

# Quotient Technology Inc. Announces Fourth Quarter and Full Year 2020 Results

## Fourth Quarter 2020

Record Quarterly Revenue of \$142.5M, up 20% over Q4 2019

Signed First New Retail Partnership in Automotive Vertical

## Full Year 2020

Revenue of \$445.9M, up 2% over 2019

Added Four Partnerships in Core Verticals

MOUNTAIN VIEW, Calif.--(BUSINESS WIRE)-- Quotient Technology Inc. (NYSE: QUOT), the leading digital media and promotions technology company that creates cohesive omnichannel brand-building and sales-driving opportunities to deliver valuable outcomes for consumer-packaged goods (CPGs) manufacturers, retailers and consumers, today reported financial results for the fourth quarter ended December 31, 2020.

Quotient's complete fourth quarter and full year 2020 financial results and management commentary can be found by accessing the Company's stockholder letter under Key Resources on the overview page of the investor relations website.

## Additional Financial Highlights:

### Q4 2020

- GAAP Net Loss of \$25.3M
- Adjusted EBITDA of \$17.9M

### FY 2020

- GAAP Net Loss of \$65.4M
- Adjusted EBITDA of \$46.0M

“2020 was a year of progress for Quotient and I am pleased that we ended strong with another record setting quarter in Q4,” said Steven Boal, CEO. “The foundation we built last year has propelled us forward in 2021. With current market tailwinds like the shift to digital, combined with our growth drivers and our dedicated and focused team, we are already witnessing increased demand for our solutions in Q1 2021 and look forward to the opportunities ahead of us.”

Recently, our Board of Directors authorized a stock buyback program of up to \$50.0 million of Quotient's common stock, effective February 16, 2021, through a new 10B5-1 plan that expires on February 16, 2022.

Additionally, Quotient is moving its company headquarters from California to Utah in 2021.

## Conference Call Information

The Company has posted a stockholder letter and an earnings presentation on the Investor Relations section of the Company's website at: <http://investors.quotient.com/>. Management will host a conference call and live webcast to discuss the highlights of the quarter and address questions today at 5:00 p.m. ET/ 2:00 p.m. PT.

To access the call, we encourage you to pre-register to eliminate long wait times using this link: **Quotient Q4 2020 Earnings Pre Registration**. After registering, a confirmation will be sent via email and will include dial-in details and a unique PIN code for entry to the call. Registration will be open through the live call. We suggest registering at least 15 minutes before the start of the call to receive your unique PIN code. You may also access the call and register with a live operator by dialing (866) 270-1533, or outside the U.S. (412) 317-0797, at least 15 minutes prior to the 2:00 p.m. PT start time. The live webcast and all accompanying materials can be accessed on the Investor Relations section of the Company website at: <http://investors.quotient.com/>. A replay of the webcast will be available on the website following the conference call.

## Use of Non-GAAP Financial Measures

Quotient reports its financial statements in accordance with generally accepted accounting principles in the United States (GAAP) and the rules of the SEC. To supplement its financial statements presented in accordance with GAAP, Quotient provides investors in this press release with Adjusted EBITDA, a non-GAAP financial measure. Quotient believes that this non-GAAP measure provides investors with additional useful information used by Quotient's management and Board of Directors for financial and operating decision making. In particular, Quotient believes that the exclusion of certain income and expenses in calculating this metric can provide a useful measure for period-to-period comparisons of its core business as well as a useful comparison to peer companies.

Quotient defines Adjusted EBITDA as net income (loss) adjusted for interest expense, provision for (benefit from) income taxes, other (income) expense, net, depreciation and amortization, stock-based compensation, change in fair value of contingent consideration, certain acquisition-related costs, loss contingency/settlement related to a contract dispute, and restructuring charges. We exclude these items because we believe these items do not reflect expected future operating expenses. Additionally, certain items are inconsistent in size and frequency—making it difficult to contribute to a meaningful evaluation of our current or past operating performance.

There are a number of limitations related to the use of this non-GAAP financial measure. Quotient compensates for these limitations by providing specific information regarding the GAAP amount excluded from this non-GAAP financial measure and evaluating this non-GAAP financial measure together with its relevant GAAP financial measure.

This non-GAAP financial measure is not intended to be considered in isolation from, as substitute for, or as superior to the corresponding financial measure prepared in accordance with GAAP. Because of these and other limitations, Adjusted EBITDA should be considered along with other GAAP-based financial performance measures, including various cash flow metrics, net income (loss) and Quotient's other GAAP financial results.

For a reconciliation of this non-GAAP financial measure to the nearest comparable GAAP financial measure, see "Reconciliation of Net Loss to Adjusted EBITDA" included in this press release.

## Forward-Looking Statements

This press release contains forward-looking statements concerning the Company's current expectations and projections about future events and financial trends affecting its business. Forward-looking statements in this press release include the Company's current expectations regarding demand for the Company's solutions, market dynamics causing a shift to digital solutions and growth drivers. Forward-looking statements are based on the Company's current plans, objectives, estimates, expectations and intentions and inherently involve significant risks and uncertainties. Actual results and the timing of events could differ materially from those anticipated in such forward-looking statements as a result of these risks and uncertainties, which include, without limitation, the Company's ability to generate positive cash flow and become profitable; the amount and timing of digital marketing spend by CPGs and shifts in CPG spend to digital solutions; the Company's ability to adapt to changing market conditions and data regulations, including the Company's ability to adapt to changes in consumer habits and consumer data privacy concerns; the impacts of the ongoing COVID-19 pandemic, which may continue to significantly impact our

business, plans and results of operations, as well as the value of our common stock; the Company's expectations regarding growth drivers; and other factors identified in the Company's filings with the Securities and Exchange Commission (the "SEC"), including its Quarterly Reports on Form 10-Q filed with the SEC on November 6, 2020 and future filings and reports by the Company. Quotient disclaims any obligation to update information contained in these forward-looking statements whether as a result of new information, future events, or otherwise and does not assume responsibility for the accuracy and completeness of the forward-looking statements.

## About Quotient Technology Inc.

Quotient Technology (NYSE: QUOT) is the leading digital media and promotions technology company that creates cohesive omnichannel brand-building and sales-driving opportunities to deliver valuable outcomes for advertisers, retailers and consumers. The Quotient platform is powered by exclusive consumer spending data, location intelligence and purchase intent data to reach millions of shoppers daily and deliver measurable, incremental sales.

Quotient partners with leading advertisers and retailers, including Clorox, Procter & Gamble, General Mills, Unilever, Albertsons Companies, CVS, Dollar General and Peapod Digital Labs, a company of Ahold Delhaize USA. Quotient is headquartered in Mountain View, California, and has offices across the US as well as in Bangalore, Paris, London and Tel Aviv. For more information visit [www.quotient.com](http://www.quotient.com).

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QUOTIENT TECHNOLOGY INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(in thousands)

|  | December 31,<br>2020<br>(unaudited) | December 31,<br>2019 |
|--|-------------------------------------|----------------------|
| <b>Assets</b>                                    |                                     |                      |
| Current assets:                                  |                                     |                      |
| Cash and cash equivalents                        | \$ 222,752                          | \$ 224,764           |
| Accounts receivable, net                         | 137,649                             | 125,304              |
| Prepaid expenses and other current assets        | 18,547                              | 22,026               |
| Total current assets                             | 378,948                             | 372,094              |
| Property and equipment, net                      | 17,268                              | 13,704               |
| Operating leases right-of-use-assets             | 16,222                              | 7,211                |
| Intangible assets, net                           | 44,898                              | 69,752               |
| Goodwill   | 128,427                             | 128,427              |
| Other assets                                     | 1,029                               | 750                  |
| Total assets                                     | <u>\$ 586,792</u>                   | <u>\$ 591,938</u>    |
| <b>Liabilities and Stockholders' Equity</b>      |                                     |                      |
| Current liabilities:                             |                                     |                      |
| Accounts payable                                 | \$ 15,959                           | \$ 19,116            |
| Accrued compensation and benefits                | 14,368                              | 15,232               |
| Other current liabilities                        | 70,620                              | 50,032               |
| Deferred revenues                                | 12,027                              | 10,903               |
| Contingent consideration related to acquisitions | 8,524                               | 27,000               |
| Total current liabilities                        | 121,498                             | 122,283              |
| Other non-current liabilities                    | 18,314                              | 7,119                |
| Contingent consideration related to acquisitions | 20,930                              | 9,220                |
| Convertible senior notes, net                    | 177,168                             | 166,157              |
| Deferred tax liabilities                         | 1,853                               | 1,937                |
| Total liabilities                                | <u>339,763</u>                      | <u>306,716</u>       |
| Stockholders' equity:                            | —                                   | —                    |
| Common stock                                     | 1                                   | 1                    |
| Additional paid-in capital                       | 698,333                             | 671,060              |
| Accumulated other comprehensive loss             | (1,001)                             | (916)                |
| Accumulated deficit                              | (450,304)                           | (384,923)            |
| Total stockholders' equity                       | <u>247,029</u>                      | <u>285,222</u>       |
| Total liabilities and stockholders' equity       | <u>\$ 586,792</u>                   | <u>\$ 591,938</u>    |

QUOTIENT TECHNOLOGY INC.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited, in thousands, except per share data)

|   | Three Months Ended<br>December 31, |            | Year Ended<br>December 31, |             |
|---|------------------------------------|------------|----------------------------|-------------|
|   | 2020                               | 2019       | 2020                       | 2019        |
| Revenues  | \$142,529                          | \$118,532  | \$445,887                  | \$436,160   |
| Cost of revenues(1)   | 92,469                             | 72,219     | 277,914                    | 263,606     |
| Gross Margin  | 50,060                             | 46,313     | 167,973                    | 172,554     |
| Operating Expenses:   |                                    |            |                            |             |
| Sales and marketing(1)  | 31,124                             | 27,541     | 104,527                    | 101,244     |
| Research and development(1)   | 11,358                             | 10,771     | 40,316                     | 39,076      |
| General and administrative(1)   | 14,720                             | 14,227     | 54,177                     | 58,328      |
| Change in fair value of contingent consideration                              | 14,446                             | 519        | 20,234                     | 1,571       |
| Total operating expenses  | 71,648                             | 53,058     | 219,254                    | 200,219     |
| Loss from operations  | (21,588 )                          | (6,745 )   | (51,281 )                  | (27,665 )   |
| Interest expense  | (3,691 )                           | (3,539 )   | (14,521 )                  | (13,955 )   |
| Other income, net   | 432                                | 1,009      | 1,140                      | 5,223       |
| Loss before income taxes  | (24,847 )                          | (9,275 )   | (64,662 )                  | (36,397 )   |
| Provision for (benefit from) income taxes                                     | 458                                | 285        | 719                        | 660         |
| Net loss  | \$(25,305 )                        | \$(9,560 ) | \$(65,381 )                | \$(37,057 ) |
| Net loss per share, basic and diluted   | \$(0.28 )                          | \$(0.11 )  | \$(0.72 )                  | \$(0.41 )   |
| Weighted-average shares used to compute net loss per share, basic and diluted | 91,300                             | 89,123     | 90,412                     | 91,163      |

(1) The stock-based compensation expense included above was as follows:

|                                | Three Months Ended<br>December 31, |         | Year Ended<br>December 31, |          |
|--------------------------------|------------------------------------|---------|----------------------------|----------|
|                                | 2020                               | 2019    | 2020                       | 2019     |
| Cost of revenues               | \$479                              | \$521   | \$1,743                    | \$2,193  |
| Sales and marketing            | 1,399                              | 1,816   | 5,311                      | 6,812    |
| Research and development       | 1,108                              | 1,225   | 3,831                      | 4,804    |
| General and administrative     | 4,364                              | 4,883   | 17,486                     | 18,328   |
| Total stock-based compensation | \$7,350                            | \$8,445 | \$28,371                   | \$32,137 |



QUOTIENT TECHNOLOGY INC.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited, in thousands)

|   | Year Ended December 31, |                  |
|---|-------------------------|------------------|
|   | 2020                    | 2019             |
|   | (unaudited)             |                  |
| <b>Cash flows from operating activities:</b>  |                         |                  |
| Net loss  | \$(65,381)              | \$(37,057)       |
| Adjustments to reconcile net loss to net cash (used in) provided by operating activities: |                         |                  |
| Depreciation and amortization   | 36,352                  | 31,437           |
| Stock-based compensation  | 28,371                  | 32,137           |
| Amortization of debt discount and issuance cost   | 11,011                  | 10,438           |
| Allowance for credit losses   | 888                     | 1,227            |
| Deferred income taxes   | 719                     | 660              |
| Change in fair value of contingent consideration, net                                     | 20,234                  | 1,571            |
| Impairment of capitalized software development costs                                      | —                       | 3,579            |
| Other non-cash expenses   | 3,275                   | 2,392            |
| Changes in operating assets and liabilities:  |                         |                  |
| Accounts receivable   | (13,232)                | (7,142)          |
| Prepaid expenses and other current assets   | 3,164                   | (11,145)         |
| Accounts payable and other current liabilities  | 15,554                  | (62)             |
| Payments for contingent consideration and bonuses   | (15,418)                | —                |
| Accrued compensation and benefits   | (197)                   | 1,567            |
| Deferred revenues   | 1,125                   | 2,216            |
| Net cash provided by operating activities   | <u>26,465</u>           | <u>31,818</u>    |
| <b>Cash flows from investing activities:</b>  |                         |                  |
| Purchases of property and equipment   | (8,351)                 | (9,021)          |
| Purchases of intangible assets  | (3,018)                 | (14,811)         |
| Acquisitions, net of cash acquired  | —                       | (13,730)         |
| Purchases of short-term investments   | —                       | —                |
| Proceeds from maturity of short-term investment   | —                       | 20,738           |
| Net cash used in investing activities   | <u>(11,369)</u>         | <u>(16,824)</u>  |
| <b>Cash flows from financing activities:</b>  |                         |                  |
| Proceeds from issuance of common stock under stock plans                                  | 5,002                   | 5,017            |
| Payments for taxes related to net share settlement of equity awards                       | (7,203)                 | (9,838)          |
| Repurchases and retirement of common stock under share repurchase program                 | —                       | (87,097)         |
| Principal payments on promissory note and capital lease obligations                       | (391)                   | (317)            |
| Payments for contingent consideration   | (14,582)                | —                |
| Net cash used in financing activities   | <u>(17,174)</u>         | <u>(92,235)</u>  |
| Effect of exchange rates on cash and cash equivalents                                     | 66                      | (23)             |
| Net decrease in cash and cash equivalents   | <u>(2,012)</u>          | <u>(77,264)</u>  |
| Cash and cash equivalents at beginning of period  | <u>224,764</u>          | <u>302,028</u>   |
| Cash and cash equivalents at end of period  | <u>\$222,752</u>        | <u>\$224,764</u> |

QUOTIENT TECHNOLOGY INC.  
RECONCILIATION OF NET LOSS TO ADJUSTED EBITDA  
(Unaudited, in thousands)

|  | Three Months Ended<br>December 31, |                 | Year Ended<br>December 31, |                 |
|--|------------------------------------|-----------------|----------------------------|-----------------|
|  | 2020                               | 2019            | 2020                       | 2019            |
| Net loss   | \$(25,305 )                        | \$(9,560 )      | \$(65,381 )                | \$(37,057 )     |
| Adjustments:                                     |                                    |                 |                            |                 |
| Stock-based compensation                         | 7,350                              | 8,445           | 28,371                     | 32,137          |
| Depreciation and amortization                    | 9,830                              | 8,177           | 36,352                     | 31,437          |
| Acquisition related costs and other(1)           | 7,872                              | 1,091           | 12,361                     | 7,670           |
| Change in fair value of contingent consideration | 14,446                             | 519             | 20,234                     | 1,571           |
| Interest expense                                 | 3,691                              | 3,539           | 14,521                     | 13,955          |
| Other income, net                                | (432 )                             | (1,009 )        | (1,140 )                   | (5,223 )        |
| Provision for income taxes                       | 458                                | 285             | 719                        | 660             |
| Total adjustments                                | <u>\$43,215</u>                    | <u>\$21,047</u> | <u>\$111,418</u>           | <u>\$82,207</u> |
| Adjusted EBITDA                                  | <u>\$17,910</u>                    | <u>\$11,487</u> | <u>\$46,037</u>            | <u>\$45,150</u> |

(1) For the three and twelve months ended December 31, 2020, other includes restructuring charges of zero and \$1.5 million, respectively, and loss contingency and settlement of \$6.8 million and \$8.8 million, respectively, related to a contract dispute. For the three and twelve months ended December 31, 2019, other includes restructuring charges of zero and \$4.3 million, respectively.

View source version on [businesswire.com](https://www.businesswire.com):

<https://www.businesswire.com/news/home/20210210005131/en/>

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