UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 March 31, 2020

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 001-38407

RED VIOLET, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**82-2408531**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

2650 North Military Trail, Suite 300, Boca Raton, Florida 33431
(Address of Principal Executive Offices) (Zip Code)

(561) 757-4000
(Registrant's Telephone Number, Including Area Code)

None
(Former name, former address and former fiscal year, if changed since last report)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
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 ☒

As of May 8, 2020, the registrant had 11,598,015 shares of common stock outstanding.

RED VIOLET, INC.
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PART I - FINANCIAL INFORMATION

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

Item 1. Financial Statements.

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

	March 31, 2020	December 31, 2019
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 11,454	$ 11,776
Accounts receivable, net of allowance for doubtful accounts of $19 and $40 as of March 31, 2020 and December 31, 2019, respectively	3,039	3,543
Prepaid expenses and other current assets	1,116	722
Total current assets	15,609	16,041
Property and equipment, net	616	660
Intangible assets, net	25,310	24,034
Goodwill	5,227	5,227
Right-of-use assets	2,509	2,620
Other noncurrent assets	226	289
Total assets	$ 49,497	$ 48,871
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	$ 2,229	$ 2,138
Accrued expenses and other current liabilities	816	1,571
Current portion of operating lease liabilities	506	491
Deferred revenue	207	128
Total current liabilities	3,758	4,328
Noncurrent operating lease liabilities	2,327	2,459
Total liabilities	6,085	6,787
Shareholders' equity:		
Preferred stock—$0.001 par value, 10,000,000 shares authorized, and 0 shares issued and outstanding, as of March 31, 2020 and December 31, 2019	-	-
Common stock—$0.001 par value, 200,000,000 shares authorized, 11,693,162 and 11,657,912 shares issued, 11,590,015 and 11,554,765 shares outstanding, as of March 31, 2020 and December 31, 2019	12	12
Treasury stock, at cost, 103,147 shares as of March 31, 2020 and December 31, 2019	(1,255)	(1,255)
Additional paid-in capital	61,996	59,187
Accumulated deficit	(17,341)	(15,860)
Total shareholders' equity	43,412	42,084
Total liabilities and shareholders' equity	$ 49,497	$ 48,871

See notes to condensed consolidated financial statements

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

	Three Months Ended March 31,	
	2020	2019
Revenue	$ 9,300	$ 5,734
Costs and expenses:		
Cost of revenue (exclusive of depreciation and amortization)	3,292	2,669
Sales and marketing expenses	2,176	1,500
General and administrative expenses	4,434	2,365
Depreciation and amortization	910	618
Total costs and expenses	10,812	7,152
Loss from operations	(1,512)	(1,418)
Interest income, net	31	40
Loss before income taxes	(1,481)	(1,378)
Income taxes	-	-
Net loss	$ (1,481)	$ (1,378)
Loss per share:		
Basic and diluted	$ (0.13)	$ (0.13)
Weighted average number of shares outstanding:		
Basic and diluted	11,583,214	10,267,680

See notes to condensed consolidated financial statements

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

	Common stock		Treasury stock		Additional paid-in capital	Accumulated deficit	Total
	Shares	Amount	Shares	Amount			
Balance at December 31, 2018	10,266,613	$ 10	-	$ -	$ 41,052	$ (4,784)	$ 36,278
Vesting of restricted stock units	20,000	-	-	-	-	-	-
Share-based compensation	-	-	-	-	424	-	424
Net loss	-	-	-	-	-	(1,378)	(1,378)
Balance at March 31, 2019	10,286,613	$ 10	-	$ -	$ 41,476	$ (6,162)	$ 35,324
Balance at December 31, 2019	11,657,912	$ 12	(103,147)	$ (1,255)	$ 59,187	$ (15,860)	$ 42,084
Vesting of restricted stock units	35,250	-	-	-	-	-	-
Share-based compensation	-	-	-	-	2,809	-	2,809
Net loss	-	-	-	-	-	(1,481)	(1,481)
Balance at March 31, 2020	11,693,162	$ 12	(103,147)	$ (1,255)	$ 61,996	$ (17,341)	$ 43,412

See notes to condensed consolidated financial statements

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

	Three Months Ended March 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (1,481)	$ (1,378)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	910	618
Share-based compensation expense	2,221	274
Write-off of long-lived assets	17	30
Provision for bad debts	190	154
Noncash lease expenses	111	103
Changes in assets and liabilities:		
Accounts receivable	314	(677)
Prepaid expenses and other current assets	(394)	(359)
Other noncurrent assets	63	85
Accounts payable	91	(97)
Accrued expenses and other current liabilities	(755)	143
Deferred revenue	79	23
Operating lease liabilities	(117)	(105)
Net cash provided by (used in) operating activities	1,249	(1,186)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(33)	(15)
Capitalized costs included in intangible assets	(1,538)	(1,430)
Net cash used in investing activities	(1,571)	(1,445)
Net decrease in cash and cash equivalents	$ (322)	$ (2,631)
Cash and cash equivalents at beginning of period	11,776	9,950
Cash and cash equivalents at end of period	$ 11,454	$ 7,319
SUPPLEMENTAL DISCLOSURE INFORMATION		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -
Share-based compensation capitalized in intangible assets	$ 588	$ 150
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

See notes to condensed consolidated financial statements

1. Summary of significant accounting policies

(a) Basis of preparation

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

The accompanying unaudited condensed consolidated financial statements reflect all normal recurring adjustments necessary to present fairly the financial position, results of operations, and cash flows for the interim periods, but are not necessarily indicative of the results of operations to be anticipated for any future interim periods or for the full year ending December 31, 2020.

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

The condensed consolidated balance sheet as of December 31, 2019 included herein was derived from the audited financial statements as of that date included in the 2019 Form 10-K, but does not include all disclosures required by GAAP.

The Company has only one operating segment, as defined by Accounting Standards Codification ("ASC") 280, "*Segment Reporting*."

Principles of consolidation

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

(b) Recently issued accounting standards

As an emerging growth company, the Company has left open the opportunity to take advantage of the extended transition period provided to emerging growth companies in Section 13(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), however, it is the Company's present intention to adopt any applicable new accounting standards timely.

In June 2016, FASB issued ASU No. 2016-13 ("ASU 2016-13"), *"Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments."* In November 2018, FASB issued ASU No. 2018-19, "Codification Improvements to Topic 326, Financial Instruments-Credit Losses," which amends the scope and transition requirements of ASU 2016-13. Topic 326 requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. Topic 326 became effective for public companies beginning January 1, 2020, and the Company adopted it on a modified retrospective approach. The guidance had no material impact on the Company's condensed consolidated financial statements and related disclosures.

In August 2018, FASB issued ASU No. 2018-15 ("ASU 2018-15"), *"Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract,"* which requires an entity (customer) in a hosting arrangement that is a service contract to follow the guidance in Subtopic 350-40 to determine which implementation costs to capitalize as an asset related to the service contract and which costs to expense. It also requires the entity (customer) to expense the capitalized implementation costs of a hosting arrangement that is a service contract over the term of the hosting arrangement, which includes reasonably certain renewals. This guidance will be effective for the Company for annual reporting periods beginning after December 15, 2020, on a retrospective or prospective basis and early adoption is permitted. The Company is currently evaluating the impact this guidance will have on its consolidated financial statements and related disclosures.

2. Loss per share

Basic loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the periods. Diluted loss per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock and is calculated using the treasury stock method for unvested shares. Common equivalent shares are excluded from the calculation in the loss periods as their effects would be anti-dilutive.

(In thousands, except share data)	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Numerator:		
Net loss	$ (1,481)	$ (1,378)
Denominator:		
Weighted average shares outstanding - Basic and diluted (1)	11,583,214	10,267,680
Loss per share:		
Basic and diluted:	$ (0.13)	$ (0.13)

(1) A total of 2,185,577 and 2,267,500 unvested restricted stock units ("RSUs") have been excluded from the diluted loss per share for the three months ended March 31, 2020 and 2019, respectively, as the impact is anti-dilutive.

3. Intangible assets, net

Intangible assets other than goodwill consist of the following:

		March 31, 2020			December 31, 2019		
(In thousands)	Amortization Period	Gross Amount	Accumulated Amortization	Net	Gross Amount	Accumulated Amortization	Net
Software developed for internal use	5-10 years	$ 31,816	$ (6,506)	$ 25,310	$ 29,690	$ (5,656)	$ 24,034

The gross amount associated with software developed for internal use represents capitalized costs of internally-developed software, including eligible salaries and staff benefits, share-based compensation, travel expenses incurred by relevant employees, and other relevant costs.

Amortization expenses of $850 and $554 for the three months ended March 31, 2020 and 2019, respectively, were included in depreciation and amortization expense. As of March 31, 2020, intangible assets of $4,136, included in the gross amounts of software developed for internal use, have not started amortization, as they are not ready for their intended use.

The Company capitalized costs of software developed for internal use of $2,126 and $1,580 during the three months ended March 31, 2020 and 2019, respectively.

As of March 31, 2020, estimated amortization expense related to the Company's intangible assets for the remainder of 2020 through 2025 and thereafter are as follows:

(In thousands) Year	March 31, 2020
Remainder of 2020	$ 2,832
2021	4,324
2022	4,321
2023	4,245
2024	3,629
2025 and thereafter	5,959
Total	$ 25,310

4. Goodwill

Goodwill represents the cost in excess of the fair value of the net assets acquired in a business combination. As of March 31, 2020 and December 31, 2019, the balance of goodwill of $5,227 was as a result of the acquisition of Interactive Data, LLC, a wholly-owned subsidiary of red violet, effective on October 2, 2014.

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

As of March 31, 2020 and December 31, 2019, no goodwill impairment charges were recorded.

5. Revenue recognition

On January 1, 2018, the Company adopted ASC 606, *"Revenue from Contracts with Customers,"* ("Topic 606") using the modified retrospective method applied to all contracts that were not completed contracts at the date of initial application. Revenue is recognized when control of goods or services is transferred to the Company's customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. The Company's performance obligation is to provide on demand solutions to its customers by leveraging its proprietary technology and applying machine learning and advanced analytics to its massive data repository. The pricing for the customer contracts is based on usage, a monthly fee, or a combination of both.

Available within Topic 606, the Company has applied the portfolio approach practical expedient in accounting for customer revenue as one collective group, rather than individual contracts. Based on the Company's historical knowledge of the contracts contained in this portfolio and the similar nature and characteristics of the customers, the Company has concluded the financial statement effects are not materially different than if accounting for revenue on a contract by contract basis.

Revenue is recognized over a period of time since the performance obligation is delivered in a series. The Company's customers simultaneously receive and consume the benefits provided by the Company's performance as and when provided. Furthermore, the Company has elected the "right to invoice" practical expedient, available within Topic 606, as its measure of progress, since it has a right to payment from a customer in an amount that corresponds directly with the value of its performance completed-to-date. The Company's revenue arrangements do not contain significant financing components.

For the three months ended March 31, 2020 and 2019, 69% and 67% of total revenue was attributable to customers with pricing contracts, respectively, versus 31% and 33% attributable to transactional customers, respectively. Pricing contracts are generally annual contracts or longer, with auto renewal.

If a customer pays consideration before the Company transfers services to the customer, those amounts are classified as deferred revenue. As of March 31, 2020 and December 31, 2019, the balance of deferred revenue was $207 and $128, respectively, all of which is expected to be realized in the next 12 months. In relation to the deferred revenue balance as of December 31, 2019, $91 was recognized into revenue during the three months ended March 31, 2020.

As of March 31, 2020, $3,868 of revenue is expected to be recognized in the future for outstanding performance obligations, primarily related to pricing contracts that have a term of more than 12 months. $1,967 of revenue will be recognized in the remainder of 2020, $1,820 in 2021, $65 in 2022, and $16 in 2023 and thereafter. The actual timing of recognition may vary due to factors outside of the Company's control. The Company excludes variable consideration related entirely to wholly unsatisfied performance obligations and contracts and recognizes such variable consideration based upon the right to invoice the customer.

Sales commissions are incurred and recorded on an ongoing basis over the term of the customer relationship. These costs are recorded in sales and marketing expenses.

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

6. Income taxes

The Company is subject to federal and state income taxes in the United States. The Company's tax provision for interim periods is determined using an estimate of its annual effective tax rate, adjusted for discrete items arising in that quarter. In each quarter, the Company updates its estimate of the annual effective tax rate, and if its estimated annual tax rate changes, the Company makes a cumulative adjustment in that quarter.

The Company's effective income tax rate differed from the statutory federal income tax rate of 21% for the three months ended March 31, 2020 and 2019. For the three months ended March 31, 2020 and 2019, the effective income tax rate was 0%, and the difference is primarily the result of the full valuation allowance applied against the Company's deferred tax assets.

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

The Company continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. All of the Company's income tax filings since 2016 remain open for tax examinations.

The Company does not have any unrecognized tax benefits as of March 31, 2020 and December 31, 2019.

7. Common stock and treasury stock

Common stock

As of March 31, 2020 and December 31, 2019, the number of issued shares of common stock was 11,693,162 and 11,657,912, respectively, which included shares of treasury stock of 103,147 and 103,147, respectively. The change in the number of issued shares of common stock was due to an aggregate of 35,250 shares of common stock issued as a result of the vesting of RSUs.

Treasury stock

As of March 31, 2020 and December 31, 2019, the Company held 103,147 shares of treasury stock, with a cost of $1,255, as a result of the shares withheld to pay withholding taxes upon the vesting of RSUs.

8. Share-based compensation

On March 22, 2018, the board of directors of the Company and Fluent, Inc., in its capacity as sole stockholder of the Company at that time, approved the Red Violet, Inc. 2018 Stock Incentive Plan (the "2018 Plan"). A total of 3,000,000 shares of common stock were authorized to be issued under the 2018 Plan. The primary purpose of the 2018 Plan is to attract, retain, reward and motivate certain individuals by providing them with an opportunity to acquire or increase a proprietary interest in the Company and to incentivize them to expend maximum effort for the growth and success of the Company, so as to strengthen the mutuality of the interests between such individuals and the stockholders of the Company.

As of March 31, 2020, there were 44,624 shares of common stock available for future issuance under the 2018 Plan.

On April 17, 2020, the board of directors of the Company approved, subject to stockholder approval, an amendment to the 2018 Plan to increase the number of shares of common stock authorized for issuance under the 2018 Plan from 3,000,000 shares to 4,500,000 shares.

Details of unvested RSU activity during the three months ended March 31, 2020 were as follows:

	Number of units	Weighted average grant-date fair value
Unvested as of December 31, 2019	2,237,827	$ 8.88
Vested and delivered	(35,250)	$ 7.25
Vested not delivered	(12,000)	$ 6.10
Forfeited	(5,000)	$ 7.25
Unvested as of March 31, 2020	2,185,577	$ 8.92

On September 5, 2018 and January 16, 2019, the Company granted an aggregate of 1,487,500 RSUs and 90,000 RSUs, respectively, subject to both time- and performance-based requirements, to certain of its employees and directors, at a grant date fair value of $7.69 per share and $7.25 per share, respectively, with a three-year vesting period. Such RSU grants shall not vest unless and until the Company has, for any fiscal quarter in which the RSUs are outstanding, (i) gross revenue determined in accordance with the Company’s reviewed or audited financial statements in excess of $7.0 million for such fiscal quarter, (ii) positive adjusted EBITDA, as determined based on amounts derived from the Company’s reviewed or audited financial statements for such fiscal quarter, and (iii) the participant continues to provide services to the Company either as an employee, director or consultant on the last day of the quarter that the performance criteria are met (collectively, the “2018 Performance Criteria”). Provided the 2018 Performance Criteria are met, the RSUs will vest in accordance with the time-based requirements contained in the award agreement over three years. In the event of a change of control, all RSUs which have not vested on the date of such change of control shall immediately vest even if the 2018 Performance Criteria have not been met. As of June 30, 2019, the Company determined that the 2018 Performance Criteria were met and one-third of the applicable awards vested and shares underlying such awards were issued in August 2019. The remaining shares underlying such awards are expected to vest and be issued in accordance with their time-based vesting requirement.

As a result of meeting the 2018 Performance Criteria as of June 30, 2019, the Company recognized a total of $971 of share-based compensation expense relating to RSUs with the 2018 Performance Criteria for the three months ended March 31, 2020. No share-based compensation expense of such RSUs was recognized during the three months ended March 31, 2019 because the Company determined at that period end that it was not probable that the 2018 Performance Criteria would be met.

On August 28, 2019 and October 28, 2019, the Company granted an aggregate of 681,000 RSUs, subject to both time- and performance-based requirements, to certain employees, at a grant date fair value of $11.42 per share and $16.42 per share, respectively, with time vesting periods of either three or four years. Such RSU grants shall not vest unless and until the Company has, for any fiscal quarter in which the RSUs are outstanding, (i) gross revenue determined in accordance with the Company’s reviewed or audited financial statements in excess of (a) $10.0 million for such fiscal quarter and positive adjusted EBITDA of at least $1.5 million, as determined based on amounts derived from the Company’s reviewed or audited financial statements for such fiscal quarter for 256,000 RSUs, and (b) $12.5 million for such fiscal quarter and positive adjusted EBITDA of at least $2.0 million, as determined based on amounts derived from the Company’s reviewed or audited financial statements for such fiscal quarter for 425,000 RSUs, and (ii) the recipient continues to provide services to the Company either as an employee, director or consultant on the last day of the quarter that the performance criteria is met (collectively, the “2019 Performance Criteria”). Provided the respective 2019 Performance Criteria are met, the RSUs will vest in accordance with the time-based requirements contained in the award agreement over three or four years. In the event of a change of control, all RSUs which have not vested on the date of such change of control shall immediately vest even if the 2019 Performance Criteria have not been met. As of the respective grant dates, the Company determined that it is probable that the 2019 Performance Criteria will be met and therefore, began to record the related amortization expense on the grant dates. The Company recognized a total of $1,389 of share-based compensation expense relating to RSUs with the 2019 Performance Criteria for the three months ended March 31, 2020.

As of March 31, 2020, unrecognized share-based compensation expense associated with the granted RSUs amounted to $12,654, which is expected to be recognized over a remaining weighted average period of 2.0 years.

Share-based compensation was allocated to the following accounts in the condensed consolidated financial statements for the three months ended March 31, 2020 and 2019:

	Three Months Ended March 31,	
(In thousands)	**2020**	**2019**
Sales and marketing expenses	$ 154	$ 87
General and administrative expenses	2,067	187
Share-based compensation expense	2,221	274
Capitalized in intangible assets	588	150
Total	$ 2,809	$ 424

9. Related party transactions

Services Agreement

On August 7, 2018, the Company entered into an executive chairman services agreement with Mr. Michael Brauser, the then Executive Chairman of the Company, pursuant to which Mr. Brauser will be providing recommendations on organizational and capital structure, future financing needs and future acquisitions or strategic transactions ("Services Agreement"), for a term of one year, automatically renewing for additional one-year periods unless either party provides written notice to the other of its intent not to renew not fewer than 30 days prior to the expiration of the then-current term. Mr. Brauser continues to provide services as a consultant under the Services Agreement after his resignation as Executive Chairman and as a member of the board of directors effective on September 9, 2018. Under the Services Agreement, Mr. Brauser receives cash compensation of $30 per month and is entitled to participate in the Company's incentive compensation plan. The Company recognized consulting service fees relating to the Services Agreement of a total of $90 and $90 during the three months ended March 31, 2020 and 2019, respectively. In addition, amortization of share-based compensation expense of $339 in relation to the RSUs with the 2018 Performance Criteria previously granted to Mr. Brauser was recognized during the three months ended March 31, 2020. No amortization of share-based compensation expense was recognized during the three months ended March 31, 2019.

10. Leases

On January 1, 2019, the Company adopted Leases (Topic 842) using the modified retrospective method applied to all leases existing at the date of initial application. The Company elected the practical expedients to not reassess whether any existing contracts are or contain leases, not reassess the lease classification for any existing leases, and not reassess initial direct costs for any existing leases, upon the adoption of Leases (Topic 842).

The Company leases its corporate headquarters of 21,020 rentable square feet in accordance with a non-cancelable 89-month operating lease agreement as amended and effective in January 2017. The Company also leases an additional office space of 6,003 rentable square feet in accordance with a non-cancellable 90-month operating lease agreement entered into in April 2017, with an option to extend for additional 60 months. The extension option is not included in the determination of the lease term as it is not reasonably certain to be exercised.

For the three months ended March 31, 2020 and 2019, a summary of the Company's lease information is shown below:

(In thousands)	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Lease cost:		
Operating lease costs	$ 168	$ 168
Other information:		
Cash paid for operating leases	$ 174	$ 170
Right-of-use assets obtained in exchange for operating lease liabilities	$ -	$ 3,042
Weighted average discount rate for operating leases (1)	-	8.0%

(1) The Company used 8.0%, its estimated incremental borrowing rate for similar secured assets, as the discount rate for the leases to determine the present value of the lease payments because the implicit rate in each lease is not readily determinable. The discount rate was calculated on the basis of information available as of January 1, 2019, the application date.

As of March 31, 2020, the weighted average remaining operating lease term was 4.6 years.

As of March 31, 2020, scheduled future maturities and present value of the operating lease liabilities are as follows:

(In thousands) Year		March 31, 2020
Remainder of 2020	$	530
2021		724
2022		743
2023		765
2024		542
2025 and thereafter		77
Total maturities	$	3,381
Present value included in consolidated balance sheet:		
Current portion of operating lease liabilities	$	506
Noncurrent operating lease liabilities		2,327
Total operating lease liabilities	$	2,833
Difference between the maturities and the present value of operating lease liabilities	$	548

11. Commitments and contingencies

(a) Capital commitment

The Company incurred data costs of $2,132 and $1,688 for the three months ended March 31, 2020 and 2019, respectively, under certain data licensing agreements. As of March 31, 2020, material capital commitments under certain data licensing agreements were $12,766, shown as follows:

(In thousands) Year		March 31, 2020
Remainder of 2020	$	5,499
2021		5,615
2022		1,652
Total	$	12,766

(b) Contingencies

The Company establishes accruals for those contingencies where the incurrence of a loss is probable and can be reasonably estimated, and it discloses the amount accrued and the amount of a reasonably possible loss in excess of the amount accrued, if such disclosure is necessary for our financial statements to not be misleading. To estimate whether a loss contingency should be accrued by a charge to income, the Company evaluates, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of the loss. The Company does not record liabilities when the likelihood that the liability has been incurred is probable, but the amount cannot be reasonably estimated.

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

(c) Covid-19 update

In December 2019, a novel strain of coronavirus, now known as Covid-19 (“Covid-19”), was reported in Wuhan, China and has since extensively impacted the global health and economic environment. In March 2020, the World Health Organization characterized Covid-19 as a pandemic. The Company has taken numerous steps, and will continue to take further actions, in its approach to minimizing the impact of the Covid-19 pandemic. As a result of the Covid-19 pandemic, to ensure the health and well-being of our employees, the Company instructed employees at its offices to work from home on a temporary basis. The Company has implemented cost containment strategies across all areas of the organization, including continued curtailment of Company travel and partnering with suppliers, landlords and vendors for price concessions and payment deferrals during this interim period. In the second half of March, as preventative and protective actions were taken by governments, including the implementation of stay-at-home orders, we experienced reduced transactional volume that we believe was a result of customers adjusting to the effects of these stay-at-home orders. Beginning April 1, 2020, the Company elected, under Section 2302 of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), to defer payment of the employer portion of Social Security payroll tax. Under the CARES Act, employers can forgo timely payment of the employer portion of Social Security taxes that would otherwise be due from March 27, 2020 through December 31, 2020, without penalty or interest charges. Employers must pay 50% of the deferred amount by December 31, 2021, and the remainder by December 31, 2022. The Company will continue to assess the CARES Act and other applicable government-related legislation aimed at assisting businesses during the Covid-19 pandemic. Given the dynamic nature of this health emergency, the full impact of the Covid-19 pandemic on the Company’s ongoing business, results of operations and overall financial performance cannot be reasonably estimated at this time.

12. Subsequent events

On May 5, 2020, the Company received funding under a promissory note dated May 5, 2020 (the “Promissory Note”) evidencing an unsecured non-recourse loan in the principal amount of $2,152 under the CARES Act (the “Loan”). The Loan to the Company is being made through Legacy Bank of Florida (the “Lender”).

The Loan has a two-year term and matures on May 5, 2022. The interest rate on the Loan is 1.00% per annum. Payments shall be deferred for the first six months of the term of the Loan. The U.S. Small Business Administration has the right to extend the deferment period. The Promissory Note contains customary events of default relating to, among other things, payment defaults, and breach of representations and warranties, or other provisions of the Promissory Note.

The Loan may be forgiven partially or fully if the Loan proceeds are used for covered payroll costs, rent and utility costs incurred during the eight-week period that commenced on the date of funding, and at least 75% of the Loan proceeds are used for covered payroll costs. Any forgiveness of the Loan will be subject to approval by the U.S. Small Business Administration and the Lender. The Company will be required to apply for such forgiveness. Although the Company intends to use the proceeds of the Loan for such covered purposes, it can provide no assurance that the Company will obtain forgiveness of the Loan in whole or in part.

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

You should read the following discussion and analysis in conjunction with our condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q (“Form 10-Q”). This Form 10-Q contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (“PSLRA”), Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”), about our expectations, beliefs, or intentions regarding our business, financial condition, results of operations, strategies, or prospects. You can identify forward-looking statements by the fact that these statements do not relate strictly to historical or current matters. Rather, forward-looking statements relate to anticipated or expected events, activities, trends, or results as of the date they are made. Because forward-looking statements relate to matters that have not yet occurred, these statements are inherently subject to risks and uncertainties that could cause our actual results to differ materially from any future results expressed or implied by the forward-looking statements. Many factors could cause our actual activities or results to differ materially from the activities and results anticipated in forward-looking statements, including the impact of the coronavirus (“Covid-19”) pandemic on our operating results. These factors include those contained in this Quarterly Report on Form 10-Q, as well as the disclosures made in the Company’s Annual Report on Form 10-K for the year ended December 31, 2019 filed on March 12, 2020 (“2019 Form 10-K”), and other filings we make with the Securities and Exchange Commission. We do not undertake any obligation to update forward-looking statements, except as required by law. We intend that all forward-looking statements be subject to the safe harbor provisions of PSLRA. These forward-looking statements are only predictions and reflect our views as of the date they are made with respect to future events and financial performance. To the extent that our business is negatively impacted due to a variety of factors, including the impact of Covid-19 on our operating results, we may implement longer-term cost reduction efforts in order to mitigate such impacts.

References in this discussion and analysis to “we,” “us,” “our,” “red violet,” or the “Company,” refer to Red Violet, Inc. and its consolidated subsidiaries.

Overview

Red Violet, Inc. (“we,” “us,” “our,” “red violet,” or the “Company”), a Delaware corporation, is dedicated to making the world a safer place and reducing the cost of doing business. We specialize in data fusion and analytics, providing cloud-based, mission-critical solutions to enterprises with use cases including fraud detection, risk mitigation, due diligence and marketing. Through our intelligent platform, CORE™, we uncover the relevance of disparate data points utilizing our analytical capabilities to provide real-time and insightful views of people, businesses, assets and their interrelationships.

Leveraging proprietary technology and applying machine learning and advanced analytical and decision-making capabilities, CORE provides compelling solutions to public and private sector organizations through intuitive, easy-to-use analytical applications. 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. With a massive data repository of approximately nine petabytes of public-record, proprietary and publicly-available data, as well as self-reported consumer information and behavioral signals, we transform data into intelligence for our customers to enable better data-driven decisioning.

We presently market our solutions primarily through two brands, idiCORE™, our flagship product, and FOREWARN®. idiCORE is a next-generation, investigative solution used to address a variety of organizational challenges including due diligence, risk mitigation, identity authentication and legislative compliance, by financial services companies, insurance companies, healthcare companies, law enforcement and government, collections, law firms, retail, telecommunication companies, corporate security and investigative firms. FOREWARN is an app-based solution currently tailored for the real estate industry, providing instant knowledge prior to face-to-face engagement with a consumer, helping professionals identify and mitigate risk. As of March 31, 2020 and 2019, idiCORE had 5,326 and 4,020 billable customers and FOREWARN had 36,506 and 15,444 users, respectively. The Company defines 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, the Company counts the entire organization as a discrete customer. The Company defines a user of FOREWARN as a unique person that has a subscription to use the FOREWARN service as of the last day of the period. A unique person can only have one user account.

We generate substantially all of our revenue from licensing our solutions. Customers access our solutions through a hosted environment using an online interface, batch processing, API and custom integrations. We recognize revenue from licensing fees (a) on a transactional basis determined by the customer's usage, (b) via a monthly fee or (c) from a combination of both. Revenue pursuant to pricing contracts containing a monthly fee is recognized ratably over the contract period. Pricing contracts are generally annual contracts or longer, with auto renewal. Revenue from pricing contracts represented 69% and 67% of total revenue for the three months ended March 31, 2020 and 2019, respectively.

Our go-to-market strategy leverages (a) an inside sales team that cultivates relationships, and ultimately closes business, with their end-user markets, (b) a strategic sales team that provides a more personal, face-to-face approach for major accounts within certain industries, and (c) distributors, resellers, and strategic partners that have a significant foothold in many of the industries that we have not historically served, as well as to further penetrate those industries that we do serve. Our sales model generally begins with a free trial followed by an initial purchase on a transactional basis or minimum-committed monthly spend. As organizations derive benefits from our solutions, we are able to "land and expand" within larger organizations as additional use cases expand across departments, divisions and geographic locations and customers become increasingly reliant on our solutions in their daily workflow.

In order for us to continue to develop new products, grow our existing business and expand into additional markets, we must generate and sustain sufficient operating profits and cash flow in future periods. This will require us to generate additional sales from current products and new products currently under development. We continue to build out our sales organization to drive current products and to introduce new products into the marketplace.

In December 2019, a novel strain of coronavirus, now known as Covid-19, was reported in Wuhan, China and has since extensively impacted the global health and economic environment. In March 2020, the World Health Organization characterized Covid-19 as a pandemic. The Company has taken numerous steps, and will continue to take further actions, in its approach to minimizing the impact of the Covid-19 pandemic. As a result of the Covid-19 pandemic, to ensure the health and well-being of our employees, the Company instructed employees at its offices to work from home on a temporary basis. The Company has implemented cost containment strategies across all areas of the organization, including continued curtailment of Company travel and partnering with suppliers, landlords and vendors for price concessions and payment deferrals during this interim period. In the second half of March, as preventative and protective actions were taken by governments, including the implementation of stay-at-home orders, we experienced reduced transactional volume that we believe was a result of customers adjusting to the effects of these stay-at-home orders. Beginning April 1, 2020, the Company elected, under Section 2302 of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), to defer payment of the employer portion of Social Security payroll tax. Under the CARES Act, employers can forgo timely payment of the employer portion of Social Security taxes that would otherwise be due from March 27, 2020 through December 31, 2020, without penalty or interest charges. Employers must pay 50% of the deferred amount by December 31, 2021, and the remainder by December 31, 2022. The Company will continue to assess the CARES Act and other applicable government-related legislation aimed at assisting businesses during the Covid-19 pandemic. Given the dynamic nature of this health emergency, the full impact of the Covid-19 pandemic on the Company's ongoing business, results of operations and overall financial performance cannot be reasonably estimated at this time.

Critical Accounting Policies and Estimates

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

For additional information, please refer to our 2019 Form 10-K. There have been no material changes to Critical Accounting Policies and Estimates disclosed in our 2019 Form 10-K.

Recently issued accounting standards

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

First Quarter Financial Results

For the three months ended March 31, 2020 as compared to the three months ended March 31, 2019:

- Total revenue increased 62% to $9.3 million.
- Net loss was $1.5 million (including share-based compensation expense of $2.2 million) as compared to $1.4 million (including share-based compensation expense of $0.3 million).
- Adjusted EBITDA was $1.7 million as compared to a negative $0.4 million
- Gross profit increased 105% to $5.2 million. Gross margin increased to 55% from 44%.
- Adjusted gross profit increased 96% to $6.0 million. Adjusted gross margin increased to 65% from 53%.
- Generated $1.2 million in cash from operating activities in the first quarter.
- Cash and cash equivalents were $11.5 million as of March 31, 2020.

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 GAAP, excluding interest income, net, depreciation and amortization, share-based compensation expense, litigation costs, net, 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.

	Three Months Ended March 31,			
(In thousands)	**2020**		**2019**	
Net loss	$	(1,481)	$	(1,378)
Interest income, net		(31)		(40)
Depreciation and amortization		910		618
Share-based compensation expense		2,221		274
Litigation costs, net		-		94
Write-off of long-lived assets and others		111		30
Adjusted EBITDA	$	1,730	$	(402)

The following is a reconciliation of gross profit, the most directly comparable GAAP financial measure, to adjusted gross profit:

	Three Months Ended March 31,			
(In thousands)	**2020**		**2019**	
Revenue	$	9,300	$	5,734
Cost of revenue (exclusive of depreciation and amortization)		3,292		2,669
Depreciation and amortization of intangible assets		850		554
Gross profit		5,158		2,511
Depreciation and amortization of intangible assets		850		554
Adjusted gross profit	$	6,008	$	3,065
Gross margin		55%		44%
Adjusted gross margin		65%		53%

In order to assist readers of our condensed consolidated financial statements in understanding the operating results that management uses to evaluate the business and for financial planning purposes, we present non-GAAP measures of adjusted EBITDA, adjusted gross profit and adjusted gross margin as supplemental measures of our operating performance. 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 and operating strength of our business.

We believe adjusted EBITDA, adjusted gross profit and adjusted gross margin are relevant and provide useful information 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. We believe adjusted EBITDA eliminates the uneven effect of considerable amounts of non-cash depreciation and amortization, share-based compensation expense and the impact of other non-recurring items, providing useful comparisons versus prior periods or forecasts. Our adjusted gross profit is a measure used by management in evaluating the business's current operating performance by excluding the impact of prior historical costs of assets that are expensed systematically and allocated over the estimated useful lives of the assets, which may not be indicative of the current operating activity. Our adjusted gross profit is calculated by using revenue, less cost of revenue (exclusive of depreciation and amortization). We believe adjusted gross profit provides useful information to our investors by eliminating the impact of non-cash depreciation and amortization, and specifically the amortization of software developed for internal use, providing a baseline of our core operating results that allow for analyzing trends in our underlying business consistently over multiple periods. Adjusted gross margin is calculated as adjusted gross profit as a percentage of revenue.

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, financial measures presented in accordance with GAAP. 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.

Results of Operations

Three months ended March 31, 2020 compared to three months ended March 31, 2019

Revenue. Revenue increased $3.6 million or 62% to $9.3 million for the three months ended March 31, 2020 from $5.7 million for the three months ended March 31, 2019. This increase was driven by strong growth in usage from existing customers. Revenue from new customers increased $0.2 million or 10%, base revenue from existing customers increased $3.0 million or 84%, and growth revenue from existing customers increased $0.4 million or 46% for the three months ended March 31, 2020 compared to the three months ended March 31, 2019, respectively. Our idiCORE billable customer base grew from 4,020 customers as of March 31, 2019 to 5,326 customers as of March 31, 2020. 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. 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. 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.

Cost of revenue (exclusive of depreciation and amortization). Cost of revenue increased $0.6 million or 23% to $3.3 million for the three months ended March 31, 2020 from $2.7 million for the three months ended March 31, 2019. Our cost of revenue primarily includes data acquisition costs. Data acquisition costs consist primarily of the costs to acquire data either on a transactional basis or through flat-fee data licensing agreements, including unlimited usage agreements. We continue to enhance the breadth and depth of our data through the addition and expansion of relationships with key data suppliers, including our largest data supplier, which accounted for approximately 39% of our total data acquisition costs for the three months ended March 31, 2020 compared to approximately 41% for the three months ended March 31, 2019. Other cost of revenue items include expenses related to third-party infrastructure fees.

As the construct of our data costs is primarily a flat-fee, unlimited usage model, the cost of revenue as a percentage of revenue decreased to 35% for the three months ended March 31, 2020 from 47% for the three months ended March 31, 2019. We expect that cost of revenue as a percentage of revenue will continue to decrease over the coming years as our revenue increases. Historically, at scale, the industry business model's cost of revenue will trend between 15% and 30% as a percentage of revenue.

Sales and marketing expenses. Sales and marketing expenses increased $0.7 million or 45% to $2.2 million for the three months ended March 31, 2020 from $1.5 million for the three months ended March 31, 2019. Sales and marketing expenses consist of salaries and benefits, advertising and marketing, travel expenses, and share-based compensation expense, incurred by our sales team, and provision for bad debts. The increase during the three months ended March 31, 2020 was primarily attributable to an aggregate of $0.5 million increase in salaries and benefits, as we continue to invest in the expansion of our sales organization, and sales commissions from increased revenue.

General and administrative expenses. General and administrative expenses increased $2.0 million or 87% to $4.4 million for the three months ended March 31, 2020 from $2.4 million for the three months ended March 31, 2019. The increase during the three months ended March 31, 2020 was primarily attributable to the $1.9 million increase in share-based compensation expense, resulting from the achievement of certain performance-based milestones and certain new grants issued after the first quarter of 2019, as outlined in Note 8, "Share-based compensation," included in "Notes to Condensed Consolidated Financial Statements."

For the three months ended March 31, 2020 and 2019, our general and administrative expenses consisted primarily of employee salaries and benefits of $1.2 million and $1.0 million, share-based compensation expense of $2.1 million and $0.2 million, and professional fees of $0.6 million and $0.7 million, respectively.

Depreciation and amortization. Depreciation and amortization expenses increased $0.3 million or 47% to $0.9 million for the three months ended March 31, 2020 from $0.6 million for the three months ended March 31, 2019. The increase in depreciation and amortization for the three months ended March 31, 2020 resulted primarily from the amortization of software developed for internal use that became ready for its intended use after March 31, 2019.

Loss before income taxes. We had a loss before income taxes of $1.5 million for the three months ended March 31, 2020 as compared to $1.4 million for the three months ended March 31, 2019. The slight increase in loss before income taxes was primarily attributable to the increase in noncash share-based compensation expense of $1.9 million, salaries and benefits and sales commission of $0.7 million, and depreciation and amortization of $0.3 million, which was partially offset by the increase in revenue and the decrease in our cost of revenue as a percentage of revenue.

Income taxes. Income tax expense of $0 was recognized for the three months ended March 31, 2020 and 2019. A full valuation allowance on the deferred tax assets was recognized as of March 31, 2020 and 2019. See Note 6, "Income Taxes," included in "Notes to Condensed Consolidated Financial Statements," for details.

Net loss. A net loss of $1.5 million was recognized for the three months ended March 31, 2020 as compared to $1.4 million for the three months ended March 31, 2019, as a result of the foregoing.

Effect of Inflation

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

Liquidity and Capital Resources

Cash flows provided by (used in) operating activities. For the three months ended March 31, 2020, net cash provided by operating activities was $1.2 million, primarily the result of the net loss of $1.5 million, adjusted for certain non-cash items (consisting of share-based compensation expense, depreciation and amortization, write-off of long-lived assets, provision for bad debts and noncash lease expenses) totaling $3.4 million, and the cash used as a result of changes in assets and liabilities of $0.7 million, primarily the result of the increase in prepaid expenses and other current assets and the decrease in accrued expenses and other current liabilities. For the three months ended March 31, 2019, net cash used in operating activities was $1.2 million, primarily the result of the net loss of $1.4 million, adjusted for certain non-cash items, as mentioned above, totaling $1.2 million, and the cash used as a result of changes in assets and liabilities of $1.0 million, primarily the result of the increase in accounts receivable and prepaid expenses and other current assets.

Cash flows used in investing activities. For the three months ended March 31, 2020 and 2019, net cash used in investing activities was $1.6 million and $1.4 million, respectively, primarily as a result of capitalized costs included in intangible assets of $1.5 million and $1.4 million, respectively.

As of March 31, 2020, we had material commitments under certain data licensing agreements of $12.8 million. We anticipate funding our operations using available cash and cash flow generated from operations within the next twelve months.

We reported net loss of $1.5 million and $1.4 million for the three months ended March 31, 2020 and 2019, respectively. As of March 31, 2020, we had a total shareholders' equity balance of $43.4 million.

As of March 31, 2020, we had cash and cash equivalents of approximately $11.5 million. Based on projections of growth in revenue and operating results in the next twelve months, the available cash and cash equivalents held by us, and an unsecured non-recourse loan in the principal amount of approximately $2.2 million under the CARES Act, we believe that we will have sufficient cash resources to finance our operations and expected capital expenditures for the next twelve months.

We further believe that our financial resources, including the CARES Act loan, will allow us to manage the impact of Covid-19 on the Company's business operations for the foreseeable future. However, subject to revenue growth, our ability to generate positive cash flow, and the potential impact of Covid-19, we may have to raise capital through the issuance of additional equity and/or debt, which, if we are able to obtain, could have the effect of diluting stockholders. Any equity or debt financings, if available at all, may be on terms which are not favorable to us.

Off-Balance Sheet Arrangements

As of March 31, 2020, we did not have any off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As a smaller reporting company as defined in Rule 12b-2 of the Exchange Act, we are not required to include information required by this item.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d–15(e) of the Exchange Act) as of March 31, 2020. We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure.

Based on the evaluation of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act), the Company’s Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures were effective as of March 31, 2020.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company’s internal control over financial reporting identified in connection with management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the fiscal quarter ended March 31, 2020 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures and Internal Control over Financial Reporting

In designing and evaluating the disclosure controls and procedures and internal control over financial reporting, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures and internal control over financial reporting must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

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

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

Item 1A. Risk Factors.

There were no material changes during the first quarter of 2020 to the risk factors identified in the Company’s 2019 Form 10-K, except as noted below.

The current Covid-19 pandemic and the global attempt to contain it may adversely impact our business, our future results of operations and our overall financial performance.

The global spread of Covid-19 and the various attempts to contain it have created significant volatility, uncertainty and economic disruption. In response to government mandates and health care advisories, we have altered certain aspects of our operations. Our workforce has had to spend a significant amount of time working from home, which may impact productivity, and we have curtailed all company travel to ensure the safety of our employees, customers, vendors, and shareholders. To the extent the resulting economic disruption is severe, we could see some vendors and customers negatively impacted.

The full extent to which the Covid-19 pandemic and the various responses to it impacts our business, operations and financial results will depend on numerous evolving factors that we may not be able to accurately predict, including: the duration and scope of the pandemic; governmental, business and individuals’ actions that have been and continue to be taken in response to the pandemic; the availability and cost to access the capital markets; the effect on our customers and customer demand for and ability to pay for our services; and disruptions or restrictions on our employees’ ability to work and travel. In addition, any preventative or protective actions that governments implement or that we take in respect of Covid-19, such as travel restrictions or stay-at-home orders, may interfere with the ability of our employees and vendors to perform their respective responsibilities and obligations relative to the conduct of our business. Such results could have a material adverse effect on our operations, business, financial condition, results of operations, or cash flows.

We are closely monitoring the impact of the Covid-19 pandemic, continually assessing its potential effects on our business. The extent to which our results are affected by Covid-19 will largely depend on future developments which cannot be accurately predicted and are uncertain, but the Covid-19 pandemic or the perception of its effects could have a material adverse effect on our business, financial condition, results of operations, or cash flows.

Our CARES Act Loan may be subject to regulatory review resulting from unclear subjective and objective eligibility requirements for the loan.

On May 5, 2020, we received funding of $2,152,000 under the CARES Act Loan. The Loan application required us to certify, among other things, that the current economic uncertainty made the Loan request necessary to support our ongoing operations. While we made this certification in good faith after analyzing, among other things, our financial situation and access to alternative forms of capital, and believe that we satisfied all eligibility criteria for the Loan, the certification described above does not contain any objective criteria and is subject to interpretation. If, despite our good faith belief that we satisfied all eligibility requirements for the Loan, we are found to have been ineligible to receive the Loan or in violation of any of the laws or governmental regulations that apply to us in connection with the Loan, we may be subject to penalties, including significant civil, criminal and administrative penalties and could be required to repay the Loan. In the event that we seek forgiveness of all or a portion of the Loan, we will also be required to make certain certifications which will be subject to audit and review by governmental entities and could subject us to significant penalties and liabilities if found to be inaccurate. In addition, our receipt of the Loan may result in adverse publicity and damage to our reputation, and a review or audit by a government entity could consume significant financial and management resources. Any of these events could harm our business, results of operations and financial condition.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not Applicable.

Item 5. Other Information.

On May 5, 2020, the Company received funding under a promissory note dated May 5, 2020 (the “Promissory Note”) evidencing an unsecured non-recourse loan in the principal amount of $2,152,000 under the CARES Act (the “Loan”). The Loan to the Company is being made through Legacy Bank of Florida (the “Lender”).

The Loan has a two-year term and matures on May 5, 2022. The interest rate on the Loan is 1.00% per annum. Payments shall be deferred for the first six months of the term of the Loan. The U.S. Small Business Administration has the right to extend the deferment period. The Promissory Note contains customary events of default relating to, among other things, payment defaults, and breach of representations and warranties, or other provisions of the Promissory Note.

The Loan may be forgiven partially or fully if the Loan proceeds are used for covered payroll costs, rent and utility costs incurred during the eight-week period that commenced on the date of funding, and at least 75% of the Loan proceeds are used for covered payroll costs. Any forgiveness of the Loan will be subject to approval by the U.S. Small Business Administration and the Lender. The Company will be required to apply for such forgiveness. Although the Company intends to use the proceeds of the Loan for such covered purposes, it can provide no assurance that the Company will obtain forgiveness of the Loan in whole or in part.

The foregoing description of the Promissory Note does not purport to be complete and is qualified in its entirety by reference to the full text of the Promissory Note attached to this Form 10-Q as Exhibit 10.1 and incorporated herein by reference.

Item 6. Exhibits.

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

		Incorporated by Reference				Filed
Exhibit No.	Exhibit Description	Form	File No.	Exhibit	Filing Date	Herewith
10.1	Promissory Note dated May 5, 2020, by and between Red Violet, Inc. and Legacy Bank of Florida.					X
31.1	Certification of Chief Executive Officer filed pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Chief Financial Officer filed pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1*	Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2*	Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.					X
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).					X

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

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.

May 11, 2020		**Red Violet, Inc.**
	By:	/s/ Daniel MacLachlan
		Daniel MacLachlan Chief Financial Officer (Principal Financial and Accounting Officer)

U.S. Small Business Administraion

NOTE

SBA Loan #	46472072-01 Legacy Loan # 4060003337
SBA Loan Name	Red Violet, Inc.
Date	May 5, 2020
Loan Amount	$2,152,145.00
Interest Rate	1.00%
Borrower	Red Violet, Inc.
Operating Company	Red Violet, Inc.
Lender	Legacy Bank of Florida

1. PROMISE TO PAY:

   In return for the Loan, Borrower promises to pay to the order of Lender the amount of

   $2,152,145.00

   Dollars, interest on the unpaid principal balance, and all other amounts required by this Note.

2. DEFINITIONS:

   "Collateral" means any property taken as security for payment of this Note or any guarantee of this Note.
   "Guarantor" means each person or entity that signs a guarantee of payment of this Note.
   "Loan" means the loan evidenced by this Note.

   "Loan Documents" means the documents related to this loan signed by Borrower, any Guarantor, or anyone who pledges collateral.
   "SBA" means the Small Business Administration, an Agency of the United States of America.

3. PAYMENT TERMS:

Borrower must make all payments at the place Lender designates. The payment terms for this Note are:

A. Initial Deferment Period. No payments are due on the Loan for six months from the date of first disbursement of this Loan. Interest will continue to accrue during the deferment period.

B. Loan Forgiveness. Borrower may apply to Lender for forgiveness of the amount due on this Loan in an amount equal to the sum of the following costs incurred by Borrower during the 8-week period beginning on the date of first disbursement of this loan:

   i. payroll costs;

   ii. any payment of interest on a covered mortgage obligation (which shall not include any prepayment of or payment of principal on a covered mortgage obligation);

   iii. any payment on a covered rent obligation; and

   iv. any covered utility payment.

C. Amount of Loan Forgiveness. The amount of loan forgiveness shall be calculated (and may be reduced) in accordance with the requirements of the Paycheck Protection Program, including the provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (P.L. 116-136). Not more than 25% of the amount forgiven can be attributable to non-payroll costs. If Borrower has received an Economic Injury Disaster Loan ("EIDL") advance, the amount of such advance shall be subtracted from the loan forgiveness amount.

D. Interest. The interest rate on this Note is one percent per year (the "Interest Rate"). The interest rate is fixed and will not be changed during the life of the Loan. Except as otherwise provided in this Note, the outstanding Loan Amount shall accrue interest at an annual rate equal to the Interest Rate from the date of this Note until paid in full, whether at maturity, by prepayment, or otherwise.

E. Installment Payments. Borrower shall pay the Monthly Installment on each Monthly Payment Date. Lender will apply each installment payment first to pay interest accrued to the day Lender received the payment, then to bring principal current, and will apply any remaining balance to reduce principal.

F. Maturity Date. This Note will mature two years from the date of first disbursement of this loan (the "Maturity Date").

G. Final Payment. A final payment in the aggregate amount of the then outstanding and unpaid Loan Amount, together with all accrued and unpaid interest thereon, shall become immediately due and payable in full on the Maturity Date.

H. Interest After Maturity Date. Interest shall continue to accrue at the Interest Rate on all amounts unpaid at the Maturity Date.

I. Computation of Interest. All computations of interest shall be calculated on the basis of actual days elapsed in a 365-day year. Interest shall begin to accrue on the Loan Amount on the date of this Note, and shall not accrue on the Loan Amount on the day on which it is paid.

J. Permitted Prepayment. Notwithstanding any provision in this Note to the contrary, Borrower may prepay this Note at any time without penalty.

K. Non-Recourse. Lender and SBA shall have no recourse against any individual shareholder, member or partner of Borrower for non-payment of the Loan, except to the extent that such shareholder, member, or partner uses the loan proceeds for an unauthorized purpose.

L. Additional Terms.

"First Payment Date" means December 2, 2020.

"Monthly Installment(s)" means the eighteen (18) approximately equal installments of principal and interest, each payable on the Monthly Payment Dates, in the amount necessary to fully amortize the Loan after the final payment of the Monthly Installment on the Maturity Date and based on the amount of principal and interest outstanding on the First Payment Date, which principal and interest shall have been reduced by any amounts forgiven that have been reimbursed to Lender by the SBA.

"Monthly Payment Date(s)" means the First Payment Date, the same day of each month thereafter until and including April 2, 2022, and the Maturity Date.

4. DEFAULT:

Borrower is in default under this Note if Borrower does not make a payment when due under this Note, or if Borrower or Operating Company:

A. Fails to do anything required by this Note and other Loan Documents;
B. Defaults on any other loan with Lender;
C. Does not preserve, or account to Lender's satisfaction for, any of the Collateral or its proceeds;
D. Does not disclose, or anyone acting on their behalf does not disclose, any material fact to Lender or SBA;
E. Makes, or anyone acting on their behalf makes, a materially false or misleading representation to Lender or SBA;
F. Defaults on any loan or agreement with another creditor, if Lender believes the default may materially affect Borrower's ability to pay this Note;
G. Fails to pay any taxes when due;
H. Becomes the subject of a proceeding under any bankruptcy or insolvency law;
I. Has a receiver or liquidator appointed for any part of their business or property;
J. Makes an assignment for the benefit of creditors;
K. Has any adverse change in financial condition or business operation that Lender believes may materially affect Borrower's ability to pay this Note;
L. Reorganizes, merges, consolidates, or otherwise changes ownership or business structure without Lender's prior written consent; or
M. Becomes the subject of a civil or criminal action that Lender believes may materially affect Borrower's ability to pay this Note.

5. LENDER'S RIGHTS IF THERE IS A DEFAULT:

Without notice or demand and without giving up any of its rights, Lender may:

A. Require immediate payment of all amounts owing under this Note;
B. Collect all amounts owing from any Borrower or Guarantor;
C. File suit and obtain judgment;
D. Take possession of any Collateral; or
E. Sell, lease, or otherwise dispose of, any Collateral at public or private sale, with or without advertisement.

6. LENDER'S GENERAL POWERS:

Without notice and without Borrower's consent, Lender may:

A. Bid on or buy the Collateral at its sale or the sale of another lienholder, at any price it chooses;

B. Incur expenses to collect amounts due under this Note, enforce the terms of this Note or any other Loan Document, and preserve or dispose of the Collateral. Among other things, the expenses may include payments for property taxes, prior liens, insurance, appraisals, environmental remediation costs, and reasonable attorney's fees and costs. If Lender incurs such expenses, it may demand immediate repayment from Borrower or add the expenses to the principal balance;

C. Release anyone obligated to pay this Note;

D. Compromise, release, renew, extend or substitute any of the Collateral; and

E. Take any action necessary to protect the Collateral or collect amounts owing on this Note.

7. WHEN FEDERAL LAW APPLIES:

When SBA is the holder, this Note will be interpreted and enforced under federal law, including SBA regulations. Lender or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Note, Borrower may not claim or assert against SBA any local or state law to deny any obligation, defeat any claim of SBA, or preempt federal law.

8. SUCCESSORS AND ASSIGNS:

Under this Note, Borrower and Operating Company include the successors of each, and Lender includes its successors and assigns.

9. GENERAL PROVISIONS:

A. All individuals and entities signing this Note are jointly and severally liable.

B. Borrower waives all suretyship defenses.

C. Borrower must sign all documents necessary at any time to comply with the Loan Documents and to enable Lender to acquire, perfect, or maintain Lender's liens on Collateral.

D. Lender may exercise any of its rights separately or together, as many times and in any order it chooses. Lender may delay or forgo enforcing any of its rights without giving up any of them.

E. Borrower may not use an oral statement of Lender or SBA to contradict or alter the written terms of this Note.

F. If any part of this Note is unenforceable, all other parts remain in effect.

G. To the extent allowed by law, Borrower waives all demands and notices in connection with this Note, including presentment, demand, protest, and notice of dishonor. Borrower also waives any defenses based upon any claim that Lender did not obtain any guarantee; did not obtain, perfect, or maintain a lien upon Collateral; impaired Collateral; or did not obtain the fair market value of Collateral at a sale.

10. STATE-SPECIFIC PROVISIONS:

None.

11. BORROWER’S NAME(S) AND SIGNATURE(S):

By signing below, each individual or entity becomes obligated under this Note as Borrower.

Electronic Signatures

Borrower's electronic signature shall have the same force and effect as an original signature and shall be deemed (i) to be “written” or “in writing” or an “electronic record”, (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or “printouts,” if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form.

Borrower: Red Violet, Inc.

By: /s/ Daniel MacLachlan

Printed Name: Daniel MacLachlan

Title: CFO

Date Signed: 5/1/2020

Exhibit 31.1

CERTIFICATIONS

I, Derek Dubner, certify that:

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

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

May 11, 2020

By: /s/ Derek Dubner
Derek Dubner
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Daniel MacLachlan, certify that:

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

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

May 11, 2020

By: /s/ Daniel MacLachlan
Daniel MacLachlan
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

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

In connection with the accompanying Quarterly Report on Form 10-Q of Red Violet, Inc. for the quarter ended March 31, 2020 (the "Report"), the undersigned hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge and belief, that:

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

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

May 11, 2020

By: /s/ Derek Dubner
Derek Dubner
Chief Executive Officer
(Principal Executive Officer)

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

Exhibit 32.2

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

In connection with the accompanying Quarterly Report on Form 10-Q of Red Violet, Inc. for the quarter ended March 31, 2020 (the “Report”), the undersigned hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge and belief, that:

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

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

May 11, 2020

By: /s/ Daniel MacLachlan
Daniel MacLachlan
Chief Financial Officer
(Principal Financial and Accounting Officer)

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