

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, 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 March 31, 2024
Net cash provided by operating activities (GAAP)	\$ 203
Software development costs	(490)
Changes in operating assets and liabilities	553
Litigation expense (1)	105
Interest expense, net	198
Amortization of debt discount and issuance costs	(23)
Amortization of deferred commissions	(10)
Amortization of right of use assets	(81)
Provision for accounts receivable	(28)
Free cash flow	\$ 427

(1) Represents legal expenses related primarily to non-recurring litigation.