# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**WASHINGTON, D.C. 20549**

# FORM 8-K

**CURRENT REPORT**

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

**Date of Report (Date of earliest event reported): April 3, 2019**

# WAITR HOLDINGS INC.
**(Exact name of Registrant as Specified in Its Charter)**

| | | |
|---|---|---|
| **Delaware** | **001-37788** | **26-3828008** |
| **(State or Other Jurisdiction of Incorporation)** | **(Commission File Number)** | **(IRS Employer Identification No.)** |

| | |
|---|---|
| **844 Ryan Street, Suite 300**<br>**Lake Charles, Louisiana** | **70601** |
| **(Address of Principal Executive Offices)** | **(Zip Code)** |

**Registrant's Telephone Number, Including Area Code: 1-800-661-9036**

**Not Applicable**
**(Former Name or Former Address, if Changed Since Last Report)**

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

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

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

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

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

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

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

**Item 7.01 Regulation FD Disclosure.**

As previously disclosed, Waitr Holdings Inc. (the "Company") completed its acquisition of BiteSquad.com, LLC ("Bite Squad") on January 17, 2019. The Company is filing this Current Report on Form 8-K to provide certain financial information with respect to Bite Squad.

This Current Report on Form 8-K furnishes the following information: (i) the audited financial statements of Bite Squad as of and for the years ended December 31, 2018 and 2017 and the related notes thereto, attached hereto as Exhibit 99.1; (ii) the unaudited pro forma condensed combined financial statements as of and for the year ended December 31, 2018 and the related notes thereto, attached hereto as Exhibit 99.2; and (iii) the Bite Squad Management's Discussion and Analysis of Financial Condition and Results of Operations with respect to certain historical periods, attached hereto as Exhibit 99.3.

Information in this report (including the exhibits) is furnished pursuant to Item 7.01 and shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section or deemed to be incorporated by reference into the filings of the Company under the Securities Act of 1933 or the Exchange Act, except (i) that the Company does hereby incorporate Exhibits 23.1, 99.1, 99.2 and 99.3 hereto into its Registration Statement on Form S-3 (File No. 333-228722) and its Registration Statement on Form S-8 (File No. 333-229684) and (ii) as shall be expressly set forth by specific reference in such filing.

**Item 9.01 Financial Statements and Exhibits.**

(a)(1) Financial Statements of Businesses Acquired.

The audited financial statements of Bite Squad as of and for the years ended December 31, 2018 and 2017 and the related notes thereto, are attached hereto as Exhibit 99.1 and incorporated by reference herein.

(b)(1) Pro Forma Financial Information.

The unaudited pro forma condensed combined financial statements of the Company as of and for the year ended December 31, 2018 and the related notes thereto, are attached hereto as Exhibit 99.2 and are incorporated by reference herein.

(d) Exhibits.

| Exhibit Number | Description |
|---|---|
| 23.1 | Consent of RSM US LLP |
| 99.1 | Audited financial statements of BiteSquad.com, LLC as of and for the years ended December 31, 2018 and 2017, and the related notes thereto |
| 99.2 | Unaudited pro forma condensed combined financial statements of the Company as of and for the year ended December 31, 2018 |
| 99.3 | Bite Squad Management's Discussion and Analysis of Financial Condition and Results of Operations |

## 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.

| | |
|---|---|
| | Waitr Holdings Inc. |
| Date: April 3, 2019 | By: /s/ Christopher Meaux |
| | Name: Christopher Meaux |
| | Title: Chief Executive Officer |

**Exhibit 23.1**

**Consent of Independent Auditor**

We consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-228722) and on Form S-8 (No. 333-229684), of Waitr Holdings Inc. of our report dated March 4, 2019, relating to the consolidated financial statements of Bitesquad.com, LLC and Subsidiaries, appearing in this Current Report on Form 8-K, filed by Waitr Holdings Inc. as of April 3, 2019.

We also consent to the reference of our firm under the heading "Experts" in such Registration Statements.

/s/ RSM US LLP

Minneapolis, Minnesota
April 3, 2019

**Exhibit 99.1**

# BITESQUAD.COM, LLC AND SUBSIDIARIES

Minneapolis, Minnesota

CONSOLIDATED FINANCIAL STATEMENTS

Including Independent Auditor's Report

As of and for the Years Ended December 31, 2018 and 2017

**BITESQUAD.COM, LLC AND SUBSIDIARIES**

TABLE OF CONTENTS

As of and for the Years Ended December 31, 2018 and 2017

**Independent Auditor's Report**

Board of Directors
Bitesquad.com, LLC and Subsidiaries

**Report on the Financial Statements**
We have audited the accompanying consolidated financial statements of Bitesquad.com, LLC and Subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, the related consolidated statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

**Management's Responsibility for the Financial Statements**
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bitesquad.com, LLC and Subsidiaries as of December 31, 2018 and 2017, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**
As discussed in Note 11 to the financial statements, on December 11, 2018, the Company entered into merger agreement, resulting in a change of control. The completion of this merger occurred on January 17, 2019. The financial statements are presented as of and for the year ended December 31, 2018, prior to the change in control.

/s/ RSM US LLP

Minneapolis, Minnesota
March 4, 2019

## BITESQUAD.COM, LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

| | December 31, 2018 | December 31, 2017 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS: | | |
| Cash | $ 17,087,619 | $ 12,275,564 |
| Settlements due from credit card processor | 2,819,189 | 1,640,514 |
| Accounts receivable | 1,169,295 | 1,036,928 |
| Inventory | 858,009 | 625,671 |
| Prepaid expenses and other current assets | 533,369 | 211,800 |
| Total current assets | 22,467,481 | 15,790,477 |
| OTHER ASSETS: | | |
| Other assets | 165,876 | 147,723 |
| Loans receivable, net | 1,656,120 | 877,759 |
| Property and equipment, less accumulated depreciation | 908,248 | 939,427 |
| Goodwill | 37,131,145 | 29,264,690 |
| Total other assets | 39,861,389 | 31,229,599 |
| TOTAL ASSETS | $ 62,328,870 | $ 47,020,076 |
| **LIABILITIES AND MEMBERS' EQUITY** | | |
| CURRENT LIABILITIES: | | |
| Restaurant food liability | $ 6,201,287 | $ 3,641,536 |
| Accounts payable | 807,334 | 370,983 |
| Accrued payroll | 3,792,147 | 1,884,539 |
| Accrued sales taxes | 1,110,735 | 859,758 |
| Other accruals | 3,256,671 | 1,326,273 |
| Convertible notes, net | 8,041,633 | - |
| Current portion of notes payable, net | 1,519,382 | 353,314 |
| Total current liabilities | 24,729,189 | 8,436,403 |
| NONCURRENT LIABILITIES: | | |
| Notes payable, net | 3,089,509 | 1,020,262 |
| Contingent consideration | 431,764 | 407,235 |
| Total noncurrent liabilities | 3,521,273 | 1,427,497 |
| MEMBERS' EQUITY: | | |
| Total members' equity | 34,078,408 | 37,156,176 |
| TOTAL LIABILITIES AND MEMBERS' EQUITY | $ 62,328,870 | $ 47,020,076 |

See accompanying Notes to Consolidated Financial Statements.

**BITESQUAD.COM, LLC AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF OPERATIONS

| | Year Ended December 31 | |
| --- | --- | --- |
| | 2018 | 2017 |
| **Revenues** | $ 83,369,446 | $ 41,320,464 |
| Operations and Support | 57,297,569 | 29,838,590 |
| Sales and Marketing | 15,493,797 | 10,768,800 |
| Research and Development | 2,880,226 | 4,032,910 |
| General and Administrative | 12,247,535 | 9,495,994 |
| Depreciation and Amortization | 106,455 | 31,247 |
| Related Party Expenses | 415,671 | 450,697 |
| **Operating Expenses** | 88,441,253 | 54,618,238 |
| Loss from operations | (5,071,807) | (13,297,774) |
| Net interest expense/(income) | 616,708 | (14,867) |
| Net non-operating income | (763,790) | (4,300) |
| Loss before provision for income taxes | (4,924,725) | (13,278,607) |
| Provision for income taxes | 60,890 | 7,297 |
| **Net loss** | **(4,985,615)** | **(13,285,904)** |
| Less: Net income attributable to noncontrolling interests | 59,601 | 46,022 |
| **Net loss attributable to Bitesquad.com LLC** | **$ (5,045,216)** | **$ (13,331,926)** |

See accompanying Notes to Consolidated Financial Statements.

## BITESQUAD.COM, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY

| | Voting Common Units | Non-Voting Common Units | Preferred Units | Common Profit Interest Units | Incentive Units | Accumulated Deficit | Total Bitesquad Equity | Non-controlling Interests | Total Members' Equity |
|---|---|---|---|---|---|---|---|---|---|
| **December 31, 2016** | $ 2,000,000 | $ 14,521,765 | $ 9,550,107 | $ 385,192 | $ - | $ (7,627,637) | $ 18,829,427 | $(1,041,532) | $ 17,787,895 |
| Acquisition of KASA Delivery LLC membership interests | - | - | - | - | - | (1,041,532) | (1,041,532) | 1,041,532 | - |
| Recapitalization of outstanding equity interests | 5,311,957 | - | (5,311,957) | (385,192) | 385,192 | - | - | - | - |
| Issuance of preferred units, less transaction expenses | - | - | 20,561,201 | - | - | - | 20,561,201 | - | 20,561,201 |
| Recognition of noncontrolling interest in KSM Real Estate LLC | - | - | - | - | - | - | - | 113,375 | 113,375 |
| Issuance of nonvoting common units | - | 7,594,173 | - | - | - | - | 7,594,173 | - | 7,594,173 |
| Redemption of nonvoting common units | - | (122,800) | - | - | - | (27,200) | (150,000) | - | (150,000) |
| Unit-based compensation expense | - | - | - | - | 4,535,436 | - | 4,535,436 | - | 4,535,436 |
| Net (loss) / income | - | - | - | - | - | (13,331,926) | (13,331,926) | 46,022 | (13,285,904) |
| **December 31, 2017** | $7,311,957 | $ 21,993,138 | $ 24,799,351 | $ - | $ 4,920,628 | $ (22,028,295) | $ 36,996,779 | $ 159,397 | $ 37,156,176 |
| Issuance of nonvoting common units | - | 1,323,111 | - | - | - | - | 1,323,111 | - | 1,323,111 |
| Redemption of nonvoting common units | - | (366,680) | - | - | - | - | (366,680) | - | (366,680) |
| Members' distributions | - | - | - | - | - | - | - | (77,000) | (77,000) |
| Unit-based compensation expense | - | - | - | - | 1,028,416 | - | 1,028,416 | - | 1,028,416 |
| Net (loss) / income | - | - | - | - | - | (5,045,216) | (5,045,216) | 59,601 | (4,985,615) |
| **December 31, 2018** | $7,311,957 | $ 22,949,569 | $ 24,799,351 | $ - | $ 5,949,044 | $ (27,073,511) | $ 33,936,410 | $ 141,998 | $ 34,078,408 |

See accompanying Notes to Consolidated Financial Statements.

**BITESQUAD.COM, LLC AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Year Ended December 31, 2018 | 2017 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net Loss | $ (4,985,615) | $ (13,285,904) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | |
| Gain on sale of business | (765,690) | - |
| Depreciation and amortization expense | 106,455 | 31,248 |
| Unit-based compensation expense | 1,028,416 | 4,535,436 |
| Non-cash interest expense on convertible notes | 540,078 | - |
| Forgiveness of notes payable | (113,053) | - |
| Discount on notes payable | 155,986 | 26,869 |
| Discount on loans receivable | (24,855) | 128,246 |
| Contingent consideration | (261,939) | - |
| Changes in operating accounts, net of acquisitions and sale of business: | | |
| Settlements due from credit card processor | (1,205,789) | (1,093,729) |
| Accounts receivable | (140,346) | 12,743 |
| Inventory | (232,338) | (625,671) |
| Prepaid expenses and other current assets | (319,703) | (114,531) |
| Other assets | (18,153) | (69,717) |
| Restaurant food liability | 2,605,068 | 2,009,877 |
| Accounts payable | 444,019 | (164,754) |
| Accrued payroll | 1,918,472 | 1,065,248 |
| Accrued sales taxes | 271,667 | 456,994 |
| Other accruals | 1,908,841 | 1,028,798 |
| Net Cash Flows Provided by (Used in) Operating Activities | 911,521 | (6,058,847) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Proceeds from sale of business | 500,000 | - |
| Acquisitions | (2,339,895) | (3,205,845) |
| Net Cash Flows Used in Investing Activities | (1,839,895) | (3,205,845) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from issuance of Convertible Preferred Units | 7,523,777 | - |
| Proceeds from issuance of Preferred Units | - | 20,561,201 |
| Payment on deferred financing costs | (100,000) | - |
| Proceeds received on notes receivable | 28,852 | - |
| Member's distribution | (77,000) | - |
| Redemption of nonvoting common units | (80,212) | (150,000) |
| Payments on notes payable | (1,133,321) | (435,255) |
| Advances on loans receivables | (421,667) | (527,504) |
| Net Cash Flows From Financing Activities | 5,740,429 | 19,448,442 |
| Net Change in Cash | 4,812,055 | 10,183,750 |
| Cash - Beginning of Year | 12,275,564 | 2,091,814 |
| **Cash - End of Year** | $ 17,087,619 | $ 12,275,564 |
| | | |
| **NONCASH INVESTING AND FINANCING ACTIVITIES** | | |
| Fair value of common units issued for acquisitions | $ 1,323,111 | $ 7,594,173 |
| Noncontrolling interest in KSM Real Estate LLC | - | 113,375 |
| Seller-financed notes payable related to acquisitions | 4,739,676 | - |
| Seller-financed notes receivable related to sale of business | 862,000 | - |

See accompanying Notes to Consolidated Financial Statements.

**Note 1 – Summary of Significant Accounting Policies**

***Nature of Operations.*** Bitesquad.com, LLC ("Bitesquad") is an on-demand restaurant delivery service that connects diners and restaurants via Bitesquad's website and mobile application. Diners enter their delivery address and Bitesquad displays the menus of nearby restaurant partners. Orders are placed by diners online at www.bitesquad.com or through the Bitesquad mobile application. Bitesquad charges restaurant partners a per order commission for generating the order and may also charge a delivery fee or certain other fees directly to the diner. Bitesquad is headquartered in Minneapolis, Minnesota, and was formed on April 25, 2012 as a limited liability company in the state of Minnesota. Bitesquad was formed to have a perpetual life and the members have limited liability for the obligations of the LLC.

***Principles of Consolidation***. The accompanying consolidated financial statements include the accounts of Bite Squad and all its wholly-owned subsidiaries (collectively, the "Company"). Significant intercompany accounts and transactions have been eliminated. Bite Squad consolidates variable interest entities ("VIEs") where it has been determined that Bite Squad is the primary beneficiary of those entities' operations.

Effective January 5, 2017, Bite Squad's Board of Governors exercised its option to acquire 100% ownership of KASA Delivery, LLC ("KASA"). KASA provides order fulfillment, executive management, finance, information technology, accounting, back office, regulatory and other services to Bite Squad. Bite Squad finances the operations of KASA. KASA was formed on May 15, 2012 as a limited liability company in the state of Minnesota. KASA was formed to have a perpetual life and the sole member has limited liability for the obligations of the LLC. In prior years, Bite Squad consolidated KASA as a VIE because Bite Squad was the primary beneficiary of KASA's operations.

KASA rents office space and parking from KSM Real Estate, LLC, an entity related through common ownership. KASA's personal property was provided as collateral in KSM Real Estate's loan, and KASA agreed to an unconditional guarantee of the loan. Because KASA is the primary source of rental income for KSM Real Estate, LLC, and has guaranteed payments of the loan, KASA has a variable interest in KSM Real Estate, LLC. KASA is the primary beneficiary in KSM Real Estate, LLC due to common ownership. KSM Real Estate, LLC is a VIE and is consolidated with Bite Squad in the accompanying consolidated financial statements. See Note 7 for further disclosures regarding KSM Real Estate, LLC.

***Use of Estimates.*** The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Cash.*** The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts.

***Settlements due from Credit Card Processor.*** Settlements due from credit card processor relate to customer credit card sale transactions that have occurred but have not yet been funded to the Company by the credit card processor as of year-end. The Company determined that no allowance for doubtful accounts is necessary as of December 31, 2018 and 2017, based on review of outstanding settlements due and historical experience. The Company incurs expenses for uncollected credit card settlements ("chargebacks"), when a diner's card is authorized and processed but later is reversed when a card-holder disputes the transaction directly with their credit card provider. Chargebacks are included in operating expenses and were $601,093 and $679,423 in 2018 and 2017, respectively.

***Accounts Receivable.*** The Company extends unsecured credit to corporate diners that the Company establishes on an individual basis. Receivables are considered past due if any portion of the receivable balance is outstanding beyond agreed upon terms. Accounts receivable are written off when deemed uncollectible. The Company recorded an allowance for doubtful accounts of $7,178 as of December 31, 2018 for accounts deemed uncollectible. At December 31, 2017 the Company determined that no allowance for doubtful accounts was necessary. The Company does not accrue interest on accounts receivable.

***Inventory.*** The Company acquires uniforms, tablets, hot bags, and other delivery and advertising supplies which are capitalized and recorded as inventory and expensed as utilized. The Company's inventory is accounted for under the weighted-average cost method. The cost of our inventory includes the amount we pay our suppliers to acquire inventory and freight costs incurred in connection with delivery of product to our warehouse or offices.

***Property and equipment.*** Property and equipment is primarily comprised of the office building and parking associated with KSM Real Estate LLC. The property is depreciated using the straight-line method over the estimated useful life of 39 years. Repair and maintenance costs are expensed as incurred.

***Goodwill.*** The Company performs impairment testing for goodwill annually, or more frequently if events or changes in circumstances indicate that the asset might be impaired. As allowed, the Company makes an initial qualitative evaluation, based on the Company's events and circumstances, to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The results of this qualitative evaluation determine whether it is necessary to perform the two-step impairment test. The Company has one reporting unit and performed the qualitative evaluation and determined it was not necessary to perform the two-step impairment test. There was no impairment expense recognized in the Company's consolidated financial statements in 2018 or 2017.

***Convertible Notes.*** The Company accounts for convertible notes, net in accordance with ASC 470-20, *Debt with Conversion and Other Options*. Convertible notes are classified as liabilities measured at amortized cost, net of debt discounts from the allocation of proceeds. Interest expense is recognized using the effective interest method over the expected term of the debt instrument in accordance with ASC 835, *Interest*.

***Advertising.*** Advertising costs are charged to expense when incurred. Advertising expense was $10,893,408 and $5,778,710 for the years ended 2018 and 2017, respectively.

***Revenue Recognition.*** The Company generates revenues when diners place orders on the website or mobile applications. Restaurants pay a percentage commission on the food price of the orders processed via the Bitesquad platform for delivery or pick-up as well as a credit card processing fee, and a restaurant may also choose to contribute to the diner's delivery fee. The Company also charges certain fees directly to the diner and may charge for beverages or utensils on catering orders. Revenues from diner orders are recognized when orders are delivered.

The Company processes and collects the entire amount ("gross merchandise value") of the diner's transaction on the platform, which includes food, beverages, catering supplies, delivery and other fees, sales tax, and gratuities. Gross merchandise value in 2018 and 2017 was $254,979,204 and $133,467,784, respectively.

Revenues are reported net of any diner promotions, refunds to diners, the balance due to the restaurant, gratuities due to employees, and sales tax. Costs incurred to process transactions and provide delivery services are included in operating expenses in the consolidated statements of operations.

The Company sells gift cards on the platform and recognizes revenue upon gift card redemption. Gift cards that have not been utilized are recorded on the consolidated balance sheet in other accruals.

***Restaurant Food Liability.*** Bitesquad records an amount representing the restaurant food liability for the net balance due to the restaurant after deducting the commissions and other fees charged to the restaurant. Bitesquad remits payments to the restaurants twice a month.

***Income Taxes.*** Bitesquad and KASA are treated as limited liability companies (LLCs) for federal and state income tax purposes. As such, the income, losses, and credits are included in the income tax returns of its members. In 2017, KASA Delivery Corporation was formed as a corporation in Minnesota and is a wholly-owned subsidiary of Bitesquad. KASA Delivery Corporation is treated as a taxable entity. KASA Delivery Corporation provides services to Bitesquad under a management services agreement. The taxable income generated in 2018 and 2017 resulted in current income tax expense and liabilities of $60,890 and $7,297, respectively, with no deferred tax impact.

The Company is not currently under examination in any taxing jurisdiction. In the event of any future tax assessments, the Company has elected to record the income taxes and related interest and penalties as income tax expense in the Company's consolidated statement of operations.

***Recent Accounting Pronouncements.***

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-07, *Compensation – Stock Compensation (Topic 718)*. The ASU is intended to simplify the accounting for stock-based payments to non-employees by aligning it with the accounting for stock-based payments to employees, with certain exceptions. The new standard is effective for the Company in fiscal year 2020. The Company is evaluating the effect of the new standard on the consolidated financial statements and related disclosures.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. The guidance removes Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. Entities will continue to have the option to perform a qualitative assessment to determine if a quantitative impairment test is necessary. The new standard is effective for the Company in fiscal year 2022, and early adoption is permitted. The Company is evaluating the effect of the new standard on the consolidated financial statements and related disclosures.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. ASU No. 2016-15 adds or clarifies guidance on the classification of certain cash receipts and payments in the statement of cash flows with the intent of reducing diversity in practice related to eight types of cash flows including contingent consideration payments made after a business combination. The new standard is effective for the Company in fiscal year 2019. The Company is evaluating the effect of the new standard on the consolidated financial statements and related disclosures.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. The ASU is intended to simplify various aspects of accounting for share-based compensation arrangements. The ASU allows an entity-wide accounting policy election to either estimate the number of awards that are expected to vest or account for forfeitures as they occur. The new standard is effective for the Company in fiscal year 2018. The Company elected to account for forfeitures as they occur, and the adoption did not have a material impact upon the consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The new standard requires lessees to record assets and liabilities on the balance sheet for all leases with terms longer than 12 months. The new standard is effective for the Company in fiscal year 2020. Upon adoption, the lessee will apply the new standard retrospectively to all periods or retrospectively using a cumulative effect adjustment in the year of adoption. The Company is evaluating the effect that ASU No. 2016-02 will have on the consolidated financial statements and related disclosures.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. ASU No. 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. The new standard is effective for the Company in fiscal year 2019 and permits the use of either a retrospective or a cumulative effect transition method. The Company is evaluating the adoption method and the effect of the new standard on the Company's disclosures. The adoption is not expected to have a material impact on the Company's consolidated financial position, results of operations, and cash flows or its business processes, systems, and controls.

**Note 2 – Acquisitions**

The Company accounts for business acquisitions under the acquisition method of accounting. The total cost of business acquisitions is determined based on the fair value of the consideration transferred to the seller to acquire control, while the cost allocated to the underlying net assets acquired is based on their respective estimated fair values. The excess of the consideration transferred over the estimated fair values of the net assets acquired is recorded as goodwill. The operating results of the acquisitions are included in the accompanying statements of operations from the date of acquisition forward.

In 2018, the Company acquired certain assets and liabilities of the companies in the table below. Consideration for the acquisitions included 65,761 Non-Voting Common Units, valued using an option pricing model based on the terms of the Company's issuance of Preferred Units in 2017. The goodwill recorded represents the opportunity to expand restaurant delivery services and enhance the breadth and depth of the Company's restaurant networks. The Company expects $8,016,455 of goodwill added in 2018 to be tax deductible; however, the tax treatment is ultimately dependent on members' individual tax returns. The Company incurred $15,703 of transaction expenses recorded in the Company's consolidated statement of operations.

Acquisition dates and purchase consideration allocated to assets acquired based on acquisition-date fair value were as follows:

| Date | Assets Acquired | Goodwill | FV of Units Issued | Notes Payable (net of discount) | Gift Card Liability | Net Cash Paid |
|---|---|---|---|---|---|---|
| March 14, 2018 | **City Spree** | $ 881,095 | $ 259,045 | $ 370,726 | $ 1,577 | $ 249,747 |
| March 30. 2018 | **Chow Cab** | 3,724,075 | 733,857 | 1,990,219 | 9,434 | 990,565 |
| April 20, 2018 | **Boone Takeout** | 702,828 | 81,909 | 520,919 | 2,918 | 97,082 |
| June 5, 2018 | **Arrowhead Delivery** | 1,152,585 | 98,870 | 723,715 | 6,650 | 323,350 |
| Various | **Various** | 1,555,872 | 149,430 | 718,918 | 8,373 | 679,151 |
| | **Total** | $ 8,016,455 | $ 1,323,111 | $ 4,324,497 | $ 28,952 | $ 2,339,895 |

In 2017, the Company acquired certain assets of the companies in the table below. Consideration for the acquisitions included 377,444 Non-Voting Common Units, valued using an option pricing model based on the terms of the Company's issuance of Preferred Units in 2017. The goodwill recorded represents the opportunity to expand restaurant delivery services and enhance the breadth and depth of the Company's restaurant networks. The Company incurred $114,607 of transaction expenses recorded in the Company's consolidated statement of operations.

Acquisition dates and purchase consideration allocated to assets acquired based on acquisition-date fair value were as follows:

| Date | Assets Acquired | Goodwill | FV of Units Issued | Net Cash Paid |
|---|---|---|---|---|
| March 21, 2017 | **Chef Shuttle** | $2,915,590 | $915,923 | $1,999,667 |
| March 30, 2017 | **Foodify** | 1,174,885 | 1,107,666 | 67,219 |
| May 1, 2017 | **Columbia Carry-out & 864togo** | 1,381,924 | 1,205,570 | 176,354 |
| June 22, 2017 | **Foodie Call, Inc.** | 990,652 | 785,042 | 205,610 |
| August 15, 2017 | **Aloha 2 Go** | 2,492,319 | 2,092,319 | 400,000 |
| Various | **Various** | 1,844,648 | 1,487,653 | 356,995 |
| | **Total** | $10,800,018 | $7,594,173 | $3,205,845 |

**Note 3 – Goodwill**

The changes in the carrying amount of goodwill for the years ended December 31, 2018 and 2017 were as follows:

| | Goodwill | Accumulated Impairment Losses | Net Book Value |
|---|---|---|---|
| Balance as of December 31, 2016 | $18,464,672 | $ - | $18,464,672 |
| Acquisitions | 10,800,018 | - | 10,800,018 |
| Balance as of December 31, 2017 | 29,264,690 | - | 29,264,690 |
| Acquisitions | 8,016,455 | - | 8,016,455 |
| Sale of business | (150,000) | - | (150,000) |
| Balance as of December 31, 2018 | $37,131,145 | $ - | $37,131,145 |

On July 31, 2018, the Company closed the sale of substantially all assets of certain catering-only businesses that were originally purchased from Make the Delivery, LLC (d/b/a Zipdish.com). The assets were sold to a shareholder in the affiliates of Make the Delivery, LLC, and the Company was required to provide transition services for 90 days after closing. The Company sold the assets for total consideration of $1,362,000, with $500,000 in cash, received in October 2018, and the remainder through a promissory note. The promissory note of $862,000 requires monthly payments starting 90 days after closing, with payments due at the greater of $5,000 or 3% of monthly gross receipts of the businesses. The Company discounted the promissory note using 5% interest rate, recording an initial discount of $446,310. The Company recorded a gain on the sale of $765,690, recorded in net non-operating income in the consolidated statement of operations, and derecognized $150,000 of goodwill.

**Note 4 - Related Party Transactions**

In 2018 and 2017, the Company paid the following to related parties through common ownership. These expenses are recorded in related party expenses in the consolidated statement of operations:

- KSM Holdings, LLC - $210,000 and $220,104 in 2018 and 2017, respectively for management consulting services.
- KASA Stores, LLC - $2,327 and $30,917 in 2018 and 2017, respectively, for telephone and internet, advertising, tablets, office supplies, travel, and management consulting services.
- Auto Direct Midwest, LLC - $33,333 and $2,200 in 2018 and 2017, respectively, for management consulting services and leased property.
- ADM Management, Inc. - $83,333 and $193,476 in 2018 and 2017, respectively, for management consulting services.
- ADM Management, LLC - $86,677 and $0 in 2018 and 2017, respectively, for management consulting services.

In 2018 and 2017, respectively, the Company loaned $421,667 and $527,504 to certain former owners of Restaurant Delivery Developers, LLC, in secured, interest-free loans that were part of the former owners' employment agreements. In 2017, the Company forgave $120,000 of the loans related to an amendment to the employment agreements, recorded in operating expenses in the consolidated statement of operations. Cumulative total loans as of December 31, 2018 and 2017 were $1,360,004 and $938,338, respectively, which are shown on the consolidated balance sheet net of discount of $44,455 and $60,579, respectively.

**Note 5 – Commitments and Contingencies**

***Office Lease Commitments***

The Company leases office space throughout the United States from unrelated parties, except for the lease with KSM Real Estate LLC described in Note 7. Lease agreements expire at various dates through 2021. Most lease agreements require the Company to pay operating costs, real estate taxes, and management fees. Rent expense is recognized on a straight-line basis over the term of the lease agreement. A deferred rent asset or liability is recognized to the extent straight-line rents differ from base rent payments made under the term of the agreement. Rent expense was $1,162,883 and $803,357 for 2018 and 2017, respectively.

Approximate future minimum rental commitments (excluding operating costs) are as follows for the year ending December 31:

| | |
|---|---|
| 2019 | $500,000 |
| 2020 | 200,000 |
| 2021 | 51,000 |
| Total | $751,000 |

***Vehicle Lease Commitments***

The Company leases vehicles that expire at various dates through 2020. The lease agreements require the Company to pay operating costs on the vehicles. Vehicle rent expense was $902,127 and $1,053,054 for 2018 and 2017, respectively.

Approximate future rental commitments for vehicles (excluding operating costs) are as follows for the years ending December 31:

| | |
|---|---|
| 2019 | $551,000 |
| 2020 | 131,000 |
| Total | $682,000 |

***Legal***

From time to time, the Company is involved in various legal proceedings arising from the normal course of business activities, including labor and employment claims. The Company records an accrual based on the reasonably estimable loss or range of loss. When no point of loss is more likely than another, we record the lowest amount in the estimated range of loss, and if material, disclose the estimated range of loss. The Company does not believe these claims will have a material impact on the consolidated financial statements.

**Note 6 – Convertible Notes, Net**

In 2018, the Company issued a series of convertible promissory notes ("the notes") to various investors up to $10 million, with $5,900,000 loaned on September 19, $123,777 on November 13, and $1,500,000 on November 15. The notes are subordinate to the Preferred Unit holders' liquidation preference. The terms of the notes do not require payment unless and until a liquidation event occurs. Upon a liquidation event, if the total proceeds from the liquidation event are insufficient to cover the liquidation preference in effect at the time, the principal balance converts to Common Units at $44.14 per unit. If the total proceeds from the liquidation event are sufficient to ensure payment of the liquidation preference in effect at the time, and the liquidation event occurs on or prior to January 31, 2019, the Company will pay 110% of the principal amount of the notes.

If the total proceeds from the liquidation event are sufficient to ensure payment of the liquidation preference, and the liquidation event occurs after January 31, 2019, the Company will pay the greater of: (1) a specified payment based on the anniversary date from the liquidation event date, ranging from 150% to 250% of the principal amount, or (2) the amount the noteholder would have received if the principal balance was converted into Common Units immediately prior to the liquidation event.

The Company determined the conversion and term-extending embedded features within the convertible promissory notes do not represent embedded derivatives in accordance with ASC 815, *Derivatives*. The Company recorded the notes loaned on September 19, 2018, November 13, 2018, and November 15, 2018, at the cash proceeds received and recorded interest expense and accreted the notes to reach the payout of 110% of the principal value, $8,276,155, at January 31, 2019. The notes are recorded net of deferred debt issuance costs of $100,000 and the debt issuance costs are amortized over the expected life of the notes. Because of the merger agreement described in Note 11, the Company expected the notes to be redeemed on or prior to January 31, 2019 and recorded the notes in current liabilities on the consolidated balance sheet. On January 18, 2019, as part of the agreement, the Company paid out a total of $8,276,155 to redeem the notes.

**Note 7 – Notes Payables**

During the year ended December 31, 2018, the Company issued $4,739,676 of non-interest bearing promissory notes in conjunction with the 2018 acquisitions discussed within Note 2. During the year ended December 31, 2018, portions of two loans, totaling $113,053, were forgiven by the sellers in lieu of making cash payments to the Company related to transition service agreements. A total of 13 notes were issued in 2018 with monthly payments ranging between $1,751 to $45,833 per month. The Company imputed discounts of $415,179 on the notes payable at 5.0 percent. The payment schedule for the notes differs for each acquisition with maturities ranging from 2018 to 2022.

Imputed interest expense related to the discounts on notes payable was $155,986 and $26,868 for the twelve months ended December 31, 2018 and 2017, respectively.

KASA rents office space and parking from KSM Real Estate, LLC, an entity related through common ownership. The lease had a one-year term starting January 1, 2017, with annual base rent of $189,000. The lease includes three options to renew the lease for a period of five years, with the first extension commencing January 1, 2018. Rent expense was $189,000 and $168,000 in 2018 and 2017, respectively.

KASA's personal property and the building were provided as collateral in KSM Real Estate LLC's loan, and KASA agreed to an unconditional guarantee of the loan. The property's loan matures June 24, 2038 and has a 5.45% interest rate. The remaining principal balances of $786,426 and $810,574 at December 31, 2018 and December 31, 2017, respectively, were offset by deferred financing cost balances of $23,415 and $24,619 at December 31, 2018 and December 31, 2017, respectively.

Maturities on notes payables are as follows:

| | Notes Payable | Mortgage Payable | Total |
|---|---|---|---|
| 2019 | $1,630,871 | $25,497 | $1,656,368 |
| 2020 | 1,242,755 | 26,922 | 1,269,677 |
| 2021 | 978,096 | 28,427 | 1,006,523 |
| 2022 | 276,240 | 30,015 | 306,255 |
| 2023 | - | 31,692 | 31,692 |
| Thereafter | - | 643,873 | 643,873 |
| Total Maturities | $4,127,962 | $786,426 | $4,914,388 |
| Less: debt discounts | (282,082) | (23,415) | (305,498) |
| Total | $3,845,880 | $763,011 | $4,608,891 |

**Note 8 - Income Taxes**

Bite Squad and KASA are treated as limited liability companies (LLCs) for federal and state income tax purposes. As such, the income, losses, and credits are included in the income tax returns of its members. In 2017, KASA Delivery Corporation was formed as a corporation in Minnesota and is a wholly-owned subsidiary of Bite Squad. KASA Delivery Corporation is treated as a taxable entity. KASA Delivery Corporation provides services to Bite Squad under a management services agreement. The Company recorded income tax expense of $60,890 and $7,297 for the years ended December 31, 2018 and 2017, respectively. No deferred tax impact was recorded related to income tax expense.

The Company is not currently under examination in any taxing jurisdiction. In the event of any future tax assessments, the Company has elected to record the income taxes and related interest and penalties as income tax expense in the Company's consolidated statement of operations.

**Note 9 – Members' Equity**

On January 6, 2017, Bite Squad recapitalized the outstanding equity interests and amended its operating agreement. Existing membership units were initially exchanged for new classes of units. The amended operating agreement established four classes of membership units: Voting Common Units, Non-Voting Common Units, Preferred Units, and Incentive Units. All units are generally restricted in their transferability.

***Voting Common Units.*** Holders of Voting Common Units have one vote per unit, except for the two founders' Voting Common Units, each of which is entitled 10 votes per unit.

The 2,000,000 Founding Common Units outstanding as of December 31, 2016 were exchanged for 399,858 Preferred Units and 1,600,142 Voting Common Units. There were 1,998,570 authorized and issued Voting Common Units as of December 31, 2018 and December 31, 2017.

***Non-Voting Common Units.*** Holders of Non-Voting Common Units have no voting rights. The 1,182,554 Non-Voting Common Units outstanding as of December 31, 2016 were exchanged for the same amount of Non-Voting Common Units under the amended operating agreement.

During the twelve months ended December 31, 2018, the Company issued 65,761 Non-Voting Common Units as acquisition consideration (Note 2), and all these units are outstanding as of December 31, 2018. There were 1,598,601 and 1,549,998 outstanding Non-Voting Common Units as of December 31, 2018 and 2017, respectively. On November 1, 2018 and December 3, 2018, the Company redeemed a total of 2,920 units, in exchange for cash of $80,212, held by certain former owners of Restaurant Delivery Developers, LLC, as part of the former owners' employment agreements. In December 2018, the Company also received 14,238 units back from Foodie Call, Inc., a 2017 acquisition, due to certain revenue levels not being maintained.

***Preferred Units.*** Holders of Preferred Units have one vote on an as-converted basis (the number of Common Units into which Preferred Units could be converted). All Preferred Units will automatically be converted into Common Units upon a public offering or in the event the Company is taxed as a corporation for U.S. federal tax purposes. Investor members, as defined in the operating agreement, may redeem their units for cash at any time on or after the six-year anniversary of the amended operating agreement.

The 687,956 Convertible Preferred Units outstanding as of December 31, 2016 were exchanged for 289,528 Preferred Units and 398,428 Voting Common Units. After the recapitalization, holders of the Preferred Units sold 325,384 Preferred Units for $8,938,799 and the Company sold 766,650 Preferred Units for $21,061,201 during 2017. Transaction expenses of $500,000 were recorded as a reduction of the proceeds, and the Company received the remaining $20,561,201 of net proceeds. At December 31, 2018 and December 31, 2017, 1,456,036 Preferred Units were outstanding.

***Incentive Units.*** The Incentive Units consist of Series B Incentive Units and Special Incentive Units. The 182,924 Common Profit Interest Units outstanding as of December 31, 2016 were exchanged for the same amount of Series B Incentive Units, and this amount remained outstanding as of December 31, 2017. In 2018, 17,514 units were forfeited, and 165,410 units remain outstanding as of December 31, 2018. During the years ended December 31, 2018 and 2017, the Company recognized compensation costs of $331,139 and $2,611,736, respectively, based on each unit agreement's required service period and performance condition. As of December 31, 2018, there was no unrecognized compensation expense.

The Company authorized and issued 441,309 Special Incentive Units to the founders of Bite Squad. At their discretion, the founders can issue the units to members of management. The founders issued 189,452 Special Incentive Units as of December 31, 2017. An additional 22,930 Special Incentive Units were issued in 2018, and 17,142 units were forfeited. Incentive Units have no voting rights, except for the two founders' Special Incentive Units, each of which is entitled 10 votes per unit. Compensation costs during the years ended December 31, 2018 and 2017 were $697,277 and $1,923,700, respectively. As of December 31, 2018, there was $1,285,273 of total unrecognized compensation expense, which is expected to be recognized over a weighted average period of 1.77 years.

The Special Incentive Units' vesting accelerates on a liquidation event, including the agreement described in Note 11, and the Company anticipates the incentive unit compensation to be paid out six months after the closing date.

**Note 10 – Fair Value Measurements**

Fair value measurements are reported in one of three levels based on the lowest level of significant input used: Level 1 (unadjusted quoted prices in active markets); Level 2 (observable market inputs, other than quoted prices included in Level 1); and Level 3 (unobservable inputs that cannot be corroborated by observable market data).

The Company's contingent consideration (Level 3) is measured at fair value on a recurring basis and represents the estimated value (using a probability-weighted approach) of future payments to be made to previous owners of an acquired business (see Note 2).

The Company has recorded a contingent consideration liability related to the Takeout Taxi acquisition, due to the previous owners of the acquired business, if certain defined targets are achieved in a liquidity event. As of December 31, 2018, the Company recorded the contingent consideration liability equal to the final amount agreed to with Takeout Taxi. The changes in the Company's contingent consideration liability were as follows:

| | |
|---|---|
| Balance as of December 31, 2016 | $407,235 |
| Amounts recorded related to new acquisitions | - |
| Net fair value adjustments | - |
| Settlements of contingent consideration liabilities | - |
| Balance as of December 31, 2017 | $407,235 |
| Amounts recorded related to new acquisitions | - |
| Net fair value adjustments | 24,529 |
| Settlements of contingent consideration liabilities | - |
| Balance as of December 31, 2018 | $431,764 |

**Note 11 – Subsequent Events**

On December 11, 2018, the Company entered into a merger agreement (the "Merger") with Waitr Holdings Inc. ("Waitr") and Wingtip Merger Sub, Inc., a wholly-owned subsidiary of Waitr Holdings Inc. On completion of the Merger on January 17, 2019, Wingtip Merger Sub, Inc. merged with and into the Company, with the Company surviving as a wholly-owned, indirect subsidiary of Waitr. The aggregate consideration for the business combination consisted of (1) $192.9 million cash, and (2) 10.6 million shares of Waitr Holdings Inc. common stock, subject to final closing balance sheet adjustments. As part of the closing of the merger, the KSM Real Estate loan was paid in full, removing KASA's unconditional guarantee of the loan.

Management has evaluated subsequent events occurring through March 4, 2019, the date the consolidated financial statements were available to be issued, for events requiring recording or disclosure in the Company's consolidated financial statements.

**Exhibit 99.2**

**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

Unless the context otherwise requires, the "Company" refers to Waitr Holdings Inc. and its subsidiaries after the closing of the business combination between Waitr Incorporated ("Waitr") and Landcadia Holdings, Inc. ("Landcadia") (the "Landcadia business combination") and Landcadia prior to the closing of the Landcadia business combination.

The following unaudited pro forma condensed combined balance sheet as of December 31, 2018 gives pro forma effect to the acquisition of BiteSquad.com, LLC ("Bite Squad"), Amendment No. 1 to Credit and Guaranty Agreement, dated as of January 17, 2019, by and among Waitr Inc., as borrower, Waitr Intermediate Holdings, LLC, the various lenders party thereto and Luxor Capital Group, LP, as administrative agent and collateral agent (the "Credit and Guaranty Agreement Amendment"), pursuant to which Waitr Inc. borrowed $42.1 million of term loans (the "Additional Term Loans") and the issuance of 325,000 shares of common stock of the Company to the lenders under the Credit and Guaranty Agreement Amendment in a private placement in connection with entering into the Credit and Guaranty Agreement Amendment (the "Credit Agreement Amendment Shares"), as if they had been completed on December 31, 2018. The Landcadia business combination was completed prior to December 31, 2018, and as a result it is already reflected in the Company's historical consolidated balance sheet as of such date. The unaudited pro forma condensed combined statement of operations for the twelve months ended December 31, 2018 gives pro forma effect to the Landcadia business combination, the acquisition of Bite Squad, the Credit and Guaranty Agreement, dated November 15, 2018, by and among Waitr Inc., as borrower, Waitr Intermediate Holdings, LLC, the various lenders party thereto and Luxor Capital Group, LP, as administrative agent and collateral agent (the "Credit and Guaranty Agreement"), pursuant to which Waitr Inc. borrowed $25.0 million in term loans (the "Original Term Loans," together with the Additional Term Loans, the "Term Loans"), the issuance of warrants exercisable for 384,615 shares of common stock of the Company to lenders under the Credit and Guaranty Agreement in connection with entering into the Credit and Guaranty Agreement (the "Warrant Issuance"), the Credit and Guaranty Agreement Amendment, the Credit Agreement Amendment Shares, the Credit Agreement, dated November 15, 2018, by and among the Company, the lenders party thereto and Luxor Capital Group, LP, as administrative agent (the "Convertible Notes Agreement"), pursuant to which the Company issued $60.0 million of unsecured convertible promissory notes (the "Notes") and Amendment No. 1 to Credit Agreement, dated as of January 17, 2019, among the Company, the lenders party thereto and Luxor Capital Group, LP, as administrative agent (the "Convertible Notes Amendment" and together with the Credit and Guaranty Agreement, the Warrant Issuance, the Credit and Guaranty Agreement Amendment, the Credit Agreement Amendment Shares and the Convertible Notes Agreement, the "Debt Financings") as if they had been completed on January 1, 2018.

The pro forma condensed combined financial statements are prepared in conformity with the Securities and Exchange Commission ("SEC"), Regulation S-X: Article 3, Rule 3-05, Financial Statements of Businesses Acquired or to be Acquired and Article 11, *Pro forma Financial Information*. Certain information and disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted pursuant to such rules and regulations. However, we believe that the disclosures provided herein are adequate to make the information presented not misleading. The pro forma condensed combined financial statements do not necessarily reflect what the post-combination company's financial condition or results of operations would have been had the Landcadia business combination, the acquisition of Bite Squad and the Debt Financings occurred on the dates indicated. The pro forma condensed combined financial information also may not be useful in predicting the future financial condition and results of operations of the Company. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

The historical financial information of the Company was derived from, and should be read in conjunction with, the audited financial statements of the Company as of and for the twelve months ended December 31, 2018 included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018 filed with the SEC on March 15, 2019 (the "2018 Form 10-K"), which are incorporated by reference herein. The historical financial information of Bite Squad was derived from, and should be read in conjunction with, the audited consolidated financial statements of Bite Squad as of and for the twelve months ended December 31, 2018 attached as Exhibit 99.1 to the Company's Current Report on Form 8-K to which this Exhibit is attached (this "Form 8-K"), which are incorporated by reference herein. This information should be read together with the sections titled "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in the Company's 2018 Form 10-K, which is incorporated by reference herein, and "Bite Squad Management's Discussion and Analysis of Financial Condition and Results of Operations," attached as Exhibit 99.3 to this Form 8-K, which is incorporated by reference herein.

The Landcadia business combination was accounted for as a reverse recapitalization, with no goodwill or other intangible assets recorded, in accordance with GAAP. Under this method of accounting, Landcadia has been treated as the "acquired" company for financial reporting purposes. Accordingly, for accounting purposes, the Landcadia business combination was treated as the equivalent of Waitr issuing stock for the net assets of Landcadia, accompanied by a recapitalization. The net assets of Landcadia were stated at historical cost, with no goodwill or other intangible assets recorded. Operations prior to the Landcadia business combination are those of Waitr.

Waitr was determined to be the accounting acquirer based on an evaluation of the following facts and circumstances:

- the post-combination company's board of directors consisted of seven directors. Waitr had control of the Chairmanship and appointed four of the seven Board members;
- Waitr held C-suite management roles for the post-combination company;
- from a revenue and business operation standpoint, Waitr was the larger entity in terms of relative size;
- Waitr's then-current Lake Charles, LA headquarters became the headquarters of the post-combination company;
- the post-combination company assumed Waitr's name;
- the Company's shares of common stock and warrants began trading on Nasdaq under the symbols "WTRH" and "WTRHW," respectively;
- the intended strategy of the post-combination entity was Waitr's then-current strategy of partnering with local independent restaurants and regional and national chains in underserved markets; and
- other factors were considered, including the fact that the Landcadia stockholder group had the greatest voting interest. However, Waitr holding the C-suite management roles for the post-combination company, in addition to its ability to appoint 4 of the 7 Board members significantly decreased the ability of Landcadia stockholders to control on voting interest alone. Additionally, the Landcadia stockholder group held only a slight majority with 57.8% of the voting interest.

Following the Landcadia business combination, the Company completed the acquisition of Bite Squad pursuant to that certain Agreement and Plan of Merger (the "Merger Agreement"), dated as of December 11, 2018, by and among the Company, Bite Squad and Wingtip Merger Sub, Inc., a Delaware corporation and wholly owned subsidiary of the Company. The acquisition of Bite Squad was considered a business combination in accordance with ASC 805, and will be accounted for using the acquisition method. The Company will record the fair value of assets acquired and liabilities assumed from Bite Squad. Any consideration paid in excess of fair value of assets acquired and liabilities assumed will be attributed to goodwill.

***Description of the Bite Squad acquisition***

The consideration for the acquisition of Bite Squad consisted of (i) an aggregate of $192.9 million payable in cash, subject to adjustments, and (ii) an aggregate of 10,591,968 shares of the Company's common stock, par value $0.0001 per share. The following represents the aggregate consideration:

| (in thousands) | | As of December 31, 2018 |
|---|---|---|
| Shares transferred at Closing | | 10,592 |
| Value per share (1) | $ | 10.00 |
| **Total Share Consideration** | $ | 105,920 |
| Plus: Cash Transferred to Bite Squad members | | 192,949 |
| **Total Cash and Share Consideration - at Closing** | $ | 298,869 |

(1) Value represents the Reference Price as defined in the Merger Agreement. The closing share price on the date of the consummation of the transaction was $11.95. As the acquisition of Bite Squad was accounted for as a business combination, total consideration reflected in the unaudited pro forma condensed combined balance sheet was calculated using the share price on the date of closing of the acquisition of Bite Squad. For additional information, see footnote (B) to Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheet.

The following summarizes the pro forma common shares outstanding as of December 31, 2018:

| | Shares | % |
|---|---|---|
| Waitr Holdings Inc. Common Stock at December 31, 2018 | 54,035,538 | 83% |
| Credit Agreement Amendment Shares | 325,000 | 1% |
| Bite Squad Merger Consideration shares | 10,591,968 | 16% |
| Pro Forma Common Stock at December 31, 2018 | 64,952,506 | 100% |

The following unaudited pro forma condensed combined balance sheet as of December 31, 2018 and the unaudited pro forma condensed combined statement of operations for the twelve months ended December 31, 2018 are based on the historical financial statements of the Company included in the Company’s 2018 Form 10-K and incorporated by reference herein and the historical financial statements of Bite Squad attached as Exhibit 99.1 to this Form 8-K and incorporated by reference herein. The unaudited pro forma adjustments are based on information currently available, assumptions, and estimates underlying the unaudited pro forma adjustments that are described in the accompanying notes. Actual results may differ materially from the assumptions used to present the accompanying unaudited pro forma condensed combined financial information.

## UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
**(in thousands)**

| | As of December 31, 2018 | | | | | | As of December 31, 2018 |
|---|---|---|---|---|---|---|---|
| | **Waitr (Historical)** | **Bitesquad (Historical) (E)** | **Debt Financing Adjustments** | | **Bitesquad Transaction Adjustments** | | **Pro Forma Combined** |
| **ASSETS** | | | | | | | |
| **CURRENT ASSETS:** | | | | | | | |
| Cash | $ 209,340 | $ 17,088 | $ 41,705 | (A) | $ (192,949) | (B) | $ 54,982 |
| | | | | | (12,705) | (G) | |
| | | | | | (7,497) | (H) | |
| Accounts receivable, net | 3,687 | 3,988 | | | | | 7,675 |
| Capitalized contract costs, current | 1,869 | - | | | | | 1,869 |
| Prepaid expenses and other current assets | 4,548 | 1,391 | | | | | 5,939 |
| **TOTAL CURRENT ASSETS** | **219,444** | **22,467** | **41,705** | | **(213,151)** | | **70,465** |
| Property and equipment, net | 4,551 | 909 | | | (909) | (I) | 4,551 |
| Capitalized contract costs, current | 827 | - | | | | | 827 |
| Goodwill | 1,408 | 37,131 | | | 180,008 | (C) | 218,547 |
| Intangible assets, net | 261 | - | | | 107,000 | (D) | 107,261 |
| Other noncurrent assets | 61 | 1,822 | | | (1,416) | (I) | 467 |
| **TOTAL ASSETS** | **$ 226,552** | **$ 62,329** | **$ 41,705** | | **$ 71,532** | | **$ 402,118** |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | | | | |
| **LIABILITIES:** | | | | | | | |
| **CURRENT LIABILITIES:** | | | | | | | |
| Accounts payable | $ 1,827 | $ 807 | | | | | $ 2,634 |
| Gratuities payable | 790 | - | | | | | 790 |
| Accrued payroll | 2,265 | 3,792 | | | | | 6,057 |
| Short-term loan | 658 | - | | | | | 658 |
| Deferred revenue, current | 3,314 | - | | | | | 3,314 |
| Income tax payable | 25 | - | | | | | 25 |
| Other current liabilities | 4,716 | 20,130 | | | (9,536) | (G) | 19,285 |
| | | | | | 4,000 | (H) | |
| | | | | | (25) | (I) | |
| **TOTAL CURRENT LIABILITIES** | **13,595** | **24,729** | **-** | | **(5,561)** | | **32,763** |
| Long-term debt | 80,985 | | 37,821 | (A) | | | 118,806 |
| Accrued workers' compensation liability | 908 | - | | | | | 908 |
| Deferred revenue, noncurrent | 1,356 | - | | | | | 1,356 |
| Other noncurrent liabilities | 217 | 3,522 | | | (2,784) | (G) | 217 |
| | | | | | (738) | (I) | |
| **TOTAL LIABILITIES** | **97,061** | **28,251** | **37,821** | | **(9,083)** | | **154,050** |
| **STOCKHOLDERS' EQUITY:** | | | | | | | |
| Common stock, $0.0001 par value | 5 | - | | | 1 | (B) | 6 |
| Additional paid in capital | 200,417 | 34,078 | 3,884 | (A) | (34,078) | (F) | 330,875 |
| | | | | | 126,574 | (B) | |
| Accumulated deficit | (70,931) | - | | | (385) | (G) | (82,813) |
| | | | | | (11,497) | (H) | |
| **TOTAL STOCKHOLDERS' EQUITY** | **129,491** | **34,078** | **3,884** | | **80,615** | | **248,068** |
| **TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** | **$ 226,552** | **$ 62,329** | **$ 41,705** | | **$ 71,532** | | **$ 402,118** |

See accompanying notes to unaudited pro forma condensed combined financial information.

**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS**
**(in thousands, except share and per share data)**

| | Twelve Months Ended December 31, 2018 | | | | | | Twelve Months Ended December 31, 2018 |
|---|---|---|---|---|---|---|---|
| | Waitr (Historical) | Bitesquad (Historical) | Pro Forma Adjustments | | Debt Financing Adjustments | Bitesquad Transaction Adjustments | Pro Forma Combined |
| **REVENUE** | $ 69,273 | $ 83,369 | $ - | | $ - | $ - | $ 152,642 |
| **COSTS AND EXPENSES:** | | | | | | | |
| Operations and support | 51,428 | 57,298 | 64 | (HH) | | | 108,730 |
| | | | (60) | (FF) | | | |
| Sales and marketing | 15,695 | 15,494 | 26 | (II) | | | 29,897 |
| | | | (1,318) | (FF) | | | |
| Research and development | 3,913 | 2,880 | 44 | (HH) | | | 6,009 |
| | | | (828) | (FF) | | | |
| General and administrative | 31,148 | 12,248 | 691 | (EE) | | | 31,576 |
| | | | (13,217) | (FF) | | | |
| | | | 9 | (HH) | | | |
| | | | 697 | (JJ) | | | |
| Depreciation and amortization | 1,223 | 106 | - | | | 18,175 (GG) | 19,504 |
| Related party expenses | - | 415 | - | | | | 415 |
| Loss on disposal of assets | 9 | - | - | | | | 9 |
| **TOTAL COSTS AND EXPENSES** | **103,416** | **88,441** | **(13,892)** | | **-** | **18,175** | **196,140** |
| **LOSS FROM OPERATIONS** | **(34,143)** | **(5,072)** | **13,892** | | **-** | **(18,175)** | **(43,498)** |
| **OTHER EXPENSES (INCOME) AND (GAINS), NET** | | | | | | | |
| Interest expense (income), net | 1,416 | 617 | (1,365) | (BB) | 6,791 (DD) | | 7,459 |
| Gain on derivative | (337) | - | 337 | (CC) | | | - |
| Gain on debt extinguishment | (486) | - | 486 | (CC) | | | - |
| Other expenses (income) | 2 | (764) | - | | | | (762) |
| **NET LOSS BEFORE INCOME TAX EXPENSE (BENEFIT)** | **(34,738)** | **(4,925)** | **14,434** | | **(6,791)** | **(18,175)** | **(50,195)** |
| Income tax expense (benefit) | (427) | 61 | 472 | (AA) | - | | 106 |
| **NET LOSS** | **$ (34,311)** | **$ (4,986)** | **$ 13,962** | | **$ (6,791)** | **$ (18,175)** | **$ (50,301)** |
| | | | | | | | |
| **LOSS PER SHARE:** | | | | | | | |
| Basic and diluted | $ (2.18) | $ - | | | | | $ (0.77) |
| Weighted average shares of common stock outstanding – basic and diluted | 15,745,065 | - | | | | | 64,952,506 |

See accompanying notes to unaudited pro forma condensed combined financial information.

## NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

### 1. Basis of Presentation

The business combination between Landcadia and Waitr was accounted for as a reverse recapitalization in accordance with GAAP. Under this method of accounting, Landcadia has been treated as the "acquired" company for financial reporting purposes. Accordingly, for accounting purposes, the Landcadia business combination was treated as the equivalent of Waitr issuing stock for the net assets of Landcadia, accompanied by a recapitalization. The net assets of Landcadia were stated at historical cost, with no goodwill or other intangible assets recorded. Operations prior to the Landcadia business combination are those of Waitr.

The acquisition of Bite Squad was considered a business combination in accordance with ASC 805, and will be accounted for using the acquisition method. The Company will record the fair value of assets acquired and liabilities assumed from Bite Squad. Any consideration paid in excess of fair value of assets acquired and liabilities assumed will be attributed to goodwill.

The following is a preliminary estimate of the purchase consideration paid to effect the acquisition of Bite Squad (in thousands):

| | | |
|---|---|---|
| Shares transferred at closing | | 10,592 |
| Value per share | $ | 11.95 |
| Total share consideration | | 126,574 |
| Plus: Cash transferred to Bite Squad members | | 192,949 |
| Total merger consideration | $ | 319,523 |
| Cash and cash equivalents | | 17,088 |
| Settlement due from credit card processors | | 2,819 |
| Accounts receivable | | 1,169 |
| Inventory | | 858 |
| Prepaid expenses & other | | 532 |
| Intangible assets, net | | 107,000 |
| Loans receivable | | 240 |
| Other noncurrent assets | | 166 |
| Restaurant food liability | | (6,201) |
| Accounts payable | | (807) |
| Accrued payroll | | (3,792) |
| Accrued taxes | | (1,111) |
| Other accruals | | (3,257) |
| Convertible notes, net | | (8,042) |
| Current portion of notes payable | | (1,494) |
| Notes payable | | (2,352) |
| Contingent consideration | | (432) |
| Total assets acquired and liabilities assumed | | 102,384 |
| Goodwill | $ | 217,139 |

The Company has made preliminary purchase price allocations based on currently available information. The final determination of the fair value of assets acquired and liabilities assumed is expected to be completed as soon as practicable.

The unaudited pro forma condensed combined balance sheet as of December 31, 2018 gives pro forma effect to the acquisition of Bite Squad and the Credit and Guaranty Agreement Amendment as if they had been completed on December 31, 2018. The Landcadia business combination was completed prior to December 31, 2018, and as a result it is already reflected in the Company's historical consolidated balance sheet as of such date. The unaudited pro forma condensed combined statement of operations for the twelve months ended December 31, 2018 gives pro forma effect to the Landcadia business combination, the acquisition of Bite Squad, and the Debt Financings (including the Credit and Guaranty Agreement Amendment) as if they had been completed on January 1, 2018.

The unaudited pro forma condensed combined balance sheet as of December 31, 2018 has been prepared using, and should be read in conjunction with, the following:

- The Company's audited consolidated balance sheet as of December 31, 2018 and the related notes for the period ended December 31, 2018 included in the Company's 2018 Form 10-K, which is incorporated by reference herein; and

- Bite Squad's audited consolidated balance sheet as of December 31, 2018 and the related notes for the period ended December 31, 2018 attached as Exhibit 99.1 to this Form 8-K, which is incorporated by reference herein.

The unaudited pro forma condensed combined statement of operations for the twelve months ended December 31, 2018 has been prepared using, and should be read in conjunction with, the following:

- The Company's audited statement of operations for the twelve months ended December 31, 2018 and the related notes for the period ended December 31, 2018 included in the Company's 2018 Form 10-K, which is incorporated by reference herein; and

- Bite Squad's audited statement of operations for the twelve months ended December 31, 2018 and the related notes for the period ended December 31, 2018 attached as Exhibit 99.1 to this Form 8-K, which is incorporated by reference herein.

Management has made significant estimates and assumptions in its determination of the pro forma adjustments and the preliminary allocation of gross consideration transferred. As the unaudited pro forma condensed combined financial information has been prepared based on these preliminary estimates, the final amounts recorded may differ materially from the information presented.

The unaudited pro forma condensed combined financial information does not give effect to any anticipated synergies, operating efficiencies, tax savings, or cost savings that may be associated with the Landcadia business combination or acquisition of Bite Squad.

The pro forma adjustments reflecting the consummation of the Landcadia business combination, the acquisition of Bite Squad, and the Debt Financings are based on certain currently available information and certain assumptions and methodologies that the Company believes are reasonable under the circumstances. The unaudited condensed combined pro forma adjustments, which are described in the accompanying notes, may be revised as additional information becomes available and is evaluated. Therefore, it is likely that the actual adjustments will differ from the pro forma adjustments and it is possible that the difference may be material. The Company believes that its assumptions and methodologies provide a reasonable basis for presenting all of the significant effects of the Landcadia business combination, the acquisition of Bite Squad and the Debt Financings based on information available to management at the time, and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information is not necessarily indicative of what the actual results of operations and financial position would have been had the Landcadia business combination, the acquisition of Bite Squad and the Debt Financings taken place on the dates indicated, nor are they indicative of the future consolidated results of operations or financial position of the Company. They should be read in conjunction with the historical financial statements and notes thereto of the Company included in the Company's 2018 Form 10-K, which are incorporated by reference herein and the historical financial statements and notes thereto of Bite Squad attached as Exhibit 99.1 to this Form 8-K, which are incorporated by reference herein.

## 2. Accounting Policies

Subsequent to the Landcadia business combination and the acquisition of Bite Squad, management began performing a comprehensive review of the three entities' accounting policies, which is ongoing. As a result of the review, management may identify differences between the accounting policies of the three entities which, when conformed, could have a material impact on the financial statements of the post-combination company. Based on its initial analysis, management did not identify any differences that would have a material impact on the unaudited pro forma condensed combined financial information. As a result, the unaudited pro forma condensed combined financial information does not assume any differences in accounting policies.

## 3. Adjustments to Unaudited Pro Forma Condensed Combined Financial Information

The unaudited pro forma condensed combined financial information has been prepared to illustrate the effect of the Landcadia business combination, the acquisition of Bite Squad and the Debt Financings and has been prepared for informational purposes only.

The historical financial statements have been adjusted in the unaudited pro forma condensed combined financial information to give pro forma effect to events that are (1) directly attributable to the Landcadia business combination, the acquisition of Bite Squad and the Debt Financings, (2) factually supportable, and (3) with respect to the statement of operations, expected to have a continuing impact on the results of the post-combination company. Waitr, Bite Squad and Landcadia have not had any historical relationship prior to the Landcadia business combination and the acquisition of Bite Squad. Accordingly, no pro forma adjustments were required to eliminate activities between the companies.

The pro forma provision for income taxes presented in the unaudited pro forma condensed combined statement of operations does not necessarily reflect the amounts that would have resulted had the post-combination company filed consolidated income tax returns during the periods presented.

The pro forma basic and diluted earnings per share amounts presented in the unaudited pro forma condensed combined statement of operations are based upon the number of the Company's shares outstanding, assuming the Landcadia business combination and acquisition of Bite Squad occurred on January 1, 2018.

***Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheet***

The pro forma adjustments included in the unaudited pro forma condensed combined balance sheet as of December 31, 2018 are as follows:

(A) Reflects adjustments related to the Credit and Guaranty Agreement Amendment and the Additional Term Loans. In connection with the Additional Term Loans, the Company issued the Credit Agreement Amendment Shares to the lenders under the Credit and Guaranty Agreement Amendment, in a private placement.

(B) Reflects consideration of $192.9 million of cash and 10,591,968 shares of common stock of the Company valued at $11.95 per share, par value $0.0001 per share.

(C) Represents the estimated adjustment to goodwill as a result of the acquisition of Bite Squad (in thousands):

| | | |
|---|---|---|
| Preliminary purchase price | $ | 319,523 |
| Less: fair value of net assets acquired | | 102,384 |
| Total estimated goodwill | $ | 217,139 |
| Less: Bite Squad historical goodwill | | 37,131 |
| Pro forma adjustment | $ | 180,008 |

(D) Reflects the adjustment to intangible assets to reflect the preliminary fair market value (in thousands):

| | | |
|---|---|---|
| Customer Relationships | $ | 76,000 |
| Trade name | | 3,500 |
| Developed technology | | 27,500 |
| Total (pro forma adjustment) | $ | 107,000 |

(E) Reflects reclassification of certain amounts in Bite Squad's historical balance sheet to conform to the Company's historical presentation. Adjustments were as follows (in thousands):

| Original caption | | Amount | New Caption |
|---|---|---|---|
| Settlements due from credit card processors | $ | 2,819 | Accounts receivable |
| Inventory | | 858 | Other current assets |
| Loans receivable, net | | 1,656 | Other noncurrent assets |
| Restaurant food liability | | 6,201 | Other current liabilities |
| Accrued sales taxes | | 1,111 | Other current liabilities |
| Convertible notes, net | | 8,042 | Other current liabilities |
| Current portion of notes payable | | 1,519 | Other current liabilities |
| Notes payable | | 3,090 | Other noncurrent liabilities |
| Contingent consideration | | 432 | Other noncurrent liabilities |
| Total members' equity | | 34,078 | Additional paid in capital |

(F) Reflects the elimination of Bite Squad's historical members' equity of $34.1 million.

(G) Reflects settlement of Bite Squad's historical debt that was repaid as part of the transaction.

(H) Reflects adjustments of $7.5 million to cash and $4.0 million to other current liabilities for transaction costs incurred in relation to the acquisition of Bite Squad.

(I) Reflects the removal of certain historical assets that were not acquired and liabilities that were not assumed as a result of the elimination of Bite Squad's variable interest due to the cancellation of an agreement upon closing of the acquisition of Bite Squad. Also reflects the elimination of a loan receivable that was settled in lieu of a cash payment as a result of the closing of the acquisition of Bite Squad.

***Adjustments to Unaudited Pro Forma Condensed Combined Statement of Operations***

The pro forma adjustments included in the unaudited pro forma condensed combined statement of operations for the twelve months ended December 31, 2018 are as follows:

(AA) Reflects the recognition of pre-combination activities of Landcadia, excluding nonrecurring transaction costs and interest income on the trust account.

(BB) Elimination of interest expense on the convertible notes of Waitr.

(CC) Elimination of the gain on the derivative related to the convertible notes of Waitr as well as the net gain related to the extinguishment of the Waitr convertible notes and line of credit.

(DD) Reflects additional interest expense as a result of the Debt Financings, which were calculated based on the following terms:

| | Term Loans | Notes |
|---|---|---|
| Principal Balance | $67.1 million | $60.0 million |
| Term | 4 years | 4 years |
| Interest Rate | 7.125% per annum, paid quarterly in cash or as payment-in-kind | 1.00% per annum, paid quarterly in cash |
| | Due to allocated discounts, the effective interest rates for the Term Loans and the Notes were approximately 9.96% and 1.75%, respectively. | |

(EE) Reflects additional compensation expense recorded as a result of the execution of employment agreements with certain members of the management team.

(FF) Reflects the elimination of nonrecurring transaction costs incurred during the twelve months ended December 31, 2018 that are directly attributable to the business combinations.

(GG) Reflects additional amortization expense as a result of an increase in fair market value of certain intangible assets (in thousands):

| | Preliminary fair value | Remaining Useful Life in Years | Year Ended December 31, 2018 Amortization Expense |
|---|---|---|---|
| Customer Relationships | $ 76,000 | 7.5 | $ 10,133 |
| Trade name | 3,500 | 3.0 | 1,167 |
| Developed technology | 27,500 | 4.0 | 6,875 |
| Total (pro forma adjustment) | $ 107,000 | | $ 18,175 |

(HH) Reflects incremental stock compensation expense as a result of the exchange of certain Waitr stock options for options of the post-combination company in connection with the Landcadia business combination.

## 4. Earnings per Share

Represents the net earnings per share calculated using the historical weighted average Waitr shares outstanding, and the issuance of additional shares in connection with the Landcadia business combination, the acquisition of Bite Squad, and the Debt Financings assuming the shares were outstanding as of January 1, 2018. As the Landcadia business combination, the acquisition of Bite Squad, the Debt Financings and related equity transactions are being reflected as if they had occurred at the beginning of the periods presented, the calculation of weighted average shares outstanding for basic and diluted net loss per share assumes that the shares issued relating to the Landcadia business combination, the acquisition of Bite Squad, the Debt Financings and the related equity transactions have been outstanding for the entire period presented.

| | | Twelve Months ended December 31, 2018 |
|---|---|---|
| **Pro Forma Loss Per Share – Basic and Diluted** | | |
| Pro Forma Net Loss Attributable to Common Shareholders (in thousands) | $ | (50,301) |
| Pro Forma Shares Outstanding – Basic and Diluted | | 64,952,506 |
| Pro Forma Loss Per Share – Basic and Diluted | $ | (0.77) |
| | | |
| **Pro Forma Shares Outstanding – Basic and Diluted** | | |
| Landcadia Merger Consideration shares | | 22,831,697 |
| Shares issued to Landcadia Founders in connection with financing | | 1,675,000 |
| Common shares held by Landcadia shareholders | | 23,278,841 |
| Landcadia Founder shares | | 6,250,000 |
| Credit Agreement Amendment Shares | | 325,000 |
| Bite Squad Merger Consideration shares | | 10,591,968 |
| Pro Forma Shares Outstanding – Basic and Diluted | | 64,952,506 |

**Exhibit 99.3**

# BITE SQUAD MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion should be read in conjunction with the exhibit titled "unaudited pro forma condensed combined financial statements of the Company as of and for the year ended December 31, 2018." Unless otherwise stated, the discussion below primarily reflects Bite Squad's historical condition and results of operations as of December 31, 2018 and 2017 and for the years ended December 31, 2018 and 2017, which are based on Bite Squad's audited consolidated financial statements as of the dates and for the years then ended (the "audited financial statements"). Dollar amounts in this discussion are expressed in thousands, except as otherwise noted.*

*The following discussion contains forward-looking statements that reflect future plans, estimates, beliefs and expected performance. The forward-looking statements are dependent upon events, risks and uncertainties that may be outside of Bite Squad's control. Bite Squad's actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those discussed in the "Risk Factors" included in Waitr's 2018 Form 10-K. Bite Squad does not undertake any obligation to publicly update any forward-looking statements except as otherwise required by applicable law.*

## Overview

Bite Squad operates a leading online ordering and delivery platform that enables consumers to discover and order meals from local restaurants, powered by its team of delivery drivers. Originally formed on April 25, 2012 as a Minnesota limited liability company, Bite Squad began operations in 2012 and has grown quickly to connect restaurants, diners, and delivery drivers in various markets. Bite Squad facilitates ordering of food and beverages by diners from restaurants for takeout and delivery, primarily through the Bite Squad Platform. Bite Squad markets its proprietary application and digital platform to restaurants and diners mainly across small and medium sized markets, which Bite Squad defines as geographic city and town clusters within the top 51-500 markets in the United States, based on population. These markets are home to approximately 35% of restaurants in the United States. Like larger U.S. cities, these markets have growing demand for online and application-driven food takeout and delivery and have historically been underserved by Bite Squad's competitors. Bite Squad believes that its focus on small and medium sized markets, established market launch playbook, and differentiated operating model provide it with a competitive advantage in its target markets.

As of December 31, 2018, Bite Squad operated across 21 states, in 64 markets comprised of approximately 500 cities, with a population of approximately 32 million, and believes it was the market leader in the majority of these markets in terms of number of restaurants. Average Daily Orders (as defined below) for the year ended December 31, 2018 were approximately 17,358 and were approximately 7,599 in the year ended December 31, 2017. During the year ended December 31, 2018, Bite Squad generated revenues of $83,369 compared to $41,320 in the same period of 2017.

On January 17, 2019, Waitr Holdings Inc. ("Waitr") completed the acquisition of Bite Squad, pursuant to the Agreement and Plan of Merger, dated as of December 11, 2018 (the "Bite Squad Merger Agreement"), by and among Waitr, Bite Squad and Wingtip Merger Sub, Inc., a Delaware corporation and wholly-owned subsidiary of Waitr. The transactions contemplated by the Bite Squad Merger Agreement are referred to herein as the "Bite Squad Merger." Upon consummation of the Bite Squad Merger, Wingtip Merger Sub, Inc. merged with and into Bite Squad, with Bite Squad surviving the merger in accordance with the Minnesota Revised Uniform Limited Liability Act as a wholly-owned, indirect subsidiary of Waitr.

## Factors Affecting the Comparability of Bite Squad's Results of Operations

***Seasonality and Holidays.*** Bite Squad's business tends to follow restaurant closure and diner behavior patterns. In many of Bite Squad's markets, Bite Squad generally experiences a relative increase in diner activity from September to May and a relative decrease in diner activity from June to August due to school summer breaks and other vacation periods. In addition, restaurants tend to close on certain holidays, including Thanksgiving and Christmas Day, in Bite Squad's key markets. Further, diner activity may be impacted by unusually cold, rainy, or warm weather. Cold and rain typically drive increases in order volume, while unusually warm or sunny weather typically drives decreases in orders. Consequently, Bite

Squad's results between quarters, or between periods that include prolonged periods of unusually cold, warm, inclement, or otherwise unexpected weather, may vary.

***Acquisition Pipeline.*** Bite Squad actively maintains and evaluates a pipeline of potential acquisitions and expects to be acquisitive in the future. Potentially significant future business acquisitions may impact the comparability of the Bite Squad's results in future periods with those for prior periods.

**Key Factors Affecting Bite Squad's Performance**

***Efficient Market Expansion.*** Bite Squad's continued revenue growth and path to improved cash flow and profitability is dependent on successful penetration of its target markets and achieving its targeted scale in current and future markets. Once a target market is identified, Bite Squad's market launch playbook calls for hiring a market manager to interview, hire, and onboard new drivers, while Bite Squad's corporate and business development team is simultaneously deployed to onboard an appropriate selection of strategically located and diverse restaurants. A local awareness and marketing campaign is typically commenced ahead of launch and temporarily ramped up simultaneously with operational launch, which is driven by the acquisition of a targeted number of restaurants and drivers. Simultaneous with the market launch playbook, Bite Squad will research potential asset acquisition targets as a mechanism to accelerate diner and restaurant acquisition in new markets. Delay or failure in achieving positive market-level margins (exclusive of indirect and corporate overhead costs) could adversely affect Bite Squad's working capital, which in turn, could slow its growth plans.

Bite Squad typically targets markets where it estimates that it could achieve sustainable, positive market-level margins that support sustainable market operating cash flows and profits, improve efficiency, and appropriately leverage the scale of its advertising, marketing, research and development, and other corporate resources. Historically, Bite Squad estimates that it reached positive market-level margins (exclusive of indirect and corporate overhead costs) approximately six months, on average, following market launch, which could be accelerated significantly with an acquisition. Bite Squad's financial condition, cash flows, and results of operations depend, in significant part, on its ability to achieve and sustain its target profitability thresholds in its markets.

***Bite Squad's Restaurant and Diner Network.*** Bite Squad's growth has been and is expected to continue to be driven in significant part by its ability to successfully expand its network of restaurants and diners using the Bite Squad Platform. The quality and quantity of restaurants on-boarded onto the Bite Squad Platform in a market drives the number of diners and order frequency, and, in turn, the number and quality of diners utilizing the Bite Squad Platform makes Bite Squad more attractive to restaurants. Bite Squad believes that its restaurant retention strategy with Bite Squad's differentiated, value-added services fosters restaurant loyalty and incentivizes restaurants to drive business toward the Bite Squad Platform. Bite Squad also believes that its brand recognition, driven by its strong regional presence and employee delivery drivers, accessible customer service, and low delivery fee further contributes to diner loyalty.

**Key Business Metrics**

Defined below are the key business metrics that Bite Squad uses to analyze its business performance, determine financial forecasts, and help develop long-term strategic plans:

***Active Diners.*** The number of diner accounts from which an order has been placed through the Bite Squad Platform during the past twelve months (as of the end of the relevant period).

***Orders.*** The number of revenue-generating transactions placed by customers on Bite Squad and affiliate Platforms during the relevant period.

***Average Daily Orders.*** The number of Orders during the period divided by the number of days in that period.

***Gross Food Sales.*** The total food and beverage sales, sales taxes, gratuities, and delivery fees processed through the Bite Squad Platform during a given period. Gross Food Sales are different than the order value upon which Bite Squad charges its fee to restaurants, which excludes gratuities and delivery fees.

***Average Order Size.*** Gross Food Sales for a given period divided by the number of Orders during the same period.

| | Year Ended December 31, | |
|---|---|---|
| | 2018 | 2017 |
| Average Diners (as of period end) | 986,753 | 556,695 |
| Orders | 6,335,529 | 2,773,680 |
| Average Daily Orders | 17,358 | 7,599 |
| Gross Food Sales (dollars in thousands) | $ 254,979 | $ 136,141 |
| Average Order Size | $ 40.25 | $ 49.08 |

**Basis of Presentation**

***Revenue***

Bite Squad generates revenue primarily when diners place an order on the Bite Squad Platform. Bite Squad engages a third-party payment processor to collect the total amount of the order from the diner, who must use a credit or debit card to pay for their meal, and remits the gross ticket to Bite Squad daily on a one-day lag. Because Bite Squad is acting as a reseller of the restaurant in the transaction, Bite Squad recognizes as revenue only its fees received from restaurants and diners. Gratuities, sales taxes, and food costs are not included in revenue because they are passed through to employees, tax authorities, and restaurants, respectively. Bite Squad generally presents relevant restaurants on its application in order of proximity to the diner and does allow restaurants to promote themselves within the Bite Squad Platform by contributing towards diner fees to make the overall transaction less expensive for the diner (Bite Squad does not keep anything on these transactions, the savings are passed-through to diners as a lower fee).

***Cost and Expenses***

***Operations and Support.*** Operations and support expenses consist primarily of salaries, benefits, equity-based compensation, and bonuses for employees and contractors engaged in operations and customer service, including drivers, who are mainly part-time and full-time employees and comprise a substantial majority of Bite Squad's approximately 6,500 employees as of December 31, 2018, as well as market managers, restaurant onboarding, and payment processing costs for diner orders.

***Sales and Marketing.*** Sales and marketing expenses consist primarily of salaries, commissions, benefits, equity-based compensation, and bonuses for sales and sales support personnel, including restaurant business development managers, marketing employees and contractors, and third party marketing expenses such as social media and search engine marketing, online display, sponsorships (the costs of which are recognized on a straight line basis over the useful period of the contract), and print marketing.

***Research and Development.*** Research and development expenses consist primarily of salaries, benefits, equity-based compensation, and bonuses for employees and contractors engaged in the design, development, maintenance and testing of the Bite Squad Platform.

***General and Administrative.*** General and administrative expenses consist primarily of salaries, benefits, equity-based compensation, and bonuses for executive, finance and accounting, human resources and administrative employees, third-party legal, accounting, and other professional services, insurance (including auto, workers' compensation and general liability), travel, facilities rent, and other corporate overhead costs.

***Depreciation and Amortization.*** Depreciation and amortization expenses consist primarily of depreciation of the corporate headquarters. Bite Squad does not allocate depreciation and amortization expense to other line items.

***Related Party Expenses.*** Related party expenses consist primarily of payments to founders for management services in their capacity as Co-CEOs, and other general and administrative costs consisting primarily of expense reimbursements to CEO-controlled businesses for normal operating expenses incurred by those business on behalf of Bite Squad, such as shipping and third-party marketing expenses.

***Other Expenses (Income), Net.*** Other expenses (income), net primarily includes interest income on short-term investments and imputed interest income and expense on loans receivable and notes payable, respectively. For the year ended December 31, 2018, this also includes a gain on sale of a business.

**Comparison of Years Ended December 31, 2018 and 2017**

The following table sets forth Bite Squad's results of operations for the years indicated, with line items presented in thousands of dollars and as a percentage of Bite Squad's revenue:

| (in thousands, except percentages(1)) | Year Ended December 31, 2018 | % of Revenue | 2017 | % of Revenue |
|---|---|---|---|---|
| **Revenue** | **$ 83,369** | **100%** | **$ 41,320** | **100%** |
| **Costs and expenses:** | | | | |
| Operations and support | 57,298 | 69 | 29,839 | 72 |
| Sales and marketing | 15,494 | 19 | 10,769 | 26 |
| Research and development | 2,880 | 3 | 4,033 | 10 |
| General and administrative | 12,248 | 15 | 9,496 | 23 |
| Depreciation and amortization | 106 | — | 31 | — |
| Related party expenses | 415 | — | 451 | 1 |
| **Total costs and expenses** | **88,441** | **106** | **54,619** | **132** |
| **Loss from operations** | **(5,072)** | **(6)** | **(13,298)** | **(32)** |
| **Other expenses (income), net** | | | | |
| Interest expense (income), net | 617 | 1 | (15) | — |
| Other income, net | (764) | (1) | (4) | — |
| **Net loss before income taxes** | **(4,925)** | **(6)** | **(13,279)** | **(32)** |
| Income tax expense | 61 | — | 7 | — |
| **Net loss** | **$ (4,986)** | **(6)** | **$ (13,286)** | **(32)** |

Note: Results include KSM Real Estate, LLC, an entity related through common ownership. See Note 1 in the consolidated financial statements for further information.

(1) Percentages may not foot due to rounding

***Revenue***

Revenue increased by $42,049, or 102%, to $83,369 for the year ended December 31, 2018 from $41,320 for the year ended December 31, 2017. Bite Squad operated in 64 markets in 2018, compared to 32 markets in 2017, while Average Daily Orders and Gross Food Sales increased to 17,358 and $254,979, respectively, in 2018 from 7,599 and $136,141, respectively, in 2017. Average Order Size decreased primarily due to significant order growth in lower cost markets combined with reductions to diner fees.

***Operations and Support***

Operations and support expenses increased by $27,459, or 92%, to $57,298 for the year ended December 31, 2018 from $29,839 for the year ended December 31, 2017, primarily due to the increased scale of operations, including ramp-up expenses in anticipation of new markets coming online throughout the year. As a percentage of revenue, operations and support expenses decreased to 69% in 2018 from 72% in 2017, primarily due to improved scale.

***Sales and Marketing***

Sales and marketing expenses increased by $4,725, or 44%, to $15,494 for the year ended December 31, 2018 from $10,769 for the year ended December 31, 2017, primarily due to market expansion, the expansion of the marketing function, and an increased focus on digital media. As a percentage of revenue, sales and marketing expenses decreased by 7% to 19% in 2018 from 26% in 2017, reflecting the scalability of Bite Squad's marketing spend after it becomes established in markets.

***Research and Development***

Research and development expenses decreased by $1,153, or 29%, to $2,880 for the year ended December 31, 2018 from $4,033 for the year ended December 31, 2017, primarily due to decreased non-cash equity compensation expense for vesting equity-based compensation recorded in 2017.

***General and Administrative***

General and administrative expenses increased by $2,752, or 29%, to $12,248 for the year ended December 31, 2018 from $9,496 for the year ended December 31, 2017, due primarily to increased overhead costs to support Bite Squad's increasing business volume, including increased legal, insurance, human resources, occupancy, travel, and other corporate overhead expenses. As a percentage of revenue, general and administrative expenses decreased from 23% in 2017 to 15% in 2018. General and administrative expense tends to be highly scalable, meaning that it tends to increase at a substantially slower pace than revenue, as a significant portion of these costs are fixed.

***Depreciation and Amortization***

Depreciation and amortization expenses increased by $75 to $106 for the year ended December 31, 2018 from $31 for the year ended December 31, 2017.

***Interest expense (income), net***

Interest expense (income), net, was $617 for the year ended December 31, 2018, compared to $(15) for the year ended December 31, 2017, due to interest expense related to convertible notes.

***Other income, net***

Other income, net, was $(764) for the year ended December 31, 2018 compared to other income of $(4) for the year ended December 31, 2017 due to the divestiture of certain business assets, resulting in a non-cash gain on sale of $766.

**Liquidity and Capital Resources**

As of December 31, 2018, Bite Squad had cash of $17,088, consisting primarily of cash deposits, which earn an immaterial amount of interest. Bite Squad's primary sources of liquidity to date have been proceeds from the issuance of membership units.

Effective September 19, 2018, Bite Squad entered into an unsecured convertible loan agreement, whereas the noteholders have agreed to lend up to $10 million through a series of convertible promissory notes. As of December 31, 2018, the carrying value of the convertible notes and the associated interest accrued was $8.0 million.

Bite Squad believes that its existing cash will be sufficient to meet its working capital requirements for at least the next twelve months. Bite Squad's liquidity assumptions may, however, prove to be incorrect, and Waitr, as the parent of Bite Squad, may decide to utilize available financial resources sooner than currently expected in order to strengthen the combined company's liquidity position, fund additional growth initiatives and/or acquire other businesses, pursuant to which Waitr may incur additional debt and/or issue additional debt, equity or equity-linked securities (in public or private offerings).

The following table sets forth Bite Squad's summary cash flow information for the periods indicated:

| (in thousands) | Year ended December 31, 2018 | Year ended December 31, 2017 |
|---|---|---|
| Net cash generated from or used in operating activities | $ 912 | $ (6,059) |
| Net cash used in investing activities | (1,840) | (3,206) |
| Net cash provided by financing activities | 5,741 | 19,448 |

***Cash Flows Generated From or Used In Operating Activities***

For the year ended December 31, 2018, net cash generated from operating activities was $912 compared to net cash used in operating activities of $6,059 for the year ended December 31, 2017, primarily reflecting Bite Squad's improved operating performance net of non-cash items.

***Cash Flows Used In Investing Activities***

For the year ended December 31, 2018, net cash used in investing activities was $1,840 compared to $3,206 for the year ended December 31, 2017. In both years, net cash used in investing activities consisted primarily of the purchase of certain assets, primarily intangible assets, from smaller competing restaurant delivery services to accelerate growth into new markets.

***Cash Flows Provided By Financing Activities***

For the year ended December 31, 2018, cash provided by financing activities was $5,741, a decrease from $19,448 for the year ended December 31, 2017. Cash provided by financing activities consisted primarily of proceeds from convertible note issuances and equity issuances in 2018 and 2017, respectively.

**Contractual Obligations and Other Commitments**

Bite Squad has corporate offices in Minneapolis, Minnesota, as well as smaller offices across most markets in which it operates across the United States. Bite Squad recognizes rent expense on a straight-line basis over the relevant lease period. Bite Squad rents office space and parking from KSM Real Estate, LLC, an entity related through common ownership. The building itself and certain personal property of Bite Squad were provided as collateral in KSM Real Estate LLC's loan, and Bite Squad agreed to an unconditional guarantee of the loan through a wholly owned subsidiary, KASA Delivery, LLC.

Bite Squad's future minimum lease payments under its non-cancellable operating leases for equipment and office facilities, vehicles used in delivery operations, notes payable and mortgage payable obligations were as follows as of December 31, 2018:

| (in thousands) | Less than 1 Year | Payments Due by Period 1 to 3 Years | 3 to 5 Years | Thereafter | Total |
|---|---|---|---|---|---|
| Operating lease obligations[1] | $ 1,051 | $ 382 | $ — | $ — | $ 1,433 |
| Notes payable[2] | 1,631 | 2,221 | 276 | — | 4,128 |
| Mortgage payable[3] | 68 | 135 | 135 | 915 | 1,253 |
| **Total** | **$ 2,750** | **$ 2,738** | **$ 411** | **$ 915** | **$ 6,814** |

(1) Operating leases include office facilities, equipment, and vehicles used in delivery operations.

(2) Notes payable includes payments on Bite Squad's promissory notes per the terms of various asset purchase agreements. The notes are non-interest bearing, and amounts are shown excluding non-cash imputed interest.

(3) Mortgage payable includes principal and interest payments for the corporate office arrangement described above.

The convertible notes, net, the carrying value of which was $8,042 as of December 31, 2018, are not included in the table above because they were repaid on January 17, 2019 upon the consummation of the transactions contemplated by that certain agreement and plan of merger, dated as of December 11, 2018, by and among Bite Squad, Waitr Holdings Inc. (“Waitr”) and Wingtip Merger Sub, Inc., a wholly-owned subsidiary of Waitr (“Merger Sub”), pursuant to which Merger Sub merged with and into Bite Squad, with Bite Squad surviving the merger in accordance with the Minnesota Revised Uniform Limited Liability Company Act as a wholly-owned, indirect subsidiary of Waitr.

As of December 31, 2018, other than the notes, convertible notes, and mortgage payable, Bite Squad does not have any debt or material lease obligations, and all of Bite Squad’s property, equipment and software have either been purchased with cash or, in the case of software, internally developed. Bite Squad has no material long-term purchase obligations outstanding with any vendors or other third parties.

**Off-Balance Sheet Arrangements**

Bite Squad did not have any off-balance sheet arrangements as of December 31, 2018.

**Critical Accounting Policies**

The accounting principles followed by Bite Squad and the methods of applying these principles are in accordance with U.S. GAAP, which often require the judgment of management in the selection and application of certain accounting principles and methods. Bite Squad considers the following accounting policies to be critical to understanding its financial statements because the application of these policies requires significant judgment on the part of management, which could have a material impact on Bite Squad’s financial statements. The following accounting policies include estimates that require management’s subjective or complex judgments about the effects of matters that are inherently uncertain. For information on Bite Squad’s significant accounting policies, including the policies discussed below, see Note 1 to the audited financial statements.

***Revenue Recognition***

In general, the Company recognizes revenue when (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered to the diner, (iii) the fee is fixed or determinable and (iv) collectability is reasonably assured. Revenue is generally recognized once the delivery service is completed.

Bite Squad generates revenues when diners place an order on the Bite Squad Platform. Bite Squad processes and collects the entire amount (Gross Food Sales) of the diner’s transaction on the platform. Restaurants pay Bite Squad a fee, a percentage of the transaction, on orders that are processed through Bite Squad’s platform. Bite Squad also charges certain fees directly to the diner and may charge for beverages or utensils on catering orders. Because Bite Squad is acting as an agent in the transaction, revenues are reported net of any diner promotions or refunds, the balance due to the restaurant, gratuities due to employees, and sales tax. Costs incurred to process transactions and provide delivery services are included in operations and support expenses in the consolidated statements of operations.

***Stock-Based Compensation***

Bite Squad measures compensation expense for incentive units in accordance with *ASC Topic 718, Compensation — Stock Compensation*. Stock-based compensation is measured at fair value on grant date and recognized as compensation expense over the service period on a straight-line basis for awards expected to vest.

Bite Squad uses a backsolve method to determine the fair value of equity grants. As our units are not publicly traded, determining the fair value of incentive units at the grant date requires significant judgment. If any of the assumptions used in the pricing model change significantly, equity-based compensation for future awards may differ materially compared to the awards granted.

Bite Squad's Black Scholes pricing method utilized the following complex and subjective assumptions:

Risk-free rate: Risk-free interest rate was set at two-and-a-half-year U.S. Treasury rate, which served as a proxy for the risk-free rate over the estimated time to a liquidation event.

Volatility: Volatility of Bite Squad's unit price is estimated at 175%, based on a combination of published historical volatilities of comparable publicly traded companies, with an upward adjustment to account for the smaller size of Bite Squad and significantly higher growth rates of Bite Squad (both historically and expected).

Expected term: The expected term calculation was estimated at two and half years until a liquidation event.

Forfeiture rate: Effective January 1, 2018, Bite Squad elected to recognize actual forfeitures of unit-based awards as they occur in accordance with ASU No. 2016-09, *Compensation Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09"). Refer to *Recently Adopted Accounting Pronouncements* for additional information. Prior to 2018, there were no forfeitures to account for.

***Goodwill***

Goodwill represents the excess of the cost of an acquired business over the fair value of the assets acquired at the date of acquisition. Bite Squad performs impairment testing for goodwill annually in the fourth quarter or more frequently if events or changes in circumstances indicate that goodwill may be impaired. In testing goodwill for impairment, Bite Squad may elect to utilize a qualitative assessment to evaluate whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the qualitative assessment indicates that goodwill impairment is more likely than not, Bite Squad performs a quantitative impairment test.

The quantitative impairment test uses a two-step process. In the first step, the fair value of each reporting unit is determined and compared to the reporting unit's carrying value, including goodwill. If the fair value of a reporting unit is less than its carrying value, the second step of the goodwill impairment test is performed to measure the amount of impairment, if any. In the second step, the fair value of the reporting unit is allocated to the assets and liabilities of the reporting unit as if it had been acquired in a business combination and the purchase price was equivalent to the fair value of the reporting unit. The excess of the fair value of the reporting unit over the amounts assigned to its assets and liabilities is referred to as the implied fair value of goodwill. If the implied fair value of goodwill at the reporting unit level is less than its carrying value, an impairment loss is recorded to the extent that the implied fair value of goodwill at the reporting unit is less than its carrying value.

Application of the goodwill impairment test requires judgment, including the identification of reporting units, allocation of assets and liabilities to reporting units, and determination of fair value. The determination of reporting unit fair value is sensitive to the amount of earnings projections, cash flow projections, and market strategies. Unanticipated changes, including immaterial revisions, to these assumptions could result in a provision for impairment in a future period. Given the nature of these evaluations and their application to specific assets and time frames, it is not possible to reasonably quantify the impact of changes in these assumptions.

As a result of the analysis, no impairment losses were recorded for the years ended December 31, 2018 and 2017.

***Fair Value Measurements***

Bite Squad records the fair value of assets and liabilities in accordance with ASC Topic 820, *Fair Value Measurement* ("ASC 820"). ASC 820 defines fair value as the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity.

In addition to defining fair value, ASC 820 establishes a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels, which is determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 — Quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.

Level 3 — Unobservable inputs reflecting Bite Squad's own assumptions about the inputs used in pricing the asset or liability at fair value.

**Recently Issued and Adopted Accounting Pronouncements**

For recently issued and adopted accounting pronouncements, see Note 1 to the consolidated financial statements.

**Quantitative and Qualitative Disclosures about Market Risk**

Bite Squad has in the past and may in the future be exposed to interest rate and certain other market risks in the ordinary course of its business, but to date these risks have mostly been indirect.

**Risks Related to Market Conditions**

Bite Squad performs the annual goodwill impairment tests in the fourth quarter, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of Bite Squad below its carrying value. Such indicators may include the following, among others: a significant decline in expected future cash flows, a significant adverse change in legal factors or in the business climate, unanticipated competition, and slower growth rates. Subsequent to the completion of Bite Squad Merger Agreement, Bite Squad's recorded goodwill was eliminated as part of the purchase accounting adjustments related to Waitr's acquisition of Bite Squad. Goodwill recorded as part of the Bite Squad Merger Agreement will be tested for impairment by Waitr.