

May 16, 2022



Kubient Reports First Quarter 2022 Results

Company Records 76% Year-over-Year Increase in Net Revenues

NEW YORK, May 16, 2022 (GLOBE NEWSWIRE) -- [Kubient, Inc.](#) (NasdaqCM: KBNT, KBNTW) ("Kubient" or the "Company"), a cloud-based software platform for digital advertising, today reported financial results for the first quarter ended March 31, 2022.

First Quarter 2022 and Recent Operational Highlights

- Achieved 76% year-over-year increase in net revenues
- Partnered with PubMatic, an independent technology company maximizing customer value by delivering advertising supply chain solutions.
- Extended contract with Yahoo to become a Kubient demand side partner ("DSP"), opening up Kubient's pipeline to every global brand that uses the Yahoo platform to buy media.

Management Commentary

"We are proud to have achieved strong first quarter revenues of \$1.2 million, a 76% increase year over year," said Kubient Founder, Chairman, CEO, CSO, and President, Paul Roberts. "Although we hit an encouraging milestone, Q1 was also a period of strategic realignment as we face macroeconomic headwinds with resilience and flexibility. In an effort to maximize the ROI of our existing capital and conserve our cash reserves, we are now actively in a mode of scaling back our expenses, which include optimizing our general overhead and labor force. Despite this event, we feel strongly that our proprietary technology, optimized labor force, and new strategy will mitigate the headwinds and help us effectively operate near a breakeven level.

"In addition to cash conservation, we feel that lowering our expenses will also optimize our on-going M&A strategy. Beyond the inorganic growth method of M&A, we plan to stay the course in efficiently executing against our organic growth strategy by leveraging our technology and expanding base of partners. I trust that the team we assembled, and the technology we engineered will continue to carry forward Kubient's mission of delivering advertising across all channels in an effective, transparent, and fraud protected fashion."

First Quarter 2022 Financial Results

Net revenues increased 76% to approximately \$1.2 million compared to approximately \$708,000 in the same period last year. The increase was particularly attributable to net revenues generated related to customer contracts acquired in connection with the acquisition of MediaCrossing in November 2021.

Earlier in the first quarter, the Company determined that it was no longer probable to collect payment from a customer from which it was entitled. Therefore, the Company ceased providing service to the customer on April 6, 2022, while still pursuing collection of payment for the work it had already performed. Kubient only recognized net revenues of

approximately \$48,000 from this customer in the first quarter, when in reality, it provided additional services of approximately \$1.1 million. As of the second quarter, the Company received approximately \$600,000 of payments and expects to recognize revenue in future periods for any payments received in excess of the loss accrual more fully described below.

Technology expenses increased to approximately \$1.2 million from approximately \$520,000 in the same period last year. The year-over-year increase was primarily due to an increase in headcount costs, hosting fees, non-cash stock-based compensation, amortization, and software expenses.

General and administrative expenses increased to approximately \$2.2 million compared to approximately \$1.3 million in the same period last year. The increase was primarily due to increases of legal fees, including legal fees associated with the legal settlement entered into in March 2022, non-cash stock-based compensation, other professional fees, all partially offset by a reduction in state taxes.

Regarding the additional line item, Kubient recognized a loss accrual of \$790,000 for media costs incurred in February and March 2022 which related to services performed from the aforementioned customer.

GAAP net loss was approximately \$3.6 million, or \$(0.25) loss per share, compared to a net loss of approximately \$1.8 million, or \$(0.14) loss per share, in the same period last year.

Adjusted EBITDA loss, a non-GAAP measure, increased to approximately \$(3.6) million, compared to an adjusted EBITDA loss of approximately \$(1.5) million in the same period last year.

As of March 31, 2022, the Company had a cash balance of approximately \$20.7 million.

Conference Call

Kubient will hold a conference call today (May 16, 2022) at 4:30 p.m. Eastern time (1:30 p.m. Pacific time) to discuss these results.

Kubient management will host the conference call, followed by a question and answer period.

Date: Monday, May 16, 2022

Time: 4:30 p.m. Eastern time (1:30 p.m. Pacific time)

U.S. dial-in: 1-877-407-9208

International dial-in: 1-201-493-6784

Please call the conference telephone number 10 minutes prior to the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact Gateway Investor Relations at 949-574-3860.

The conference call will be broadcast live and available for replay [here](#) and via the Investor Relations section of Kubient's website.

A telephonic replay of the conference call will be available after 7:30 p.m. Eastern time on the same day through May 23, 2022.

Toll-free replay number: 1-844-512-2921
International replay number: 1-412-317-6671
Replay ID: 13729301

About Kubient

Kubient is a technology company with a mission to transform the digital advertising industry to audience-based marketing. Kubient's next generation cloud-based infrastructure enables efficient marketplace liquidity for buyers and sellers of digital advertising. The Kubient Audience Marketplace is a flexible open marketplace for advertisers and publishers to reach, monetize and connect their audiences. The Company's platform provides a transparent programmatic environment with proprietary artificial intelligence-powered pre-bid ad fraud prevention, and proprietary real-time bidding (RTB) marketplace automation for the digital out of home industry. The Audience Marketplace is the solution for brands and publishers that demand transparency and the ability to reach audiences across all channels and ad formats. For additional information, please visit <https://kubient.com>.

Forward-Looking Statements

The information contained herein includes forward-looking statements. These statements relate to future events or to our future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. You should not place undue reliance on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond our control and which could, and likely will, materially affect actual results, levels of activity, performance or achievements. Any forward-looking statement reflects our current views with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to our operations, results of operations, growth strategy and liquidity. We assume no obligation to publicly update or revise these forward-looking statements for any reason, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future. The safe harbor for forward-looking statements contained in the Securities Litigation Reform Act of 1995 protects companies from liability for their forward-looking statements if they comply with the requirements of the Act.

Non-GAAP Measures

The Company defines EBITDA as net income (loss) before interest (including non-cash interest), taxes and depreciation and amortization. The Company defines Adjusted EBITDA as EBITDA, further adjusted to eliminate the impact of certain non-recurring items and other items that we do not consider in our evaluation of our ongoing operating performance from period to period. These items will include stock-based compensation that the Company does not believe reflects the underlying business performance.

EBITDA and Adjusted EBITDA are financial measures that are not calculated in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Management believes that because Adjusted EBITDA excludes (a) certain non-cash expenses (such as depreciation, amortization and stock-based compensation) and (b) expenses that are not reflective of the Company's core operating results over time (such as stock based compensation expense), this measure provides investors with additional useful

information to measure the Company's financial performance, particularly with respect to changes in performance from period to period. The Company's management uses EBITDA and Adjusted EBITDA (a) as a measure of operating performance, (b) for planning and forecasting in future periods, and (c) in communications with the Company's board of directors concerning the Company's financial performance. The Company's presentation of EBITDA and Adjusted EBITDA are not necessarily comparable to other similarly titled captions of other companies due to different methods of calculation and should not be used by investors as a substitute or alternative to net income or any measure of financial performance calculated and presented in accordance with U.S. GAAP. Instead, management believes EBITDA and Adjusted EBITDA should be used to supplement the Company's financial measures derived in accordance with U.S. GAAP to provide a more complete understanding of the trends affecting the business.

Although Adjusted EBITDA is frequently used by investors and securities analysts in their evaluations of companies, Adjusted EBITDA has limitations as an analytical tool, and investors should not consider it in isolation or as a substitute for, or more meaningful than, amounts determined in accordance with U.S. GAAP. Some of the limitations to using non-GAAP measures as an analytical tool are (a) they do not reflect the Company's interest income and expense, or the requirements necessary to service interest or principal payments on the Company's debt, (b) they do not reflect future requirements for capital expenditures or contractual commitments, and (c) although depreciation and amortization charges are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and non-GAAP measures do not reflect any cash requirements for such replacements.

Kubient Investor Relations

Gateway Investor Relations

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Kubient, Inc. Condensed Consolidated Statements of Operations (unaudited)

	For the Three Months Ended March 31,	
	2022	2021
Net Revenues	\$ 1,245,304	\$ 707,757
Costs and Expenses:		
Sales and marketing	1,333,010	756,950
Technology	1,155,699	519,755
General and administrative	2,182,549	1,255,572
Loss accrual on customer contract	789,605	-
Total Costs and Expenses	5,460,863	2,532,277
Loss From Operations	(4,215,559)	(1,824,520)
Other (Expense) Income:		

Interest expense	(3,872)	(1,634)
Interest income	2,291	29,309
Change in fair value of contingent consideration	589,622	-
Other income	26	233
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Total Other Income	588,067	27,908
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Net Loss	\$ (3,627,492)	\$ (1,796,612)
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Net Loss Per Share - Basic and Diluted	\$ (0.25)	\$ (0.14)
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Weighted Average Common Shares Outstanding - Basic and Diluted	14,256,159	12,617,171

Kubient, Inc.
Condensed Consolidated Balance Sheets

	March 31, 2022 (unaudited)	December 31, 2021
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Assets		
Current Assets:		
Cash and cash equivalents	\$ 20,709,044	\$ 24,907,963
Accounts receivable, net	2,352,463	2,291,533
Other receivables	-	526,070
Prepaid expenses and other current assets	411,904	495,178
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Total Current Assets	23,473,411	28,220,744
Intangible assets, net	2,789,625	2,946,610
Goodwill	463,000	463,000
Property and equipment, net	47,040	44,756
Deferred offering costs	10,000	10,000
	<hr/>	<hr/>
Total Assets	\$ 26,783,076	\$ 31,685,110
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Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable - suppliers	\$ 2,474,570	\$ 1,844,544
Accounts payable - trade	1,050,395	659,362
Accrued expenses and other current liabilities	851,800	2,493,287
Deferred revenue	26,719	395,914
Notes payable	42,066	151,336
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Total Current Liabilities	4,445,550	5,544,443
Contingent consideration	23,378	613,000
Notes payable, non-current portion	77,407	77,407
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Total Liabilities	4,546,335	6,234,850
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Commitments and contingencies		
Stockholders' Equity:		
Preferred stock, \$0.00001 par value; 5,000,000 shares authorized;		
No shares issued and outstanding		
as of March 31, 2022 and December 31, 2021	-	-

Common stock, \$0.00001 par value; 95,000,000 shares authorized;
14,303,743 and 14,253,948 shares issued and outstanding
as of March 31, 2022 and December 31, 2021, respectively
Additional paid-in capital
Accumulated deficit

	143	143
	52,444,880	52,030,907
	(30,208,282)	(26,580,790)
Total Stockholders' Equity	22,236,741	25,450,260
Total Liabilities and Stockholders' Equity	\$ 26,783,076	\$ 31,685,110

Kubient, Inc.
Condensed Consolidated Statements of Cash Flows
(unaudited)

	For the Three Months Ended March 31,	
	2022	2021
Cash Flows From Operating Activities:		
Net loss	\$ (3,627,492)	\$ (1,796,612)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	162,221	77,379
Change in fair value of contingent consideration	(589,622)	-
Stock-based compensation:		
Common stock	429,811	2,576
Options	2,295	238,638
Changes in operating assets and liabilities:		
Accounts receivable	(60,930)	913,623
Other receivable	507,387	-
Prepaid expenses and other current assets	83,274	(107,093)
Accounts payable - suppliers	630,026	(2,523)
Accounts payable - trade	391,034	(378,411)
Accrued expenses and other current liabilities	(1,532,150)	(454,018)
Accrued interest	-	1,584
Deferred revenue	(369,195)	-
Net Cash Used In Operating Activities	(3,973,341)	(1,504,857)
Cash Flows From Investing Activities:		
Purchase of intangible assets	-	(64,072)
Purchase of property and equipment	(7,520)	(1,882)
Net Cash Used In Investing Activities	(7,520)	(65,954)
Cash Flows From Financing Activities:		
Proceeds from exercise of warrants [1]	-	9,326,163
Repayment of PPP loan	(109,270)	-
Repayment of financed director and officer insurance premiums	(108,788)	-
Net Cash (Used In) Provided By Financing Activities	(218,058)	9,326,163
Net (Decrease) Increase In Cash and Cash Equivalents	(4,198,919)	7,755,352
Cash and Cash Equivalents - Beginning of the Period	24,907,963	24,782,128
Cash and Cash Equivalents - End of the Period	\$ 20,709,044	\$ 32,537,480

[1] Includes gross proceeds of \$9,708,038, less issuance costs of \$381,875.

Kubient, Inc.
Reconciliation of GAAP EBITDA to Non- GAAP Adjusted EBITDA
(Unaudited)

	For the Three Months Ended	
	March 31,	
	2022	2021
Net Loss	\$ (3,627,492)	\$ (1,796,612)
Interest expense	3,872	1,634
Interest income	(2,291)	(29,309)
Depreciation and amortization	162,221	77,379
EBITDA	(3,463,690)	(1,746,908)
Adjustments:		
Stock-based compensation expense	432,656	241,214
Change in fair value of contingent consideration	(589,622)	-
Adjusted EBITDA	\$ (3,620,656)	\$ (1,505,694)
 Adjusted Loss Per Share	 \$ (0.25)	 \$ (0.12)
Weighted Average Common Shares Outstanding - Basic and Diluted	14,256,159	12,617,171

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Source: Kubient, Inc.