



# Cardlytics Announces Pricing of Offering of \$200 Million of Convertible Senior Notes

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September 18, 2020 07:00 ET | **Source:** Cardlytics, Inc.

ATLANTA, Sept. 18, 2020 (GLOBE NEWSWIRE) – Cardlytics, Inc. (NASDAQ: CDLX), an advertising platform in banks' digital channels, today announced the pricing of \$200 million principal amount of 1.00% convertible senior notes due 2025 (the “notes”) in a private placement to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”). Cardlytics also granted the initial purchasers of the notes an option to purchase up to an additional \$30 million principal amount of notes. The sale of the notes is expected to close on September 22, 2020, subject to customary closing conditions.

The notes will be general unsecured obligations of Cardlytics and will accrue interest payable semiannually in arrears on March 15 and September 15 of each year, beginning on March 15, 2021, at a rate of 1.00% per year. The notes will mature on September 15, 2025, unless earlier converted, redeemed or repurchased. The conversion rate of the notes will initially be 11.7457 shares of Cardlytics’ common stock per \$1,000 principal amount of such notes (equivalent to an initial conversion price of approximately \$85.14 per share of common stock). The initial conversion price of the notes represents a premium of approximately 32.50% over the last reported sale price of Cardlytics’ common stock on the Nasdaq Global Market on September 17, 2020. The notes will be convertible under certain circumstances into cash, shares of Cardlytics’ common stock or a combination of cash and shares of Cardlytics’ common stock, at Cardlytics’ election.

Cardlytics may not redeem the notes prior to September 20, 2023. Cardlytics may redeem for cash all or any portion of the notes, at its option, on or after September 20, 2023 and prior to the 36th scheduled trading day immediately preceding the maturity date of the notes, if the last reported sale price of Cardlytics’ common stock has been at least 130% of the conversion price for the notes then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period

(including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which Cardlytics provides notice of redemption at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. If Cardlytics elects to redeem less than all of the notes, at least \$75.0 million aggregate principal amount of notes must be outstanding and not subject to redemption as of the relevant redemption notice date.

If Cardlytics undergoes a “fundamental change,” subject to certain conditions, holders of the notes may require Cardlytics to repurchase for cash all or any portion of their notes at a repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date. In addition, following certain corporate events that occur prior to the maturity date of the notes or if Cardlytics delivers a notice of redemption in respect of some or all of the notes, Cardlytics will, in certain circumstances, increase the conversion rate of the notes for a holder who elects to convert its notes in connection with such a corporate event or convert its notes called for redemption during the related redemption period, as the case may be.

Cardlytics estimates that the net proceeds from the offering will be approximately \$193.5 million (or \$222.6 million if the initial purchasers exercise their option to purchase additional notes in full), after deducting the initial purchasers’ discount and estimated offering expenses payable by Cardlytics. Cardlytics intends to use a portion of the net proceeds from the offering to pay the cost of the capped call transactions described below. If the initial purchasers exercise their option to purchase additional notes, Cardlytics expects to use a portion of the net proceeds from the sale of the additional notes to enter into additional capped call transactions. Cardlytics intends to use the remainder of the net proceeds for working capital or other general corporate purposes, which may include potential acquisitions and strategic transactions.

In connection with the pricing of the notes, Cardlytics entered into privately negotiated capped call transactions with an affiliate of one of the initial purchasers and certain other financial institutions (the “option counterparties”). The capped call transactions cover, subject to customary adjustments, the number of shares of Cardlytics’ common stock that will initially underlie the notes. The capped call transactions are expected to offset the potential dilution to Cardlytics’ common stock as a result of any conversion of the notes, with such reduction subject to a cap. The cap price of the capped call transactions relating to the notes will initially be approximately \$128.51, which represents a premium of approximately 100% over the last reported sale price of Cardlytics’ common stock on the Nasdaq Global Market on September 17, 2020, and is subject to certain adjustments under the terms of the capped call transactions.

In connection with establishing their initial hedges of the capped call transactions, Cardlytics expects that the option counterparties and/or their respective affiliates may enter into various derivative transactions with respect to Cardlytics’ common stock and/or purchase Cardlytics’ common stock in secondary market transactions concurrently with or shortly after the pricing of the notes, including with certain

investors in the notes. This activity could increase (or reduce the size of any decrease in) the market price of Cardlytics' common stock or the notes at that time.

In addition, Cardlytics expects that the option counterparties and/or their respective affiliates may modify or unwind their hedge positions by entering into or unwinding various derivative transactions and/or purchasing or selling Cardlytics' common stock or other securities of Cardlytics in secondary market transactions from time to time prior to the maturity of the notes (and are likely to do so on each exercise date for the capped call transactions, which are scheduled to occur during the observation period relating to any conversion of the notes on or after June 15, 2025 that is not in connection with a redemption, or following Cardlytics' election to terminate any portion of the capped call transactions in connection with any repurchase, redemption or early conversion of the notes). This activity could also cause or prevent an increase or a decrease in the market price of Cardlytics' common stock or the notes, which could affect a noteholder's ability to convert its notes, and, to the extent the activity occurs during any observation period related to a conversion of notes, this could affect the amount and value of the consideration that a noteholder will receive upon conversion of its notes.

The notes were and will only be offered to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act. Neither the notes, nor any shares of Cardlytics' common stock issuable upon conversion of the notes, have been registered under the Securities Act or any state securities laws, and unless so registered, may not be offered or sold in the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and other applicable securities laws.

This press release is neither an offer to sell nor a solicitation of an offer to buy any securities, nor shall it constitute an offer, solicitation or sale of any securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such state or jurisdiction.

## **About Cardlytics**

Cardlytics is an advertising platform in banks' digital channels. We partner with financial institutions to run their banking rewards programs that promote customer loyalty and deepen banking relationships. In turn, we have a secure view into where and when consumers are spending their money. We use these insights to help marketers identify, reach and influence likely buyers at scale, as well as measure the true sales impact of marketing campaigns. Headquartered in Atlanta, Cardlytics has offices in London, New York, San Francisco, and Visakhapatnam.

## **Cautionary Language Concerning Forward-Looking Statements**

This press release contains "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to statements concerning the completion of the proposed offering of the notes and capped call transactions, expectations regarding the effect of the capped call transactions and regarding actions of the option counterparties and/or

their respective affiliates and the anticipated use of proceeds from the offering. These forward-looking statements are based on Cardlytics' current assumptions, expectations and beliefs and are subject to substantial risks, uncertainties, assumptions and changes in circumstances that may cause Cardlytics' actual results, performance or achievements to differ materially from those expressed or implied in any forward-looking statement. These risks include, but are not limited to market risks, trends and conditions. These and other risks are more fully described in Cardlytics' filings with the Securities and Exchange Commission ("SEC"), including in the section entitled "Risk Factors" in its Quarterly Report on Form 10-Q for the period ended June 30, 2020 and other filings that Cardlytics may file from time to time with the SEC. Forward-looking statements represent Cardlytics' beliefs and assumptions only as of the date of this press release. Cardlytics disclaims any obligation to update forward-looking statements.

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