

AudioEye, Inc.**Reconciliation of Free Cash Flow to Net Cash Provided by Operating Activities**

We define free cash flow as net cash provided by operating activities in the period adjusted for changes in operating assets and liabilities, litigation expense, executive team restructuring costs, net interest expense and other miscellaneous items. Free cash flow is considered a non-GAAP financial measure under the SEC's rules. Management believes, however, that free cash flow is an important financial measure for use in evaluating the Company's financial performance, as it measures our ability to generate additional cash from our business operations. Free cash flow should be considered in addition to, rather than as a substitute for, net income (loss) as a measure of our performance or net cash provided by operating activities as a measure of our liquidity. Additionally, our definition of free cash flow is limited and does not represent residual cash flows available for discretionary expenditures due to the fact that the measure does not deduct the payments required for debt service, purchase of common stock, settlement of contingent liabilities, or other miscellaneous items.

Therefore, we believe it is important to view free cash flow as supplemental to net cash provided by operating activities. The following table reconciles net cash provided by operating activities, a GAAP measure, to free cash flow, a non-GAAP measure.

AUDIOEYE, INC.
RECONCILIATION OF FREE CASH FLOW to NET CASH PROVIDED BY OPERATING ACTIVITIES
(unaudited)

| (in thousands) | Three months ended December 31, 2023 |
|--|---|
| Net cash provided by operating activities (GAAP) | \$ 833 |
| Software development costs | (456) |
| Changes in operating assets and liabilities | 263 |
| Litigation expense (1) | 115 |
| Executive team restructuring costs (2) | 185 |
| Interest (income) expense, net | 40 |
| Amortization of deferred commissions | (11) |
| Amortization of debt issuance costs | (8) |
| Amortization of right of use assets | (80) |
| Provision for accounts receivable | (12) |
| Free cash flow | \$ 860 |

(1) Represents legal expenses related primarily to non-recurring litigation pursued by the Company.

(2) Represents severance expense associated with the restructuring in executive roles.