entities") in the aggregate principal amount of $60,000 (the "Notes"). In connection with the First Credit Agreement Amendment, the Company entered into the Amendment No. 1 to Credit Agreement, dated as of January 17, 2019 (the "Convertible Notes First Amendment"), among the Company, the lenders party thereto and Luxor Capital, as administrative agent, which amended the Convertible Notes Agreement, to permit the Bite Squad Merger and to make certain other amendments in conformity with the First Credit Agreement Amendment.

On May 21, 2019, in connection with the Offering, the Company entered into the Amendment No. 2 to Credit Agreement (the “Convertible Notes Second Amendment”), which amended the Convertible Notes Agreement. Prior to the execution of the Convertible Notes Second Amendment, the Notes had an interest rate of 1.0% per annum, paid quarterly in cash. Pursuant to the Convertible Notes Second Amendment, the interest rate on the Notes was revised to 6.0% (half payable in cash and half as a payment-in-kind) and the minimum consolidated liquidity covenant under the Convertible Notes Agreement was removed. Any amounts paid in kind will be added to the principal amount of the Notes on such interest payment date (increasing the principal amount thereof) and will thereafter bear interest at the rate set forth above. Of the total interest payment due on June 30, 2019, $205 was paid in-kind, resulting in an aggregate principal amount of the Notes at June 30, 2019 of $60,205. The revisions in the Convertible Notes Second Amendment, along with those in the Second Credit Agreement Amendment, resulted in the application of debt extinguishment accounting (see *Debt Extinguishment* below).

The Notes will mature four years from the date of the closing of the Landcadia Business Combination, unless earlier converted at the election of the holder. Upon maturity, the outstanding Notes (and any accrued but unpaid interest) will be repaid in cash or converted into shares of common stock, at the holder’s election. The effective interest rate for borrowings on the Notes, after considering the allocated discount, is approximately 7.77%.

The Notes include customary anti-dilution protection, including broad-based weighted average adjustments for issuances of additional shares (down-round features), and the shares issuable upon their conversion have certain registration rights. The Company may only prepay the Notes with the consent of the holders of at least a majority-in-interest of the outstanding Notes. Prior to the Offering, at any time at the holder’s election, each Note was convertible in whole or in part into shares of the Company’s common stock at a rate of $13.00 per share (subject to a 9.9% conversion cap). In connection with the Offering, the down-round provision in the conversion option of the Notes was triggered, resulting in an adjustment to the conversion rate, with each Note now convertible at the holder’s election into shares of the Company’s common stock at a rate of $12.51 per share.

The Company’s payment obligations on the Notes are not guaranteed. The Convertible Notes Agreement contains negative covenants, affirmative covenants, representations and warranties and events of default that are substantially similar to those that are set forth in the Credit Agreement and applicable to Waitr Inc. and Intermediate Holdings (except those that relate to collateral and related security interests, which are not contained in the Convertible Notes Agreement or otherwise applicable to the Notes).

Debt Extinguishment

To apply the debt extinguishment assessment, management determined that the Term Loans and Notes should be viewed as one instrument, as both are held by the same lender (Luxor Capital, along with the Luxor Entities) before and after the May 21, 2019 amendments and they were amended concurrently. The revisions to the interest rate and the conversion rate in the Convertible Notes Second Amendment were deemed substantial, resulting in the application of debt extinguishment accounting. The Company recorded a gain on debt extinguishment of $1,897 based on (a) the difference between the fair value of the amended Notes of $56,894 and the carrying amount of the original Notes of $58,421 on May 21, 2019 and (b) the difference between the fair value of the amended Term Loans of $61,014 and the carrying amount of the original Term Loans of $61,385 on May 21, 2019. Based on management’s determination that the sole lender under the Term Loans and Notes (Luxor Capital, along with the Luxor Entities) is a related party to the Company, in accordance with ASC 470-50, the Company recorded the gain on debt extinguishment as a capital contribution in the unaudited condensed consolidated statement of stockholders’ equity. For purposes of calculating net loss per share attributable to common stockholders (see *Note 14 – Loss Per Share Attributable to Common Stockholders*), the gain on debt extinguishment was added to net loss.

Short-term loans

On June 26, 2019, the Company entered into a loan agreement with First Insurance Funding to finance a portion of its annual insurance premium obligation. The principal amount of the loan is $5,032, payable in monthly installments, until maturity. The loan matures on April 1, 2020 and carries an annual interest rate of 4.08%.

On June 4, 2018, the Company entered into a loan agreement with First Insurance Funding to finance a portion of its annual insurance premium obligation. The loan had a principal amount of $2,172, payable in monthly installments, until maturity, and carried an annual interest rate of 3.39%. As of December 31, 2018, $658 was outstanding under such loan. The loan was paid in full upon maturity on March 21, 2019.

Series 2018 Convertible Promissory Notes

Between March 2, 2018 and March 15, 2018, the Company issued a series of convertible promissory notes ("Series 2018 Notes") to various investors with a maturity date of 24 months from the date of issuance with an aggregate principal amount of $2,470, of which $1,410 was received in cash, $1,000 in advertising services receivable, and $60 was debt assumed in the IndiePlate LLC asset acquisition.

The Series 2018 Notes accrued interest at a rate of 8% per annum that was due and payable at maturity, unless otherwise converted prior to maturity. In connection with the Landcadia Business Combination, the Series 2018 Notes were either ultimately converted into common stock of the post-combination company or redeemed for cash.

The Company determined that the feature in the Series 2018 Notes providing for conversion into shares sold in the next financing at a stated discount and the ability for holders to redeem their notes at a substantial premium, represented an embedded derivative, requiring separate accounting recognition, in accordance with subtopic ASC 815-15. The fair value on the date of issuance was recorded as bifurcated embedded derivatives on convertible notes, with an offset to the discount on the convertible note payable. Changes in estimated fair value of the derivatives were reported as gain/loss on derivatives in the unaudited condensed consolidated statements of operations (see *Note 8 – Derivatives*).

8. Derivatives

As described in *Note 7 – Debt*, the Company identified certain embedded derivatives related to contingent requirements to repay certain of its indebtedness at a substantial premium to par. These embedded derivatives were carried on the Company's consolidated balance sheets as bifurcated embedded derivatives on the Series 2018 Notes at estimated fair value. Changes in the estimated fair value of the derivatives are reported as gain/loss on derivatives in the accompanying unaudited condensed consolidated statements of operations. The embedded derivatives are not designated as hedging instruments.

The amount of gain recognized in the unaudited condensed consolidated statements of operations on derivatives not designated as hedging instruments is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Gain on derivatives	$ —	$ (165)	$ —	$ (327)

9. Deferred Revenue

Deferred revenue is comprised of unearned setup and integration fees. The Company's opening deferred revenue balance was $4,670 and $2,358 as of January 1, 2019 and January 1, 2018, respectively. The Company recognized $1,081 and $432 of setup and integration revenue during the three months ended June 30, 2019 and 2018, respectively, and $2,104 and $969 during the six months ended June 30, 2019 and 2018, respectively, which was included in the deferred revenue balances at the beginning of the respective periods.

Transaction Price Allocated to the Remaining Performance Obligations

As of June 30, 2019, $4,520 of revenue was expected to be recognized from remaining performance obligations for setup and integration fees, with approximately $3,472 expected to be recognized over the next 12 months. However, in July 2019, the Company initiated modifications to its fee structure with a majority of restaurants on the Waitr Platform. With the introduction of the new fee structure, the Company discontinued offering fee arrangements with the one-time setup and integration fee. The contract modifications and the effect of such modifications on our measure of progress towards the performance obligations, are expected to result in a cumulative adjustment to revenue in the third quarter of 2019 for a significant portion of amounts within deferred revenue. See *Note 16 – Subsequent Events* for additional details.

10. Income Taxes

The Company provides for income taxes using an asset and liability approach under which deferred income taxes are provided for based upon enacted tax laws and rates applicable to periods in which the taxes become payable. The Company recorded an income tax expense (benefit) of $(32) and $23 for the three months ended June 30, 2019 and 2018, respectively, and $30 and $34 for the six months ended June 30, 2019 and 2018, respectively. The Company's income tax expense is entirely related to taxes required on gross margins in Texas. A partial valuation allowance has been recorded as of June 30, 2019 and December 31, 2018 as the Company has historically generated net operating losses, and the Company did not consider future book income as a source of taxable income when assessing if a portion of the deferred tax assets is more likely than not to be realized.

11. Commitments and Contingencies

Workers' Compensation Claim

On November 27, 2017, Guarantee Insurance Company ("GIC"), the Company's former workers' compensation insurer, was ordered into receivership for purposes of liquidation by the Second Judicial Circuit Court in Leon County, Florida. At the time of the court order, GIC was administering the Company's outstanding workers' compensation claims. Upon entering receivership, the guaranty associations of the states where GIC operated began reviewing outstanding claims administered by GIC for continued claim coverage eligibility based on guaranty associations' eligibility criteria. The Company's net worth exceeded the threshold of $25,000 established by the Louisiana Insurance Guaranty Association ("LIGA") when determining eligibility for claims coverage. As such, LIGA assessed the Company's outstanding claim as ineligible for coverage. As of June 30, 2019 and December 31, 2018, the Company had $977 and $1,317, respectively, in workers' compensation liabilities associated with the GIC claims. The Company recorded no general and administrative expense related to these liabilities during the three or six months ended June 30, 2019 or 2018.

Legal Matters

In February 2019, the Company was named a defendant in a lawsuit titled Halley, et al vs. Waitr Holdings Inc. filed in the United States District Court for the Eastern District of Louisiana on behalf of plaintiff and similarly situated drivers alleging violations of the Fair Labor Standards Act ("FLSA"), and in March 2019, the Company was named a defendant in a lawsuit titled Montgomery v. Waitr Holdings Inc. filed in the United States District Court for the Eastern District of Louisiana on behalf of plaintiff and similarly situated drivers, alleging violations of FLSA and Louisiana Wage Payment Act. The Company denies the allegations and intends to defend the suits vigorously.

In addition to the lawsuits described above, the Company is involved in other litigation arising from the normal course of business activities. The Company is involved in various lawsuits involving claims for personal injuries, physical damage and workers' compensation benefits suffered as a result of alleged Waitr drivers, independent contractors, and third-party negligence. Although the Company cannot predict the outcomes of these matters, the Company does not believe these actions will have a material adverse effect on the Company's consolidated financial statements.

12. Fair Value Measurement

Certain financial instruments are required to be recorded at fair value. Other financial instruments, including cash, are recorded at cost, which approximates fair value. Additionally, accounts receivable, accounts payable and accrued expenses approximate fair value because of the short-term nature of these financial instruments. As of June 30, 2019 and December 31, 2018, the Company held no financial instruments required to be measured at fair value on a recurring basis.

In addition to assets and liabilities that are recorded at fair value on a recurring basis, the Company is required to record certain assets and liabilities at fair value on a non-recurring basis. The Company generally applies fair value concepts in recording assets and liabilities acquired in acquisitions. See *Note 3 – Business Combinations*, for further discussion of the fair value of assets and liabilities associated with acquisitions.

Additionally, in connection with the Second Credit Agreement Amendment, the Convertible Notes Second Amendment and the related debt extinguishment accounting (see *Note 7 – Debt*), on May 21, 2019, the Company estimated the fair values of the amended Term Loans and Notes on such date. On May 21, 2019, the estimated fair values of the Notes and Term Loans were approximately $56,894 and $61,014, respectively. The fair value of the Notes was estimated using a Goldman Sachs convertible bond model, the inputs for which primarily represent Level 3 inputs, including a 54% volatility assumption and an estimated yield of approximately 13.29%. The fair value of the Term Loans was estimated using a Black-Derman-Toy Lattice Bond Pricing Model, the inputs for which primarily represent Level 3 inputs, including an estimated yield of approximately 10.72%.

13. Stockholders' Equity

Common Stock

At June 30, 2019 and December 31, 2018, the Company had 249,000,000 authorized shares of common stock, par value $0.0001 per share. At June 30, 2019 and December 31, 2018, there were 76,134,094 and 54,035,538 shares of common stock issued and outstanding, respectively, par value $0.0001 per share. The Company did not hold any shares as treasury shares as of June 30, 2019 or December 31, 2018. The Company's common stockholders are entitled to one vote per share.

Preferred Stock

At June 30, 2019 and December 31, 2018, the Company had 1,000,000 authorized shares of preferred stock, par value $0.0001 per share. There were no issued or outstanding preferred shares as of June 30, 2019 or December 31, 2018.

Follow-on Public Offering

On May 21, 2019, the Company completed an underwritten follow-on public offering of 6,757,000 shares of its common stock at a price of $7.40 per share resulting in gross proceeds of $50,002.

Bite Squad Merger

A portion of the consideration for the Bite Squad Merger was paid in the form of common shares of the Company. Common shares transferred at closing totaled 10,591,968. Additionally, in connection with the Additional Term Loans (see *Note 7 – Debt*), the Company issued to the lenders under the First Credit Agreement Amendment 325,000 shares of common stock of the Company in a private placement. The lenders under the First Credit Agreement Amendment have customary registration rights with respect to such shares.

Warrants

Public Warrants

Prior to the consummation of the Landcadia Business Combination, Landcadia Holdings, Inc. had 25,000,000 public warrants outstanding (the "Public Warrants"). In the first quarter of 2019, the Company completed an exchange offer and consent solicitation relating to the Public Warrants. A total of 4,494,889 shares, after adjustments for fractional shares (which were settled in cash in the second quarter of 2019), of the Company's common stock were issued in exchange for such Public Warrants.

Debt Warrants

In connection with the Debt Facility, the Company issued to Luxor Capital warrants initially exercisable for 384,615 shares of the Company's common stock with an exercise price of $13.00 per share. The Debt Warrants became exercisable after the consummation of the Landcadia Business Combination and will expire four years from the closing date of the Landcadia Business Combination. The Debt Warrants include customary anti-dilution protection, including broad-based weighted average adjustments for issuances of additional shares (down-round features) and holders of the Debt Warrants have customary registration rights with respect to the shares underlying the Debt Warrants. In connection with the Offering, the down-round provision in the Debt Warrants was triggered and the conversion rate was adjusted. The Debt Warrants are now exercisable for 399,726 shares of the Company's common stock with an exercise price of $12.51 per share. The effect of the triggered down-round feature on the value of the Debt Warrants was immaterial.

2014 Warrants

On May 14, 2014, the Company granted warrants (the "2014 Warrants") to non-employees ("Holders") to purchase 406,337 shares of common stock at an exercise price of $0.01 per share. The 2014 Warrants were subject to a vesting schedule at a rate of 12.5% of the granted share amount per quarter over two years of service. The Company records equity instruments issued to non-employees as expense, based on the fair value of the Company's common stock. The 2014 Warrants were exercised in connection with the Landcadia Business Combination and the Holders received 405,884 shares of common stock, representing the 406,337 warrants exercised, net of 453 shares used to cover the warrant cost. The Company did not recognize any expense for the three or six months ended June 30, 2019 or 2018 as the 2014 Warrants were fully vested during such periods.

14. Loss Per Share Attributable to Common Stockholders

Basic loss per share is computed by dividing net loss attributable to common stockholders by the weighted-average number of common stock outstanding during the period, without consideration for common stock equivalents. Diluted loss per share attributable to common stockholders is computed by dividing net loss by the weighted-average number of common stock outstanding during the period and potentially dilutive common stock equivalents, including stock options, restricted stock awards, restricted stock units and warrants, except in cases where the effect of the common stock equivalent would be antidilutive.

The Landcadia Business Combination was accounted for as a reverse recapitalization in accordance with GAAP (see *Note 3 – Business Combinations*). Accordingly, the weighted average shares outstanding for purposes of the earnings per share calculation for the three and six months ended June 30, 2018 have been retroactively restated to reflect the exchange ratio established in the Landcadia Business Combination (0.8970953 Waitr Holdings Inc. shares to 1.0 Waitr Incorporated share).

The calculation of basic and diluted loss per share attributable to common stockholders for the three and six months ended June 30, 2019 and 2018 is as follows (in thousands, except share and per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Numerator:				
Net loss – basic and diluted	$ (24,852)	$ (7,399)	$ (49,601)	$ (10,826)
Gain on debt extinguishment recorded as a capital contribution (see Note 7)	1,897	—	1,897	—
Net loss attributable to participating securities – basic and diluted	—	—	—	—
Net loss attributable to common stockholders – basic and diluted	**$ (22,955)**	**$ (7,399)**	**$ (47,704)**	**$ (10,826)**
Denominator:				
Weighted-average number of shares outstanding – basic and diluted	72,416,614	9,997,815	68,492,911	10,023,853
Loss per share – basic and diluted	**$ (0.32)**	**$ (0.74)**	**$ (0.70)**	**$ (1.08)**

Excluded from the calculation of weighted-average number of diluted shares outstanding is the effect of the Series 2018 Notes, which have historically converted to preferred shares. In connection with the Landcadia Business Combination, we issued Notes which are convertible into shares of the Company's common stock. See *Note 7 – Debt* for additional details on the Notes.

The following table includes potentially dilutive common stock equivalents as of June 30, 2019 and 2018. The Company generated a net loss attributable to the Company's common stockholders for the three and six months ended June 30, 2019 and 2018. Accordingly, the effect of dilutive securities is not considered in the loss per share for such periods because their effect would be antidilutive on the net loss.

	As of June 30,	
	2019	2018
Potentially dilutive securities:		
Convertible Preferred Stock:		
Seed I	—	3,413,235
Seed II	—	3,301,326
Series AA	—	7,264,489
Stock Options	846,919	4,335,166
Restricted Stock Units	580,991	—
Warrants (1)	399,726	406,337
Potentially dilutive securities at period end	**1,827,636**	**18,720,553**

(1) Includes the Debt Warrants as of June 30, 2019 and the 2014 Warrants as of June 30, 2018. See *Note 7 – Debt* and *Note 13 – Stockholders' Equity* for additional details on warrants.

15. Related-Party Transactions

On November 15, 2018, in connection with the Landcadia Business Combination, the Company entered into the Credit Agreement, and on January 17, 2019, in connection with the Bite Squad Merger, the Company entered into the First Credit Agreement Amendment with Luxor Capital and the Convertible Notes First Amendment with the Luxor Entities. On May 21, 2019, in connection with the Offering, the Company entered into the Second Credit Agreement Amendment with Luxor Capital and the Convertible Notes Second Amendment with the Luxor Entities. See *Note 7 – Debt* for additional details regarding these transactions. Jonathon Green, a board member of the Company, is a partner at Luxor Capital.

At the closing of the Landcadia Business Combination, the Company entered into a consulting agreement with Steven L. Scheinthal, a board member of the Company, pursuant to which he received 150,000 restricted shares under the Waitr Holdings Inc. 2018 Omnibus Incentive Plan.

16. Subsequent Events

In July 2019, the Company initiated modifications to its fee structure with a majority of restaurants on the Waitr Platform. The new, modified fee structure is performance-based and tiered such that restaurants with higher sales through the Waitr Platform will be subject to a rate at the lower end of the range; whereas restaurants with lower sales through the Waitr Platform will be subject to a rate at the upper end of the range. The new, performance-based fees become effective in August 2019, upon acceptance of the new agreements by the restaurants. Additionally, with the introduction of the performance-based fee structure, the Company discontinued offering fee arrangements with the one-time setup and integration fee. With the acceptance of the performance-based fee structure, the Company may, but is not required to, waive uncollected portions of the setup and integration fee for restaurants affected by the change. The contract modifications and the effect of such modifications on our measure of progress towards the performance obligations, are expected to result in a cumulative adjustment to revenue in the third quarter of 2019 for a significant portion of amounts within deferred revenue. Further, portions of our capitalized contract costs pertaining or allocable to restaurants who have cancelled or terminated are also expected to be recognized in the third quarter of 2019. Given the timing of the introduction of the proposed modifications and the period of time over which restaurants have to review and accept the new agreements, we are unable to estimate the effects of the change at this time.

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

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the unaudited condensed consolidated financial statements and related notes thereto included elsewhere in this Form 10-Q and with the audited consolidated financial statements included in the Company’s 2018 Form 10-K filed with the SEC on March 15, 2019. Dollar amounts in this discussion are expressed in thousands, except as otherwise noted.

Cautionary Statement Regarding Forward-Looking Statements

This Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements, other than statements of historical or current facts, that reflect future plans, estimates, beliefs or expected performance are forward-looking statements. In some cases, you can identify forward-looking statements because they are preceded by, followed by or include words such as “may,” “can,” “should,” “will,” “estimate,” “plan,” “project,” “forecast,” “intend,” “expect,” “anticipate,” “believe,” “seek,” “target” or similar expressions. These forward-looking statements are based on information available as of the date of this Form 10-Q and our management’s current expectations, forecasts and assumptions, and involve a number of judgments, risks and uncertainties, including the following factors, in addition to the factors discussed elsewhere in this Form 10-Q, and the factors discussed in our 2018 Form10-K (Part I, Item 1A, *Risk Factors*), and in our subsequent quarterly reports (Part II, Item 1A. *Risk Factors*): general economic and business risks affecting our industry that are largely beyond our control; our limited operational history and development risks associated with the development of any new business; failure to retain existing diners or add new diners or our diners decreasing their number of orders or order sizes on the Platforms; loss of restaurants on the Platforms, including due to changes in our fee structure; declines in our delivery service levels or lack of increases in business for restaurants; inability to maintain and enhance our brands or occurrence of events that damage our reputation and brands, including unfavorable media coverage; failure of restaurants in our networks to maintain their service levels; seasonality and the impact of inclement weather; inability to grow at historical growth rates or achieve profitability; inability to manage growth and meet demand; economic downturns; prioritization of experience of restaurants and diners over short-term profitability; slower than anticipated growth in the use of the Internet via websites, mobile devices and other platforms; changes in our products or to operating systems, hardware, networks or standards that our operations depend on; potential liability and expenses for legal claims; dependence of our business on our ability to maintain and scale our technical infrastructure; personal data, internet security breaches or loss of data provided by our diners, drivers or restaurants on our Platforms; inability to comply with applicable law or standards if we become a payment processor at some point in the future; risks related to the credit card and debit card payments we accept; reliance on third-party vendors to provide products and services; the highly competitive and fragmented nature of our industry; substantial competition in technology innovation and distribution and inability to continue to innovate and provide technology desirable to diners and restaurants; dependence on search engines, display advertising, social media, email, content-based online advertising and other online sources to attract diners to the Platforms; inability to attract diners and convert them into Active Diners making orders in a cost-effective manner; loss of senior management or key operating personnel and dependence on skilled personnel to grow and operate our business; driver shortages and increases in driver compensation; major hurricanes, tropical cyclones, and other instances of severe weather and other natural phenomena; increases in food, labor, fuel and other costs; plans to make acquisitions; federal, state, and foreign laws and regulations regarding privacy, data protection, and other matters; failure to protect our intellectual property; patent lawsuits and other intellectual property rights claims; our use of open source software; insufficient capital to pursue business objectives and respond to business opportunities, challenges or unforeseen circumstances; unionization of our employees; failure of our independent contract drivers to meet our contractual obligations or otherwise perform in a manner consistent with our requirements; determination by regulators or judicial process that our independent contractors are our employees; requirements of being a public company; changes to the Fair Labor Standards Act of 1938 and state minimum wage laws raising minimum wages or eliminating tip credit in calculating wages; and risks related to the Bite Squad Merger.

These risks and uncertainties may be outside of our control. Forward-looking statements should not be relied upon as representing our views as of any subsequent date. We do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. Our actual results could differ materially from those discussed in these forward-looking statements.

Overview

Waitr operates an online food ordering and delivery platform, powered by its team of delivery drivers. Waitr’s business model is the three-sided marketplace (restaurants, drivers and diners), enabled by its purpose-built platform. The Company’s strategy is to bring delivery and carryout infrastructure to underserved populations of restaurants and diners and establish market leadership positions in the markets in which it operates. We connect diners and restaurants via our platforms, which allow consumers to browse local restaurants and menus, track order and delivery status, and securely store previous orders and payment information for ease of use and convenience. Restaurants benefit from the online platforms through increased exposure to consumers for carryout sales and expanded business in the delivery market.

On January 17, 2019, we completed the acquisition of Bite Squad, an online food ordering and delivery platform, which also operates a three-sided marketplace. The aggregate consideration for the Bite Squad Merger consisted of $193,098 paid in cash, the pay down of $12,705 of indebtedness of Bite Squad and 10,591,968 shares of our common stock. We believe the acquisition will help us drive additional growth as we leverage our respective strengths, with the opportunity to realize cost and operational synergies, including the integration of the two platforms.

In April 2019, we filed a universal shelf registration statement on Form S-3 for the issuance from time to time of up to $300,000 of our securities, which was declared effective by the SEC on April 26, 2019. On May 21, 2019, we completed an underwritten follow-on public offering of 6,757,000 shares of our common stock at a price of $7.40 per share resulting in gross proceeds of $50,002.

During the second quarter of 2019, we began executing a strategic initiative to begin realizing synergies from the Bite Squad Merger and to align the combined Company’s cost structure. As part of this initiative, the Company executed a reduction in force in late June 2019, which is expected to achieve approximately $4,000 in annual savings across various functions; some of which will be offset as open positions are filled. Additionally, the Company successfully completed integrations in five cities where Waitr and Bite Squad brands were overlapping, which we expect will achieve savings of approximately $1,000 annually. This strategic initiative is ongoing and we intend to continue to make changes to drive efficiencies, improve profitability and remove barriers to rapid growth. We continue to evaluate opportunities to strengthen our liquidity position, fund growth initiatives and/or acquire other businesses to complement our operating cash flows as we pursue our long-term growth plans.

Additionally, after consideration of recent interest expressed in the Company as a result of its dominant position in core small to medium sized markets, along with a consolidating landscape in the industry as recently announced transactions from other companies in the space would indicate, Waitr commenced a review to explore and evaluate potential strategic alternatives to enhance shareholder value. These alternatives could include, among others, continuing to execute the Company's business plan, including an increased focus on certain standalone strategic initiatives, the disposition of certain assets, a strategic business combination, a transaction that results in private ownership or a sale of the Company, or some combination of these. The Company has engaged Evercore and Jefferies as financial advisors to assist the Board with its strategic alternatives review.

At June 30, 2019, we operated in over 700 cities and had approximately 25,000 restaurants on the Platforms. The Bite Squad Merger resulted in significant increases in Average Daily Orders (as defined below) and revenue for the three and six months ended June 30, 2019 as compared to the same periods of 2018. Average Daily Orders for the three months ended June 30, 2019 and 2018 were approximately 55,728 and 20,724, respectively. Our revenue grew to $51,342 in the three months ended June 30, 2019 compared to $16,160 for the three months ended June 30, 2018. During the six months ended June 30, 2019 and 2018, Average Daily Orders were approximately 54,269 and 18,858, respectively. Revenue for the six months ended June 30, 2019 totaled $99,374 compared to $28,569 for the six months ended June 30, 2018.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period, along with related disclosures. We regularly assess these estimates and record changes to estimates in the period in which they become known. We base our estimates on historical experience and various other assumptions believed to be reasonable under the circumstances. Changes in the economic environment, financial markets, and any other parameters used in determining these estimates could cause actual results to differ materially from estimates. Critical accounting estimates and judgements relied upon in preparing our condensed consolidated financial statements affect the following items:

- determination of the nature and timing of satisfaction of revenue-generating performance obligations and the standalone selling price of performance obligations;
- variable consideration;
- other obligations such as product returns and refunds;
- allowances for doubtful accounts and chargebacks;
- incurred loss estimates under our insurance policies with large deductibles or retention levels;
- income taxes;
- useful lives of tangible and intangible assets;
- depreciation and amortization;

- equity compensation;
- contingencies;
- goodwill and other intangible assets; and
- fair value of assets acquired and liabilities assumed as part of a business combination.

Other than the changes disclosed in Part I, Item 1, *Note 2 – Basis of Presentation and Summary of Significant Accounting Policies* to our unaudited condensed consolidated financial statements in this Form 10-Q, there have been no material changes to our critical accounting policies and estimates described in the 2018 Form 10-K.

New Accounting Pronouncements and Pending Accounting Standards

See Part I, Item 1, *Note 2 – Basis of Presentation and Summary of Significant Accounting Policies* for pending standards and their estimated effect on our unaudited condensed consolidated financial statements.

Factors Affecting the Comparability of Our Results of Operations

The Landcadia Business Combination and Public Company Costs. The Landcadia Business Combination was accounted for as a reverse recapitalization, with no goodwill or other intangible assets recorded, in accordance with GAAP. Under this method of accounting, Landcadia Holdings, Inc. was treated as the "acquired" company for financial reporting purposes. Accordingly, for accounting purposes, the Landcadia Business Combination was treated as the equivalent of Waitr Incorporated issuing stock for the net assets of Landcadia Holdings, Inc., accompanied by a recapitalization. The net assets of Landcadia Holdings, Inc. were stated at historical cost, with no goodwill or other intangible assets recorded. Reported amounts from operations included herein prior to the Landcadia Business Combination are those of Waitr Incorporated. Waitr Incorporated is Landcadia Holdings, Inc.'s accounting predecessor.

The Landcadia Business Combination required us to hire additional staff and implement procedures and processes to address regulatory and customary requirements applicable to public companies. We expect to incur additional annual expenses for additional internal and external accounting, legal and administrative resources, increased audit and legal fees, directors' and officers' liability insurance and director fees.

Bite Squad Merger. The Bite Squad Merger was considered a business combination in accordance with ASC 805, and has been accounted for using the acquisition method. Under the acquisition method of accounting, total merger consideration, the acquired assets and assumed liabilities are recorded based on their estimated fair values on the acquisition date. The excess of the fair value of merger consideration over the fair value of the assets less liabilities acquired has been recorded as goodwill. The results of operations of Bite Squad are included in our unaudited condensed consolidated financial statements beginning on the acquisition date, January 17, 2019.

In connection with the Bite Squad Merger, we incurred direct and incremental costs during the six months ended June 30, 2019 of approximately $6,956, consisting of legal and professional fees, which are included in general and administrative expenses in the unaudited condensed consolidated statement of operations in such period. We will continue to incur costs in connection with the Bite Squad Merger including regulatory costs and integration costs, such as facilities, systems and employment-related costs. Although we expect the elimination of duplicative costs and other cost synergies over time, we may not achieve this result as quickly as anticipated, resulting in materially higher general and administrative expenses in future periods.

Changes in Fee Structure. For the periods presented in this Form 10-Q, we had a multi-tier fee structure, allowing new restaurants to either (1) pay a nonrefundable one-time setup and integration fee and pay lower fees on each transaction or (2) elect to pay higher fees on each transaction in lieu of paying the one-time setup and integration fee. In July 2019, we initiated modifications to our fee structure with a majority of restaurants on the Waitr Platform. The new, modified fee structure is performance-based and tiered such that restaurants with higher sales through the Waitr Platform will be subject to a rate at the lower end of the range; whereas restaurants with lower sales through the Waitr Platform will be subject to a rate at the upper end of the range. With the introduction of the performance-based fee structure, we have discontinued offering fee arrangements with the one-time setup and integration fee. The new, performance-based fees become effective in August 2019, upon acceptance of the new agreements by the restaurants. With the acceptance of the performance-based fee structure, the Company may, but is not required to, waive uncollected portions of the setup and integration fee for restaurants affected by the change. We expect that these changes will result in modestly higher revenue per transaction but could also result in a loss of restaurants on our platform, as restaurants may choose to not accept the new agreement and fee structure.

Additionally, the contract modifications and the effect of such modifications on our measure of progress towards the performance obligations, are expected to result in a cumulative adjustment to revenue in the third quarter of 2019 for a significant portion of amounts within deferred revenue. Further, portions of our capitalized contract costs pertaining or allocable to restaurants who have cancelled or terminated are also expected to be recognized in the third quarter of 2019. Given the timing of the introduction of the proposed modifications and the period of time over which restaurants have to review and accept the new agreements, we are unable to estimate the effects of the change at this time. As a result of these changes, our revenue and operating margins in future periods may not be comparable with those of prior periods.

Seasonality and Holidays. Our business tends to follow restaurant closure and diner behavior patterns. In many of our markets, we generally experience a relative increase in order frequency from September to March and a relative decrease in diner activity from April to August primarily as a result of weather patterns, summer breaks and other vacation periods. In addition, restaurants tend to close on certain holidays, including Thanksgiving and Christmas Eve-Day, in our key markets. Further, diner activity may be impacted by unusually cold, rainy, or warm weather. Cold weather and rain typically drive increases in order volume, while unusually warm or sunny weather typically drives decreases in orders. Consequently, our results between quarters, or between periods may vary as a result of prolonged periods of unusually cold, warm, inclement, or otherwise unexpected weather and the timing of certain holidays.

Acquisition Pipeline. We actively maintain and evaluate a pipeline of potential acquisitions and expect to be acquisitive in the future. Potentially significant future business acquisitions may impact the comparability of our results in future periods with those for prior periods.

Key Factors Affecting Our Performance

Efficient Market Expansion. Our continued revenue growth and path to improved cash flow and profitability is dependent on successful penetration of our target markets and achieving our targeted scale in current and future markets. Delay or failure in achieving positive market-level operating margins (exclusive of indirect and corporate overhead costs) could adversely affect our working capital, which in turn, could slow our growth plans.

We typically target markets that we estimate could achieve sustainable, positive market-level operating margins that support market operating cash flows and profits, improve efficiency, and appropriately leverage the scale of our advertising, marketing, research and development, and other corporate resources. Our financial condition, cash flows, and results of operations depend, in significant part, on our ability to achieve and sustain our target profitability thresholds in our markets.

Waitr's Restaurant and Diner Network. Our continued growth is driven in significant part by our ability to successfully expand our network of restaurants and diners using the Platforms. We believe that our modest fee structures combined with our differentiated, value-added services foster restaurant loyalty and incentivize restaurants to drive business toward the Platforms. We also believe that recognition of our brands, driven by our strong regional presence and employee delivery drivers, accessible customer service, and low diner fee further contributes to diner loyalty.

Key Business Metrics

Defined below are the key business metrics that we use to analyze our business performance, determine financial forecasts, and help develop long-term strategic plans:

Active Diners. The number of diner accounts from which an order has been placed through the Platforms during the past twelve months (as of the end of the relevant period).

Average Daily Orders. The number of orders during the period divided by the number of days in that period.

Gross Food Sales. The total food and beverage sales, sales taxes, prepaid gratuities, and diner fees processed through the Platforms during a given period. Gross Food Sales are different than the order value upon which we charge our fee to restaurants, which excludes gratuities and diner fees. Prepaid gratuities, which are not included in our revenue, are determined by diners and may differ from order to order. Gratuities other than prepaid gratuities, such as cash tips, are not included in Gross Food Sales.

Average Order Size. Gross Food Sales for a given period divided by the number of orders during the same period.

Key Business Metrics (1)	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Active Diners (as of period end)	2,362,290	678,818	2,362,290	678,818
Average Daily Orders	55,728	20,724	54,269	18,858
Gross Food Sales (dollars in thousands)	$ 183,042	$ 65,687	$ 353,445	$ 119,813
Average Order Size (in dollars)	$ 36.09	$ 35.22	$ 35.98	$ 35.30

(1) The key business metrics include the operations of Bite Squad beginning on the acquisition date, January 17, 2019.

Basis of Presentation

The Landcadia Business Combination was accounted for as a reverse recapitalization, with Landcadia Holdings, Inc. treated as the "acquired" company for financial reporting purposes. Waitr Incorporated is Landcadia Holdings, Inc.'s accounting predecessor. Reported amounts from operations included herein prior to the Landcadia Business Combination are those of Waitr Incorporated.

Revenue

We generate revenue primarily when diners place an order on one of the Platforms. We recognize revenue from diner orders when orders are delivered. In the case of diner subscription fees, revenue is recognized when payment for the monthly subscription is received. Our revenue consists primarily of transaction fees, comprised of fees received from restaurants (determined as a percentage of the total food sales, net of any diner promotions or refunds to diners) and diner fees. During the periods presented in this Form 10-Q, we also generated revenue from setup and integration fees collected from certain restaurants to onboard them onto the Platforms (these are recognized on a straight-line basis over the anticipated period of benefit, currently determined to be two years) and subscription fees from restaurants that opt to pay a monthly fee in lieu of a lump sum setup and integration fee. Additionally, we sell gift cards and recognize revenue upon gift card redemption. Revenue also includes, to a significantly lesser extent, grocery diner fees (since the launch of this service in select markets in March 2017), and fees for restaurant marketing and data services.

Cost and Expenses:

Operations and Support. Operations and support expense consists primarily of salaries, benefits, stock-based compensation, and bonuses for employees and contractors engaged in operations and customer service, including drivers, who are mainly full-time and part-time employees and comprise a substantial majority of our employee base, as well as city/market managers, restaurant onboarding, photography, and driver logistics personnel, and payment processing costs for customer orders.

Sales and Marketing. Sales and marketing expense consists primarily of salaries, commissions, benefits, stock-based compensation and bonuses for sales and sales support personnel, including restaurant business development managers, marketing employees and contractors, and third-party marketing expenses such as social media and search engine marketing, online display, team sponsorships (the costs of which are recognized on a straight line basis over the useful period of the contract) and print marketing.

Research and Development. Research and development expense consists primarily of salaries, benefits, stock-based compensation and bonuses for employees and contractors engaged in the design, development, maintenance and testing of the Platforms.

General and Administrative. General and administrative expense consists primarily of salaries, benefits, stock-based compensation and bonuses for executive, finance and accounting, human resources and administrative employees, third-party legal, accounting, and other professional services, insurance (including workers' compensation, auto liability and general liability), travel, facilities rent, and other corporate overhead costs.

Depreciation and Amortization. Depreciation and amortization expense consists primarily of amortization of capitalized costs for software development, trademarks and customer relationships and depreciation of leasehold improvements, furniture, and equipment, primarily tablets deployed in restaurants. We do not allocate depreciation and amortization expense to other line items.

Impairment of Intangible Assets. Impairment of intangible assets consists primarily of write-downs of intangible assets and minor impairments related to the replacement of internally developed software code.

Other Expenses (Income) and Losses (Gains), Net. Other expenses (income) and losses (gains), net, primarily includes interest expense on outstanding debt and interest income on cash and money market deposits.

Results of Operations

The following table sets forth our results of operations for the periods indicated presented in dollars and as a percentage of our revenue:

	Three Months Ended June 30,				Six Months Ended June 30,			
(in thousands, except percentages (1))	2019	% of Revenue	2018	% of Revenue	2019	% of Revenue	2018	% of Revenue
Revenue	**$ 51,342**	**100%**	**$ 16,160**	**100%**	**$ 99,374**	**100%**	**$ 28,569**	**100%**
Costs and expenses:								
Operations and support (2)	39,698	77%	11,918	74%	75,881	76%	21,034	74%
Sales and marketing (2)	15,339	30%	2,805	17%	25,662	26%	5,169	18%
Research and development	2,149	4%	609	4%	4,089	4%	1,197	4%
General and administrative (2)	12,380	24%	7,842	49%	31,298	31%	11,355	40%
Depreciation and amortization	4,824	9%	276	2%	8,940	9%	502	2%
Impairment of intangible assets	—	0%	—	0%	18	0%	—	0%
Loss on disposal of assets	10	0%	—	0%	15	0%	8	0%
Total costs and expenses	**74,400**	145%	**23,450**	145%	**145,903**	147%	**39,265**	137%
Loss from operations	**(23,058)**	(45%)	**(7,290)**	(45%)	**(46,529)**	(47%)	**(10,696)**	(37%)
Other expenses (income) and losses (gains), net:								
Interest expense	2,190	4%	290	2%	3,795	4%	462	2%
Interest income	(241)	0%	—	0%	(580)	(1%)	(1)	0%
Gain on derivatives	—	0%	(165)	(1%)	—	0%	(327)	(1%)
Other income	(123)	0%	(39)	0%	(173)	0%	(38)	0%
Net loss before income taxes	**(24,884)**	(48%)	**(7,376)**	(46%)	**(49,571)**	(50%)	**(10,792)**	(38%)
Income tax expense (benefit)	(32)	0%	23	0%	30	0%	34	0%
Net loss	**$ (24,852)**	(48%)	**$ (7,399)**	(46%)	**$ (49,601)**	(50%)	**$ (10,826)**	(38%)

(1) Percentages may not foot due to rounding

(2) Certain prior period amounts have been reclassified to conform to current period presentation. These reclassifications had no impact on our reported total costs and expenses, loss from operations or net loss for the three or six months ended June 30, 2018. See Part I, Item 1, *Note 2 – Basis of Presentation and Summary of Significant Policies* to our unaudited condensed consolidated financial statements in this Form 10-Q for further details.

Three Months Ended June 30, 2019 Compared to Three Months Ended June 30, 2018

Revenue

Revenue increased by $35,182, or 218%, to $51,342 in the three months ended June 30, 2019 from $16,160 in the three months ended June 30, 2018. The increase was primarily due to the Bite Squad Merger and related increase in transaction volume, as well as continued adoption in existing markets and our expanded footprint into new markets. The results of operations of Bite Squad are included in our unaudited condensed consolidated financial statements beginning on the acquisition date, January 17, 2019 (see Part I, Item 1, *Note 3 – Business Combinations*). Revenue related to the Bite Squad Merger totaled $26,147 during the three months ended June 30, 2019.

Average Daily Orders and Gross Food Sales increased in three months ended June 30, 2019 to 55,728 and $183,042, respectively, from 20,724 and $65,687, respectively, in the three months ended June 30, 2018. Average Order Size remained relatively consistent between periods.

Costs and Expenses:

Operations and Support

Operations and support expense increased by $27,780, or 233%, to $39,698 in the three months ended June 30, 2019 from $11,918 in the three months ended June 30, 2018 due to increased business volume and the inclusion of results of operations from the Bite Squad Merger. As a percentage of revenue, operations and support expense increased to 77% in the three months ended June 30, 2019 from 74% in the same period in 2018. Operations and support expense related to the Bite Squad Merger totaled $18,664 during the three months ended June 30, 2019.

Sales and Marketing

Sales and marketing expense increased by $12,534, or 447%, to $15,339 in the three months ended June 30, 2019 from $2,805 in the three months ended June 30, 2018, primarily due to the inclusion of results of operations from the Bite Squad Merger, increased advertising spend over digital marketing channels of approximately $3,544 and increased headcount and sales commissions for business development managers attributable to our entry into and expansion of new and existing markets. As a percentage of revenue, sales and marketing expense increased to 30% in the three months ended June 30, 2019 from 17% in the three months ended June 30, 2018. Sales and marketing expense related to the Bite Squad Merger totaled $6,692 during the three months ended June 30, 2019.

Research and Development

Research and development expense increased by $1,540, or 253%, to $2,149 in the three months ended June 30, 2019 from $609 in the three months ended June 30, 2018, primarily due to the inclusion of results of operations from the Bite Squad Merger and the addition of personnel focused on research and development activities. As a percentage of revenue, research and development expense was 4% in the three months ended June 30, 2019 and 2018. Research and development expense related to the Bite Squad Merger totaled $890 during the three months ended June 30, 2019.

General and Administrative

General and administrative expense increased by $4,538, or 58%, to $12,380 in the three months ended June 30, 2019 from $7,842 in the three months ended June 30, 2018, due primarily to increased headcount as a result of the Bite Squad Merger, costs associated with a reduction in force and increased auto liability and workers' compensation insurance costs related to increased headcount and business volume. General and administrative expense in the three months ended June 30, 2018 included $3,603 of business combination-related legal, consulting and other costs associated with the Landcadia Business Combination. As a percentage of revenue, general and administrative expense decreased to 24% in the three months ended June 30, 2019 compared to 49% in the three months ended June 30, 2018. General and administrative expense related to the Bite Squad Merger totaled $3,146 during the three months ended June 30, 2019.

Depreciation and Amortization

Depreciation and amortization expense increased by $4,548, to $4,824 in the three months ended June 30, 2019 compared to $276 in the three months ended June 30, 2018, primarily as a result of the Bite Squad Merger. Depreciation and amortization expense associated with the Bite Squad Merger and related acquired intangible assets totaled $4,277 during the three months ended June 30, 2019. Additionally, the increase relates to the increase in restaurants on the Platforms and corresponding increase in depreciable property and equipment (namely, tablets). As a percentage of revenue, depreciation and amortization expense increased to 9% in the three months ended June 30, 2019 from 2% in the three months ended June 30, 2018, primarily driven by the amortization of acquired intangible assets from the Bite Squad Merger.

Other Expenses (Income) and Losses (Gains), Net

Other expenses (income) and losses (gains), net totaled $1,826 in the three months ended June 30, 2019 reflecting $2,188 of interest expense associated with the Term Loans and Notes and $241 of interest income. Other expenses (income) and losses (gains), net, totaled $86 in the three months ended June 30, 2018, reflecting $284 of interest expense associated with convertible notes and a $165 gain on derivatives.

Income Tax Expense (Benefit)

Income tax expense (benefit) was $(32) and $23 in the three months ended June 30, 2019 and 2018, respectively, entirely related to taxes required on gross margins in Texas. We have historically generated net operating losses; therefore, a valuation allowance has been recorded on our net deferred tax assets.

Net Loss

Net loss increased by $17,453, to $24,852 in the three months ended June 30, 2019 from $7,399 in the three months ended June 30, 2018 for the reasons discussed above.

Six Months Ended June 30, 2019 Compared to Six Months Ended June 30, 2018

Revenue

Revenue increased by $70,805, or 248%, to $99,374 in the six months ended June 30, 2019 from $28,569 in the six months ended June 30, 2018. The increase was primarily due to the Bite Squad Merger and related increase in transaction volume, as well as continued adoption in existing markets and our expanded footprint into new markets. The results of operations of Bite Squad are included in our unaudited condensed consolidated financial statements beginning on the acquisition date, January 17, 2019 (see Part I, Item 1, *Note 3 – Business Combinations*). Revenue related to the Bite Squad Merger totaled $49,062 from the acquisition date through June 30, 2019.

Average Daily Orders and Gross Food Sales increased in the six months ended June 30, 2019 to 54,269 and $353,445, respectively, from 18,858 and $119,813, respectively, in the six months ended June 30, 2018. Average Order Size remained relatively consistent between periods.

Costs and Expenses:

Operations and Support

Operations and support expense increased by $54,847, or 261%, to $75,881 in the six months ended June 30, 2019 from $21,034 in the six months ended June 30, 2018 due to increased business volume and the inclusion of results of operations from the Bite Squad Merger. As a percentage of revenue, operations and support expense increased to 76% in the six months ended June 30, 2019 from 74% in the same period of 2018. Operations and support expense related to the Bite Squad Merger totaled $34,940 from the acquisition date through June 30, 2019.

Sales and Marketing

Sales and marketing expense increased by $20,493, or 396%, to $25,662 in the six months ended June 30, 2019 from $5,169 in the six months ended June 30, 2018, primarily due to the inclusion of results of operations from the Bite Squad Merger, increased advertising spend over digital marketing channels of approximately $5,583 and increased headcount and sales commissions for business development managers attributable to our entry into and expansion of new and existing markets. As a percentage of revenue, sales and marketing expense increased to 26% in the six months ended June 30, 2019 from 18% in the six months ended June 30, 2018. Sales and marketing expense related to the Bite Squad Merger totaled $10,647 from the acquisition date through June 30, 2019.

Research and Development

Research and development expense increased by $2,892, or 242%, to $4,089 in the six months ended June 30, 2019 from $1,197 in the six months ended June 30, 2018, primarily due to the inclusion of results of operations from the Bite Squad Merger and the addition of personnel focused on research and development activities. As a percentage of revenue, research and development expense was 4% for the six months ended June 30, 2019 and 2018. Research and development expense related to the Bite Squad Merger totaled $1,591 from the acquisition date through June 30, 2019.

General and Administrative

General and administrative expense increased by $19,943, or 176%, to $31,298 in the six months ended June 30, 2019 from $11,355 in the six months ended June 30, 2018, due primarily to increased headcount as a result of the Bite Squad Merger, business combination-related professional and other costs of $6,956, costs associated with a reduction in force and increased auto liability and workers' compensation insurance costs related to increased headcount and business volume. General and administrative expense in the six months ended June 30, 2018 included $3,603 of business combination-related legal, consulting and other costs associated with the Landcadia Business Combination. As a percentage of revenue, general and administrative expense decreased to 31% in the six months ended June 30, 2019 compared to 40% in the six months ended June 30, 2018. General and administrative expense related to the Bite Squad Merger totaled $6,249 from the acquisition date through June 30, 2019.

Depreciation and Amortization

Depreciation and amortization expense increased by $8,438, to $8,940 in the six months ended June 30, 2019 compared to $502 in the six months ended June 30, 2018, primarily as a result of the Bite Squad Merger. Depreciation and amortization expense associated with the Bite Squad Merger and related acquired intangible assets totaled $7,839 from the acquisition date through June 30, 2019. Additionally, the increase relates to the increase in restaurants on the Platforms and corresponding increase in depreciable property and equipment (namely, tablets). As a percentage of revenue, depreciation and amortization expense increased to 9% in the six months ended June 30, 2019 from 2% in the six months ended June 30, 2018, primarily driven by the amortization of acquired intangible assets from the Bite Squad Merger.

Other Expenses (Income) and Losses (Gains), Net

Other expenses (income) and losses (gains), net totaled $3,042 in the six months ended June 30, 2019, reflecting $3,782 of interest expense associated with the Term Loans and Notes and $580 of interest income. Other expenses (income) and losses (gains), net, totaled

$96 in the six months ended June 30, 2018, reflecting $456 of interest expense associated with convertible notes and a $327 gain on derivatives.

Income Tax Expense

Income tax expense was $30 and $34 in the six months ended June 30, 2019 and 2018, respectively, entirely related to taxes required on gross margins in Texas. We have historically generated net operating losses; therefore, a valuation allowance has been recorded on our net deferred tax assets.

Net Loss

Net loss increased by $38,775, to $49,601 in the six months ended June 30, 2019, from $10,826 in the six months ended June 30, 2018 for the reasons discussed above.

Liquidity and Capital Resources

As of June 30, 2019, we had cash on hand of approximately $72,827, consisting primarily of cash and money market deposits. Approximately $1,042 of our cash balance is reserved under compensating balance arrangements with our banks, pertaining to an outstanding letter of credit and as collateral under a corporate credit card program. Our primary sources of liquidity to date have been proceeds from the issuance of stock, long-term convertible debt, term loans and the cash assumed in connection with the Landcadia Business Combination. As of June 30, 2019, we had total outstanding long-term debt of $127,285, consisting of $67,080 of Term Loans and $60,205 of Notes, and $5,032 outstanding under a short-term loan.

We believe that our existing cash will be sufficient to meet our working capital requirements for at least the next twelve months. Our liquidity assumptions may, however, prove to be incorrect, and we could utilize our available financial resources sooner than currently expected. Our future working capital requirements and the adequacy of available funds will depend on many factors, including those set forth in *"Cautionary Statement Regarding Forward-Looking Statements"* above.

In April 2019, we filed a universal shelf registration statement on Form S-3 for the issuance from time to time of up to $300,000 of our securities, which was declared effective by the SEC on April 26, 2019. On May 21, 2019, we completed an underwritten follow-on public offering of 6,757,000 shares of our common stock at a price of $7.40 per share resulting in gross proceeds of $50,002.

During the second quarter of 2019, we implemented various strategic initiatives to begin realizing synergies from the Bite Squad Merger and to align the combined Company's cost structure. We continually evaluate opportunities to strengthen our liquidity position, fund growth initiatives and/or acquire other businesses by issuing equity or equity-linked securities (in public or private offerings) and/or incurring additional debt. However, market conditions, our future financial performance or other factors may make it difficult or impossible for us to access sources of capital, on favorable terms or at all, should we determine in the future to raise additional funds. Additionally, as previously noted, we commenced a review to explore and evaluate potential strategic alternatives to enhance shareholder value and have engaged financial advisors to assist the Board with its review. See "*Overview*" above for additional details.

Indebtedness

Term Loans under the Debt Facility

On November 15, 2018, Waitr Inc. entered into the Credit Agreement, which provides for a senior secured first priority term loan in the aggregate principal amount of $25,000. On January 17, 2019, Intermediate Holdings and Waitr Inc. entered into the First Credit Agreement Amendment with the various lenders party thereto and Luxor Capital, as administrative agent and collateral agent, which amended the Credit Agreement in order to provide to the Company additional senior secured first priority term loans under the Debt Facility in the aggregate principal amount of $42,080, the proceeds of which were used to finance a portion of the consideration for the Bite Squad Merger.

On May 21, 2019, in connection with the Offering, the Company entered into the Second Credit Agreement Amendment, which removed the requirement under the Credit Agreement that Intermediate Holdings maintain minimum consolidated liquidity of $15,000 as of the last day of each fiscal quarter. Additionally, the Second Credit Agreement Amendment changed the prepayment expiration date for the Debt Facility from November 15, 2019 to August 31, 2019. Pursuant to the Second Credit Agreement Amendment, Luxor waived any prepayment requirement under the Credit Agreement solely with respect to the proceeds from the issuance of common stock in the Offering. The revisions in the Second Credit Agreement Amendment, along with those in the Convertible Notes Second Amendment (discussed below), resulted in the application of debt extinguishment accounting.

For additional details, see Part I, Item 1, *Note 7 – Debt*, to our unaudited condensed consolidated financial statements in this Form 10-Q. We were in compliance with the covenants in the Credit Agreement as of June 30, 2019.

Notes

On November 15, 2018, the Company entered into the Convertible Notes Agreement, pursuant to which the Company issued unsecured convertible promissory notes in the aggregate principal amount of $60,000. In connection with the First Credit Agreement Amendment, the Company entered into the Convertible Notes First Amendment, which amended the Convertible Notes Agreement, to permit the Bite Squad Merger and to make certain other amendments in conformity with the First Credit Agreement Amendment. The Notes originally had an annual interest rate of 1.0%, paid quarterly in cash.

On May 21, 2019, in connection with the Offering, the Company entered into the Convertible Notes Second Amendment, pursuant to which the interest rate on the Notes was revised to 6.0% (half payable in cash and half as a payment-in-kind) and the minimum consolidated liquidity covenant under the Convertible Notes Agreement was removed. Of the total interest payment due on June 30, 2019, $205 was paid in-kind.

For additional details on the Notes, see Part I, Item 1, *Note 7 – Debt*, to our unaudited condensed consolidated financial statements in this Form 10-Q. We were in compliance with the covenants in the Convertible Notes Agreement as of June 30, 2019.

Short-term loan

On June 26, 2019, the Company entered into a loan agreement with First Insurance Funding to finance a portion of its annual insurance premium obligation. The principal amount of the loan is $5,032, payable in monthly installments, until maturity. The loan matures on April 1, 2020 and carries an annual interest rate of 4.08%.

Capital Expenditures

Our main capital expenditures relate to the purchase of tablets for restaurants on our Platforms, which are expected to increase as we continue to grow our business. Our future capital requirements and the adequacy of available funds will depend on many factors, including those set forth under “Risk Factors” in our 2018 Form 10-K. If we are unable to obtain needed additional funds, we will have to reduce our operating costs, which would impair our growth prospects and could otherwise negatively impact our business.

Cash Flow

The following table sets forth our summary cash flow information for the periods indicated:

	Six Months Ended June 30,	
(in thousands)	**2019**	**2018**
Net cash used in operating activities	$ (34,351)	$ (4,398)
Net cash used in investing activities	(193,637)	(1,124)
Net cash provided by financing activities	91,475	3,377

Cash Flows Used In Operating Activities

For the six months ended June 30, 2019, net cash used in operating activities was $34,351, compared to $4,398 for the same period in 2018, primarily reflecting an increase in new market launch activities in 2019 relative to 2018 and the payment of business combination-related expenses of $6,956 in the six months ended June 30, 2019.

Cash Flows Used In Investing Activities

For the six months ended June 30, 2019, net cash used in investing activities was $193,637, consisting primarily of $192,568 for the acquisition of Bite Squad. Additionally, investing activities included the purchase of property and equipment of $990 and $1,113 for the six months ended June 30, 2019 and 2018, respectively, comprised primarily of computer tablets for restaurants on the Platforms. The tablets remain our property. We control software applications and updates on the tablets, and the tablets are devoted exclusively to the Platforms. We also periodically purchase office furniture, equipment, computers and software and leasehold improvements.

Cash Flows Provided by Financing Activities

For the six months ended June 30, 2019, net cash provided by financing activities was $91,475, primarily reflecting gross proceeds from the issuance of common stock of $50,002, proceeds from the issuance of the Additional Term Loans of $42,080 and $5,032 of proceeds from the short-term loan for the Company’s annual insurance premium financing, less $4,175 of equity issuance costs. For the six months ended June 30, 2018, net cash provided by financing activities was $3,377, reflecting $1,410 of proceeds from the issuance of the Series 2018 Notes and $2,172 of proceeds from the short-term loan in 2018 for the Company’s annual insurance premium financing.

Contractual Obligations and Other Commitments

As of the date of the filing of this Form 10-Q, the Company's total contractual obligations have increased from those disclosed in the 2018 Form 10-K, primarily due to the Additional Term Loans provided under the Debt Facility in connection with the Bite Squad Merger, the increase in the interest rate on the Notes in connection with the Convertible Notes Second Amendment and a short-term loan to the finance a portion of the Company's annual insurance premiums. Additionally, the Company has contractual obligations associated with the acquisition of Bite Squad and related non-cancellable operating leases for office facilities and vehicles used in delivery operations.

The Additional Term Loans of $42,080 are due on November 15, 2022. Interest on the Additional Term Loans, assuming no prepayments under the Debt Facility and assuming all interest payments are paid in cash, totals approximately $1,548 for the remainder of 2019 and $3,080, $3,072 and $2,684 for the years ended December 31, 2020, 2021 and 2022, respectively. The additional interest expense associated with the increase in the interest rate on the Notes from 1.0% to 6.0% in connection with the Convertible Notes Second Amendment, assuming all interest payments are paid in cash and assuming no conversion prior to the maturity of the Notes, totals $1,540 for the remainder of 2019 and $3,063, $3,054 and $2,669 for the years ended December 31, 2020, 2021 and 2022, respectively.

The short-term loan related to the annual insurance premium obligation has a principal amount of $5,032, to be paid in monthly installments until maturity on April 1, 2020. Contractual obligations associated with the acquisition of Bite Squad and related non-cancellable operating leases for office facilities and vehicles used in delivery operations total approximately $552 for the remainder of 2019, and $563 and $248 for the years ended December 31, 2020 and 2021, respectively.

We are also a party to certain ordinary course multi-year sponsorship agreements, but have no material long-term purchase obligations outstanding with any vendors or other third parties.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of June 30, 2019.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to interest rate risk and certain other market risks in the ordinary course of our business.

Interest Rate Risk

As of June 30, 2019, we had outstanding long-term debt totaling $127,285, consisting of $67,080 of Term Loans and $60,205 of Notes, all of which bear interest at fixed rates. As a result, we were not exposed to interest rate risk on our outstanding debt at June 30, 2019. If we enter into variable-rate debt in the future, we may be subject to increased sensitivity to interest rate movements.

We invest excess cash primarily in bank accounts and money market accounts, on which we earn interest. Our current investment strategy is to preserve principal and provide liquidity for our operating and market expansion needs. Since our investments have been and are expected to remain mainly short-term in nature, we do not believe that changes in interest rates would have a material effect on the fair market value of our investments or our operating results.

Inflation Risk

We do not believe that inflation has had a material effect on our business, results of operations or financial condition.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) of the Exchange Act, we have evaluated, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this Form 10-Q. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon the evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of June 30, 2019.

Changes in Internal Controls Over Financial Reporting

There has not been any change in our internal control over financial reporting that occurred during the quarter ended June 30, 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On July 14, 2016, Waiter.com, Inc. “Waiter.com” filed a lawsuit against Waitr Incorporated in the United States District Court for the Western District of Louisiana, alleging trademark infringement based on Waitr’s use of the “Waitr” trademark and logo, Civil Action No.: 2:16-CV-01041. Plaintiff seeks injunctive relief and damages relating to Waitr’s use of the “Waitr” name and logo. A trial date has been set for June 22, 2020. Waitr believes that this case lacks merit and that it has strong defenses to all of the infringement claims alleged. Waitr intends to vigorously defend the suit.

In February 2019, the Company was named a defendant in a lawsuit titled Halley, et al vs. Waitr Holdings Inc. filed in the United States District Court for the Eastern District of Louisiana on behalf of plaintiff and similarly situated drivers alleging violations of the Fair Labor Standards Act (“FLSA”), and in March 2019, the Company was named a defendant in a lawsuit titled Montgomery v. Waitr Holdings Inc. filed in the United States District Court for the Eastern District of Louisiana on behalf of plaintiff and similarly situated drivers, alleging violations of FLSA and Louisiana Wage Payment Act. The Company denies the allegations and intends to defend the suits vigorously.

In addition to the lawsuits described above, Waitr is involved in other litigation arising from the normal course of business activities. Waitr is involved in various lawsuits involving claims for personal injuries, physical damage and workers’ compensation benefits suffered as a result of alleged Waitr drivers, independent contractors, and third-party negligence. Although Waitr believes that it maintains insurance that generally covers its liability for damages, if any, insurance coverage is not guaranteed, and Waitr could suffer material losses as a result of these claims or the denial of coverage for such claims.

Item 1A. Risk Factors

The following updates the Risk Factors included in the 2018 Form 10-K. Except as set forth below, there have been no material changes with respect to Waitr’s risk factors previously reported in Part I, Item 1A, of the 2018 Form 10-K.

Our exploration and pursuit of strategic alternatives may not be successful.

On August 8, 2019, we announced the commencement of a review to explore and evaluate potential strategic alternatives to enhance shareholder value. These alternatives could include, among others, continuing to execute the Company's business plan, including an increased focus on certain standalone strategic initiatives, the disposition of certain assets, a strategic business combination, a transaction that results in private ownership or a sale of the Company, or some combination of these. We have not set a timetable for this process, nor have we made any decisions related to any potential strategic alternatives at this time. There can be no assurance that the strategic exploration process will result in a transaction or other outcome. We do not intend to provide updates unless or until we determine that further disclosure is appropriate or necessary.

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

Not applicable

Item 3. Defaults Upon Senior Securities

Not applicable

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

None

Item 6. Exhibits

Exhibit No.	Description
10.1	Amendment No. 2 to Credit and Guaranty Agreement, dated as of May 21, 2019, by and among Waitr Inc., Waitr Intermediate Holdings, LLC, Luxor Capital, LLC, as a Lender, and Luxor Capital Group, LP, as administrative agent and collateral agent for the Lenders (incorporated by reference to Exhibit 1.2 of the Current Report on Form 8-K (File No. 001-37788) filed by the Company on May 24, 2019).
10.2	Amendment No. 2 to Credit Agreement, dated as of May 21, 2019, by and among Waitr Holdings Inc., Luxor Capital, LLC, as a Lender, and Luxor Capital Group, LP, as administrative agent for the Lenders (incorporated by reference to Exhibit 1.1 of the Current Report on Form 8-K (File No. 001-37788) filed by the Company on May 24, 2019).
31.1	Certification of the Chief Executive Officer required by Rule 13a-14(b) or Rule15d-14(a).
31.2	Certification of the Chief Financial Officer required by Rule 13a-14(b) or Rule15d-14(a).
32.1	Certification of the Chief Executive Officer required by Rule 13a-14(b) or Rule15d-14(b) and 18 U.S.C. Section 1350.
32.2	Certification of the Chief Financial Officer required by Rule 13a-14(b) or Rule15d-14(b) and 18 U.S.C. Section 1350.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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.

Dated: August 8, 2019	By:	/s/ Jeff Yurecko
		Jeff Yurecko
		Chief Financial Officer
		(Principal Financial Officer and Duly Authorized Officer)

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Christopher Meaux, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Waitr Holdings 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 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 controls 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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2019

By: /s/ Christopher Meaux

Christopher Meaux
Chief Executive Officer and Chairman

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Jeff Yurecko, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Waitr Holdings 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 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 controls 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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2019

By: /s/ Jeff Yurecko
Jeff Yurecko
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TOSECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Waitr Holdings Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Christopher Meaux, Chief Executive Officer and Chairman of the Company, certify, as of the date hereof and solely for purposes of and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates set forth and for the periods presented in the Report.

By: /s/ Christopher Meaux
Christopher Meaux
Chief Executive Officer and Chairman

Date: August 8, 2019

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

**PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TOSECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Waitr Holdings Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jeff Yurecko, Chief Financial Officer of the Company, certify, as of the date hereof and solely for purposes of and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates set forth and for the periods presented in the Report.

By: /s/ Jeff Yurecko
Jeff Yurecko
Chief Financial Officer

Date: August 8, 2019