



Banzai Reports Third Quarter 2024 Financial Results; Annualized Adjusted Net Loss Improvement of \$12.2 Million

November 14, 2024

Q3 2024 Annual Recurring Revenue Increased by 31% Annualized to \$4.4 Million, a 7% Sequential Increase from Q2 2024

Q3 2024 Annualized Adjusted Net Loss Improved by \$12.2 Million, a \$3.0 Million Sequential Increase to (\$1.45) Million, Bringing the Company Closer to Profitability

Management to Host Third Quarter 2024 Results Conference Call Today, November 14, 2024 at 5:30 p.m. Eastern Time

SEATTLE, Nov. 14, 2024 (GLOBE NEWSWIRE) -- [Banzai International, Inc.](#) (NASDAQ: BNZI) ("Banzai" or the "Company"), a leading marketing technology company that provides essential marketing and sales solutions, today reported financial results for the third quarter ended September 30, 2024.

Third Quarter 2024 Key Financial & Operational Highlights

- Q3 2024 Annual Recurring Revenue (ARR) of \$4.4 million, a 7% sequential increase from Q2 2024. This represents a 31% annualized ARR growth rate.
- Q3 2024 Adjusted Net Loss was (\$1.45) million, a \$3.0 million sequential improvement from Q2 2024 Adjusted Net Loss of (\$4.5) million. This represents an annualized improvement of \$12.2 million.
- Net Revenue Retention (NRR) reached a historic high in Q3 2024.
- Q3 2024 Adjusted EBITDA was (\$1.5) million, a \$0.5 million sequential improvement from Q2 2024 EBITDA of (\$2.0) million. This represents an annualized improvement of \$2.0 million.
- As of September 30, 2024, cash of approximately \$4.3 million was at an all-time high.
- Added 172 customers in September 2024 and 179 customers in October 2024, for a total of 1,785 customers YTD through October 2024.
- Added 26 Reach customers through October 2024, demonstrating the growth and revenue potential of the Reach product.
- Launched Curate, an AI-powered newsletter platform designed to streamline content creation and audience engagement for organizations of all sizes. Sold 10 workspace licenses in the initial weeks since launch, demonstrating the tremendous market potential of the Curate product.
- Expanded partnership with Salesforce, today's industry leading AI CRM company, for smarter webinar campaigns with significant enhancements to its Demio platform through deeper integration with Salesforce.
- Released enhanced Demio HubSpot integration, delivering a seamless experience, with new updates focused on transforming webinar data management with advanced synchronization and tracking.
- Launched a comprehensive initiative designed to significantly improve net income by up to \$13.5 million annually while maintaining its growth outlook.
- Entered into agreements with lenders and service providers to restructure and write off up to \$28.8 million of outstanding liabilities including write-off of up to \$5.6 million of outstanding liabilities and restructuring of a further \$19.2 million of its existing debt obligations, substantially improving the Company's overall financial position.
- Closed a \$5 million private placement priced at-the-market under Nasdaq rules.
- Company's securities were transferred from the Nasdaq Global Market to the Nasdaq Capital Market at the opening of business on October 31, 2024.

Outlook

- The Company anticipates Net Income will be approximately (\$0.7) million in Q4 2024 and approximately (\$0.7) million in Q1 2025, representing substantial increases driven by a reduction in operating and interest expenses due to the recently announced \$28.8 million debt restructuring and \$13.5 million Net Income Improvement initiative.
- The Company anticipates Adjusted EBITDA to be approximately (\$1.4) million in Q4 2024, and approximately (\$1.1) million in Q1 2025, representing substantially improved runway and progress towards profitability and positive cash-flow.

"It is hard to overstate how important the third quarter of 2024 was for Banzai," said Joe Davy, Founder and CEO of Banzai. "We believe this marks a turning point for the Company in many ways. Banzai achieved a 31% annualized Annual Recurring Revenue growth rate and a historic record for Net

Revenue Retention. We also made game-changing improvements to our balance sheet and cost structure to set us up for sustainable profitability in the future. Growth was driven by our focus on the Reach product through re-engineering and expanded sales efforts, leading to the addition of 1,785 customers through October 2024. In total, we now serve nearly 3,000 customers that have contributed to top and bottom-line sequential improvements from the second quarter.

"To better serve our customers, we have continued to invest in our software platforms and growth. We've launched a new product, Curate, to bring AI-powered newsletters that leverage OpenAI's GPT-4o to automate the newsletter creation process by writing relevant, branded articles that resonate with target audiences. We added significant enhancements to our Demio platform through deeper integration with Salesforce, the industry leading AI CRM company, with key enhancements designed to maximize efficiency and insight, offering marketers a more scalable, data-rich experience. We also released a major improvement to the Demio HubSpot integration. This upgrade offers unparalleled flexibility and efficiency in managing webinar data, empowering marketers to streamline their webinar management and marketing efforts, leading to better decision-making and higher ROI.

"Alongside a \$5.0 million private placement transaction and debt restructuring transactions we executed, we implemented a strategic initiative that we expect will enable us to significantly improve net income, substantially extend our cash runway and invest in growth. We are making significant progress on these goals and overall improvement in net income is expected to be approximately \$12.2 million annually when fully implemented, while maintaining our growth outlook.

"Looking ahead, our ability to leverage deep analytics and insights to drive marketing decisions combined with leveraging AI to launch exciting new products and capabilities, will continue to drive growth. We will continue to manage costs efficiently while investing in our software platform, sales and marketing and product development. We look forward to additional updates on our anticipated milestones in the weeks and months to come," concluded Davy.

Third Quarter 2024 Financial Results

Banzai believes its non-GAAP financial measure ARR is more meaningful in evaluating its performance. The Company's management team evaluates its financial and operating results utilizing this non-GAAP measure. For the three months ended September 30, 2024, ARR increased 7% sequentially, representing a 31% annualized ARR growth rate.

Total revenue for the three months ended September 30, 2024, was \$1.1 million, a sequential increase of 0.5% from the three months ended June 30, 2024, and a decrease of 2.5% compared to the prior year quarter.

Total cost of revenue for the three months ended September 30, 2024 was \$0.3 million, compared to \$0.3 million in the prior year quarter, a decrease of 1%. The decrease was proportional to the revenue for the corresponding period.

Gross profit for the three months ended September 30, 2024, was \$0.7 million, compared to \$0.8 million in the prior year quarter. Gross margin was 68.7% in the third quarter of 2024, compared to 69.2% in the third quarter of 2023.

Total operating expenses for the three months ended September 30, 2024, were \$3.5 million, compared to \$2.8 million in the prior year quarter.

Net loss for the three months ended September 30, 2024, was \$8.5 million, compared to \$0.8 million in the prior year quarter. The greater net loss is primarily due to the change in fair valuation of various financial instruments related to the debt restructuring in the third quarter of 2024, which increased by approximately \$14.5 million over the three months ended September 30, 2024 when compared to the three months ended September 30, 2023. These non-cash valuation charges do not represent present or future cash obligations of the Company, and as a result, the Company believes Adjusted Net Loss is a better representation of the financial performance of the company for the third quarter 2024.

Adjusted Net Loss for the three months ended September 30, 2024, was (\$1.45) million, compared to (\$3.6) million in the prior year quarter. This improvement was driven by improvements to the Company's efficiency and by write-off agreements entered into for certain liabilities, substantially reducing the Company's current and future cash liabilities.

Adjusted EBITDA Loss for the three months ended September 30, 2024, was (\$1.5) million, compared to Adjusted EBITDA Loss of (\$2.0) million for the prior year quarter, representing an improvement of \$0.5 million.

Nine Month 2024 Financial Results

Total revenue for the nine months ended September 30, 2024 and 2023, was \$3.2 million and \$3.5 million, respectively, a decrease of 7.2%. This decrease is primarily attributable to lower Reach revenue which declined by approximately \$44 thousand due to the discontinuation of the legacy Reach 1.0 product, which was discontinued on December 31, 2023. In 2024, Banzai has revitalized its focus on the Reach product through re-engineering and expanded sales efforts. Demio revenue was lower by approximately \$0.2 million for the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023, due to lower new unit sales period-over-period, due to the company's strategic shift to focus on mid-market customers, which the Company hopes will ultimately result in higher Average Customer Value and Net Retention Rate for the Demio product. Demio Net Revenue Retention reached an all-time historic high in the three months ended September 30, 2024.

Cost of revenue for the nine months ended September 30, 2024 and 2023 was \$1.0 million and \$1.1 million, respectively. This represents a decrease of approximately \$84 thousand, or approximately 7.4%, for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023. This decrease is due primarily to the company's focus on Mid-Market customers that led to an approximately 12% higher average cost per customer, driven by the increase in the streaming services costs of approximately \$150 thousand that were offset by lower infrastructure costs / data licenses of approximately \$117 thousand, payroll and contracted services of approximately \$98 thousand, and merchant fee costs of approximately \$12 thousand.

Gross profit for the nine months ended September 30, 2024 and 2023 was \$2.2 million and \$2.3 million, respectively. This represents a decrease of approximately \$167 thousand, or approximately 7.1%, which was due to the decreases in revenue of approximately \$251 thousand and decreases in cost of revenue of approximately \$84 thousand described above. Gross margin for the nine months ended September 30, 2024 and 2023 was 67.5% and 67.4%, respectively.

Total operating expenses for the nine months ended September 30, 2024 and 2023, were \$11.7 million and \$8.9 million, respectively, an increase of 31.1%. This increase was due primarily to an overall increase in salaries and related expenses by approximately \$0.3 million, marketing expenses by approximately \$0.6 million, costs associated with audit, technical accounting, and legal and other professional services of approximately \$1.6 million. The company has implemented a plan to reduce annualized operating expenses by up to \$13.5 million by the end of the first quarter 2025.

Net loss for the nine months ended September 30, 2024 and 2023, was \$23.7 million and \$8.0 million, respectively. The greater net loss is primarily due to an increase in total other expenses of approximately \$12.6 million, an increase in operating expenses of approximately \$2.8 million, and a decrease in gross profit of approximately \$0.2 million during the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023.

Adjusted Net Loss for the nine months ended September 30, 2024 and 2023, was (\$10.0)

million and (\$10.0) million, respectively.

Net cash used in operating activities for the nine months ended September 30, 2024, was \$11.9 million, compared to \$5.8 million for the nine months ended September 30, 2023.

Cash totaled \$4.3 million as of September 30, 2024, compared to \$2.1 million as of December 31, 2023, representing a historic high.

End-of-Year 2024 Target

Banzai targets December 2024 ARR to be \$8.1 – \$10 million, based on the Company's March 2024 ARR, organic growth during the year as demonstrated by year-to-date 2024 customer wins and reactivations, and currently signed non-binding LOIs to acquire other marketing technology businesses.

The midpoint target, or \$9.1 million, foresees a 97% increase in ARR, which would be attributable to both organic growth and the acquisitions currently under LOI. Banzai's management anticipates tracking the Company's progress to its targeted December 2024 ARR as part of the Company's 2024 quarterly earnings reports.

Annual recurring revenue refers to revenue, normalized on an annual basis, that Banzai expects to receive from its customers for providing them with products or services. The December 2024 ARR information provided above is based on Banzai's current estimates of internal growth, the completion of acquisitions, and those companies contributing ARR based on current levels, and is not a guarantee of future performance. These statements are forward-looking and actual ARR may differ materially. Refer to the "Forward-Looking Statements" section below for information on the factors that could cause Banzai's actual ARR to differ materially from these forward-looking statements.

Third Quarter 2024 Results Conference Call

Banzai Founder & CEO Joe Davy and Interim CFO Alvin Yip will host the conference call, followed by a question-and-answer session. The conference call will be accompanied by a presentation, which can be viewed during the webcast or accessed via the investor relations section of the Company's website [here](#).

To access the call, please use the following information:

Date:	Thursday, November 14, 2024
Time:	5:30 p.m. Eastern Time, 2:30 p.m. Pacific Time
Toll-free dial-in number:	1-877-425-9470
International dial-in number:	1-201-389-0878
Conference ID:	13749747

Please call the conference telephone number 5-10 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 MZ Group at 1-949-491-8235.

The conference call will be broadcast live and available for replay at https://viaid.webcasts.com/starthere.jsp?ei=1694251&tp_key=65eec38e9b and via the investor relations section of the Company's website [here](#).

A replay of the webcast will be available after 9:30 p.m. Eastern Time through February 14, 2025.

Toll-free replay number:	1-844-512-2921
International replay number:	1-412-317-6671
Replay ID:	13749747

About Banzai

Banzai is a marketing technology company that provides essential marketing and sales solutions for businesses of all sizes. On a mission to help their customers achieve their mission, Banzai enables companies of all sizes to target, engage, and measure both new and existing customers more effectively. Banzai customers include Square, Hewlett Packard Enterprise, Thermo Fisher Scientific, Thinkific, Doodle and ActiveCampaign, among thousands of others. Learn more at www.banzai.io. For investors, please visit <https://ir.banzai.io>.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements often use words such as "believe," "may," "will," "estimate," "target," "continue," "anticipate," "intend," "expect," "should," "would," "propose," "plan," "project," "forecast," "predict," "potential," "seek," "future," "outlook," and similar variations and expressions. Forward-looking statements are those that do not relate strictly to historical or current facts. Examples of forward-looking statements may include, among others, statements regarding Banzai International, Inc.'s (the "Company's"): future financial, business and operating performance and goals; annualized recurring revenue and customer retention; ongoing, future or ability to maintain or improve its financial position, cash flows, and liquidity and its expected financial needs; potential financing and ability to obtain financing; acquisition strategy and proposed acquisitions and, if completed, their potential success and financial contributions; strategy and strategic goals, including being able to capitalize on opportunities; expectations relating to the Company's industry, outlook and market trends; total addressable market and serviceable addressable market and related projections; plans, strategies and expectations for retaining existing or acquiring new customers, increasing revenue and executing growth initiatives; and product areas of focus and additional products that may be sold in the future. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Forward-looking statements are not guarantees of future performance, and our actual results of operations, financial condition and liquidity and development of the industry in which the Company operates may differ materially from those made in or suggested by the forward-looking statements. Therefore, investors should not rely on any of these forward-looking statements. Factors that may cause actual results to differ materially include changes in the markets in which the Company operates, customer demand, the financial markets, economic, business and regulatory and other factors, such as the Company's ability to execute on its strategy. More detailed information about risk factors can be found in the Company's Annual Report on Form 10-K and the Company's Quarterly Reports on Form 10-Q under the heading "Risk Factors," and in other reports filed by the Company, including reports on Form 8-K. The Company does not undertake any duty to update forward-looking statements after the date of this press release.

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BANZAI INTERNATIONAL, INC.
Condensed Consolidated Balance Sheets

	September 30, 2024	December 31, 2023
	(Unaudited)	
ASSETS		
Current assets:		
Cash	\$ 4,263,567	\$ 2,093,718
Accounts receivable, net of allowance for credit losses of \$5,694 and \$5,748, respectively	37,386	105,049
Prepaid expenses and other current assets	753,746	741,155
Total current assets	5,054,699	2,939,922
Property and equipment, net	918	4,644
Goodwill	2,171,526	2,171,526
Operating lease right-of-use assets	2,386	134,013
Other assets	38,381	38,381
Total assets	7,267,910	5,288,486
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	9,997,052	6,439,863
Accrued expenses and other current liabilities	3,633,072	5,194,240
Convertible notes (Yorkville)	—	1,766,000
Convertible notes - related party	—	2,540,091
Convertible notes	3,517,742	2,693,841
Notes payable	7,083,905	6,659,787
Notes payable - related party	—	2,505,137
Notes payable, carried at fair value	1,393,592	—
Deferred underwriting fees	4,000,000	4,000,000
Deferred fee	—	500,000
Warrant liability	79,000	641,000
Warrant liability - related party	230,000	575,000
Earnout liability	37,125	59,399
Due to related party	167,118	67,118
GEM commitment fee liability	—	2,000,000
Deferred revenue	1,220,572	1,214,096
Operating lease liabilities, current	2,352	234,043
Total current liabilities	31,361,530	37,089,615
Other long-term liabilities	75,000	75,000
Total liabilities	31,436,530	37,164,615
Commitments and contingencies (Note 14)		
Stockholders' deficit:		
Common stock, \$0.0001 par value, 275,000,000 shares authorized and 3,760,174 and 2,585,297 issued and outstanding at September 30, 2024 and December 31, 2023, respectively	410	259
Preferred stock, \$0.0001 par value, 75,000,000 shares authorized, 0 shares issued and outstanding at September 30, 2024 and December 31, 2023	—	—
Additional paid-in capital	39,297,867	14,889,936
Accumulated deficit	(63,466,897)	(46,766,324)
Total stockholders' deficit	(24,168,620)	(31,876,129)
Total liabilities and stockholders' deficit	\$ 7,267,910	\$ 5,288,486

BANZAI INTERNATIONAL, INC.
Unaudited Condensed Consolidated Statements of Operations

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Operating income:				
Revenue	\$ 1,080,607	\$ 1,108,412	\$ 3,228,276	\$ 3,478,794
Cost of revenue	338,023	341,151	1,049,411	1,132,671
Gross profit	742,584	767,261	2,178,865	2,346,123
Operating expenses:				
General and administrative expenses	2,942,008	2,838,052	11,569,951	8,937,265
Depreciation expense	900	1,571	3,725	5,596
Total operating expenses	2,942,908	2,839,623	11,573,676	8,942,861
Operating loss	(2,200,324)	(2,072,362)	(9,394,811)	(6,596,738)
Other expenses (income):				
GEM settlement fee expense	60,000	—	260,000	—
Other expense (income), net	(62,927)	14,114	(2,900)	(70,569)
Interest income	—	—	(10)	(111)
Interest expense	495,679	820,096	1,343,097	1,879,394
Interest expense - related party	589,614	678,398	1,552,601	1,614,085
Gain on extinguishment of liability	(22,282)	—	(550,262)	—
Loss on debt issuance	—	—	171,000	—
Loss on debt issuance of term notes	381,000	—	381,000	—
Loss on debt issuance of convertible notes	—	—	—	—
Loss on conversion and settlement of Alco promissory notes	4,808,882	—	4,808,882	—
Loss on conversion and settlement of CP BF notes	—	—	—	—
Change in fair value of warrant liability	—	—	(562,000)	—
Change in fair value of warrant liability - related party	—	—	(345,000)	—
Change in fair value of simple agreement for future equity	—	(276,436)	—	(184,993)
Change in fair value of simple agreement for future equity - related party	—	(3,139,564)	—	(1,927,007)
Change in fair value of bifurcated embedded derivative liabilities	—	198,728	—	36,500
Change in fair value of bifurcated embedded derivative liabilities - related party	—	413,272	—	72,359
Change in fair value of convertible notes	(77,000)	—	501,000	—
Change in fair value of term notes	66,813	—	66,813	—
Change in fair value of convertible bridge notes	—	—	—	—
Yorkville prepayment premium expense	14,000	—	94,760	—
Total other expenses (income), net	6,253,779	(1,291,392)	7,718,981	1,419,658
Loss before income taxes	(8,454,103)	(780,970)	(17,113,792)	(8,016,396)
Income tax expense	1,010	1,332	6,701	17,081
Net loss	\$ (8,455,113)	\$ (782,302)	\$ (17,120,493)	\$ (8,033,477)
Net loss per share				
Basic and diluted	\$ (2.68)	\$ (0.33)	\$ (5.99)	\$ (3.36)
Weighted average common shares outstanding				
Basic and diluted	3,150,057	2,394,122	2,857,350	2,394,067

BANZAI INTERNATIONAL, INC.
Unaudited Condensed Consolidated Statements of Cash Flow

	For the Nine Months Ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net loss	\$ (17,120,493)	\$ (8,033,477)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	3,726	5,596
Provision for credit losses on accounts receivable	54	3,879

Non-cash share issuance for marketing expenses	—	—
Non-cash settlement of GEM commitment fee	200,000	—
Non-cash share issuance for Yorkville redemption premium	—	—
Non-cash interest expense	379,354	914,944
Non-cash interest expense - related party	261,775	345,382
Amortization of debt discount and issuance costs	68,459	646,684
Amortization of debt discount and issuance costs - related party	873,728	1,268,703
Amortization of operating lease right-of-use assets	131,627	129,705
Stock based compensation expense	665,409	830,791
Gain on extinguishment of liability	(550,262)	—
Loss on debt issuance	171,000	—
Loss on debt issuance of term notes	381,000	—
Loss on debt issuance of convertible notes	—	—
Change in fair value of warrant liability	(562,000)	—
Change in fair value of warrant liability - related party	(345,000)	—
Change in fair value of simple agreement for future equity	—	(184,993)
Change in fair value of simple agreement for future equity - related party	—	(1,927,007)
Change in fair value of bifurcated embedded derivative liabilities	—	36,500
Change in fair value of bifurcated embedded derivative liabilities - related party	—	72,359
Change in fair value of convertible promissory notes	501,000	—
Change in fair value of term notes	66,813	—
Change in fair value of convertible bridge notes	—	—
Changes in operating assets and liabilities:		
Accounts receivable	67,609	(29,861)
Deferred contract acquisition costs, current	—	48,191
Prepaid expenses and other current assets	(12,591)	120,459
Deferred offering costs	—	(766,409)
Accounts payable	3,557,189	1,296,098
Deferred revenue	6,476	(39,428)
Accrued expenses	(432,073)	(128,027)
Operating lease liabilities	(231,691)	(211,204)
Earnout liability	(22,274)	(206,985)
Net cash used in operating activities	(11,941,165)	(5,808,100)
Cash flows from financing activities:		
Payment of GEM commitment fee	(1,200,000)	—
Repayment of convertible notes (Yorkville)	(750,000)	—
Proceeds from related party advance	100,000	—
Proceeds from term notes, net of issuance costs	1,000,000	—
Repayment of notes payable, carried at fair value	(412,421)	—
Proceeds from Yorkville redemption premium	35,040	—
Proceeds from issuance of promissory notes - related party	—	1,150,000
Proceeds from issuance of convertible notes, net of issuance costs	2,502,000	1,485,000
Proceeds from issuance of convertible notes, net of issuance costs - related party	—	2,533,000
Proceeds received for exercise of Pre-Funded warrants	17	—
Proceeds from issuance of common stock and warrants	6,257,370	13,362
Net cash provided by financing activities	7,532,006	5,181,362
Net decrease in cash	(4,409,159)	(626,738)
Cash at beginning of period	2,093,718	1,023,499
Cash at end of period	<u>\$ (2,315,441)</u>	<u>\$ 396,761</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	306,109	313,813
Cash paid for taxes	5,075	8,825
<i>Non-cash investing and financing activities</i>		
Shares issued to Roth for advisory fee	578,833	—
Shares issued to GEM	529,943	—
Shares issued for marketing expenses	334,772	—
Shares issued to MZHCI for investor relations services	94,800	—
Shares issued to J.V.B for payment of outstanding debt	115,000	—
Settlement of GEM commitment fee	200,000	—
Shares issued to Yorkville for commitment fee	500,000	—
Shares issued to Yorkville for redemption premium	115,800	—
Shares issued for exercise of Pre-Funded warrants	866	—
Issuance of convertible promissory note - GEM	1,000,000	—
Conversion of convertible notes - Yorkville	2,002,000	—
Conversion of convertible notes - related party	2,540,091	—
Bifurcated embedded derivative liabilities at issuance	—	623,065
Bifurcated embedded derivative liabilities at issuance—related party	—	1,062,776

banzai

Source: Banzai International, Inc.