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

FORM 10-Q

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

For the quarterly period ended June 30, 2018

Commission File Number 001-33720

Remark Holdings, Inc.

Delaware	33-1135689
State of Incorporation	IRS Employer Identification Number
3960 Howard Hughes Parkway, Suite 900 Las Vegas, NV 89169	702-701-9514
Address, including zip code, of principal executive offices	Registrant's telephone number, including area code

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☑
		Emerging growth company	☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of August 13, 2018, a total of 34,787,781 shares of our common stock were outstanding.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

The matters discussed in this Quarterly Report on Form 10-Q include “forward-looking statements” about the plans, strategies, objectives, goals or expectations of Remark Holdings, Inc. and subsidiaries (“Remark”, “we”, “us”, “our”). You will find forward-looking statements principally in the sections entitled Risk Factors and Management’s Discussion and Analysis of Financial Condition and Results of Operations. Such forward-looking statements are identifiable by words or phrases indicating that Remark or management “expects,” “anticipates,” “plans,” “believes,” or “estimates,” or that a particular occurrence or event “will,” “may,” “could,” “should,” or “will likely” result, occur or be pursued or “continue” in the future, that the “outlook” or “trend” is toward a particular result or occurrence, that a development is an “opportunity,” “priority,” “strategy,” “focus,” that we are “positioned” for a particular result, or similarly-stated expectations. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this report or such other report, release, presentation, or statement.

In addition to other risks and uncertainties described in connection with the forward-looking statements contained in this report and other periodic reports filed with the Securities and Exchange Commission (“SEC”), there are many important factors that could cause actual results to differ materially. Such risks and uncertainties include general business conditions, changes in overall economic conditions, our ability to integrate acquired assets, the impact of competition and other factors which are often beyond our control.

This should not be construed as a complete list of all of the economic, competitive, governmental, technological and other factors that could adversely affect our expected consolidated financial position, results of operations or liquidity. Additional risks and uncertainties not currently known to us or that we currently believe are immaterial also may impair our business, operations, liquidity, financial condition and prospects. We undertake no obligation to update or revise our forward-looking statements to reflect developments that occur or information that we obtain after the date of this report.

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

REMARK HOLDINGS, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(dollars in thousands, except per share amounts)

	June 30, 2018 (Unaudited)	December 31, 2017
Assets		
Cash and cash equivalents	$ 7,008	$ 22,632
Restricted cash	9,406	11,670
Trade accounts receivable, net	6,559	3,673
Prepaid expense and other current assets	7,330	5,518
Notes receivable, current	100	290
Total current assets	30,403	43,783
Restricted cash	2,250	—
Notes receivable	—	100
Property and equipment, net	12,740	13,387
Investment in unconsolidated affiliates	2,030	1,030
Intangibles, net	21,237	23,946
Goodwill	20,099	20,099
Other long-term assets	1,195	1,192
Total assets	$ 89,954	$ 103,537
Liabilities and Stockholders' Equity		
Accounts payable	$ 23,433	$ 17,857
Accrued expense and other current liabilities	14,688	18,795
Deferred merchant booking	8,989	9,027
Contract liability	4,623	3,691
Note payable	3,000	3,000
Current maturities of long-term debt, net of unamortized discount and debt issuance cost at December 31, 2017	11,500	38,085
Total current liabilities	66,233	90,455
Long-term debt, less current portion and net of unamortized discount and debt issuance cost	26,578	—
Warrant liability	10,597	89,169
Other liabilities	3,548	3,501
Total liabilities	106,956	183,125
Commitments and contingencies (Note 13)		
Preferred stock, $0.001 par value; 1,000,000 shares authorized; none issued	—	—
Common stock, $0.001 par value; 100,000,000 shares authorized; 33,145,199 and 28,406,026 shares issued and outstanding; each at June 30, 2018 and December 31, 2017, respectively	33	28
Additional paid-in-capital	293,164	220,117
Accumulated other comprehensive income	130	115
Accumulated deficit	(310,329)	(299,848)
Total stockholders' deficit	(17,002)	(79,588)
Total liabilities and stockholders' deficit	$ 89,954	$ 103,537

See Notes to Unaudited Condensed Consolidated Financial Statements

REMARK HOLDINGS, INC. AND SUBSIDIARIES
Unaudited Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)
(dollars in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	**2017**	**2018**	**2017**
Revenue	$ 20,713	$ 17,256	$ 37,437	$ 32,555
Cost and expense				
Cost of revenue (excluding depreciation and amortization)	6,132	3,965	10,164	6,629
Sales and marketing	6,776	5,774	13,671	11,649
Technology and development	843	884	1,745	1,792
General and administrative	11,180	8,359	34,497	16,685
Depreciation and amortization	2,746	2,894	5,464	5,755
Other operating expense	81	57	147	102
Total cost and expense	27,758	21,933	65,688	42,612
Operating loss	(7,045)	(4,677)	(28,251)	(10,057)
Other income (expense)				
Interest expense	(1,255)	(1,181)	(2,661)	(2,199)
Other income, net	44	1	55	20
Change in fair value of warrant liability	10,055	1,760	18,665	8,329
Other gain (loss)	554	(21)	523	(52)
Total other income, net	9,398	559	16,582	6,098
Income (loss) before income taxes	2,353	(4,118)	(11,669)	(3,959)
Benefit from (provision for) income taxes	1,026	(190)	995	(374)
Net income (loss)	$ 3,379	$ (4,308)	$ (10,674)	$ (4,333)
Other comprehensive income (loss)				
Foreign currency translation adjustments	(183)	(4)	15	(28)
Comprehensive income (loss)	$ 3,196	$ (4,312)	$ (10,659)	$ (4,361)
Weighted-average shares outstanding, basic and diluted	32,933	22,637	32,666	22,553
Net income (loss) per share, basic and diluted	$ 0.10	$ (0.19)	$ (0.33)	$ (0.19)

See Notes to Unaudited Condensed Consolidated Financial Statements

REMARK HOLDINGS, INC. AND SUBSIDIARIES
Unaudited Condensed Consolidated Statements of Cash Flows
(dollars in thousands)

	Six Months Ended June 30,	
	2018	2017
Net cash used in operating activities	$ (14,247)	$ (2,034)
Cash flows from investing activities:		
Proceeds from disposition of assets	625	—
Purchases of property, equipment and software	(2,294)	(1,785)
Acquisition of unconsolidated affiliate	(151)	—
Net cash used in investing activities	(1,820)	(1,785)
Cash flows from financing activities:		
Proceeds from issuance of common stock, net	951	1,315
Proceeds from debt issuance	—	3,000
Payment of loan fees and debt issuance cost	(522)	—
Payments of capital lease obligations	—	(179)
Net cash provided by financing activities	429	4,136
Net change in cash, cash equivalents and restricted cash	(15,638)	317
Cash, cash equivalents and restricted cash:		
Beginning of period	34,302	18,548
End of period	$ 18,664	$ 18,865
Supplemental cash flow information:		
Cash paid for interest	$ 2,105	$ 1,997
Supplemental schedule of non-cash investing and financing activities:		
Issuance of common stock upon warrant exercise	$ 59,907	$ —
Issuance of common stock upon conversion of debt instruments	$ —	$ 121
Common stock subscription payable	$ 849	$ —

See Notes to Unaudited Condensed Consolidated Financial Statements

NOTE 1. ORGANIZATION AND BUSINESS

Organization and Business

Remark Holdings, Inc. and subsidiaries ("Remark", "we", "us", or "our"), which include its consolidated variable-interest entities ("VIEs"), are primarily technology-focused. Our KanKan data intelligence platform serves as the basis for our development and deployment of artificial-intelligence-based solutions for businesses in many industries and geographies. We also own and operate digital media properties across multiple verticals, such as travel and entertainment and young adult lifestyle, that deliver relevant, dynamic content that attracts and engages users on a global scale. Our common stock is listed on the Nasdaq Capital Market under the ticker symbol MARK.

Liquidity Considerations

During the six months ended June 30, 2018, and in each fiscal year since our inception, we have incurred net losses which have resulted in an accumulated deficit of $310.3 million as of June 30, 2018. Additionally, our operations have historically used more cash than they have provided. As of June 30, 2018, our cash and cash equivalents balance was $7.0 million, and we had a negative working capital balance of $35.8 million. Our revenue during the six months ended June 30, 2018 was $37.4 million.

During the six months ended June 30, 2017, we issued a total of 382,308 shares of our common stock to private investors in exchange for approximately $1.3 million in cash. We did not make similar issuances of our common stock during the six months ended June 30, 2018, although we did receive cash from stock option exercises.

On November 9, 2016, we entered into a common stock purchase agreement (as amended, the "2016 Aspire Purchase Agreement") with Aspire Capital Fund, LLC ("Aspire Capital"), which provides that, upon the terms and subject to the conditions and limitations set forth therein, we may sell to Aspire Capital up to an aggregate of $20.0 million of shares of our common stock over the 30-month term of the 2016 Aspire Purchase Agreement. On September 18, 2017, we entered into a First Amendment to the 2016 Aspire Purchase Agreement, which provides that the parties may mutually agree to increase the number of shares of our common stock that may be purchased per business day pursuant to the terms of the 2016 Aspire Purchase Agreement to 2,000,000 shares. As of June 30, 2018, Aspire Capital has purchased $12.8 million of shares of our common stock under the 2016 Aspire Purchase Agreement. On July 2, 2018, we entered into a new common stock purchase agreement with Aspire Capital, which we describe in more detail in Note 16.

We are a party to a financing agreement dated as of September 24, 2015 (as amended, the "Financing Agreement") with certain of our subsidiaries as borrowers (together with Remark, the "Borrowers"), certain of our subsidiaries as guarantors (the "Guarantors"), the lenders from time to time party thereto (the "Lenders") and MGG Investment Group LP, in its capacity as collateral agent and administrative agent for the Lenders ("MGG"), pursuant to which the Lenders extended credit to the Borrowers consisting of a term loan in the aggregate principal amount of $35.5 million (the "Loan"). The terms of the Financing Agreement, the amendments thereto, and related documents effective as of June 30, 2018 are described in Note 11.

We cannot provide assurance that revenue generated from our businesses will be sufficient to sustain our operations in the long term; therefore, we are actively assessing the sale of certain non-core assets (such as our recently-sold personal-finance-related web domains), considering sales of minority interests in certain of our operating businesses, and evaluating potential acquisitions that would provide additional revenue. However, we may need to obtain additional capital through equity financing, debt financing, or by divesting of certain assets or businesses. Conditions in the debt and equity markets, as well as the volatility of investor sentiment regarding macroeconomic and microeconomic conditions, will play primary roles in determining whether we can successfully obtain additional capital. Additionally, pursuant to the Financing Agreement, we are subject to certain limitations on our ability and the ability of our subsidiaries to, among other things, incur additional debt and transfer, sell or otherwise dispose of assets, without the consent of the Lenders. We cannot be certain that we will be successful at raising additional capital.

A variety of factors, many of which are outside of our control, affect our cash flow; those factors include regulatory issues, competition, financial markets and other general business conditions. Based on our historical track record and projections, we believe that we will be able to meet our ongoing requirements through June 30, 2019 (including repayment of our existing debt as it matures) with existing cash, cash equivalents and cash resources, and based on the probable success of one or more of the following plans:

- monetize existing assets
- work with our creditors to modify existing arrangements or refinance our debt
- obtain additional capital through equity issuances, including but not limited to equity issuances to Aspire Capital under its existing purchase commitment (which equity issuances may dilute existing stockholders)

However, projections are inherently uncertain and we cannot assure you that we will generate sufficient income and cash flow to meet all of our liquidity requirements.

Comparability

We reclassified an amount in the December 31, 2017 Consolidated Balance Sheet to conform to the current presentation as of June 30, 2018. Specifically, we reclassified liabilities associated with gift cards and similar items from contract liability to other current liabilities as we continue to clarify our disclosures related to the newly-adopted revenue standard.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

We prepared the accompanying unaudited Condensed Consolidated Balance Sheet as of June 30, 2018, with the audited Consolidated Balance Sheet amounts as of December 31, 2017 presented for comparative purposes, and the related unaudited Condensed Consolidated Statements of Operations and Statements of Cash Flows in accordance with the instructions for Form 10-Q. In compliance with those instructions, we have omitted certain information and footnote disclosures normally included in annual consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles (“GAAP”), though management believes the disclosures made herein are sufficient to ensure that the information presented is not misleading.

Our results of operations and our cash flows as of the end of the interim periods reported herein do not necessarily indicate the results we may experience for the remainder of the year or for any other future period.

Management believes that we have included all adjustments (including those of a normal, recurring nature) considered necessary to fairly present our unaudited Condensed Consolidated Balance Sheet as of June 30, 2018, our unaudited Condensed Consolidated Statements of Operations and our unaudited Condensed Consolidated Statements of Cash Flows for all periods presented. You should read our unaudited condensed consolidated interim financial statements and footnotes in conjunction with our consolidated financial statements and footnotes included within the Annual Report on Form 10-K (the “2017 Form 10-K”).

Consolidation

We include all of our subsidiaries, which include the VIEs for which we are the primary beneficiary, in our consolidated financial statements, eliminating all significant intercompany balances and transactions during consolidation.

To comply with China’s laws which restrict foreign ownership of entities that operate within industries deemed sensitive by the Chinese government, we employ what we believe is a commonly-used organizational structure consisting of a wholly-foreign owned enterprise (“WFOE”) and the VIEs to operate our KanKan business. We own 100% of the equity of the WFOE, while the VIEs are companies formed in China under local laws which are owned by members of our management team. We funded the registered capital and operating expenses of the VIEs by extending loans to the VIEs’ owners. We are the primary beneficiary of the VIEs because the relationships between the VIEs and our WFOE are governed by contractual agreements, including in each case an Exclusive Call Option Agreement, an Exclusive Business Cooperation Agreement, a Proxy Agreement and an Equity Pledge Agreement, which give us control over the operations of the VIEs.

Use of Estimates

We prepare our consolidated financial statements in conformity with GAAP. While preparing our financial statements, we make estimates and assumptions that affect amounts reported and disclosed in the consolidated financial statements and accompanying notes. Accordingly, actual results could differ from those estimates. On an ongoing basis, we evaluate our estimates, including those related to accounts receivable, intangible assets, the useful lives of property and equipment, stock-based compensation, the fair value of the warrant liability, income taxes, inventory reserve and purchase price allocation, among other items.

Changes to Significant Accounting Policies - Revenue Recognition

On January 1, 2018, we adopted Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, and all subsequent amendments (collectively "ASC 606") using the modified retrospective method. We recognized the cumulative effect of initially applying the new revenue standard as an adjustment to the opening balance of Accumulated deficit (the amount was not material). We have not retrospectively adjusted the information for the comparative period reported herein, which information we continue to report under the accounting standards in effect for that period. The amounts of revenue, accounts receivable and contract balances that we reported under ASC 606 as of and for the three and six months ended June 30, 2018, were not materially different than the amounts we would have reported under the accounting standards previously in effect.

We recognize revenue when we transfer control of the promised goods or services to our customers, and we recognize an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

When customers pay us prior to when we satisfy our obligation to transfer control of promised goods or services, we record the amount that reflects the consideration to which we expect to be entitled as a contract liability until such time as we satisfy our performance obligation. As a result of our adoption of ASC 606, the line item previously labeled "Deferred revenue" on our condensed consolidated balance sheets is now labeled "Contract liability"; the comparative period balance as reported herein did not change as a result of our application of the modified retrospective transition approach.

For our contracts with customers, we only extend short-term credit policies to our customers, generally of 90 days or less.

We record the incremental costs of obtaining contracts as an expense when incurred, because such costs would otherwise be amortized over a period of less than one year if capitalized.

Transaction Services

Our Travel & Entertainment segment generates our transaction services revenue, primarily using an agency model. To a lesser extent, we use a merchant model when we directly provide tour services to customers.

Under the agency model, various service providers with whom we maintain relationships are ultimately responsible for delivering the underlying services for which our customers transact, such as lodging, air travel, entertainment, or tours. Our obligation to our customers is to arrange for these service providers to provide the underlying services, and we satisfy our obligation at the point in time that these service providers begin to provide the underlying service (e.g., upon the check-in date for lodging stays, upon the show/performance date for entertainment transactions, etc.). We recognize revenue from transactions under this model on a net basis (i.e., the amount charged to our customers less the amounts we pay to the service providers).

Under the merchant model, we provide tour services directly to our customers. Our obligation to provide the tour services is satisfied at the point in time that we finish providing the tour. For transactions occurring under this model, we recognize revenue on a gross basis.

Under either model, our customers pay at the time the original transaction occurs via our sales channels, primarily the Vegas.com website and mobile application. Because the original transaction date almost always precedes the date that our performance obligation is satisfied, we record a contract liability for the amount of consideration received. In general, we satisfy most of our performance obligations within approximately three to four months from the original transaction date, and substantially all performance obligations are satisfied within one year from the original transaction date.

Data Platform Services

Our KanKan business generates our data platform services revenue. Our financial product uses our proprietary data intelligence software to screen potential loan candidates and provide only high-quality loan candidates to affiliates of banks and other lending institutions in China. We earn a commission for our service and we recognize that commission at the point in time at which a loan is issued by the lending institutions to a loan candidate provided by us in an amount we determine by multiplying the commission rate specified in our contracts with the affiliates of the banks and other lending institutions by the amount of such loans issued to loan candidates we have provided.

Per our contracts with the affiliates of the banks and other lending institutions, we may be required to reimburse the affiliates of such lending institutions for a certain percentage of any loan defaults. We have determined that the portion of such contracts potentially requiring us to reimburse our customers represents a guarantee, the accounting for which is not within the scope of ASC 606. As a result, we account for such guarantee using other GAAP and record an initial liability equal to the total potential amount that we could be required to reimburse upon default, which approximates fair value. We initially record the liability in Accrued expense and other current liabilities in our consolidated balance sheets. As we are released from our obligation to perform under the guarantee, we record the amount of reduction in the guarantee liability as data platform services revenue. We have not yet recorded material amounts of revenue resulting from being released from our guarantee obligation.

We also generate revenue by creating and delivering integrated artificial-intelligence-based solutions for clients. Under this type of contract, we provide a single, continuous service to clients who control the assets as we create them. Accordingly, we recognize the revenue over the period of time during which we provide the service.

Advertising and Other

Our Travel & Entertainment segment generates the majority of our advertising revenue, and we report the remaining amount of advertising revenue in Corporate Entity and Other in our segment information. We primarily generate advertising revenue from the use of sponsored links and display advertising placed directly on our website pages. Substantially all of our advertising contracts with customers are completed within one year or less.

In click-through advertising contracts with customers, our obligation is to place our customers' interactive ads on our websites for a specified period of time. We recognize revenue from click-through advertising at the point in time at which visitors to our websites click through the ads to our advertising customers' websites. Any variability regarding contract consideration is resolved within the reporting period.

Some of our advertising contracts with customers require us to place our advertising customers' static display ads on our websites for a specified period of time or in a specific location on our websites, or both. We recognize revenue from such advertising placement arrangements either over time (ratably over the contract term) or based upon the delivery of advertising impressions, depending upon the terms of the contract.

We also generate revenue from other sources, such as from e-commerce activity in which we sell goods to our customers, or media production which involves us producing video or Internet-based content for our customers. We recognize the revenue from these contracts at the point in time when we transfer control of the good sold to the customer or when we deliver the promised media content.

Other than as noted above, we have made no changes to our significant accounting policies as reported in our 2017 Form 10-K.

Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board issued ASU 2016-02, *Leases (Topic 842)*, which changes GAAP primarily by requiring lessees to recognize, at lease commencement, a lease liability representing the present value of the lessee's obligation to make lease payments, and a right-of-use asset representing the lessee's right to use (or control the use of) a specified asset during the lease term, for leases classified as operating leases. For us, the amendments in ASU 2016-02 will become effective on January 1, 2019, and early adoption is permitted. We are currently evaluating the impact that application of ASU 2016-02 will have on our consolidated financial statements, results of operations and cash flows; however, we expect the impact to be material, as we will be recording assets and liabilities related to most of our leases, including our leases for office space, which we currently account for as operating leases.

We have reviewed all recently issued accounting pronouncements. The pronouncements that we have already adopted did not have a material effect on our financial condition, results of operations, cash flows or reporting thereof, and except as otherwise noted above, we do not believe that any of the pronouncements that we have not yet adopted will have a material effect upon our financial condition, results of operations, cash flows or reporting thereof.

NOTE 3. REVENUE

We are not required to include disclosures related to remaining performance obligations because substantially all of our contracts with customers have an original expected duration of one year or less.

Disaggregation of Revenue

The following table presents a disaggregation of our revenue by major category for the three and six months ended June 30, 2018 (in thousands):

Revenue category	Three Months Ended June 30, 2018	Six Months Ended June 30, 2018
Transaction services	$ 15,802	$ 29,653
Data platform services	3,369	4,552
Advertising and other	1,542	3,232
Revenue	$ 20,713	$ 37,437

Significant Judgments

When accounting for revenue in accordance with ASC 606, we make certain judgments, such as whether we act as a principal or as an agent in transactions or whether our contracts with customers fall within the scope of ASC 606, that affect the determination of the amount and timing of our revenue from contracts with customers. Based on the current facts and circumstances related to our contracts with customers, none of the judgments we make involve an elevated degree of qualitative significance or complexity such that further disclosure is warranted in terms of their potential impact on the amount and timing of our revenue.

Contract Assets and Contract Liabilities

We do not currently generate material contract assets. Other than changes resulting from routine business activity, the balance of our Contract liability did not change significantly during the six months ended June 30, 2018. We recognized revenue of $3.0 million during the six months ended June 30, 2018, which was included in the beginning balance of Contract liability at January 1, 2018.

NOTE 4. FAIR VALUE MEASUREMENTS

Liabilities Related to Warrants to Purchase Common Stock

At the end of each reporting period, we use the Monte Carlo Simulation model to estimate and report the fair value of liabilities related to certain outstanding warrants to purchase our common stock that are subject to potential anti-dilution adjustments or that contain put options or call options. Our outstanding liability-classified warrants include the warrants we issued or that we are obligated to issue as part of the consideration for our acquisition (the “CBG Acquisition”) of assets of China Branding Group Limited (“CBG”) in September 2016 (the “CBG Acquisition Warrants”) and warrants we issued as a result of an amendment to the Financing Agreement related to the acquisition (the “CBG Financing Warrants”).

The following table presents the quantitative inputs, which we classify in Level 3 of the fair value hierarchy, used in estimating the fair value of the warrants:

	June 30, 2018	December 31, 2017
CBG Financing Warrants		
Expected volatility	60.00 %	60.00 %
Risk-free interest rate	2.55 %	1.96 %
Expected remaining term (years)	2.24	2.73
CBG Acquisition Warrants		
Expected volatility	60.00 %	60.00 %
Risk-free interest rate	2.74 %	2.25 %
Expected remaining term (years)	5.23	5.72

In addition to the quantitative assumptions above, we also consider whether we would issue additional equity and, if so, the price per share of such equity. At June 30, 2018, we estimated that two future equity financing events would potentially occur within the subsequent twelve months.

Our estimate of expected volatility and our stock price tend to have the most significant impact on the estimated fair value of the CBG Financing Warrants and the CBG Acquisition Warrants. If we added or subtracted five percentage points with regard to our estimate of expected volatility, or if our stock price increased or decreased by five percent, our estimates of fair value would change approximately as follows (in thousands):

Change in volatility	Increase	Decrease
CBG Financing Warrants	$ 265	$ 325
CBG Acquisition Warrants	1,035	1,035
Change in stock price		
CBG Financing Warrants	$ 265	$ 325
CBG Acquisition Warrants	635	575

The following table presents the change in the liability balance associated with our liability-classified warrants (in thousands):

	Six Months Ended June 30, 2018	Year Ended December 31, 2017
Balance at beginning of period	$ 89,169	$ 25,030
Warrant exercises	(59,907)	—
Increase (decrease) in fair value	(18,665)	64,139
Balance at end of period	$ 10,597	$ 89,169

At January 1, 2018, our outstanding liability-classified warrants included warrants we issued in connection with our acquisition of all of the outstanding equity interests in Vegas.com, LLC in September 2015 (the "VDC Acquisition") and the financing related thereto (the "VDC Acquisition Warrants" and the "VDC Financing Warrants", respectively). On January 8, 2018, holders of VDC Acquisition Warrants with respect to 2,416,996 shares of our common stock exercised such warrants. Because the VDC Acquisition Warrants provided that such warrants were exercisable on a cashless basis only, we issued a total of 750,102 shares of common stock in settlement of such warrants without receiving any proceeds from the exercise thereof.

On January 10, 2018, we exercised our right to exercise all remaining VDC Acquisition Warrants and VDC Financing Warrants (which right became effective when the closing price of our common stock reached $14.00), exercising VDC Acquisition Warrants with respect to 6,184,414 shares of our common stock and VDC Financing Warrants with respect to 3,117,148 shares of our common stock. Because the VDC Acquisition Warrants and VDC Financing Warrants provided that such warrants were exercisable on a cashless basis only, we issued a total of 2,236,915 and 1,385,396 shares of common stock to the holders of the VDC Acquisition Warrants and the VDC Financing Warrants, respectively, in settlement of such warrants without receiving any proceeds from the exercise thereof.

Contingent Consideration Issued in Business Acquisition

We used the discounted cash flow valuation technique to estimate the fair value of the liability related to certain cash payments stipulated in the VDC Acquisition that were contingent upon the performance of Vegas.com in the years ended December 31, 2016 and 2017, and are contingent upon the performance of Vegas.com in the year ending December 31, 2018 (the "Earnout Payments"). The significant unobservable inputs that we used, which we classify in Level 3 of the fair value hierarchy, were projected earnings before interest, taxes, depreciation and amortization ("EBITDA"), the probability of achieving certain amounts of EBITDA, and the rate used to discount the liability.

The following table presents the change during the six months ended June 30, 2018 in the balance of the liability associated with the Earnout Payments (in thousands):

Balance at beginning of period	$ 1,930
Change in fair value of contingent consideration (included in Other loss)	40
Balance at end of period	$ 1,970

On the Condensed Consolidated Balance Sheet, we included the liability for contingent consideration as a component of Accrued expense and other liabilities.

NOTE 5. RESTRICTED CASH

Regarding our restricted cash, $2.25 million relates to the Financing Agreement and secures our obligations under that agreement. The restriction on the cash related to the Financing Agreement will not be released until we have repaid all of our obligations under the Financing Agreement, unless we obtain the written authorization of the Lenders. The remaining amount of our restricted cash relates to the Letter of Credit Facility Agreement we have in place to satisfy the requirements of several of the vendors for whom we sell products (hotel rooms, air travel, show tickets, et cetera) through our online outlets. By contract, certain vendors require letters of credit as a means of securing our payment to them of amounts related to the sales we make on their behalf. We renew the letter of credit facility annually in May, and the restrictions on the cash related to the letters of credit will remain to the extent we continue to enter into contracts requiring the security of letters of credit.

The following table provides a reconciliation of the amounts separately reported as Cash and cash equivalents and Restricted cash on our consolidated balance sheets with the single line item reported on our consolidated statements of cash flows as Cash, cash equivalents and restricted cash (in thousands):

	June 30, 2018	December 31, 2017
Cash and cash equivalents	$ 7,008	$ 22,632
Restricted cash reported in current assets	9,406	11,670
Restricted cash reported in long-term assets	2,250	—
Total cash, cash equivalents and restricted cash	$ 18,664	$ 34,302

NOTE 6. INVESTMENT IN UNCONSOLIDATED AFFILIATES

In 2009, we co-founded a U.S.-based venture, Sharecare, to build a web-based platform that simplifies the search for health and wellness information. The other co-founders of Sharecare were Dr. Mehmet Oz, HARPO Productions, Discovery Communications, Jeff Arnold and Sony Pictures Television. As of June 30, 2018, we owned approximately five percent of Sharecare's issued stock and maintained representation on its Board of Directors.

During June 2018, one of our consolidated VIEs acquired a 20% interest in Beijing All-in-one Cloud Net Technology, Co. Ltd. ("AIO"), a Chinese technology company which provides consulting and data services to the Chinese film industry, in exchange for $1.0 million, a portion of which was paid by June 30, 2018, and a license to use our proprietary KanKan data intelligence platform in China. Based on our evaluation of the facts and circumstances related to the transaction, we determined that we will account for such transaction using the equity method of accounting. We will recognize our equity in the net earnings or losses relating to AIO on a one-quarter reporting lag in our Consolidated Statements of Operations and Comprehensive Income (Loss).

NOTE 7. PREPAID EXPENSE AND OTHER CURRENT ASSETS

The following table presents the components of prepaid expense and other current assets (in thousands):

	June 30, 2018	December 31, 2017
Prepaid expense	$ 2,759	$ 2,036
Deposits	3,121	1,960
Inventory, net	648	234
Other current assets	802	1,288
Total	$ 7,330	$ 5,518

NOTE 8. PROPERTY AND EQUIPMENT

Property and equipment consist of the following (in thousands, except estimated lives):

	Estimated Life (Years)	June 30, 2018	December 31, 2017
Vehicles	5	$ 1,360	$ 447
Computers and equipment	2 - 12	1,931	1,635
Furniture and fixtures	2 - 9	218	220
Software	3 - 5	21,662	20,773
Software development in progress		1,800	1,935
Leasehold improvements	1 - 10	557	328
Total property, equipment and software		$ 27,528	$ 25,338
Less accumulated depreciation		(14,788)	(11,951)
Total property, equipment and software, net		$ 12,740	$ 13,387

For the six months ended June 30, 2018 and 2017, depreciation (and amortization of software) expense was $2.9 million and $2.7 million, respectively.

NOTE 9. GOODWILL AND OTHER INTANGIBLE ASSETS

The following table summarizes intangible assets by category (in thousands):

	June 30, 2018			December 31, 2017		
	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Finite-lived intangible assets						
Domain names	$ 2,000	$ (1,320)	$ 680	$ 2,591	$ (1,663)	$ 928
Customer relationships	23,186	(12,407)	10,779	23,486	(10,539)	12,947
Media content and broadcast rights	2,485	(1,185)	1,300	2,485	(936)	1,549
Acquired technology	578	(505)	73	578	(461)	117
Other intangible assets	68	(68)	—	68	(68)	—
	$ 28,317	$ (15,485)	$ 12,832	$ 29,208	$ (13,667)	$ 15,541
Indefinite-lived intangible assets						
Trademarks and trade names	$ 8,276		$ 8,276	$ 8,276		$ 8,276
License to operate in China	129		129	129		129
Total intangible assets	$ 36,722		$ 21,237	$ 37,613		$ 23,946

Total amortization expense was $2.6 million and $3.1 million for the six months ended June 30, 2018 and 2017, respectively.

The following table summarizes the changes in goodwill during the six months ended June 30, 2018 and the year ended December 31, 2017 (in thousands):

	Six Months Ended June 30, 2018			Year Ended December 31, 2017		
	Travel & Entertainment Segment	Corporate Entity and Other Business Units	Total	Travel & Entertainment Segment	Corporate Entity and Other Business Units	Total
Balance at beginning of period	$ 18,514	$ 1,585	$ 20,099	$ 18,514	$ 8,249	$ 26,763
Business acquisitions	—	—	—	—	2,116	2,116
Impairment of goodwill	—	—	—	—	(8,796)	(8,796)
Other	—	—	—	—	16	16
Balance at end of period	$ 18,514	$ 1,585	$ 20,099	$ 18,514	$ 1,585	$ 20,099

NOTE 10. INCOME TAX

Our effective tax rate (“ETR”) from continuing operations was 8.5% for the six months ended June 30, 2018. The quarterly ETR has not significantly differed from our historical annual ETR. The ETR primarily results from recording a benefit associated with a partial valuation allowance release during 2018. The release was affected by the Tax Act, as described below, which changed the carryforward period of net operating losses for U.S. federal tax purposes from 20 years to an indefinite period.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the “Tax Act”), which makes broad and complex changes to the U.S. tax code that will affect the 2018 tax year.

We have not completed our accounting for the Tax Act. As noted in our 2017 Form 10-K:

• We were able to reasonably estimate certain effects and, therefore, recorded provisional adjustments associated with the impact on deferred tax assets and deferred tax liabilities from reduction of the U.S. federal corporate tax rate.

• We were not yet able to reasonably estimate the effects for global intangible low-taxed income (GILTI) and deemed repatriation taxes. Therefore, no provisional adjustments were recorded.

NOTE 11. DEBT

Short-Term Debt

On April 12, 2017, we issued a short-term note payable in the principal amount of $3.0 million to a private lender in exchange for cash in the same amount. The agreement, which does not have a stated interest rate, required us to repay the note plus a fee of $115 thousand on the maturity date of June 30, 2017. The note is accruing interest at $500 per day on the unpaid principal until we repay the note in full.

Long-Term Debt

The following table presents long-term debt (in thousands) as of :

	June 30, 2018	December 31, 2017
Loan due September 2020	$ 35,500	$ 35,500
Unamortized original issue discount	(898)	(836)
Unamortized debt issuance cost	(24)	(79)
Carrying value of Loan	34,578	34,585
Exit fee payable in relation to Loan	3,500	3,500
Total long-term debt	$ 38,078	$ 38,085
Less: current portion	(11,500)	(38,085)
Long-term debt, less current portion and net of debt issuance cost	$ 26,578	$ —

On September 24, 2015, we entered into the Financing Agreement, pursuant to which the Lenders provided us with the $27.5 million Loan. We entered into Amendment No. 1 to Financing Agreement on September 20, 2016 which, among other changes, increased the Loan by $8.0 million to a total aggregate principal amount of $35.5 million. As of June 30, 2018, after amendments described below, the Loan bore interest at three-month LIBOR (with a floor of 1%) plus 8.5% per annum, payable monthly, and had a maturity date of September 30, 2020. As of June 30, 2018, the applicable interest rate on the Loan was approximately 11% per annum.

In connection with the Financing Agreement, we also entered into a security agreement dated as of September 24, 2015 (the “Security Agreement”) with the other Borrowers and the Guarantors for the benefit of MGG, as collateral agent for the Secured Parties referred to therein, to secure the obligations of the Borrowers and the Guarantors under the Financing Agreement. The Security Agreement provides for a first-priority lien on, and security interest in, all assets of Remark and our subsidiaries, subject to certain exceptions.

On October 25, 2017, we entered into Amendment No. 2 and Waiver and Consent to Financing Agreement, pursuant to which the Lenders waived specified events of default under the Financing Agreement occurring prior to January 1, 2018, including but not limited to events of default resulting from our non-compliance with covenants requiring minimum consolidated EBITDA of Remark and its subsidiaries and value of our assets. The Lenders also waived the covenant related to restricted cash balance through September 19, 2017.

On December 5, 2017, we entered into Amendment No. 3 to Financing Agreement pursuant to which the Lenders agreed, among other things, to modify certain of our covenants under the Financing Agreement, including (i) replacing the covenant regarding consolidated EBITDA of Remark and our subsidiaries with a covenant regarding consolidated gross revenue of our subsidiaries engaged in the operation of our KanKan business, (ii) modifying the covenants regarding consolidated EBITDA of Vegas.com and its subsidiaries and the value of certain of our assets, and (iii) increasing the amount we are permitted to invest in our non-U.S. subsidiaries operating our KanKan business, subject to certain conditions.

On April 30, 2018, we entered into Amendment No. 4 and Waiver to Financing Agreement (the “Fourth Financing Amendment”), which provided for, among other things, (i) a reduction in the interest rate on the remaining amount outstanding under the Financing Agreement to three-month LIBOR plus 8.5% per annum, (ii) an extension of the maturity date under the Financing Agreement to September 30, 2020, (iii) a modification of certain of our covenants under the Financing Agreement, including covenants regarding capital expenditures, minimum value of certain of our assets, consolidated EBITDA of Vegas.com and its subsidiaries, and revenue generated by KanKan, (iv) an increase in the amount we are permitted to invest in our non-U.S. subsidiaries operating our KanKan business (v) a waiver by the Lenders of certain events of default under the Financing Agreement and (vi) prepayment by the Borrowers of $8.0 million principal amount outstanding and $3.5 million of exit fees under the Financing Agreement within 60 days following the date of the Fourth Financing Amendment. In consideration for the Lenders’ entry into the Fourth Financing Amendment, we also paid a closing fee of approximately $413 thousand.

Effective as of June 29, 2018, we entered into Amendment No. 5 and Waiver to Financing Agreement (the "Fifth Financing Amendment") pursuant to which the Lenders agreed, among other things, to extend the due date of the prepayments required by the Fourth Financing Amendment for up to three months, provided that we make extension payments on the first business day of each such month. The extension payments are $250,000 for each of the first two months and $500,000 for the third month, with the final extension period ending on September 28, 2018.

The Financing Agreement, as amended, and the Security Agreement contain representations, warranties, affirmative and negative covenants (including financial covenants with respect to quarterly EBITDA levels of Vegas.com, quarterly revenue generated by KanKan and the value of our assets), events of default, indemnifications and other provisions customary for financings of this type. The occurrence of any event of default under the Financing Agreement may result in the Loan amount outstanding and unpaid interest thereon, becoming immediately due and payable.

NOTE 12. OTHER LIABILITIES

The following table presents the components of other liabilities (in thousands):

	June 30, 2018	December 31, 2017
Deferred rent	$ 1,718	$ 1,820
Early lease termination liability	1,343	—
Contingent consideration liability, net of current portion	—	940
Deferred tax liability, net	452	741
Other	35	—
Total	$ 3,548	$ 3,501

During the first quarter of 2018, we determined that we would no longer use certain leased office space and, as a result, we sublet the majority of such office space to third parties. As a result of our decision, we recognized $2.3 million of unallocated rent expense in the corporate entity, and an associated liability for early lease termination. The current portion of the liability is recorded in Accrued expense and other current liabilities, with the long-term portion recorded in Other liabilities (see table above).

The following table presents the change in the liability balance related to the early lease termination (in thousands):

	Six Months Ended June 30, 2018
Balance at beginning of period	$ —
Establishment of early lease termination liability	2,295
Payment of rent and other costs	(558)
Receipt of amounts due under subleases	69
Other	3
Balance at end of period	$ 1,809

NOTE 13. COMMITMENTS AND CONTINGENCIES

We are neither a defendant in any material pending legal proceeding nor are we aware of any material threatened claims against us; therefore, we have not accrued any contingent liabilities, exclusive of the liability for the Earnout Payments related to the VDC Acquisition.

NOTE 14. STOCKHOLDERS' EQUITY AND NET LOSS PER SHARE

Equity Issuances

During the six months ended June 30, 2017, we issued a total of 382,308 shares of our common stock to private investors in exchange for approximately $1.3 million in cash. We did not make similar issuances of our common stock during the six months ended June 30, 2018.

Stock-Based Compensation

We are authorized to issue equity-based awards under our 2010 Equity Incentive Plan, our 2014 Incentive Plan, and our 2017 Incentive Plan, each of which our stockholders have approved. We also award cash bonuses ("China Cash Bonuses") to our employees in China, which grants are not subject to a formal incentive plan and which can only be settled in cash. We grant such awards to attract, retain and motivate eligible officers, directors, employees and consultants. Under each of the plans, we have granted shares of restricted stock and options to purchase common stock to our officers and employees with exercise prices equal to or greater than the fair value of the underlying shares on the grant date.

Stock options and China Cash Bonuses generally expire 10 years from the grant date. All forms of equity awards vest upon the passage of time, the attainment of performance criteria, or both. When participants exercise stock options, we issue any shares of our common stock resulting from such exercise from new authorized and unallocated shares available at the time of exercise.

The following table summarizes activity under our equity incentive plans related to equity-classified stock option grants as of June 30, 2018, and changes during the six months then ended:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at January 1, 2018	9,397,056	$ 3.80		
Granted	1,545,500	7.56		
Exercised	(371,135)	2.61		
Forfeited, cancelled or expired	(33,076)	4.33		
Outstanding at June 30, 2018	10,538,345	$ 4.39	8.0	$ 4,747
Options exercisable at June 30, 2018	9,731,934	$ 4.47	7.9	$ 3,776

We granted an option to purchase 1.3 million shares of our common stock at an exercise price of $7.81 per share to Kai-Shing Tao, our Chief Executive Officer and Chairman of the Board, under the 2017 Incentive Plan, which our stockholders approved in January 2018. We recorded the entire $11.6 million of compensation expense associated with this award during the three months ended March 31, 2018 because Mr. Tao fully vested in the award at the time we received stockholder approval.

The following table summarizes activity under our equity incentive plans related to China Cash Bonuses as of June 30, 2018, and changes during the six months then ended:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at January 1, 2018	266,500	$ 3.84		
Granted	1,352,375	6.03		
Exercised	(7,875)	4.28		
Forfeited, cancelled or expired	(37,000)	4.91		
Outstanding at June 30, 2018	1,574,000	$ 5.70	9.6	$ 116
Options exercisable at June 30, 2018	157,250	$ 3.89	8.4	$ 57

During the six months ended June 30, 2018, we did not award restricted stock under our equity incentive plans.

We incurred share-based compensation expense of $0.4 million and $0.3 million, respectively, during the three months ended June 30, 2018 and 2017, and of $12.0 million and $0.6 million, respectively, during the six months ended June 30, 2018 and 2017.

Net Income (Loss) per Share

For the three and six months ended June 30, 2018 and 2017, there were no reconciling items related to either the numerator or denominator of the loss per share calculation, except that for the second quarter of 2018 the denominator changed as a result of applying the treasury stock method to outstanding in-the-money stock options; however, the change in the denominator did not lead to a dilution of basic earnings per share.

Securities which would have been anti-dilutive to a calculation of diluted earnings per share for the three and six months ended June 30, 2018 and 2017, except for the second quarter of 2018, include:

• the outstanding stock options described above;

• the outstanding CBG Acquisition Warrant, which may be exercised to purchase 40,000 shares of our common stock at a per-share exercise price of $10.00 (we are also committed to the future issuance of additional CBG Acquisition Warrants at the same per-share exercise price as the CBG Acquisition Warrant that has already been issued), and the outstanding CBG Financing Warrants, which may be exercised to purchase 2,961,774 shares of our common stock at an exercise price of $4.96 per share;

• the warrants issued in conjunction with our acquisition of Hotelmobi, Inc., which may be exercised to purchase 1,000,000 shares of our common stock, half at an exercise price of $8.00 per share and half at an exercise price of $12.00 per share.

NOTE 15. SEGMENT INFORMATION

We currently report on two segments: our Travel & Entertainment segment, which provides our customers with access to a full range of travel and entertainment services in Las Vegas and surrounding areas, and our Technology & Data Intelligence segment, which provides services to our customers based upon the data collected and processed by our proprietary data intelligence software.

Our chief operating decision makers use Adjusted EBITDA as the primary measure of profitability for evaluating the operational performance of our reportable segments. Adjusted EBITDA represents operating income (loss) plus depreciation and amortization expense, share-based compensation expense, impairments and net other income, less other loss. For our Travel & Entertainment segment, Adjusted EBITDA includes an allocation of rent expense, which allocation we base on usage of space. We do not allocate certain other types of shared expense, such as legal and accounting, to our reportable segments; such costs are included in Corporate Entity and Other.

The following table presents certain financial information, including a disaggregation of revenue, regarding our business segments and other entities for the three and six months ended June 30, 2018 and 2017 (in thousands):

	Travel & Entertainment	Technology & Data Intelligence	Corporate Entity and Other	Consolidated
Three Months Ended June 30, 2018				
Revenue	$ 16,826	$ 3,369	$ 518	$ 20,713
Adjusted EBITDA	$ 2,002	$ (1,974)	$ (3,312)	$ (3,284)
Three Months Ended June 30, 2017				
Revenue	$ 15,288	$ 878	$ 1,090	$ 17,256
Adjusted EBITDA	$ 1,763	$ (670)	$ (2,575)	$ (1,482)
Six Months Ended June 30, 2018				
Revenue	$ 31,724	$ 4,552	$ 1,161	$ 37,437
Adjusted EBITDA	$ 2,169	$ (3,492)	$ (8,864)	$ (10,187)
Six Months Ended June 30, 2017				
Revenue	$ 29,481	$ 1,009	$ 2,065	$ 32,555
Adjusted EBITDA	$ 2,367	$ (1,150)	$ (4,955)	$ (3,738)

The following table reconciles Adjusted EBITDA to Loss before income taxes (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Adjusted EBITDA	$ (3,284)	$ (1,482)	$ (10,187)	$ (3,738)
Depreciation and amortization	(2,746)	(2,894)	(5,464)	(5,755)
Share-based compensation expense	(417)	(321)	(12,022)	(596)
Other income	(44)	(1)	(55)	(20)
Other loss (gain)	(554)	21	(523)	52
Operating loss	$ (7,045)	$ (4,677)	$ (28,251)	$ (10,057)
Other income (expense)				
Interest expense	(1,255)	(1,181)	(2,661)	(2,199)
Other income	44	1	55	20
Change in fair value of warrant liability	10,055	1,760	18,665	8,329
Other gain (loss)	554	(21)	523	(52)
Total other income, net	$ 9,398	$ 559	$ 16,582	$ 6,098
Income (loss) before income taxes	$ 2,353	$ (4,118)	$ (11,669)	$ (3,959)

The following table presents total assets for our segments and the corporate and other entities (in thousands):

	June 30, 2018	December 31, 2017
Travel & Entertainment segment	$ 67,990	$ 75,820
Technology & Data Intelligence segment	6,372	5,105
Corporate entity and other business units	15,592	22,612
Consolidated	$ 89,954	$ 103,537

Capital expenditures for our Travel & Entertainment segment totaled $0.6 million and $0.5 million during the three months ended June 30, 2018 and 2017, respectively, while capital expenditures for our Technology & Data Intelligence segment totaled $0.1 million and $0.4 million during each of the same periods, respectively. Capital expenditures for our Travel & Entertainment segment totaled $1.6 million and $0.9 million during the six months ended June 30, 2018 and 2017, respectively, while capital expenditures for our Technology & Data Intelligence segment totaled $0.5 million and $0.8 million during each of the same periods, respectively.

NOTE 16. RELATED PARTY TRANSACTION

On June 11, 2018, we sold the IRS.com web domain to a company in which our former CFO has a significant ownership interest. The consideration consisted of a cash payment of approximately $0.6 million and assumed liabilities of approximately $0.1 million. We recognized a gain of approximately $0.6 million on the transaction which is reported in Other gain (loss) on our Condensed Consolidated Statement of Operations and Comprehensive Income (Loss).

NOTE 17. SUBSEQUENT EVENTS

Common Stock Purchase Agreement

On July 2, 2018, we entered into a common stock purchase agreement (the “2018 Aspire Purchase Agreement”) with Aspire Capital, which provides that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital is committed to purchase up to an aggregate of $30.0 million of shares of our common stock over the 30-month term of the 2018 Aspire Purchase Agreement. In consideration for entering into the 2018 Aspire Purchase Agreement, concurrently with the execution of the 2018 Aspire Purchase Agreement, we issued to Aspire Capital 213,574 shares of our common stock. The 2018 Aspire Purchase Agreement replaced the 2016 Aspire Purchase Agreement, which was terminated under the terms of the 2018 Aspire Purchase Agreement.

Concurrently with entering into the 2018 Aspire Purchase Agreement, we also entered into a registration rights agreement with Aspire Capital, in which we agreed to file with the Securities and Exchange Commission (the “SEC”) one or more registration statements, as necessary, and to the extent permissible and subject to certain exceptions, to register under the Securities Act of 1933, as amended, the sale of the shares of our common stock that may be issued to Aspire Capital under the 2018 Aspire Purchase Agreement. We have filed with the SEC a prospectus supplement to our effective shelf Registration Statement on Form S-3 (File No. 333-225448) registering all of the shares of common stock that may be offered to Aspire Capital from time to time under the 2018 Aspire Purchase Agreement.

On July 2, 2018, we sold 1,428,571 shares of our common stock to Aspire Capital in exchange for $5.0 million.

Payment of Contingent Consideration

On July 23, 2018, we paid $0.5 million of the $1.0 million Earnout Payment that we were obligated to make based upon the performance of Vegas.com during the year ended December 31, 2017. We expect to pay the remaining $0.5 million during August 2018.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read our discussion and analysis of our financial condition and results of operations for the three and six months ended June 30, 2018 in conjunction with our unaudited condensed consolidated financial statements and notes thereto set forth in Part I, Item 1 of this Quarterly Report on Form 10-Q. Such discussion and analysis includes forward-looking statements that involve risks and uncertainties and that are not historical facts, including statements about our beliefs and expectations. You should also read "Special Note Regarding Forward-Looking Statements" in the section following the table of contents of this report.

OVERVIEW

We are primarily a technology-focused company. Our KanKan data intelligence platform serves as the basis for our development and deployment of artificial-intelligence-based solutions for businesses in many industries and geographies, with a current focus on Asia-Pacific. We also own and operate Vegas.com, an online agency catering to the travel and entertainment needs of visitors to the Las Vegas area and those of Las Vegas locals.

We earn transaction services revenue from sales of travel and entertainment products such as show tickets and hotel rooms in our Travel & Entertainment segment, while our data platform services revenue arises from our Technology & Data Intelligence segment, which provides qualified loan candidates to lending institutions in China and which creates and delivers integrated artificial-intelligence-based solutions. Various advertising mechanisms and other activity also contribute to our consolidated revenue. The following table presents our revenue categories as a percentage of total consolidated revenue during the three and six months ended June 30, 2018.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Transaction services	76 %	84 %	79 %	84 %
Data platform services	16 %	5 %	12 %	3 %
Advertising and other	8 %	11 %	9 %	13 %

In our Technology & Data Intelligence segment, our financial technology ("FinTech") revenue was up in comparison to the same periods of the prior year, but was less than expected due to an extended shutdown of the lending market in China while the Chinese government conducted an industry-wide regulatory audit. We are continuing to monitor the lending industry for regulatory changes resulting from the audit to determine the overall impact on our FinTech business.

We also recognized revenue during the second quarter of 2018 from creating and delivering a data analytics product to one of our customers, and we are currently working on additional projects of a similar nature. We will continue to accelerate our development and deployment of products and services built upon our KanKan data intelligence platform, and we expect our operating expenses to increase in line with product development.

Our Travel & Entertainment segment experienced a record number of transactions during the first half of 2018, and is on pace for a record number of transactions during the 2018 year. Such activity, a large portion of which resulted from significant improvement in conversion rates related to entertainment bookings, gives us confidence that our strategy of gaining market share in the entertainment market by spending more on paid search is succeeding. As we have previously noted, we continue to focus on expanding our presence on mobile devices and improving the user experience on our mobile online offerings, and will also continue making changes to our desktop experience such as those that led to our improved conversion rates. Competition in the lodging market continues to be fierce, which led to a decline in revenue from hotel bookings. We have pulled back our marketing spend in relation to lodging until such time as we believe that such spending will provide incremental revenue.

CRITICAL ACCOUNTING POLICIES

During the three and six months ended June 30, 2018, we made no material changes to our critical accounting policies as we disclosed them in Part II, Item 7 of our 2017 Form 10-K.

RESULTS OF OPERATIONS

The following discussion summarizes our operating results for the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017.

Reportable Segment Results

Travel & Entertainment

(dollars in thousands)	Three Months Ended June 30,		Change	
	2018	2017	Dollars	Percentage
Revenue	$ 16,826	$ 15,288	$ 1,538	10 %
Cost of revenue	2,852	2,683	169	6 %
Sales and marketing	6,578	5,627	951	17 %
Technology and development	627	626	1	— %
General and administrative	4,846	4,526	320	7 %
Depreciation and amortization	2,200	2,085	115	6 %
Other operating expense	58	63	(5)	(8) %

(dollars in thousands)	Six Months Ended June 30,		Change	
	2018	2017	Dollars	Percentage
Revenue	$ 31,724	$ 29,481	$ 2,243	8 %
Cost of revenue	5,617	5,248	369	7 %
Sales and marketing	13,242	11,380	1,862	16 %
Technology and development	1,253	1,251	2	— %
General and administrative	9,620	9,152	468	5 %
Depreciation and amortization	4,327	4,125	202	5 %
Other operating expense	101	102	(1)	(1) %

Revenue. We continue to experience increased conversion of traffic through our sales channels, which boosted show ticket sales. The increased show ticket sales, as well as improved commission rates we earn on sales of third-party show tickets, increased revenue during the three and six months ended June 30, 2018 by $1.2 million and $3.5 million, respectively.

The increased revenue from show ticket sales during the six months ended June 30, 2018 was partially offset by a decrease of approximately $1.0 million from hotel transactions that primarily resulted from intense and direct competition from a large market participant that caused us to slow our spend on paid search marketing related to lodging at the same time we were increasing paid search marketing related to show tickets. Various immaterial declines in other revenue categories also contributed to offsetting of the increase resulting from show ticket sales.

Sales and marketing. The increase in our sales and marketing expense in the Travel & Entertainment segment during the three and six months ended June 30, 2018 was driven primarily by increases of $0.9 million and $2.1 million, respectively, in paid search marketing cost at Vegas.com. The increases resulted from the competitive nature of the paid search marketplace as well as from recent changes to the way that the largest search engine displays ads. The increases in conversion of traffic allowed Vegas.com to spend more in paid search to increase market share, which resulted in more transactions and increased revenue.

General and administrative. Of the increase in general and administrative expense in the Travel & Entertainment segment during the six months ended June 30, 2018, approximately $0.3 million resulted from recording share-based compensation expense in the segment during 2018, whereas all share-based compensation expense was recorded on the corporate entity during 2017 and prior years.

Technology & Data Intelligence

(dollars in thousands)	Three Months Ended June 30,		Change	
	2018	2017	Dollars	Percentage
Revenue	$ 3,369	$ 878	$ 2,491	284 %
Cost of revenue	3,199	969	2,230	230 %
Sales and marketing	11	11	—	— %
Technology and development	108	138	(30)	(22) %
General and administrative	2,094	434	1,660	382 %
Depreciation and amortization	161	104	57	55 %
Other operating expense	24	(6)	30	(500) %

(dollars in thousands)	Six Months Ended June 30,		Change	
	2018	2017	Dollars	Percentage
Revenue	$ 4,552	$ 1,009	$ 3,543	351 %
Cost of revenue	4,392	972	3,420	352 %
Sales and marketing	48	14	34	243 %
Technology and development	275	253	22	9 %
General and administrative	3,114	917	2,197	240 %
Depreciation and amortization	317	207	110	53 %
Other operating expense	46	—	46	

Revenue and Cost of revenue. We recognized approximately $1.1 million of revenue toward the end of the second quarter of 2018 for deploying a data analytics product for one of our customers; our 2017 results did not reflect any such revenue. The remaining increase in revenue resulted from an increase in our FinTech services, which had just begun towards the end of the second quarter of 2017. Our cost of revenue increased directly as a result of the increase in our business.

General and administrative. Our recent personnel increase (which consists almost exclusively of IT-related employees) to accelerate product development resulted in increases during the three and six months ended June 30, 2018 of approximately $0.9 million and $1.6 million, respectively, in payroll and related cost. Individually immaterial increases in various other expenses, primarily rent expense and travel-related expense, contributed to the remaining increase in general and administrative expense as a result of our efforts to ramp up the business.

Consolidated Results

(dollars in thousands)	Three Months Ended June 30,		Change	
	2018	**2017**	**Dollars**	**Percentage**
Revenue	$ 20,713	$ 17,256	$ 3,457	20 %
Cost of revenue	6,132	3,965	2,167	55 %
Sales and marketing	6,776	5,774	1,002	17 %
Technology and development	843	884	(41)	(5) %
General and administrative	11,180	8,359	2,821	34 %
Depreciation and amortization	2,746	2,894	(148)	(5) %
Other operating expense	81	57	24	42 %
Interest expense	(1,255)	(1,181)	(74)	6 %
Other income (expense)	44	1	43	4,300 %
Change in FV of warrant liability	10,055	1,760	8,295	471 %
Other gain (loss)	554	(21)	575	(2,738) %
Provision for (benefit from) income taxes	1,026	(190)	1,216	(640) %

(dollars in thousands)	Six Months Ended June 30,		Change	
	2018	2017	Dollars	Percentage
Revenue	$ 37,437	$ 32,555	$ 4,882	15 %
Cost of revenue	10,164	6,629	3,535	53 %
Sales and marketing	13,671	11,649	2,022	17 %
Technology and development	1,745	1,792	(47)	(3) %
General and administrative	34,497	16,685	17,812	107 %
Depreciation and amortization	5,464	5,755	(291)	(5) %
Other operating expense	147	102	45	44 %
Interest expense	(2,661)	(2,199)	(462)	21 %
Other income (expense)	55	20	35	175 %
Change in FV of warrant liability	18,665	8,329	10,336	124 %
Other gain (loss)	523	(52)	575	(1,106) %
Provision for (benefit from) income taxes	995	(374)	1,369	(366) %

Consolidated results of operations were primarily impacted by the results of operations of our reportable segments, as described above.

Revenue. The revenue reported by our Fanstang business decreased during the three and six months ended June 30, 2018 by approximately $0.4 million and $0.7 million, respectively, primarily due to contracts that expired in the prior year and which have not been renewed.

General and administrative. The increase in general and administrative expense incurred by our non-reportable-segment businesses in the second quarter of 2018 from the corresponding 2017 period was affected by the following:

• Payroll and related cost increase of approximately $0.4 million.

• Our increased use of consultants for certain new strategic and administrative projects, primarily one to enhance the robustness of our global Sarbanes-Oxley compliance program, added approximately $0.5 million more than in the same period of the prior year.

The increase in general and administrative expense incurred by our non-reportable-segment businesses in the first six months of 2018 from the corresponding 2017 period was affected by the following:

• In January 2018, we recognized a grant of an option to purchase 1.3 million shares of our common stock at an exercise price of $7.81 per share to one of our executives, resulting in $11.6 million of stock-based compensation expense. We did not make a comparable award during the first half of the prior year.

• In March 2018, we abandoned certain leased property prior to the end of the lease contract. We were able to sublet the majority of the space to third parties, but the early abandonment led to our recognition of a liability that increased rent expense by $2.3 million during the six months ended June 30, 2018. No similar transactions occurred during the first half of the prior year.

• Payroll and related cost increase of approximately $0.3 million.

- Our increased use of consultants for certain new strategic and administrative projects, primarily one to enhance the rigor of our global Sarbanes-Oxley compliance program, added approximately $0.6 million more than in the same period of the prior year.
- Legal expense increased approximately $0.3 million, primarily as a result of litigation work related to the CBG Acquisition and contract review and translation services related to the increased number of contracts related to our business in China.

Depreciation and amortization. Our impairment at the end of 2017 of certain intangible assets related to the CBG Acquisition contributed to the decrease of approximately $0.5 million in amortization expense during the six months ended June 30, 2018.

Change in fair value of warrant liability. The fair value of our warrant liability maintains a direct relationship with the price of our common stock, such that the significant decrease in our common stock price between December 31, 2017 and June 30, 2018 resulted in a corresponding decrease in the fair value of our warrant liability. The decrease in our common stock price was much larger than the decrease in our common stock price between December 31, 2016 and June 30, 2017 and, as a result, the amount of decrease in the warrant liability was much larger than during the same period of 2017. The same relationship between our common stock price and the estimated fair value of the warrants was the primary cause of the decrease in the fair value of our warrant liability during the second quarter of 2018.

Other gain (loss). During June 2018, we disposed of the IRS.com domain, resulting in a $0.6 million gain on disposal.

LIQUIDITY AND CAPITAL RESOURCES

Overview

During the six months ended June 30, 2018, and in each fiscal year since our inception, we have incurred net losses which have resulted in an accumulated deficit of $310.3 million as of June 30, 2018. Additionally, our operations have historically used more cash than they have provided. As of June 30, 2018, our cash and cash equivalents balance was $7.0 million, and we had a negative working capital balance of $35.8 million. Our revenue during the six months ended June 30, 2018 was $37.4 million.

We are a party to the Financing Agreement, pursuant to which the Lenders have extended credit to the Borrowers consisting of the Loan in the aggregate principal amount of $35.5 million. As of June 30, 2018, the Loan bore interest at three-month LIBOR (with a floor of 1%) plus 8.5% per annum, payable monthly, and had a maturity date of September 30, 2020. As of June 30, 2018, the applicable interest rate on the Loan was approximately 11% per annum. The material terms of the Financing Agreement, the amendments thereto, and related documents effective as of June 30, 2018 are described in Note 11. As of June 30, 2018, $35.5 million of aggregate principal remained outstanding under the Loan. Our available cash and other liquid assets are not sufficient to pay our obligations under the Financing Agreement in full.

Pursuant to the Fourth Financing Amendment dated as of April 30, 2018, the Borrowers agreed to make a prepayment of $8.0 million principal amount outstanding and $3.5 million of exit fees under the Financing Agreement within 60 days following the date of the Fourth Financing Amendment. Pursuant to the Fifth Financing Amendment dated as of June 29, 2018, the Lenders agreed, among other things, to extend the due date of the prepayments and fees required by the Fourth Financing Amendment for up to three months, provided that we make extension payments on the first business day of each such month. The extension payments are $250,000 for each of the first two months and $500,000 for the third month, with the final extension period ending on September 28, 2018.

We made the extension payments for July and August under the terms of the Fifth Financing Amendment, and are actively assessing means of obtaining additional capital for the payment of the amounts required under the Fourth Financing Amendment, which may include, among other things, equity financing or divesting of certain assets or businesses.

The Financing Agreement also contains certain affirmative and negative covenants, including but not limited to financial covenants with respect to quarterly EBITDA levels and the value of our assets. If we fail to comply with any financial covenant under the Financing Agreement going forward, under certain circumstances after a cure period, the Lenders may demand the repayment of the Loan amount outstanding and unpaid interest thereon, which could have a material adverse effect on our financial condition.

On September 24, 2015, concurrently with the closing of the VDC Acquisition, Vegas.com entered into a Letter of Credit Facility Agreement with Bank of America, N.A., which currently expires on May 31, 2019, providing for a letter of credit facility with up to $9.3 million of availability. Amounts available under the letter of credit facility are subject to customary fees and are secured by a first-priority lien on, and security interest in, a cash collateral account with the bank containing cash equal to 101.25% of the aggregate outstanding undrawn face amount of all letters of credit under the letter of credit facility outstanding.

On April 12, 2017, we issued a short-term note payable in the principal amount of $3.0 million to a private lender in exchange for cash in the same amount. The agreement, which does not have a stated interest rate, required us to repay the note plus a fee of $115 thousand on the maturity date of June 30, 2017. The note is accruing interest at $500 per day on the unpaid principal until we repay the note in full.

Pursuant to the terms of the purchase agreement we entered into in connection with the VDC Acquisition, we are obligated to make the Earnout Payments based upon the performance of Vegas.com in the years ended December 31, 2017 and 2018. The Earnout Payments are due in the second quarter of the immediately following year. We have paid $0.5 million of the $1.0 million Earnout Payment that we were obligated to make based upon the performance of Vegas.com during the year ended December 31, 2017, and we expect to pay the remaining $0.5 million during August 2018.

On July 2, 2018, we entered into the 2018 Aspire Purchase Agreement with Aspire Capital, which provides that, upon the terms and subject to the conditions and limitations set forth therein, we may sell to Aspire Capital up to an aggregate of $30.0 million of shares of our common stock over the 30-month term of the 2018 Aspire Purchase Agreement. As of August 13, 2018, Aspire Capital has purchased a total of $5.0 million of shares of our common stock under the 2018 Aspire Purchase Agreement.

We cannot provide assurance that revenue generated from our businesses will be sufficient to sustain our operations in the long term (including but not limited to payment of the amounts required under the Fourth Financing Amendment and the Fifth Financing Amendment); therefore, we have implemented measures to reduce operating costs, and we continuously evaluate other opportunities to reduce costs. Additionally, we are actively assessing the sale of certain non-core assets (such as our recently-sold personal-finance-related web domains), considering sales of minority interests in certain of our operating businesses, and evaluating potential acquisitions that would provide additional revenue. However, we may need to obtain additional capital through equity financing, debt financing, or by divesting of certain assets or businesses.

Conditions in the debt and equity markets, as well as the volatility of investor sentiment regarding macroeconomic and microeconomic conditions, will play primary roles in determining whether we can successfully obtain additional capital. Additionally, pursuant to the Financing Agreement, we are subject to certain limitations on our ability and the ability of our subsidiaries to, among other things, incur additional debt and transfer, sell or otherwise dispose of assets, without the consent of the Lenders. We cannot be certain that we will be successful at raising additional capital.

A variety of factors, many of which are outside of our control, affect our cash flow; those factors include regulatory issues, competition, financial markets and other general business conditions. Based on our historical track record and projections, we believe that we will be able to meet our ongoing requirements through June 30, 2019, (including repayment of our existing debt as it matures) with existing cash, cash equivalents and cash resources, and based on the probable success of one or more of the following plans:

- monetize existing assets
- work with our creditors to modify existing arrangements or refinance our debt
- obtain additional capital through equity issuances, including but not limited to under the 2018 Aspire Purchase Agreement (which issuances may dilute existing stockholders)

However, projections are inherently uncertain and we cannot assure you that we will generate sufficient income and cash flow to meet all of our liquidity requirements.

Cash Flows - Operating Activities

We used $12.2 million more cash from operating activities during the six months ended June 30, 2018 than we did during the six months ended June 30, 2017. The increase in cash used in operating activities is a result of increasing our operations in China (which included increasing payroll costs), paying security deposits related to our travel and entertainment business, increasing the use of consultants for certain new strategic and administrative projects (primarily one to enhance the rigor of our global Sarbanes-Oxley compliance program) and the timing of payments related to elements of working capital.

Cash Flows - Investing Activities

During the six months ended June 30, 2018, we spent $0.5 million more to purchase property and equipment than we did during the same period of 2017. Additionally, we received approximately $0.6 million upon the disposition of the IRS.com domain name in June 2018.

Cash Flows - Financing Activities

We received $1.0 million of cash as a result of stock option exercises during the six months ended June 30, 2018, in comparison to the $1.3 million we collected from issuance of shares of our common stock to private investors during the same period of 2017. During the current year, we also paid loan fees of approximately $0.5 million related to our debt modifications. The corresponding prior-year period also included $3.0 million of proceeds from our issuance of a note payable.

Off-Balance Sheet Arrangements

We currently have no off-balance sheet arrangements.

Recently Issued Accounting Pronouncements

Please refer to Note 2 in the Notes to Unaudited Condensed Consolidated Financial Statements included in this report for a discussion regarding recently issued accounting pronouncements which may affect us.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain a set of disclosure controls and procedures designed to provide reasonable assurance that the information we must disclose in reports we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. We designed our disclosure controls with the objective of ensuring we accumulate and communicate this information to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the design and operations of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under Exchange Act, as of the end of the period covered by this report. Based upon that evaluation, our management, including our principal executive officer and principal financial officer, concluded that our disclosure controls and procedures were effective as of June 30, 2018.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting during the fiscal quarter ended June 30, 2018 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On February 21, 2018, we initiated a legal proceeding against CBG, Adam Roseman, and CBG's Joint Official Liquidators (the "CBG Litigation") arising from the CBG Acquisition. The CBG Litigation was filed in the United States District Court for the District of Nevada and is captioned as Remark Holdings, Inc., et al. v. China Branding Group, Limited (In Official Liquidation), et al., Case No. 2:18-cv-00322. In the CBG Litigation, we are seeking a declaration from the court that we are entitled to rescission of the purchase agreement we entered into in connection with the CBG Acquisition ("CBG Purchase Agreement") and all transactions related to the CBG Acquisition, a declaration that the CBG Purchase Agreement and the transactions consummated pursuant thereto be rescinded and void ab initio, a declaration that we are not required to deliver CBG Acquisition Warrants allowing for the purchase of 5,710,000 shares of common stock at a per-share exercise price of $10.00, an order directing release to us of any consideration held in escrow in connection with the CBG Acquisition, and disgorgement of all consideration paid by us in connection with the CBG Acquisition. We are alleging that the defendants fraudulently mispresented and concealed material information regarding the companies we acquired in the CBG Acquisition. The defendants have all been served with the summons and complaint. Mr. Roseman moved to dismiss the complaint; we opposed that motion and it remains *sub judice*. The remaining defendants have yet to answer or otherwise respond to the complaint.

ITEM 1A. RISK FACTORS

Not applicable

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

Exhibit Number	Description	Incorporated Herein By Reference To: Document	Filed On	Exhibit Number
10.1	2017 Incentive Plan.	8-K	01/24/18	10.1
10.2	Amendment No. 4 and Waiver to Financing Agreement, dated as of April 30, 2018, by and among Remark Holdings, Inc. and certain of its subsidiaries named as Borrowers and Guarantors, the Lenders and MGG Investment Group LP, as Collateral Agent and Administrative Agent for the Lenders.	8-K	05/02/18	10.1
10.3	Amendment No. 5 and Waiver to Financing Agreement, dated as of June 29, 2018, by and among Remark Holdings, Inc. and certain of its subsidiaries named as Borrowers and Guarantors, the Lenders and MGG Investment Group LP, as Collateral Agent and Administrative Agent for the Lenders.	8-K	07/03/18	10.1
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002.			
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002.			
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002.			
101.INS	XBRL Instance Document - the instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.			
101.SCH	XBRL Taxonomy Extension Schema Document			
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document			
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document			
101.LAB	XBRL Taxonomy Extension Label Linkbase Document			
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document			

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.

REMARK HOLDINGS, INC.

Date: August 14, 2018

By: */s/ Alison Davidson*
Alison Davidson
Interim Chief Financial Officer
(principal financial and accounting officer)

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kai-Shing Tao (the registrant's principal executive officer), certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Remark Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

Date: August 14, 2018

By: */s/ Kai-Shing Tao*

Kai-Shing Tao
Chief Executive Officer and Chairman

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Alison Davidson, (the registrant's principal financial officer and principal accounting officer), certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Remark Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

Date: August 14, 2018

By *\/s/ Alison Davidson*

Alison Davidson
Interim Chief Financial Officer

EXHIBIT 32

CERTIFICATIONS OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

We, Kai-Shing Tao, the registrant's principal executive officer, and Alison Davidson, the registrant's principal financial officer and principal accounting officer, certify that, to our knowledge:

1. the accompanying Quarterly Report on Form 10-Q for the period ended June 30, 2018 (the “Report”), fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Remark Holdings, Inc. at the dates and for the periods indicated.

Date: August 14, 2018

/s/ Kai-Shing Tao

Kai-Shing Tao

Chief Executive Officer and Chairman

/s/ Alison Davidson

Alison Davidson

Interim Chief Financial Officer