



Springbig Reports Second Quarter 2024 Financial Results

August 13, 2024

- **Second consecutive quarter with positive Adjusted EBITDA*, increasing year-to-date Adjusted EBITDA* to \$0.5 million, representing a \$3.0 million year-on-year improvement**
- **2% quarter-over-quarter increase in revenue to \$6.6 million**
- **Operating expenses reduced by 35% year-on-year**

BOCA RATON, Fla., Aug. 13, 2024 (GLOBE NEWSWIRE) -- SpringBig Holdings, Inc. ("Springbig" or the "Company") (OTCQX: SBIG), a leading provider of SaaS-based marketing solutions, consumer mobile app experiences, and omnichannel loyalty programs, today announced its financial results for the second quarter ended June 30, 2024.

"We continue to make good progress. Our newer offerings, such as 'subscriptions by Springbig' and 'gift cards by Springbig' are gaining traction as our clients increasingly recognize the value and benefits of our broader suite of offerings" said Jeffrey Harris, CEO and Chairman of Springbig who also added "we are pleased to report 2% quarter-over-quarter revenue growth in challenging macroeconomic conditions."

Paul Sykes, Springbig's CFO, added "We are reporting a second quarter with positive Adjusted EBITDA*, and our seventh consecutive quarter of improving Adjusted EBITDA*. Our Adjusted EBITDA* for the six months ended June 30, 2024, of \$0.5 million represents a \$3.0 million year-on-year improvement, achieved in a period where we have experienced a 9% decline in revenue due to clients being increasingly budget-conscious in managing their messaging volumes to within their subscription to avoid excess fees and churn arising due to some clients being financially stressed. We continue to manage the optimization of our operating expenses, which have reduced by 35% year-on-year and expect the continuing positive trend in our Adjusted EBITDA* to continue as the year progresses."

Second Quarter 2024 Financial Highlights:

- Revenue was \$6.6 million, compared to \$7.2 million in the prior year.
- Subscription revenue represents 83% of total revenue at \$5.5 million, compared to \$5.6 million in the prior year.
- Gross profit was \$4.7 million, representing a gross profit margin of 71%.
- Operating expenses reduced by 36% year-on-year to \$4.8 million.
- Net loss was \$(0.6) million, compared to a net loss of \$(2.0) million in the prior year.
- Adjusted EBITDA* positive \$0.3 million compared to a loss of \$(1.1) million in the prior year.
- Basic net loss per share was \$(0.01) based on 45.7 million weighted average shares outstanding. Total shares outstanding as of June 30, 2024, were 46.1 million.

Half Year 2024 Financial Highlights:

- Revenue was \$13.1 million, compared to \$14.4 million in the prior year.
- Subscription revenue represents 83% of total revenue at \$10.9 million, compared to \$11.2 million in the prior year.
- Gross profit was \$9.4 million, representing a gross profit margin of 72%.
- Operating expenses reduced by \$5.3 million, or 35% year-on-year, to \$9.7 million.
- Net loss was \$(0.2) million, including a gain of \$1.6 million on the repurchase of convertible debt, compared to a net loss of \$(4.3) million in the prior year.
- Adjusted EBITDA* positive \$0.5 million compared to a loss of \$(2.5) million in the prior year.

Financial Outlook

For the third quarter of 2024, Springbig currently expects:

- Revenue in the range of \$6.5 - \$6.8 million.
- Adjusted EBITDA* positive in the range of \$0.5 - \$0.8 million.

* Adjusted EBITDA is a non-GAAP (as defined below) financial measure. For more information, see "Use of Non-GAAP Financial Measures" below. Additionally, reconciliations of GAAP to non-GAAP financial measures have been provided in the tables included in this release.

Adjusted EBITDA is a non-GAAP financial measure provided in this "Financial Outlook" section on a forward-looking basis. The Company does not provide a reconciliation of such forward-looking measure to the most directly comparable financial measure calculated and presented in accordance with GAAP because to do so would be potentially misleading and not practical given the difficulty of projecting event-driven transactional and other non-core operating items in any future period. The magnitude of these items, however, may be significant.

About Springbig

Springbig is a market-leading software platform providing customer loyalty and marketing automation solutions to retailers and brands in the U.S. and Canada. Springbig's platform connects consumers with retailers and brands, primarily through SMS marketing, as well as emails, customer feedback system, and loyalty programs, to support retailers' and brands' customer engagement and retention. Springbig offers marketing automation solutions that provide for consistency of customer communication, thereby driving customer retention and retail foot traffic. Additionally, Springbig's reporting, and analytics offerings deliver valuable insights that clients utilize to better understand their customer base, purchasing habits and trends. For more information, visit <https://springbig.com/>.

Forward Looking Statements

Certain statements contained in this press release constitute "forward-looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. The words "anticipate," "believe," "continue," "could," "estimate," "expect," "intends," "outlook," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "would," and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements are predictions, projections and other statements about future events and financial results that are based on current expectations and assumptions and, as a result, are subject to risks and uncertainties. In particular, these include but are not limited to statements relating to the Company's business strategy, future offerings and programs and expected financial performance for the third quarter of 2024 and the year ending December 31, 2024. Many factors could cause actual future events to differ materially from the forward-looking statements in this press release, including but not limited to the fact that we have a relatively short operating history in a rapidly evolving industry, which makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful; that if we do not successfully develop and deploy new software, platform features or services to address the needs of our clients, if we fail to retain our existing clients or acquire new clients, and/or if we fail to expand effectively into new markets, our revenue may decrease and our business may be harmed; and the other risks and uncertainties described under "Risk Factors" of the Company's Annual Report on Form 10-K for the year ended December 31, 2023 filed with the Securities and Exchange Commission ("SEC") on April 1, 2024. These forward-looking statements involve a number of risks and uncertainties (some of which are beyond the control of Springbig), and other assumptions, which may cause the actual results or performance to be materially different from those expressed or implied by these forward-looking statements. Forward-looking statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements, and the Company assumes no obligation and does not intend to update or revise these forward-looking statements other than as required by applicable law. The Company does not give any assurance that it will achieve its expectations.

Use of Non-GAAP Financial Measures

In addition to the results reported in accordance with accounting principles generally accepted in the United States (GAAP) included throughout this press release, we have disclosed EBITDA and Adjusted EBITDA, both of which are non-GAAP financial measures that we calculate as net income before interest, taxes, depreciation and amortization, in the case of EBITDA, and further adjustments to exclude unusual and/or infrequent costs, in the case of Adjusted EBITDA, which are detailed in the reconciliation table that follows, in order to provide investors with additional information regarding our financial results. Below we have provided a reconciliation of net loss (the most directly comparable GAAP financial measure) to EBITDA and Adjusted EBITDA.

We present EBITDA and Adjusted EBITDA because these metrics are key measures used by our management to evaluate our operating performance, generate future operating plans and make strategic decisions regarding the allocation of investment capacity. Accordingly, we believe that EBITDA and Adjusted EBITDA provide useful information to investors and others in understanding and evaluating our operating results in the same manner as our management. Management also believes that these measures provide improved comparability between fiscal periods.

EBITDA and Adjusted EBITDA have limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are as follows:

- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and neither EBITDA nor Adjusted EBITDA reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements; and
- EBITDA and Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs; and
- EBITDA and Adjusted EBITDA do not reflect tax payments that may represent a reduction in cash available to us.

Because of these limitations, you should consider EBITDA and Adjusted EBITDA alongside other financial performance measures, including net income and our other GAAP results. Also, these non-GAAP financial measures, as determined and presented by the Company, may not be comparable to related or similarly titled measures reported by other companies.

Investor Relations Contact

Claire Bollettieri
VP of Investor Relations
ir@springbig.com

Springbig Holding, Inc
Condensed Consolidated Balance Sheets
(in thousands, except share data)

June 30, 2024	December 31, 2023
(unaudited)	(audited)

ASSETS

Current assets:			
Cash and cash equivalents	\$	724	\$ 331
Accounts receivable, net of allowance of \$1,737 and \$1,595, respectively		3,223	2,948
Contract assets		252	273
Prepaid expenses and other current assets		525	893
Total current assets		4,724	4,445
Operating lease asset, non-current		2,941	340
Property and equipment, net		282	320
Total assets	\$	7,947	\$ 5,105
LIABILITIES AND STOCKHOLDERS' DEFICIT			
Liabilities			
Current liabilities:			
Accounts payable	\$	1,602	\$ 2,925
Accrued expenses and other current liabilities		2,041	1,951
Short-term cash advances		510	1,925
Current maturities of debt		7,391	4,360
Deferred payroll tax credits		1,751	1,751
Related party payable		-	540
Operating lease liability, current		341	99
Total current liabilities		13,636	13,551
Operating lease liability, non-current		2,729	225
Warrant liabilities		54	3
Total liabilities		16,419	13,779
Stockholders' Deficit			
Common stock par value \$0.0001 per shares, 300,000,000 authorized at June 30, 2024; 46,148,026 issued and outstanding as of June 30, 2024; 300,000,000 authorized at December 31, 2023; 45,339,762 issued and outstanding as of December 31, 2023	\$	4	\$ 4
Additional paid-in-capital		28,319	27,887
Accumulated deficit		(36,795)	(36,565)
Total stockholders' deficit		(8,472)	(8,674)
Total liabilities and stockholders' deficit	\$	7,947	\$ 5,105

Springbig Holding, Inc
Condensed Consolidated Statement of Operations (unaudited)
(in thousands, except share and per share data)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenues	\$ 6,612	\$ 7,214	\$ 13,086	\$ 14,371
Cost of revenues	1,915	1,511	3,709	2,861
Gross Profit	4,697	5,703	9,377	11,510
Expenses				
Selling, servicing and marketing	1,127	2,186	2,654	4,664
Technology and software development	1,270	2,045	2,936	4,345
General and administrative	2,357	3,245	4,126	6,002
Total operating expenses	4,754	7,476	9,716	15,011
Loss from operations	(57)	(1,773)	(339)	(3,501)
Interest income	2	4	6	14
Interest Expense	(544)	(323)	(1,419)	(714)
Gain on note repurchase	-	-	1,573	-
Change in fair value of warrants	(48)	64	(51)	(89)
Loss before income taxes	\$ (647)	\$ (2,028)	\$ (230)	\$ (4,290)
Income taxes expense	-	-	-	-
Net loss	\$ (647)	\$ (2,028)	\$ (230)	\$ (4,290)
Net loss per common share:				
Basic and diluted	\$ (0.01)	\$ (0.06)	\$ (0.01)	\$ (0.15)

Weighted-average common shares outstanding:

Basic and diluted	45,721,610	31,489,803	45,576,941	29,159,766
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Springbig Holding, Inc
Statement of Cash Flows (unaudited)
(in thousands)

	Six Months Ended June 30,	
	2024	2023
Cash flows from operating activities		
Net loss	\$ (230)	\$ (4,290)
Adjustments to reconcile net loss to net cash used in operating activities:		
Gain on note repurchase	(1,573)	-
Non-cash interest expense	108	-
Depreciation and amortization	101	131
Discount amortization on convertible note	-	482
Amortization of debt financing costs	203	-
Stock-based compensation expense	395	367
Bad debt expense	167	380
Accrued interest on convertible notes	293	(10)
Amortization of operating lease right of use assets	180	121
Change in fair value of warrants	51	89
Changes in operating assets and liabilities:		
Accounts receivable	(442)	(1,493)
Prepaid expenses and other current assets	368	(68)
Contract assets	21	21
Accounts payable and other liabilities	(1,528)	471
Operating lease liabilities	(35)	(130)
Deferred payroll tax credits	-	1,442
Deferred revenue	2	(76)
Net cash used in operating activities	<u>(1,919)</u>	<u>(2,563)</u>
Cash flows from investing activities		
Purchase of convertible note	-	(6)
Purchases of property and equipment	(63)	(84)
Net cash used in investing activities	<u>(63)</u>	<u>(90)</u>
Cash flows from financing activities		
Proceeds from issuance of convertible notes	6,400	-
Repayment of convertible notes	(2,895)	(2,913)
Proceeds from the issuance of term notes	1,600	-
Repayment of short-term cash advances	(1,415)	-
Repayment of related party payable	(540)	-
Cost of convertible and term note issuance	(775)	-
Proceeds from issuance of common stock	-	2,661
Cost of equity issuance	-	(189)
Proceeds from exercise of stock options	-	274
Net cash provided by (used in) financing activities	<u>2,375</u>	<u>(167)</u>
Net increase/(decrease) in cash and cash equivalents	393	(2,820)
Cash and cash equivalents, at beginning of the period	331	3,546
Cash and cash equivalents, at end of the period	<u>\$ 724</u>	<u>\$ 726</u>
Supplemental cash flows disclosures		
Interest paid	\$ 847	\$ 248
Common stock issued for services rendered relating to debt financing	\$ 37	\$ -
Cost of equity issuance deducted from proceeds	\$ -	\$ 342
Accrued cost of equity issuance	\$ -	\$ 88
Obtaining a right-of-use asset in exchange for a lease liability	\$ 2,781	\$ 165

Conversion of convertible note and outstanding interest into common stock \$ - \$ 1,250

Springbig Holding, Inc
Reconciliation of net loss to non-GAAP EBITDA and Adjusted EBITDA
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net loss	\$ (647)	\$ (2,028)	\$ (230)	\$ (4,290)
Interest income	(2)	(4)	(6)	(14)
Interest expense	544	323	1,419	714
Depreciation expense	47	64	101	131
EBITDA	(58)	(1,645)	1,284	(3,459)
Stock-based compensation	200	205	395	367
Credit loss expense	80	231	167	380
Gain on repurchase of convertible debt	-	-	(1,573)	-
Severance and related payments	60	135	156	135
Change in fair value of warrants	48	(64)	51	89
Adjusted EBITDA	\$ 330	\$ (1,138)	\$ 480	\$ (2,488)