

May 12, 2021



Kubient Reports First Quarter 2021 Results

NEW YORK, May 12, 2021 /PRNewswire/ --[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, 2021.



First Quarter 2021 and Recent Operational Highlights

- [Onboarded](#) Kim Kahn as VP of People Operations
- [Appointed](#) former MediaMath and DoubleVerify executive Leon Zemel as Chief Product Officer
- [Selected](#) by TronTV, the AVOD streaming service reaching 85 million monthly viewers, as the platform's first premiere programmatic partner to detect and prevent ad fraud
- [Engaged](#) Lake Street Capital Markets to provide Merger and Acquisition ("M&A") services within the advertising technology ("ad tech") ecosystem
- [Revealed](#) that digital advertising executives are seeking more insights for their advertising spend and identified that over 50% of advertising professionals believe the industry has not done enough to stop ad fraud
- Publisher inventory that Kubient can monetize, or ad impression opportunities, for the Audience Cloud, Kubient's flexible open marketplace for advertisers and publishers to reach, monetize and connect their audiences, increased 28% from Q4 2020 to Q1 2021. This increase was driven by a combination of new partnerships and an overall increase in web activity due to COVID-19
- The number of total publisher partnerships increased 5% to 3,568 as of May 11, 2021 from 3,400 in the previous quarter
- The number of KAI audits, or trials, being scheduled by prospective customers is currently 14

Management Commentary

"The first quarter was a solid start to the year, as we renewed our partnership with The Associated Press, augmented the amount of publishers plugged into our Audience Cloud, and witnessed an increase in the number of KAI audits being scheduled by prospective customers," said Kubient Founder, Chairman, CSO, and Interim CEO Paul Roberts. "In conjunction with the early success garnered in the front-end of our business, we also onboarded a number of key seasoned senior level executives to our team. We have been deliberate in our hiring process by only appointing executives that have demonstrated success in their prior companies and look forward to the direct impact they will be making with their respective abilities. As we strategically position ourselves for scale and growth

within the next chapter of our operating history, we are confident that 2021 will be a transformative year for Kubient."

First Quarter 2021 Financial Results

Net revenues decreased to \$708,000 compared to \$1.4 million in the same period last year. The year-over-year decrease in net revenue was primarily due to the one-time recognition of \$1.3 million in revenue during the three months ended March 31, 2020 in connection with the beta test of KAI. As a result of the successful KAI beta tests conducted in the first quarter of 2020, the Company has been increasing the number of KAI audits being scheduled by prospective customers.

Technology expenses increased to \$520,000 from \$479,000 in the same period last year. The year-over-year increase was primarily due to an increase in amortization of software expense and an increase in cloud hosting costs.

General and administrative expenses increased to \$1.3 million compared to \$517,000 in the same period last year. The year-over-year increase in general and administrative expenses was primarily due to increases in salary expense due to an increase in headcount, professional fees, insurance expense, all partially offset by a reduction in rent and office expense.

GAAP net loss was \$1.8 million, or \$(0.14) loss per share, compared to a net loss of \$58,000, or \$(0.02) loss per share, in the same year-ago period. The year-over-year increase in net loss was primarily due to reduced net revenues and an increase in operating expenses.

Adjusted EBITDA, a non-GAAP measure, decreased to \$(1.5) million, compared to an adjusted EBITDA of \$548,000 in the same period last year. The year-over-year decrease in adjusted EBITDA was due to a decrease in net revenues and an increase in operating expenses.

As of March 31, 2021, the Company had a cash balance of \$32.5 million.

Conference Call

Kubient will hold a conference call today (May 12, 2021) at 5:00 p.m. Eastern time (2:00 p.m. Pacific time) to discuss these results.

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

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 8:00 p.m. Eastern time on

the same day through May 19, 2021.

Toll-free replay number: 1-844-512-2921

International replay number: 1-412-317-6671

Replay ID: 13719374

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 Cloud 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 Cloud 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 is a financial measure that is 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,	
	2021	2020
Net Revenues	\$ 707,757	\$ 1,381,913
Operating Expenses:		
Sales and marketing	756,950	148,705
Technology	519,755	478,533
General and administrative	1,255,572	517,089

Total Operating Expenses	<u>2,532,277</u>	<u>1,144,327</u>
(Loss) Income From Operations	<u>(1,824,520)</u>	<u>237,586</u>
Other (Expense) Income:		
Interest expense	(1,634)	(432,883)
Interest expense - related parties	-	(100,914)
Interest income	29,309	71
Gain on forgiveness of accounts payable - supplier	-	236,248
Other income	<u>233</u>	<u>1,794</u>
Total Other Income (Expense)	<u>27,908</u>	<u>(295,684)</u>
Net Loss	<u>\$ (1,796,612)</u>	<u>\$ (58,098)</u>
Net Loss Per Share - Basic and Diluted	<u>\$ (0.14)</u>	<u>\$ (0.02)</u>
Weighted Average Common Shares Outstanding - Basic and Diluted	<u>12,617,171</u>	<u>3,601,521</u>

**Kubient, Inc.
Consolidated Balance Sheets**

	<u>March 31, 2021</u> (unaudited)	<u>December 31, 2020</u>
Assets		
Current Assets:		
Cash	\$ 32,537,480	\$ 24,782,128
Accounts receivable, net	460,131	1,373,754
Prepaid expenses and other current assets	<u>214,744</u>	<u>107,651</u>
Total Current Assets	33,212,355	26,263,533
Intangible assets, net	1,060,402	1,071,850
Property and equipment, net	17,189	17,166
Deferred offering costs	<u>10,000</u>	<u>10,000</u>
Total Assets	<u>\$ 34,299,946</u>	<u>\$ 27,362,549</u>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable - suppliers	\$ 333,505	\$ 336,028

Accounts payable - trade	728,193	1,106,604
Accrued expenses and other current liabilities	351,076	1,028,307
Accrued interest	5,559	3,975
Notes payable	<u>300,885</u>	<u>218,461</u>
Total Current Liabilities	1,719,218	2,693,375
Notes payable, non-current portion	<u>105,205</u>	<u>187,629</u>
Total Liabilities	<u>1,824,423</u>	<u>2,881,004</u>
Commitments and contingencies (Note 8)		
Stockholders' Equity:		
Preferred stock, \$0.00001 par value; 5,000,000 shares authorized; No shares issued and outstanding as of March 31, 2021 and December 31, 2020	-	-
Common stock, \$0.00001 par value; 95,000,000 shares authorized; 13,873,510 and 11,756,109 shares issued and outstanding as of March 31, 2021 and December 31, 2020	139	118
Additional paid-in capital	50,561,073	40,770,504
Accumulated deficit	<u>(18,085,689)</u>	<u>(16,289,077)</u>
Total Stockholders' Equity	<u>32,475,523</u>	<u>24,481,545</u>
Total Liabilities and Stockholders' Equity	<u>\$ 34,299,946</u>	<u>\$ 27,362,549</u>

Kubient, Inc.
Consolidated Statements of Cash Flows
(Unaudited)

For the Three Months Ended
March 31,

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities:		
Net loss	\$ (1,796,612)	\$ (58,098)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	77,379	51,115
Bad debt expense	-	5,749
Gain on forgiveness of accounts payable - supplier	-	(236,248)
Stock-based compensation:		
Stock options	2,576	5,394
Common stock	238,638	16,125
Amortization of debt discount and debt issuance costs	-	376,678
Amortization of debt discount and debt issuance costs - related parties	-	84,168
Changes in operating assets and liabilities:		

Accounts receivable	913,623	(501,126)
Prepaid expenses and other current assets	(107,093)	(16,557)
Accounts payable - suppliers	(2,523)	(14,771)
Accounts payable - trade	(378,411)	112,251
Accrued expenses and other current liabilities	(454,018)	(87,260)
Accrued expenses and other current liabilities - related party	-	23,881
Accrued interest	1,584	55,292
Accrued interest - related parties	-	16,745
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Net Cash Used In Operating Activities	(1,504,857)	(166,662)
Cash Flows From Investing Activities:		
Purchase of intangible assets	(64,072)	(355,019)
Purchase of property and equipment	(1,882)	(1,087)
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Net Cash Used In Investing Activities	(65,954)	(356,106)
Cash Flows From Financing Activities:		
Proceeds from exercise of warrants	9,326,163	-
Proceeds from issuance of notes payable	-	525,000
Payment of deferred offering costs	-	(15,000)
	<hr/>	<hr/>
Net Cash Provided By Financing Activities	9,326,163	510,000
Net Increase (Decrease) In Cash	7,755,352	(12,768)
Cash - Beginning of the Period	24,782,128	33,785
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Cash - End of the Period	\$ 32,537,480	\$ 21,017

Kubient, Inc.
Reconciliation Adjusted EBITDA
(Unaudited)

	For the Three Months Ended	
	March 31,	
	2021	2020
	<hr/>	<hr/>
Net Loss	\$ (1,796,612)	\$ (58,098)
Interest expense	1,634	432,883
Interest expense - related parties	-	100,914
Interest income	(29,309)	(71)
Depreciation and amortization	77,379	51,115
	<hr/>	<hr/>
EBITDA	(1,746,908)	526,743
Adjustments:		
Stock-based compensation expense	241,214	21,519

Adjusted EBITDA	\$ (1,505,694)	\$ 548,262
	<hr/>	<hr/>
Adjusted (Loss) Earnings Per Share	\$ (0.12)	\$ 0.15
	<hr/>	<hr/>
Weighted Average Common Shares Outstanding - Basic and Diluted	12,617,171	3,601,521
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