

SRAX Reports Continued Revenue Growth in Q2 2021 and Increases Full-Year Guidance

August 16, 2021 09:00 AM Eastern Daylight Time

LOS ANGELES--([BUSINESS WIRE](#))--SRAX, Inc. (NASDAQ: SRAX), a financial technology company that unlocks data and insights for publicly traded companies through Sequire, its SaaS platform, is providing unaudited financial results for Q2 of 2021 today, August 16th, 2021.

Second Quarter 2021 and Recent Operational Highlights and Guidance

- Revenue for Q2 of \$7.7M up 557% year-over-year, 41% sequentially quarter-over-quarter, exceeding previous guidance of \$7M.
- Full-year revenue guidance increased from \$25M - \$27M to \$30M - \$32M
- Sequire bookings of \$11.4M for Q2
- 10 consecutive quarters of Sequire SaaS growth
- Currently holding approximately \$29M worth of marketable securities
- 225 public companies/partners have subscribed to Sequire, up 25 since our Q1 release
- Sequire revenue to be recognized from existing contracts in 2021: \$23.6M as of this release.
- Third Quarter revenue guidance of \$8.3M

SRAX less BIGtoken, Three months ended June 30, 2021

- Total Revenue was \$7.1M, an increase of 803% as compared to the same period last year and an increase of 49% sequentially quarter-over-quarter.
- Gross Margin was 83% as compared to 97% in the same period last year.
- Operating Expenses were \$5M as compared to \$2.8M in the same period last year.
- EBITDA of \$1.4M for an increase of \$3M vs. (\$1.6M) in Q1 2020, and a sequential quarter-over-quarter increase of \$850k or 150% vs. Q1 2021

Three months ended June 30, 2021

- **Total Revenue** was \$7.7M, an increase of 557% as compared to the same period last year and an increase of 41% sequentially quarter-over-quarter .
- **Gross Margin** was 81% as compared to 65% in the same period last year.
- **Operating Expenses** were \$7.3M as compared to \$4.0M in the same period last year.
- **EBITDA** increase of \$2.2M, (\$440K) vs (\$2.6M) in Q2 2020 and an sequential quarter-over-quarter increase of \$400k vs.(\$822K) Q1 2021

Video Call:

SRAX's Founder and CEO Christopher Miglino, and CFO Michael Malone will provide an operational and financial summary of Q2 2021 on a video call, with a live question and answer session, on Monday, August 16th, at 4:30 pm ET / 1:30 pm PT.

To register for the live webcast and view the presentation, please sign up here: <https://srax-earnings-q2.mysequire.com>

To access the conference by phone:

Dial in US +1 3462487799 | Meeting ID: 93255970733 | Passcode: 163778

The webcast will be available on srax.com following the scheduled conference call.

Non-GAAP Measures:

To supplement our condensed consolidated financial statements, which are prepared and presented in accordance with generally accepted accounting principles in the United States (GAAP), we use the following non-GAAP financial measures: EBITDA. The presentation of these financial measures is not intended to be considered in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with GAAP. Investors are cautioned that there are material limitations associated with the use of non-GAAP financial measures as an analytical tool. In addition, these measures may be different from non-GAAP financial measures used by other companies, limiting their usefulness for comparison purposes. We compensate for these limitations by providing specific information regarding the GAAP amounts excluded from these non-GAAP financial measures. We believe these non-GAAP financial measures provide investors with useful supplemental information about the financial performance of our business, enable comparison of financial results between periods where certain items may vary independent of business performance, and allow for greater transparency with respect to key metrics used by management in operating our business. For more information on our non-GAAP financial measures and a reconciliation of GAAP to non-GAAP measures, please see the "Reconciliation of GAAP to Non-GAAP Results" table in this press release.

SRAX less BIGtoken EBITDA is defined as earnings before interest, taxes, depreciation and amortization, changes in the fair-value of derivative and warrant liabilities and certain additional one-time charges and excluding the results from our BIGtoken operations.

About SRAX:

SRAX (NASDAQ: SRAX) is a financial technology company that unlocks data and insights for publicly traded companies. Through its premier investor intelligence and communications platform, [Sequire](https://sequire.com), companies can track their investors' behaviors and trends and use those insights to engage current and potential investors across marketing channels. For more information on SRAX, visit srax.com.

Safe Harbor Statement:

This press release contains certain forward-looking statements that are based upon current expectations and involve certain risks and uncertainties within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Words or expressions such as "anticipate," "plan," "will," "intend," "believe" or "expect" or variations of such words and similar expressions are intended to identify such forward-looking statements. These forward-looking statements are not guarantees of

future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements, including, without limitation, statements made with respect to expectations of our ability to increase our revenues, satisfy our obligations as they become due, report profitable operations and other risks and uncertainties as set forth in our Annual Report on Form 10-K for the year ended December 31, 2019, and our subsequent Quarterly Reports on Form 10-Q as filed with the Securities and Exchange Commission. All forward-looking statements involve significant risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements, many of which are generally outside the control of SRAX and are difficult to predict. SRAX undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

SRAX SEGMENT OPERATING RESULTS

SEGMENT	2Q 2021			1H 2021		
	(Dollars, except GM%)	YoY \$ Growth	YoY % Growth	(Dollars, except GM%)	YoY \$ Growth	YoY % Growth
Sequire	7,160,000	6,370,000	806%	11,420,000	10,470,000	1102%
BIGToken	850,000	470,000	124%	1,700,000	1,130,000	198%
Other / Elim	(330,000)	(330,000)	n/a	(660,000)	(660,000)	n/a
Revenue	7,680,000	6,510,000	872%	12,460,000	10,940,000	720%
Sequire	5,940,000	5,170,000	671%	8,820,000	7,810,000	773%
BIGToken	620,000	410,000	195%	1,200,000	890,000	287%
Other / Elim	(330,000)	(330,000)	n/a	(660,000)	(660,000)	n/a
Gross margin	6,230,000	5,250,000	709%	9,360,000	8,040,000	609%
Gross margin percentage	81%	81%		75%	73%	
Sequire	1,400,000	2,970,000	n/a	1,962,000	4,943,000	n/a
BIGToken	(1,840,000)	(990,000)	n/a	(3,224,000)	(668,000)	n/a
Other / Elim	-	-	n/a	-	-	n/a
Adjusted EBITDA	(440,000)	1,980,000	n/a	(1,262,000)	4,275,000	n/a

CONSOLIDATED STATEMENT OF OPERATIONS

	For the Six Months Ended June 30,	
	2021	2020
Revenues	\$ 13,119,000	\$ 1,516,000
Cost of revenues	3,103,000	508,000
Gross profit	10,016,000	1,008,000
	76.35	
Employee related costs	5,143,000	4,249,000
Marketing and selling expenses	3,030,000	690,000
Platform Costs	218,000	258,000
Depreciation and amortization	756,000	630,000
General and administrative	3,364,000	2,304,000
	12,511,000	8,131,000
Loss from operations	(2,495,000)	(7,123,000)
Other income (expense)		
Interest income	23,000	
Financing Costs	(15,430,000)	(2,038,000)
Gain (loss) from marketable securities	(68,000)	516,000
Other income	14,000	
Change in fair value of derivative liabilities	-	321,000
Total other income (loss)	(15,461,000)	(1,201,000)
Loss before provision for income taxes	(17,956,000)	(8,324,000)
Provision for income taxes	-	-
Net income (loss)	(17,956,000)	(8,324,000)
Net (income) loss attributable to noncontrolling interest	1,126,000	-
Net income attributable to SRAX, Inc.	\$ (16,830,000)	\$ (8,324,000)
Net income / (loss) per share, basic and diluted	\$ (0.78)	\$ (0.59)
Weighted average shares outstanding - basic and diluted	21,533,141	14,038,940

CONSOLIDATED BALANCE SHEET

	As of June 30, 2021	As of December 31, 2020
Assets		
Cash and cash equivalents	\$ 10,060,000	\$ 451,000
Accounts receivable	2,172,000	2,608,000
Prepaid expenses	1,125,000	367,000
Securities held for sale	24,130,000	8,447,000
Current assets	37,487,000	11,873,000
Notes receivable	917,000	893,000
Property and equipment	161,000	118,000
Intangible assets	2,046,000	2,409,000
Right of use assets	314,000	366,000
Other assets	36,000	3,000
Goodwill	23,351,000	23,351,000
Total Assets	\$ 64,312,000	\$ 39,013,000
Liabilities and stockholders' equity		
Accounts payable and accrued liabilities	\$ 3,328,000	\$ 3,561,000
Other current liabilities	1,408,000	3,869,000
Deferred revenue	13,186,000	4,842,000
Payroll protection loan - current portion	1,126,000	747,000
OID notes payable - current portion	2,701,000	6,016,000
Current liabilities	21,749,000	19,035,000
Right to use liability - long term	182,000	243,000
Payroll protection loan - long term		379,000
Deferred Tax Liability	131,000	131,000
Total liabilities	22,062,000	19,788,000
Preferred stock		-
Class A common	24,000	16,000
Additional paid-in capital	98,014,000	69,551,000
Accumulated deficit	(67,172,000)	(50,342,000)
Total SRAX shareholders' equity	30,866,000	19,225,000
Non-controlling interest	11,384,000	-
Total stockholders' equity	42,250,000	19,225,000
Total liabilities and stockholders' equity	\$ 64,312,000	\$ 39,013,000
	-	-
Working Capital	15,738,000	(7,162,000)

CONSOLIDATED BALANCE SHEET

	Common Stock		Additional Paid-in Capital	Non Controlling Interest	Accumulated Deficit	Stockholders' Equity
	Shares	Amount				
						-
Balance, December 31, 2020	16,145,778	16,000	69,551,000	-	(50,342,000)	19,225,000
Share based compensation			253,000			253,000
Shares issued for warrant exercise, net of offering costs	4,945,320	5,000	12,215,000			12,220,000
Shares issued for cash	53,616	-	284,000			284,000
Conversions	2,041,551	2,000	3,445,000			3,447,000
Warrants issued as inducement to exercise warrants			7,737,000			7,737,000
Warrants issued by FVPD for SRAX, Inc. debenture holders				885,000		885,000
Beneficial conversion feature FPVD series B convertible preferred stock				5,775,000		5,775,000
Series B convertible preferred stock issued by FPVD				5,775,000		5,775,000
Acquisition of noncontrolling interest				(95,000)		(95,000)
Net Income (Loss)				(854,000)	(11,090,000)	(11,944,000)
Balance, March 31, 2021	23,186,265	23,000	93,485,000	11,486,000	(61,432,000)	43,562,000
Share based compensation			253,000			253,000
Conversion of convertible debt to equity	350,000	-	701,000			701,000
Shares issued for warrant exercise, net of offering costs	1,310,198	1,000	3,575,000			3,576,000
Beneficial conversion feature FPVD series B convertible						
preferred stock				85,000		85,000
Series B convertible preferred stock issued by FPVD				85,000		85,000
Net Income (Loss)				(272,000)	(5,740,000)	(6,012,000)
Balance, June 30, 2021	24,846,463	24,000	98,014,000	11,384,000	(67,172,000)	42,250,000
	24,846,463	24,000	98,014,000	11,384,000	(67,172,000)	42,250,000

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Stockholders' Equity
	Shares	Amount			
Balance, December 31, 2019	13,997,452	\$ 14,000	\$ 48,129,000	\$ (35,637,000)	\$ 12,506,000
Share based compensation	-	-	260,000	-	260,000
Relative fair value of warrants issued with notes payable	-	-	83,000	-	83,000
Shares issued for extension agreement	36,700	-	71,000	-	71,000
Net loss				(3,003,000)	(3,003,000)
Balance, March 31, 2020	14,034,152	14,000	48,543,000	(38,640,000)	9,917,000
Share based compensation			246,000		246,000
Reclassification of warrants from liability to equity	-	-	4,076,000	-	4,076,000
Shares issued for debt extinguishment	100,000	-	181,000	-	181,000
Premium on debt extinguishment	-	-	46,000	-	46,000
Beneficial conversion feature	-	-	3,913,000	-	3,913,000
Relative fair value of warrants issued with notes payable			2,889,000		2,889,000
Net loss	-	-	-	(5,321,000)	(5,321,000)
Balance, June 30, 2020	14,134,152	\$ 14,000	\$ 59,894,000	(43,961,000)	\$ 15,947,000
<i>Checking</i>					
Per June 2020 1Q	14,134,152	14,000	59,894,000	(43,961,000)	15,947,000
Difference					

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the Six Months Ended June 30,	
	2021	2020
Cash Flows From Operating Activities		
Net Loss	\$ (17,956,000)	\$ (8,324,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Interest income	(24,000)	
Unrealized loss (gain) on Securities held for sale	878,000	(140,000)
Realized loss (gain) on Securities held for sale	(810,000)	(376,000)
Warrants issued by FVPD for SRAX, Inc. debenture holders	885,000	
Stock-based compensation	506,000	506,000
Amortization of debt issue costs	686,000	453,000
Loss on extinguishment of debt		1,103,000
Recognition of beneficial conversion feature - FPVD preferred B	5,860,000	
Warrant inducement charge	7,737,000	
Change in fair value of derivative liabilities		(321,000)
Marketable securities received for accounts receivable previously written off	(409,000)	
Provision for bad debts	79,000	41,000
Depreciation expense	39,000	38,000
Amortization of intangibles	717,000	592,000
Non-cash financing expense	147,000	
Change in right of use of asset	52,000	
Changes in operating assets and liabilities		
Accounts receivable	766,000	117,000
Prepaid expenses	(757,000)	352,000
Marketable securities	-	
Other current assets	(1,000)	95,000
Accounts payable and accrued expenses	(233,000)	1,527,000
Other current liabilities	(10,754,000)	(354,000)
Change in right of use liability	(61,000)	(43,000)
Net Cash Used in Operating Activities	(12,789,000)	(4,734,000)
Cash Flows From Investing Activities		
Available for Sale Securities	2,890,000	397,000
Deferred payments to LD Micro	(2,004,000)	
Net cash received from acquisition of FPVD	955,000	
Acquisition of P& E	(82,000)	-
Development of software	(354,000)	(575,000)
Other assets	(33,000)	3,000
Net Cash Used by Investing Activities	1,508,000	(175,000)
Cash Flows From Financing Activities		
Proceeds from issuance of notes payable less issuance costs		8,415,000
Proceeds from payroll protection program		1,074,000
Issuance of Preferred Stocks	4,810,000	
Proceeds from issuance of shares	284,000	
Proceeds from the exercise of warrants	15,796,000	
Net Cash Provided by Financing Activities	20,890,000	9,489,000

Net increase (decrease) in Cash	9,609,000	4,580,000
Cash, Beginning of Period	451,000	32,000
Cash, End of Period	\$ 10,060,000	\$ 4,612,000
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 14,000	\$ 52,000
Cash paid for income taxes	\$ -	\$ -
Noncash investing and financing activities:		
Convertible notes converted into shares	\$ 6,422,000	\$
Fair value of marketable securities received for revenue contracts	\$ 18,641,000	\$
Vesting of prepaid common stock award	\$	\$ 94,000
Relative fair value of warrants issued with term loan	\$	\$ 83,000
Shares of common stock issued for extension agreement	\$	\$ 71,000

NON-GAAP TO GAAP RECONCILIATIONS

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Consolidated				
Operating Income	\$ (1,040,000)	\$ (3,248,000)	\$ (2,495,000)	\$ (7,123,000)
Depreciation and Amortization	347,000	321,000	727,000	630,000
Stock-based compensation expense	253,000	294,000	506,000	648,000
Adjusted EBITDA	(440,000)	(2,633,000)	(1,262,000)	(5,845,000)
SRAX				
Operating Income	939,000	(2,007,000)	1,011,000	(3,773,000)
Depreciation and Amortization	208,000	192,000	445,000	381,000
Stock-based compensation expense	253,000	245,000	506,000	411,000
Adjusted EBITDA	1,400,000	(1,570,000)	1,962,000	(2,981,000)
BIGToken				
Operating Income	(1,979,000)	(1,028,000)	(3,506,000)	(3,042,000)
Depreciation and Amortization	139,000	129,000	282,000	249,000
Stock-based compensation expense	-	49,000	-	237,000
Adjusted EBITDA	(1,840,000)	(850,000)	(3,224,000)	(2,556,000)

Contacts

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