UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (date of earliest event reported): May 7, 2019

RED VIOLET, INC.
(Exact name of Registrant as specified in its charter)

Delaware	001-38407	82-2408531
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification Number)

2650 North Military Trail, Suite 300, Boca Raton, FL 33431
(Address of principal executive offices)

561-757-4000
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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. ☐

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.001 par value per share	RDVT	The NASDAQ Stock Market LLC

Item 2.02 Results of Operations and Financial Condition

On May 7, 2019, Red Violet, Inc., a Delaware corporation (the "Company"), issued a press release announcing its financial results for the first quarter ended March 31, 2019 (the "Earnings Release) and a Shareholder Letter (the "Letter"). A copy of the Earnings Release and the Letter are furnished herewith as Exhibit 99.1 and Exhibit 99.2, respectively.

The information included herein and in Exhibit 99.1 and Exhibit 99.2 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 ("Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

99.1	Press Release dated May 7, 2019
99.2	Shareholder Letter dated May 7, 2019

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

		Red Violet, Inc.
Date: May 7, 2019	By:	/s/ Derek Dubner
		Derek Dubner
		Chief Executive Officer (Principal Executive Officer)

Exhibit 99.1

red violet Announces First Quarter 2019 Financial Results

Revenue Increases 72% to $5.7 Million Driving Significant Progress Toward Profitability

BOCA RATON, Fla. – May 7, 2019 – Red Violet, Inc. (NASDAQ: RDVT), a leading analytics and information solutions provider, today announced financial results for the quarter ended March 31, 2019 and posted a letter to shareholders on the investor relations section of the Company's website at http://redviolet.com/shareholderletter.

"We started the year off strong and are extremely pleased with our results for the first quarter. With another quarter of sequential record revenue and a significantly improved bottom line, we fully expect 2019 to be a breakout year for red violet," stated Derek Dubner, red violet's CEO. "Our team continues to enhance the functionality and performance of our solutions and, as a result, we are winning head-to-head challenges against the competition and driving new use cases for our customers. We added over 390 new idiCORE™ customers in the first quarter and continue to see strong growth in revenue from existing customers."

First Quarter Financial Results

For the three months ended March 31, 2019, as compared to the three months ended March 31, 2018:

- Total revenue increased 72% to $5.7 million.
- Net loss improved by $0.7 million to $1.4 million.
- Loss per share improved by $0.07 to $0.13.
- Adjusted gross profit increased 134% to $3.1 million.
- Adjusted gross margin increased to 53% from 39%.
- Adjusted EBITDA improved by $1.0 million to negative $0.4 million.

First Quarter and Recent Business Highlights

- Customer adoption of idiCORE has been strong with over 1,000 new customers added in the past year.
- Recurring revenue continues to expand with 67% of monthly revenue attributable to customer contracts versus transactional usage. Contracts are generally annual contracts or longer, with auto renewal.
- FOREWARN®, our subscription app-based solution for the real estate industry, powered by CORE™, continues to scale with over 13,000 users added in the past year.

Use of Non-GAAP Financial Measures

Management evaluates the financial performance of our business on a variety of key indicators, including non-GAAP metrics of adjusted EBITDA, adjusted gross profit and adjusted gross margin. Adjusted EBITDA is a financial measure equal to net loss, the most directly comparable financial measure based on US GAAP, excluding interest income, net, depreciation and amortization, share-based compensation expense, litigation costs, insurance proceeds in relation to settled litigation, transition service income, and write-off of long-lived assets and others, as noted in the tables below. We define adjusted gross profit as revenue less cost of revenue (exclusive of depreciation and amortization), and adjusted gross margin as adjusted gross profit as a percentage of revenue.

About red violet®

At red violet, we believe that time is your most valuable asset. Through powerful analytics, we transform data into intelligence, in a fast and efficient manner, so that our clients can spend their time on what matters most - running their organizations with confidence. Through leading-edge, proprietary technology and a massive data repository, our analytics and information solutions harness the power of data fusion, uncovering the relevance of disparate data points and converting them into comprehensive and insightful views of people, businesses, assets and their interrelationships. We empower clients across markets and industries to better execute all aspects of their business, from managing risk, recovering debt, identifying fraud and abuse, and ensuring legislative compliance, to identifying and acquiring customers. At red violet, we are dedicated to making the world a safer place and reducing the cost of doing business. For more information, please visit www.redviolet.com.

FORWARD-LOOKING STATEMENTS

This press release contains "forward-looking statements," as that term is defined under the Private Securities Litigation Reform Act of 1995 (PSLRA), which statements may be identified by words such as "expects," "plans," "projects," "will," "may," "anticipate," "believes," "should," "intends," "estimates," and other words of similar meaning. Such forward looking statements are subject to risks and uncertainties that are often difficult to predict, are beyond our control and which may cause results to differ materially from expectations, including whether we expect 2019 to be a breakout year for red violet. Readers are cautioned not to place undue reliance on these forward-looking statements, which are based on our expectations as of the date of this press release and speak only as of the date of this press release and are advised to consider the factors listed above together with the additional factors under the heading "Forward-Looking Statements" and "Risk Factors" in red violet's Form 10-K for the year ended December 31, 2018 filed on March 7, 2019, as may be supplemented or amended by the Company's other SEC filings. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

RED VIOLET, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share data)
(unaudited)

	March 31, 2019	December 31, 2018
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 7,319	$ 9,950
Accounts receivable, net of allowance for doubtful accounts of $25 and $77 as of March 31, 2019 and December 31, 2018, respectively	2,788	2,265
Prepaid expenses and other current assets	1,293	934
Total current assets	11,400	13,149
Property and equipment, net	773	852
Intangible assets, net	20,997	19,971
Goodwill	5,227	5,227
Right-of-use assets	2,939	-
Other noncurrent assets	543	628
Total assets	$ 41,879	$ 39,827
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	$ 2,149	$ 2,246
Accrued expenses and other current liabilities	1,075	1,277
Current portion of operating lease liabilities	449	-
Deferred revenue	49	26
Total current liabilities	3,722	3,549
Noncurrent operating lease liabilities	2,833	-
Total liabilities	6,555	3,549
Shareholders' equity:		
Preferred stock—$0.001 par value, 10,000,000 shares authorized, and 0 shares issued and outstanding, as of March 31, 2019 and December 31, 2018	-	-
Common stock—$0.001 par value, 200,000,000 shares authorized, 10,286,613 and 10,266,613 shares issued and outstanding, as of March 31, 2019 and December 31, 2018	10	10
Additional paid-in capital	41,476	41,052
Accumulated deficit	(6,162)	(4,784)
Total shareholders' equity	35,324	36,278
Total liabilities and shareholders' equity	$ 41,879	$ 39,827

RED VIOLET, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except share data)
(unaudited)

	Three Months Ended March 31,	
	2019	2018
Revenue	$ 5,734	$ 3,325
Costs and expenses:		
Cost of revenue (exclusive of depreciation and amortization)	2,669	2,017
Sales and marketing expenses	1,500	1,089
General and administrative expenses	2,365	1,852
Depreciation and amortization	618	451
Total costs and expenses	7,152	5,409
Loss from operations	(1,418)	(2,084)
Interest income, net	40	-
Loss before income taxes	(1,378)	(2,084)
Income taxes	-	-
Net loss	$ (1,378)	$ (2,084)
Loss per share:		
Basic and diluted	$ (0.13)	$ (0.20)
Weighted average number of shares outstanding:		
Basic and diluted	10,267,680	10,266,613

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

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (1,378)	$ (2,084)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	618	451
Share-based compensation expense	274	165
Write-off of long-lived assets	30	55
Provision for (recovery of) bad debts	154	(56)
Allocation of expenses from Fluent, Inc.	-	325
Noncash lease expenses	103	-
Changes in assets and liabilities:		
Accounts receivable	(677)	(326)
Prepaid expenses and other current assets	(359)	(237)
Other noncurrent assets	85	(2)
Accounts payable	(97)	(123)
Accrued expenses and other current liabilities	143	(981)
Deferred revenue	23	(12)
Operating lease liabilities	(105)	-
Net cash used in operating activities	(1,186)	(2,825)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(15)	(16)
Capitalized costs included in intangible assets	(1,430)	(1,370)
Net cash used in investing activities	(1,445)	(1,386)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital contributed by Fluent, Inc.	-	23,939
Net cash provided by financing activities	-	23,939
Net (decrease) increase in cash and cash equivalents	$ (2,631)	$ 19,728
Cash and cash equivalents at beginning of period	9,950	65
Cash and cash equivalents at end of period	$ 7,319	$ 19,793
SUPPLEMENTAL DISCLOSURE INFORMATION		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -
Share-based compensation capitalized in intangible assets	$ 150	$ 181
Right-of-use assets obtained in exchange of operating lease liabilities	$ 3,042	$ -
Operating lease liabilities arising from obtaining right-of-use assets	$ 3,387	$ -

Use and Reconciliation of Non-GAAP Financial Measures

Management evaluates the financial performance of our business on a variety of key indicators, including non-GAAP metrics of adjusted EBITDA, adjusted gross profit and adjusted gross margin. Adjusted EBITDA is a financial measure equal to net loss, the most directly comparable financial measure based on US GAAP, excluding interest income, net, depreciation and amortization, share-based compensation expense, litigation costs and write-off of long-lived assets, as noted in the tables below. We define adjusted gross profit as revenue less cost of revenue (exclusive of depreciation and amortization), and adjusted gross margin as adjusted gross profit as a percentage of revenue.

(In thousands)	Three Months Ended March 31, 2019	2018
Net loss	$ (1,378)	$ (2,084)
Interest income, net	(40)	-
Depreciation and amortization	618	451
Share-based compensation expense	274	165
Litigation costs	94	-
Write-off of long-lived assets	30	55
Adjusted EBITDA	$ (402)	$ (1,413)

(In thousands)	Three Months Ended March 31, 2019	2018
Revenue	$ 5,734	$ 3,325
Cost of revenue (exclusive of depreciation and amortization)	2,669	2,017
Adjusted gross profit	$ 3,065	$ 1,308
Adjusted gross margin	53%	39%

We present adjusted EBITDA, adjusted gross profit and adjusted gross margin as supplemental measures of our operating performance because we believe they provide useful information to our investors as they eliminate the impact of certain items that we do not consider indicative of our cash operations and ongoing operating performance. In addition, we use them as an integral part of our internal reporting to measure the performance of our business, evaluate the performance of our senior management and measure the operating strength of our business.

Adjusted EBITDA, adjusted gross profit and adjusted gross margin are measures frequently used by securities analysts, investors and other interested parties in their evaluation of the operating performance of companies similar to ours and are indicators of the operational strength of our business. Adjusted EBITDA eliminates the uneven effect of considerable amounts of non-cash depreciation and amortization, share-based compensation expense and the impact of other items. Adjusted gross profit and adjusted gross margin are calculated by using cost of revenue (exclusive of depreciation and amortization).

Adjusted EBITDA, adjusted gross profit and adjusted gross margin are not intended to be performance measures that should be regarded as an alternative to, or more meaningful than, either loss before income taxes or net loss as indicators of operating performance or to cash flows from operating activities as a measure of liquidity. The way we measure adjusted EBITDA, adjusted gross profit and adjusted gross margin may not be comparable to similarly titled measures presented by other companies, and may not be identical to corresponding measures used in our various agreements.

SUPPLEMENTAL METRICS

The following metrics are intended as a supplement to the financial statements found in this release and other information furnished or filed with the SEC. These supplemental metrics are not necessarily derived from any underlying financial statement amounts. We believe these supplemental metrics help investors understand trends within our business and evaluate the performance of such trends quickly and effectively. In the event of discrepancies between amounts in these tables and the Company's historical disclosures or financial statements, readers should rely on the Company's filings with the SEC and financial statements in the Company's most recent earnings release.

We intend to periodically review and refine the definition, methodology and appropriateness of each of these supplemental metrics. As a result, metrics are subject to removal and/or changes, and such changes could be material.

	(Unaudited)				
(Dollars in thousands)	**Q1'18**	**Q2'18**	**Q3'18**	**Q4'18**	**Q1'19**
Customer metrics					
idiCORE - billable customers(1)	2,941	3,302	3,438	3,627	4,020
FOREWARN - users(2)	2,427	5,095	7,872	11,397	15,444
Revenue metrics					
Contractual revenue %(3)	44%	52%	64%	66%	67%
Net revenue attrition %(4)	10%	10%	6%	5%	5%
Revenue from new customers(5)	$ 756	$ 802	$ 842	$ 1,096	$ 1,285
Base revenue from existing customers(6)	$ 1,952	$ 2,472	$ 2,934	$ 3,127	$ 3,593
Growth revenue from existing customers(7)	$ 617	$ 635	$ 584	$ 485	$ 856
Other metrics					
Employees - sales and marketing	35	33	37	46	47
Employees - support	7	7	5	6	6
Employees - infrastructure	11	11	9	11	12
Employees - engineering	18	20	22	21	20
Employees - administration	13	14	14	14	14

(1) We define a billable customer of idiCORE as a single entity that generated revenue in the last month of the period. Billable customers are typically corporate organizations. In most cases, corporate organizations will have multiple users and/or departments purchasing our solutions, however, we count the entire organization as a discrete customer.

(2) We define a user of FOREWARN as a unique individual that has an active user account and is able to log into FOREWARN.

(3) Contractual revenue % represents revenue generated from customers pursuant to pricing contracts containing a monthly fee and any additional overage divided by total revenue. Pricing contracts are generally annual contracts or longer, with auto renewal.

(4) Net revenue attrition is defined as the revenue lost as a result of customer attrition, net of reinstated customer revenue, excluding FOREWARN revenue. Revenue is measured once a customer has generated revenue for six consecutive months. Revenue is considered lost when all revenue from a customer ceases for three consecutive months; revenue generated by a customer after the three-month loss period is defined as reinstated revenue. Net revenue attrition percentage is calculated on a trailing twelve-month basis, the numerator of which is the revenue lost during the period due to attrition, net of reinstated revenue, and the denominator of which is total revenue based on an average of total revenue at the beginning of each month during the period.

(5) Revenue from new customers represents the total monthly revenue generated from new customers in a given period. A customer is defined as a new customer during the first six months of revenue generation.

(6) Base revenue from existing customers represents the total monthly revenue generated from existing customers in a given period that does not exceed the customers' trailing six-month average revenue. A customer is defined as an existing customer six months after their initial month of revenue.

(7) Growth revenue from existing customers represents the total monthly revenue generated from existing customers in a given period in excess of the customers' trailing six-month average revenue.

Investor Relations Contact:
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Red Violet, Inc.
561-757-4500
ir@redviolet.com


Exhibit 99.2
red violet
Shareholder Letter
Q1 2019 | May 7, 2019

To Our Fellow Shareholders

red violet works passionately to drive innovative solutions into the market, enabling our customers to run their organizations with confidence. We kicked off 2019 in strong fashion, achieving $5.7 million in revenue in Q1, a 72% increase year-over-year, and a $0.7 million improvement in net loss to $1.4 million for the quarter. Our adjusted gross margin was 53%, and we improved our adjusted EBITDA by $1.0 million to negative $0.4 million, while adding 393 new customers in the quarter. It was yet another quarter of sequential record revenue and a significantly improved bottom line with solid margin expansion. Given that we experienced our traditional seasonality in the fourth quarter of 2018, which tends to be our slowest quarter in terms of sequential revenue growth, we saw our pace of growth resume in Q1 and we fully expect that trend to continue throughout the year.

Many of our current shareholders already know our story. Most people do not. So, let's pause for a moment to tell you a bit about who we are, and where we are going as a company.

What drives us

Big data presents big challenges. We love big challenges. Technological innovation over the past two decades has generated mammoth amounts of data – disparate, structured and unstructured – challenging organizations in their quest to transform this data into actionable insights. Putting it simplistically, we aggregate, assimilate, analyze and link this data, thereby transforming it into intelligence for use by organizations to solve for a variety of challenges, from basic to extremely complex. We call it data fusion. Our management team has done this twice before, building two information solution providers and selling them for an aggregate of approximately $1 billion. In doing so, we accomplished many successes, and we learned from our mistakes. Technology and modern data science techniques have changed radically over the years, and the volume and variety of data has expanded dramatically. When we started the company, we knew that this time was different. We believed that, with these seismic shifts in technology and data, an extraordinary opportunity was presented – to build a cloud-based, next-generation technology platform, with both traditional and novel data sets integrated, and informed by artificial intelligence and machine learning.

The road traveled

From day one, we set out to build our technology with an eye towards the future. During these early times, our operational roadmap was already clearly defined. Our initial goal was to simply follow the path that we had traveled twice before successfully, providing information solutions to the risk management industry, including financial services, insurance companies, corporate risk departments, law enforcement, government, law firms, collection agencies and debt buyers, for purposes such as due diligence, risk mitigation, and identity verification. We knew that this familiar path was the shortest distance to profitability, delivering solutions to our previous customers and taking back market share from the competition who continues to use our legacy technologies. Our technology roadmap demanded the integration of versatility, greater scalability, extensibility, and dynamism into all that we build, laying the groundwork for the application of future technologies and innovative solutions to address larger existing and emerging industries and, thus, larger addressable markets. Our platform was designed to be data and industry agnostic, so that we could deliver solutions not only to the risk management industry that we served for two decades, but also the marketing industry and ultimately every organization in need of data-driven, actionable insights.

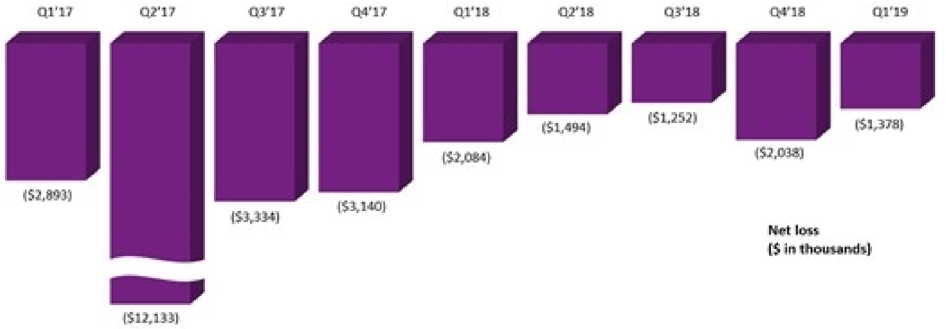
Early years were spent hiring exceptional team members, building our cloud-based, technology platform, CORE™, and amassing a multitude of data sets. As one can imagine, this development phase is the most cost-intensive phase of the business, representing a significant barrier to entry, along with requisite knowledge and experience in building the technology, the ability to identify and acquire the right data assets, and the expertise needed to fuse the data. We are excited to say that the development phase is behind us. Sure, we will continually work to enhance all areas of the business, especially our technology and solutions, but with the lion's share of development work behind us, moving forward, with each passing quarter, we expect to see a significant improvement in financial metrics as revenue scales and cost of revenue does not.

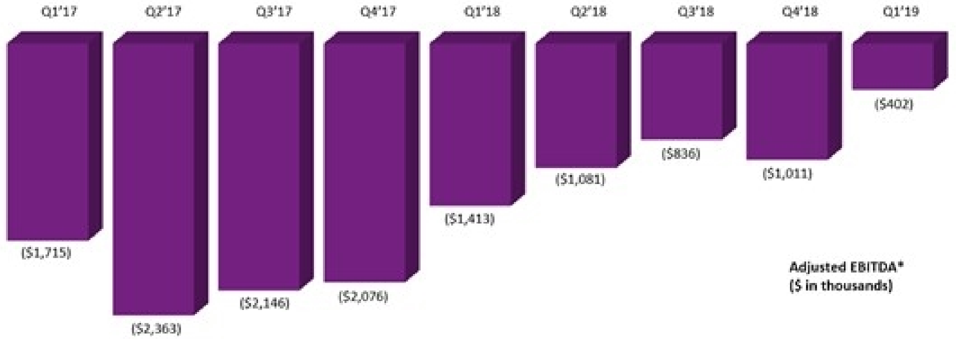
We believe that in order to be successful, a company must have great people, great products, great partners, and great customers. We have, and continue to invest in, all four. Our Seattle-based technology team is best-in-class. Comprised of data scientists and engineers, and in collaboration with our stellar infrastructure team, these talented individuals are responsible for supporting our analytics platform, receiving, fusing and updating data, applying analytic and decision-making capabilities, and delivering real-time solutions to our customers at scale. Our products and solutions are winning head-to-head challenges against the competition, while we continue to integrate new data and enhance functionality and performance to further differentiate our offerings. We've built strong relationships with top-tier data suppliers and strategic industry alliances, with concerted effort on ensuring alignment of each party's objectives and the achievement of future goals. As demonstrated by our revenue growth and retention, we maintain enduring customer relationships by first understanding our customers' needs, and then providing the right solution and a level of service that the competition is either unwilling or unable to provide.

Throughout 2018, we completed our transition from a development-stage company to a sales-driven company. We recently met our near-term goal of staffing our sales force, ending the year with 43 quality sales representatives. The increased number and caliber of our sales team has resulted in greater sales effectiveness, as reflected in our Q1 2019 revenue numbers. With an average of three to six months for a new sales representative to become productive, we expect to see increased sales productivity and thus increased revenue throughout 2019. While we will continue to expand the sales team as opportunity dictates, we've strengthened our focus on enhancing the capacity and effectiveness of the team, increasing ROI from current personnel throughout the sales organization, with the goal of creating even greater operating margin for the business.

Leveraging our model

We employ a fixed cost of revenue business model that generates tremendous leverage. Historically, as our previous companies evolved, upwards of 80-90% adjusted gross margins were achieved. For Q1 2019, our adjusted gross margin increased to 53% compared to 39% in the same period last year. We expect our gross margin to consistently increase over time. We license the majority of our raw data assets under long-term, flat-fee unlimited use contracts. (We also generate proprietary data sets internally.) Our cost of revenue includes costs related to our data assets and our cloud infrastructure. We utilize the cloud to deliver efficiencies to our customers. With enormous elasticity, we have great scalability and flexibility in deploying additional servers during peak or intensive production periods and to reduce the quantity of servers back to a steady state. This enables us to increase system efficiency, control costs, and to pass on these efficiencies to our customers. As our revenue scales, each incremental dollar of revenue provides nearly 100% contribution margin and significantly reduces our burn rate as we drive to profitability.





Our powerful platform and information solutions

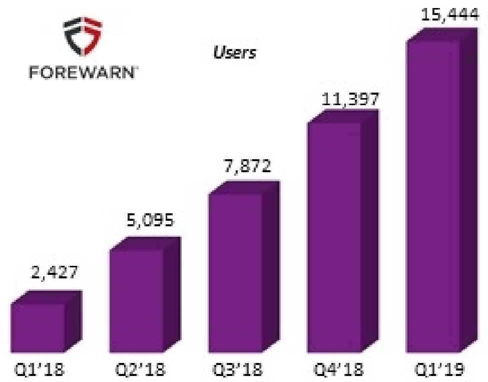
Our platform is designed for ease of access and use of our solutions in a variety of ways, without any material cost to our customers for integration into their workflow. Customers access our solutions through an online interface, API, batch processing, and through custom integrations. For online transactions, customers query our platform through an intuitive, easy-to-use interface, designed for seamless interaction, smarter questions, and better data-driven decisioning. We serve not only end-user customers, but we also power the back end of various companies, many of which are leaders in their specific industries. Through the integration of our information and underlying analytics into their products and solutions, we directly support and foster the growth of their businesses. Our platform's versatility lends itself to just about any data-driven challenge, both small and large – the law enforcement investigator that solved a crime by using our solutions to link a consumer to a single Internet Protocol (IP) address at a specific point in time, to the multi-billion dollar company leveraging our platform and data to perform large-scale entity resolution of millions of businesses and consumers.

**A reconciliation of non-GAAP financial measures used in this letter to their nearest GAAP equivalents is provided at the end of this letter.*

Our growth strategy

We are customer centric at our core. We listen to our customers' needs and anticipate what our customers want. Our growth strategy consists of the following key elements: new customer adoption, increasing penetration within our existing customer base, deriving custom solutions from our platform for enterprise customers, and expansion of our product suite, markets and distribution channels.

As of March 31, 2019, we had over 4,000 customers of idiCORE™, our flagship product, and over 15,400 users of FOREWARN®, our real-time identity verification product tailored for the real estate industry. Compared to the same period last year, idiCORE grew by over 1,000 customers and FOREWARN grew by over 13,000 users. Currently, 67% of the revenue generated from our customers and users is attributable to pricing contracts. We expect this percentage to continue to grow over time. Contracts are generally annual contracts or longer.



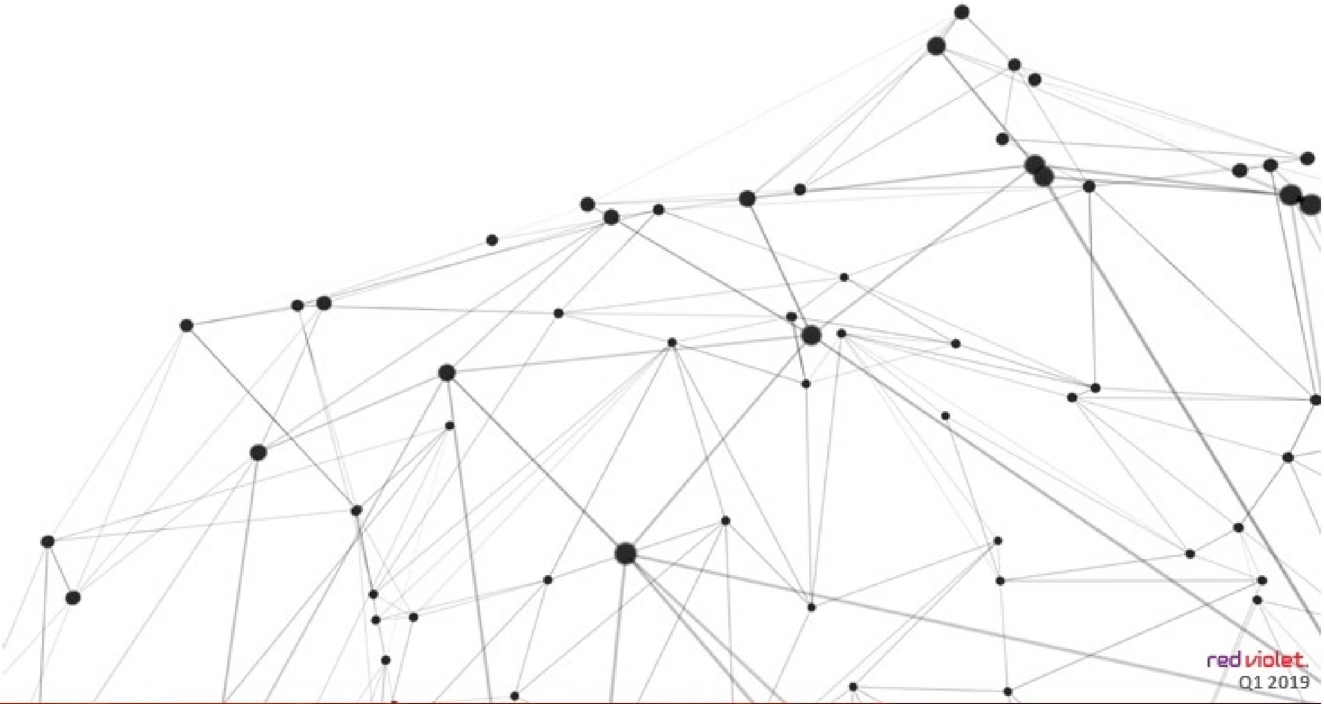
Revenue from new customers represented $1.3 million of our total revenue in Q1. Our sales strategy involves a free trial of our solutions, affording organizations the opportunity to truly evaluate the increased efficiency and enhanced decision-making capabilities provided by integrating our solutions into their daily workflow. Following the free trial, customers initially purchase our solutions on a transactional basis or minimum-committed monthly spend. We seek to increase our customers' usage by understanding their goals, facilitating the identification of new use cases, and expanding the number of users across departments, divisions and geographic locations. Growth revenue from existing customers represented $0.9 million of our total revenue in Q1. Once integrated into their workflow, our customers become reliant on our solutions, creating a durable relationship in which we help drive their ROI. As a result, we experience low attrition. For Q1, our net revenue attrition percentage was 5%.

The road ahead

We are pleased with our progress to date. But there is still much work to do. We have a multi-year product roadmap that we are executing upon and it is still early days. We are making significant inroads in the risk management industry, are advancing our expansion into the marketing industry, and are planning our entrance into new markets and verticals, all made possible by our unique and differentiated platform. Our technology enables our entrée into various new industries, even where others may have already paved the way. Our platform affords optionality as to where we desire to go. Self-service data analytics (code-free analytical tools), data-driven consumer modeling platforms, and behavioral-based predictive analytics are just a few potential paths. Whether we simply compete in these new markets, significantly improve upon existing offerings, or offer entirely new ways of addressing market needs, the opportunities abound. This is not a zero-sum game. New technologies are driving new business models and revolutionizing traditional models. From fintech to bricks and mortar, all industries are dependent upon the increasing utilization of data-driven insights. Our challenges lie not in a lack of opportunities, but in prioritizing the multitude of opportunities immediately before us. And as we turn cash flow positive, which we expect to occur in the near term, we will reinvest in the business to drive long-term growth.

Moving forward, we plan to be more visible to our investor base. We will do this in a variety of ways, including a plan to institute conference calls later in the year to accompany our earnings announcements, as well as including supplemental operating metrics in our earnings releases that we feel are important to understanding the health of the business. These are extremely exciting times for red violet. And none of this is possible without the incredible team we have assembled. Their dedication and hard work is remarkable and I am proud to be associated with each and every member of the team. Thank you to our loyal customers and shareholders for continuing to support us during the growth of this amazing company.

Derek Dubner
CEO



Forward-Looking Statements

This shareholder letter contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, which statements involve substantial risks and uncertainties. All statements other than statements of historical fact could be deemed forward looking, including risks and uncertainties related to statements about anticipated growth, anticipated products, solutions, customers, market expansion, technology and other key strategic areas, and our financial measures including revenue, gross margin and operating margin.

We undertake no obligation to update any forward-looking statements made in this shareholder letter to reflect events or circumstances after the date of this shareholder letter or to reflect new information or the occurrence of unanticipated events, except as required by law.

The achievement or success of the matters covered by such forward-looking statements involves known and unknown risks, uncertainties and assumptions. If any such risks or uncertainties materialize or if any of the assumptions prove incorrect, our results could differ materially from the results express or implied by the forward-looking statements we make. You should not rely upon forward-looking statements as predictions of future events. Forward-looking statements represent our management's beliefs and assumptions only as of the date such statements are made.

Further information on these and other factors that could affect our financial results is included in the filings we make with the Securities and Exchange Commission from time to time, including the section titled "Risk Factors" in our most recent Forms 10-Q and 10-K. These documents are available on the SEC Filings section of the Investor Relations section of our website at: www.redviolet.com.

Use and Reconciliation of Non-GAAP Financial Measures

Management evaluates the financial performance of our business on a variety of key indicators, including non-GAAP metrics of adjusted EBITDA, adjusted gross profit and adjusted gross margin. Adjusted EBITDA is a financial measure equal to net loss, the most directly comparable financial measure based on US GAAP, excluding interest income, net, depreciation and amortization, share-based compensation expense, litigation costs, insurance proceeds in relation to settled litigation, transition service income, and write-off of long-lived assets and others, as noted in the tables below. We define adjusted gross profit as revenue less cost of revenue (exclusive of depreciation and amortization), and adjusted gross margin as adjusted gross profit as a percentage of revenue.

	(Unaudited)								
(In thousands)	**Q1'17**	**Q2'17**	**Q3'17**	**Q4'17**	**Q1'18**	**Q2'18**	**Q3'18**	**Q4'18**	**Q1'19**
Net loss	$(2,893)	$(12,133)	$(3,334)	$(3,140)	$(2,084)	$(1,494)	$(1,252)	$(2,038)	$(1,378)
Interest income, net	-	-	-	-	-	-	(31)	(53)	(40)
Depreciation and amortization	216	220	288	414	451	478	508	559	618
Share-based compensation expense	458	1,225	563	625	165	49	218	277	274
Litigation costs	504	8,325	337	25	-	9	125	248	94
Insurance proceeds in relation to settled litigation	-	-	-	-	-	-	(350)	-	-
Transition service income	-	-	-	-	-	(158)	(56)	(4)	
Write-off of long-lived assets and others	-	-	-	-	55	35	2	-	30
Adjusted EBITDA	$(1,715)	$ (2,363)	$(2,146)	$(2,076)	$(1,413)	$(1,081)	$ (836)	$(1,011)	$ (402)

	(Unaudited)								
(In thousands)	**Q1'17**	**Q2'17**	**Q3'17**	**Q4'17**	**Q1'18**	**Q2'18**	**Q3'18**	**Q4'18**	**Q1'19**
Revenue	$ 1,572	$ 1,993	$ 2,306	$ 2,707	$ 3,325	$ 3,909	$ 4,360	$ 4,708	$ 5,734
Cost of revenue (exclusive of depreciation and amortization)	1,401	1,843	1,955	1,867	2,017	2,084	2,233	2,304	2,669
Adjusted gross profit	$ 171	$ 150	$ 351	$ 840	$ 1,308	$ 1,825	$ 2,127	$ 2,404	$ 3,065
Adjusted gross margin	11%	8%	15%	31%	39%	47%	49%	51%	53%

We present adjusted EBITDA, adjusted gross profit and adjusted gross margin as supplemental measures of our operating performance because we believe they provide useful information to our investors as they eliminate the impact of certain items that we do not consider indicative of our cash operations and ongoing operating performance. In addition, we use them as an integral part of our internal reporting to measure the performance of our business, evaluate the performance of our senior management and measure the operating strength of our business.

Adjusted EBITDA, adjusted gross profit and adjusted gross margin are measures frequently used by securities analysts, investors and other interested parties in their evaluation of the operating performance of companies similar to ours and are indicators of the operational strength of our business. Adjusted EBITDA eliminates the uneven effect of considerable amounts of non-cash depreciation and amortization, share-based compensation expense and the impact of other items. Adjusted gross profit and adjusted gross margin are calculated by using cost of revenue (exclusive of depreciation and amortization).

Adjusted EBITDA, adjusted gross profit and adjusted gross margin are not intended to be performance measures that should be regarded as an alternative to, or more meaningful than, either loss before income taxes or net loss as indicators of operating performance or to cash flows from operating activities as a measure of liquidity. The way we measure adjusted EBITDA, adjusted gross profit and adjusted gross margin may not be comparable to similarly titled measures presented by other companies, and may not be identical to corresponding measures used in our various agreements.

About red violet®

At red violet, we believe that time is your most valuable asset. Through powerful analytics, we transform data into intelligence, in a fast and efficient manner, so that our clients can spend their time on what matters most - running their organizations with confidence. Through leading-edge, proprietary technology and a massive data repository, our analytics and information solutions harness the power of data fusion, uncovering the relevance of disparate data points and converting them into comprehensive and insightful views of people, businesses, assets and their interrelationships. We empower clients across markets and industries to better execute all aspects of their business, from managing risk, recovering debt, identifying fraud and abuse, and ensuring legislative compliance, to identifying and acquiring customers. At red violet, we are dedicated to making the world a safer place and reducing the cost of doing business. For more information, please visit www.redviolet.com.

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