



springbig Reports First Quarter 2023 Financial Results

May 4, 2023

BOCA RATON, Fla., May 04, 2023 (GLOBE NEWSWIRE) -- SpringBig Holdings, Inc. ("springbig" or the "Company") (NASDAQ: SBIG), a leading provider of SaaS-based marketing solutions, consumer mobile app experiences, and omnichannel loyalty programs to the cannabis industry, today announced its financial results for the first quarter ended March 31, 2023.

"I am pleased with our execution to begin the year and with progress we are making across a number of new initiatives," said Jeffrey Harris, CEO and Chairman of springbig. "We are managing our business efficiently with a keen eye on measured growth focused on profitability while recognizing the current macro and industry-specific realities. I am as confident as ever that our strategy is sound, with feedback from customers and partners reaffirming that we are making the right investments to capture the long-term opportunity in front of us."

Paul Sykes, springbig's CFO, added, "We have made significant progress along our path to profitability in Q1 with an acceleration in revenue growth coupled with improving gross profit margins and a full quarter impact of lower operating expenses after our cost saving initiatives implemented in late 2022. In Q2 we expect to demonstrate further progress with efficient management of costs while developing new revenue generating initiatives, setting us on course to meet stated growth targets and deliver on our commitment of reaching EBITDA breakeven during this year."

First Quarter 2023 Financial Highlights:

- Revenue increased to \$7.2 million, up 16% year-on-year.
- Subscription revenue was up 28% year-on-year.
- Net dollar retention rate was 100% for the twelve months ended March 31, 2023.
- Gross profit was \$5.8 million, representing 28% year-on-year growth and a margin of 81%.
- Net loss was \$(2.3) million compared to a loss of \$(2.9) million in the prior year.
- Adjusted EBITDA* loss for the quarter was \$(1.3) million compared to an adjusted EBITDA loss of \$(2.5) million in the same period during the prior year.
- Basic net income loss per share was \$(0.08).
- Cash and cash equivalents totaled \$2.6 million as of March 31, 2023.

For more information regarding our non-GAAP financial measures, see "Use of Non-GAAP Financial Measures". Additionally, reconciliations of GAAP to non-GAAP financial measures have been provided in the tables included in this release.

Key Operational Highlights:

- 108 new clients added in Q1 with annualized subscription revenue of \$1.0 million.
- 47 clients who upgraded and extended their subscriptions with annualized incremental subscription revenue of \$2.8 million.
- 10% year-on-year growth in messaging volumes to 490 million with an increasing prevalence of push notifications directly to customer mobile apps.
- Signed subscription contracts in place with retailers in the liquor, vape and smoke verticals extending Springbig's reach beyond the cannabis vertical.

Financial Outlook

For the second quarter of 2023, springbig currently expects:

- Revenue in the range of \$7.3 - \$7.6 million, representing 15% year-on-year growth at the midpoint.
- Adjusted EBITDA* loss in the range of \$(0.9) - \$(1.2) million.

For the year ending December 31, 2023, springbig currently expects:

- Revenue in the range of \$31 - \$34 million, representing 22% year-on-year growth at the midpoint.
- Adjusted EBITDA* loss in the range of \$(3.0) - \$(1.5) million, with positive EBITDA being reached during fiscal year 2023.

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

Adjusted EBITDA and EBITDA are non-GAAP financial measures provided in this "Financial Outlook" section on a forward-looking basis. The Company does not provide a reconciliation of such forward-looking measures to the most directly comparable financial measures 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.

Conference Call and Webcast Information

The Company will host a conference call and webcast today, Thursday, May 4, 2023, at 5:00 p.m. ET. Participants can register [here](#) to access the live webcast of the conference call. Alternatively, those who want to join the conference call via phone can register at this [link](#) to receive a dial-in number and unique PIN. The webcast will be archived for one year following the conference call and can be accessed on springbig's investor relations website at <https://investors.springbig.com/>.

About springbig

springbig is a market-leading software platform providing customer loyalty and marketing automation solutions to cannabis 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 that are based on current expectations and assumptions and, as a result, are subject to risks and uncertainties. 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 risks and uncertainties described under "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 filed with the SEC on March 28, 2023. 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 a key measure 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 provides 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;
- 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.

Definition of Key Operating and Financial Metrics

Net dollar retention rate: The Company calculates its "net dollar retention rate" - also referred to as its "net revenue retention rate" - as the average recurring monthly subscription revenue adjusted for losses, increases and decreases in monthly subscriptions during the prior twelve months divided by the average recurring monthly subscription revenue over the prior, trailing twelve-month period. Net dollar retention rate (or "net revenue retention rate") does not have a standardized meaning and is therefore unlikely to be comparable to similarly titled measures presented by other companies, and further, investors should not consider it in isolation.

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Springbig Holding, Inc
Consolidated Balance Sheets
(in thousands)

	March 31, 2023	December 31, 2022
	(unaudited)	(audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,569	\$ 3,546
Accounts receivable, net	3,168	2,889
Contract assets	323	333
Prepaid expenses and other current assets	1,026	1,505
Total current assets	7,086	8,273
Operating lease asset	627	750
Property and equipment, net	318	375
Convertible note receivable	262	259
Total assets	\$ 8,293	\$ 9,657
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Current liabilities:		
Accounts payable	\$ 1,820	\$ 1,056
Accrued expenses and other current liabilities	2,169	2,554
Current maturities of long-term debt	5,654	5,451
Deferred payroll tax credits	1,442	-
Deferred revenue	263	291
Operating lease liability - current	422	465
Total current liabilities	11,770	9,817
Senior secured convertible notes	1,414	2,814
Operating lease liability - non-current	233	316
Warrant liabilities	491	338
Total liabilities	13,908	13,285
Stockholders' Equity		
Common stock par value \$0.0001 per shares, 300,000,000 authorized at March 31, 2023; 26,940,841 issued and outstanding as of March 31, 2023; (par value \$0.0001 per shares, 300,000,000 authorized at December 31, 2022; 26,659,711 issued and outstanding as of December 31, 2022)	\$ 3	\$ 3
Additional paid-in-capital	22,976	22,008
Accumulated deficit	(28,594)	(26,332)
Total stockholders' equity	(5,615)	(4,321)
Total liabilities and stockholders' equity	\$ 8,293	\$ 9,654

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

	Three Months Ended March 31,	
	2023	2022
Revenues	\$ 7,157	\$ 6,173
Cost of revenues	1,350	1,652
Gross Profit	5,807	4,521
Expenses		
Selling, servicing and marketing	2,478	2,943
Technology and software development	2,300	2,637
General and administrative	2,757	1,718
Total operating expenses	7,535	7,298

Loss from operations	(1,728)	(2,777)
Interest income	10	-
Interest Expense	(391)	(89)
Change in fair value of warrants	(153)	-
Loss before income taxes	\$ (2,262)	\$ (2,866)
Income taxes expense	-	-
Net loss	<u>\$ (2,262)</u>	<u>\$ (2,866)</u>
Net loss per common share:		
Basic and diluted	<u>\$ (0.08)</u>	<u>\$ (0.21)</u>
Weighted-average common shares outstanding - basic and diluted	<u>26,803,839</u>	<u>13,571,872</u>

Springbig Holding, Inc
Statement of Cash Flows (unaudited)
(in thousands)

	Three Months Ended March 31,	
	2023	2022
Cash flows from operating activities		
Net loss	\$ (2,262)	\$ (2,866)
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Depreciation and amortization	66	59
Discount amortization on convertible note	259	-
Stock-based compensation expense	162	181
Bad debt expense	169	33
Accrued interest on convertible notes	22	89
Amortization of operating lease right of use assets	123	-
Change in fair value of warrants	153	-
Changes in operating assets and liabilities:		
Accounts receivable	(448)	367
Prepaid expenses and other current assets	474	(453)
Contract assets	10	61
Accounts payable and other liabilities	363	95
Operating lease liabilities	(126)	-
Deferred payroll tax credits	1,442	-
Deferred revenue	(28)	35
Net cash used in operating activities	<u>379</u>	<u>(2,399)</u>
Cash flows from investing activities		
Purchase of convertible note	(3)	-
Purchases of property and equipment	(9)	(73)
Net cash used in investing activities	<u>(12)</u>	<u>(73)</u>
Cash flows from financing activities		
Proceeds from convertible notes		7,000
Repayment of convertible note	(1,457)	-
Proceeds from exercise of stock options, net	113	6
Net cash provided by financing activities	<u>(1,344)</u>	<u>7,006</u>
Net increase/(decrease) in cash and cash equivalents	(977)	4,534
Cash and cash equivalents, at beginning of the period	3,546	2,227
Cash and cash equivalents, at end of the period	<u>\$ 2,569</u>	<u>\$ 6,761</u>
Supplemental cash flows disclosures		
Interest paid	\$ 132	\$ -

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

	Three Months Ended March 31,	
	2023	2022
Net loss	\$ (2,262)	\$ (2,866)
Interest income	(10)	-
Interest expense	391	89
Depreciation expense	66	59
EBITDA	(1,815)	(2,718)
Stock-based compensation	162	181
Bad debt expense	169	33
Change in fair value of warrants	153	-
Adjusted EBITDA	<u>\$ (1,331)</u>	<u>\$ (2,504)</u>