UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 30, 2021

KUBIENT, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware	**001-37875**	**82-1808844**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

500 7th Avenue 8th Floor New York, New York	**10018**
(Address of principal executive offices)	(Zip Code)

(800) 409-9456
(Registrant's Telephone Number, Including Area Code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock	KBNT	Nasdaq
Common Stock Purchase Warrants	KBNTW	Nasdaq

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Explanatory Note

Kubient, Inc. (the "Company") filed a Current Report on Form 8-K with the Securities and Exchange Commission on November 30, 2021 (the "Original Filing") to report the consummation of its acquisition (the "Acquisition") of certain assets of MediaCrossing Inc., a Delaware corporation ("MediaCrossing"). Subsequent to the Original Filing, the Company has determined that the Acquisition is significant such that certain historical financial statements of MediaCrossing and pro forma information should be filed within 71 calendar days from the date that the Original Filing was required to be filed. This Current Report on Form 8-K/A is being filed to amend the Original Filing to provide the required historical financial statements of MediaCrossing and pro forma financial information described under Item 9.01 below. These financial statements and information are filed as Exhibits 99.1, 99.2, and 99.3.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

1. The audited financial statements of MediaCrossing Inc. as of and for the years ended December 31, 2020 and 2019, together with the notes thereto, and the independent auditors' report, are incorporated herein by reference and filed as Exhibit 99.1 hereto.

2. The unaudited condensed financial statements of MediaCrossing Inc. as of September 30, 2021 and for the nine months ended September 30, 2021 and 2020, together with the notes thereto, are incorporated herein by reference and filed as Exhibit 99.2 hereto.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed combined financial statements as of and for the nine months ended September 30, 2021 and for the year ended December 31, 2020, are incorporated herein by reference and filed as Exhibit 99.3 hereto.

(d) Exhibits.

Exhibit No.	Exhibit
23.1	Consent of Marcum LLP
99.1	Audited financial statements of MediaCrossing Inc. as of and for the years ended December 31, 2020 and 2019
99.2	Unaudited condensed financial statements of MediaCrossing Inc. as of September 30, 2021 and for the nine months ended September 30, 2021 and 2020
99.3	Unaudited pro forma condensed combined financial statements as of and for the nine months ended September 30, 2021 and for the year ended December 31, 2020

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

KUBIENT, INC.

Dated: February 4, 2022

By: /s/ Paul Roberts
Paul Roberts
Chief Executive Officer

Exhibit 23.1

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in the Registration Statements of Kubient, Inc. on Form S-8 (File No. 333-257778) and Form S-8 (File No. 333-257088) of our report dated February 18, 2021, with respect to our audits of the financial statements of MediaCrossing Inc. as of December 31, 2020 and 2019 and for the years ended, which report is included in the Current Report on Form 8-K/A of Kubient, Inc.

/s/ Marcum llp

Marcum llp
Hartford, CT
February 4, 2022

Exhibit 99.1

MEDIACROSSING INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

MEDIACROSSING INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
MediaCrossing Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of MediaCrossing Inc. (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MediaCrossing Inc. as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ Marcum LLP

Marcum LLP
Hartford, CT
February 18, 2021

MEDIACROSSING INC.

BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	$ 2,918,707	$ 3,676,966
Accounts receivable	2,392,617	4,142,386
Media rebate receivable	722,396	--
Prepaid expenses and other current assets	152,151	1,036,805
Total Current Assets	6,185,871	8,856,157
Property and Equipment, Net	56,674	86,722
Operating Lease Right-of-Use Assets, Net	1,320,934	1,495,492
Other Assets		
Restricted cash	262,500	--
Deferred tax asset, net	1,636,292	1,326,675
Security deposits	62,374	62,374
Total Other Assets	1,961,166	1,389,049
Total Assets	$ 9,524,645	$ 11,827,420

The accompanying notes are an integral part of these financial statements

MEDIACROSSING INC.

BALANCE SHEETS (CONTINUED)

DECEMBER 31, 2020 AND 2019

	2020	2019
Liabilities and Stockholders' Equity		
Current Liabilities		
Current portion of U.S. Small Business Administration Paycheck Protection Program loan	$ 264,325	$ --
Current portion of operating lease liabilities	184,625	152,316
Accounts payable	1,956,820	2,962,426
Accrued expenses	589,005	1,561,805
Advance billings	930,943	1,233,847
Media rebate funding agreement liability	456,827	--
Income taxes payable	--	35,706
Total Current Liabilities	4,382,545	5,946,100
Long-term Liabilities		
U.S. Small Business Administration Paycheck Protection Program loan, less current portion	217,000	--
Operating lease liabilities	1,261,252	1,445,877
Total Long-term Liabilities	1,478,252	1,445,877
Total Liabilities	5,860,797	7,391,977
Stockholders' Equity		
Series A Convertible Preferred Stock, $.0001 par value, 47,127 shares authorized, issued and outstanding; accumulated undeclared and unpaid dividends of $3,383,869 in 2020 and $2,911,091 in 2019; liquidation preference $11,263,503	5	5
Series A-1 Convertible Preferred Stock, $.0001 par value, 53,312 shares authorized, issued and outstanding; accumulated undeclared and unpaid dividends of $669,146 in 2020 and $565,536 in 2019 liquidation preference $2,395,975	5	5
Series A-2 Convertible Preferred Stock, $.0001 par value, 8,488,329 shares authorized, issued and outstanding; accumulated undeclared and unpaid dividends of $185,460 in 2020 and $152,440 in 2019 liquidation preference $735,461	849	849
Voting common stock, $.0001 par value, 22,115,392 authorized; 6,000 shares issued and outstanding	1	1
Non-voting common stock, $.0001 par value, 12,000,000 authorized; 84,917 shares issued and outstanding	8	8
Additional paid-in capital	10,224,642	10,173,291
Accumulated deficit	(6,561,662)	(5,738,716)
Total Stockholders' Equity	3,663,848	4,435,443
Total Liabilities and Stockholders' Equity	$ 9,524,645	$ 11,827,420

The accompanying notes are an integral part of these financial statements

MEDIACROSSING INC.

STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Net Revenue	$ 4,627,622	$ 7,771,475
Operating Expenses		
Cost of services	1,380,458	1,488,050
Employee compensation and benefits	2,332,304	2,758,729
Business development and marketing	917,078	1,862,513
Selling, general and administrative	1,107,877	854,167
Total Operating Expenses	5,737,717	6,963,459
(Loss) Income from Operations	(1,110,095)	808,016
Interest Income	10,864	57,146
(Loss) Income before Income Tax Benefit (Expense)	(1,099,231)	865,162
Income Tax Benefit (Expense)	276,285	(298,449)
Net (Loss) Income	$ (822,946)	$ 566,713

The accompanying notes are an integral part of these financial statements

MEDIACROSSING INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Series A Convertible Preferred Stock		Series A-1 Convertible Preferred Stock		Series A-2 Convertible Preferred Stock		Voting Common Stock		Non-Voting Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance - January 1, 2019, **as reported**	47,127	$ 5	53,312	$ 5	8,488,329	$ 849	6,000	$ 1	84,917	$ 8	$10,118,827	$ (6,177,317)	$ 3,942,378
Cumulative effect of accounting change- see Note 3	--	--	--	--	--	--	--	--	--	--	--	(128,112)	(128,112)
Stock-based compensation expense	--	--	--	--	--	--	--	--	--	--	54,464	--	54,464
Net income	--	--	--	--	--	--	--	--	--	--	--	566,713	566,713
Balance - December 31, 2019	47,127	5	53,312	5	8,488,329	849	6,000	1	84,917	8	10,173,291	(5,738,716)	4,435,443
Stock-based compensation expense	--	--	--	--	--	--	--	--	--	--	51,351	--	51,351
Net loss	--	--	--	--	--	--	--	--	--	--	--	(822,946)	(822,946)
Balance - December 31, 2020	47,127	$ 5	53,312	$ 5	8,488,329	$ 849	6,000	$ 1	84,917	$ 8	$10,224,642	$ (6,561,662)	$ 3,663,848

The accompanying notes are an integral part of these financial statements

MEDIACROSSING INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Cash Flows from Operating Activities		
Net (loss) income	$ (822,946)	$ 566,713
Adjustment to reconcile net (loss) income to net cash used in operating activities:		
Depreciation and amortization	37,288	36,655
Stock-based compensation	51,351	54,464
Deferred tax (benefit) expense	(309,617)	186,234
Loss on disposal of property and equipment	529	--
Changes in operating assets and liabilities:		
Accounts receivable	1,749,769	(2,310,368)
Media rebate receivable	(722,396)	--
Prepaid expenses and other current assets	884,654	(326,503)
Operating lease right-of-use assets and lease liabilities	22,242	61,923
Accounts payable	(1,005,606)	97,597
Accrued expenses	(972,800)	1,069,221
Advance billings	(302,904)	(454,815)
Media rebate funding agreement liability	456,827	--
Income taxes payable	(35,706)	35,706
Net Cash Used in Operating Activities	(969,315)	(983,173)
Cash Flows from Investing Activities		
Purchases of property and equipment	(8,469)	(48,521)
Security deposit on operating lease	--	(19,208)
Proceeds from sale of property and equipment	700	--
Net Cash Used in Investing Activities	(7,769)	(67,729)
Cash Provided by Financing Activities		
Proceeds from Paycheck Protection Plan loan	481,325	--
Net Change in Cash, Restricted Cash, and Cash Equivalents	(495,759)	(1,050,902)
Cash, Restricted Cash, and Cash Equivalents - Beginning	3,676,966	4,727,868
Cash, Restricted Cash and Cash Equivalents - Ending	$ 3,181,207	$ 3,676,966

The accompanying notes are an integral part of these financial statements

MEDIACROSSING INC.

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Reconciliation of Cash, Restricted Cash, and Cash Equivalents		
Cash and cash equivalents	$ 2,918,707	$ 3,676,966
Restricted cash	262,500	--
Total Cash, Restricted Cash and Cash Equivalents	$ 3,181,207	$ 3,676,966
Supplemental Disclosure of Cash Flow Information		
Cash paid for income taxes	$ 35,271	$ 74,892

The accompanying notes are an integral part of these financial statements

Note 1 – Nature of Business

MediaCrossing Inc. (the "Company") is an independent advertising agency that primarily plans, executes, measures, analyzes, and optimizes media campaigns on behalf of marketers and agency clients. The Company utilizes a series of ad-tech platforms that provide trading, data, analysis, and reporting for client campaigns. The Company was founded in 2012 and is headquartered in Stamford, CT.

Note 2 – Summary of Significant Accounting Policies

Use of Estimates

Financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") require Company management to make assumptions and estimates that affect reported assets and liabilities at the financial statement date and reported revenues and expenses during the reporting period. Financial statement amounts subject to such estimates include, but are not limited to, the allowance for doubtful accounts, stock-based compensation expense, lease amortization imputed interest rate, and depreciation and amortization expense. Actual results could differ from management estimates.

Cash, Restricted Cash and Cash Equivalents

The Company considers all short-term, highly liquid investments, with an original maturity of three months or less, to be cash equivalents. The Company maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. The Company had amounts on deposit in excess of federally insured limits in accounts with one financial institution. The Company has not experienced any losses in these accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

The Company's restricted cash account is collateral for credit card line with a financial institution.

Note 2 – Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Company records a provision for doubtful accounts based on historical experience and a detailed assessment of collectability of its accounts receivable. In estimating, the allowance for doubtful accounts, management considers, among other factors, the aging of the accounts receivable and the creditworthiness of each customer. If there is an unexpected material adverse change in a customer's ability to meet its financial obligations, the Company's estimate of the recoverability of the amounts due could be reduced by a material amount. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. During 2020, the Company wrote off $209,526 of receivables from one customer as a result of impact of COVID-19 on customer's operations. There were no bad debts in 2019. The Company has determined all amounts outstanding were collectible and has not record an allowance for doubtful accounts at December 31, 2020 and 2019.

Media Rebate Receivable

Media rebates receivable represents balance of cash payment advanced to a customer that is owed to the Company. The Company, along with its transaction partners, advanced $1,500,000 to a customer in February 2020. The advance is repayable to the Company through each of the customer's subsequent purchase of media advertising. Under the terms and conditions of the agreement, the customer is charged a fixed fee on each media purchase which is applied to the outstanding principal advanced, plus a fixed rate of return. The return is recorded in Net Revenue. The Company expects to collect the outstanding balance in 2021 and has not recorded an allowance.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the related assets which range from 3 to 5 years except for leasehold improvements which are amortized over the lesser of the estimated useful lives of the assets or the term of the lease.

Maintenance and repairs are charged to expense as incurred. Improvements and betterments are capitalized. When assets are retired or otherwise disposed of, the cost and accumulated depreciation and amortization are removed from the balance sheet and any resulting gain or loss is reflected in operations in the period realized.

Note 2 – Summary of Significant Accounting Policies (Continued)

Long-Lived Assets

Long-lived assets consist primarily of property and equipment. The Company periodically reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may be impaired or the estimated useful lives are no longer appropriate. If indicators of impairment exist and the undiscounted projected cash flows associated with such asset are less than the carrying amount of the asset, an impairment loss is recorded to write the asset down to its estimated fair value.

Advance Billings

Advance billings represent billings to customers prior to satisfying the contracted performance obligation. The billings are in accordance with the terms of the client contracts and include both the cost of media and the agency commissions.

Media Rebate Funding Agreement Liability

The media rebate funding agreement liability represents a payable to the Company's transaction partners related to the media rebate advanced to a customer in February 2020. The Company has partners that provided a portion of funding advanced to the customer and, accordingly, has sequential liability with its partners. As the Company is repaid the media rebate advanced through each subsequent media purchase with the customer, they in turn repay the partners for their share on a pro-rata basis. The Company expects to fully collect the outstanding media rebate advance and to subsequently repay its transaction partners in 2021.

Revenue Recognition

Effective January 1, 2019, the Company adopted Financial Accounting Standards Board (the "FASB") ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606"). The Company recognizes revenue when control of the promised good or service is transferred to its customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for the goods or services. See Note 3 herein for further information.

Cost of Services

Cost of services sold consists primarily of staffing costs of the Company's delivery group that sets up, initiates and monitors client contracted advertising campaigns.

Note 2 – Summary of Significant Accounting Policies (Continued)

Stock-Based Compensation

The Company issues stock-based compensation awards and measures and recognizes the cost of employee services received in exchange for an award of equity instruments. The Company uses the Black-Scholes Merton option pricing model to determine the fair value of equity granted. The determination of the fair value of share-based payment awards utilizing Black-Scholes Merton model is affected by stock price and a number of assumptions, including volatility, expected term, risk-free interest rate and expected dividends.

Stock-based compensation cost is measured at the grant date, based on the fair value of the award, and recognized as an expense on a straight-line basis over the requisite service period. The Company elected to account for its graded vesting options on a straight-line basis over the requisite service period for the entire award. The Company recognizes the effect of awards for which the requisite service is not rendered when the award is forfeited.

Leases

Effective January 1, 2019, the Company adopted FASB ASC Topic 842,*Leases* (“ASC 842”).
As such, the Company has recognized a right-of-use asset and a corresponding lease liability on the balance sheet for all leases with a term of more than twelve months. The Company has adopted the practical expedient and elected not to recognize right-of-use assets and liabilities for leases with a term of 12 months or less. See Note 9 herein for further information.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities at currently enacted tax rates. These temporary differences primarily relate to net operating loss carryforwards available to offset future taxable income. Valuation allowances are established, if necessary, to reduce a deferred tax asset to the amount that will more likely than not be realized.

The Company recognizes tax liabilities from an uncertain tax position only if it is more likely than not that the tax position will not be sustained upon examination by the taxing authorities, based on the technical merits of the tax position. There are no uncertain tax positions that have been recognized in the accompanying financial statements. The Company is required to file tax returns in the U.S. federal jurisdiction and various states. The Company’s policy is to recognize interest and penalties related to uncertain tax benefits (if any) in operating expenses. No such interest and penalties have been accrued as of December 31, 2020 and 2019.

Note 2 – Summary of Significant Accounting Policies (Continued)

Reclassifications

Certain amounts reported in the 2019 financial statements have been reclassified to conform with the 2020 presentation. The reclassification relates to the short term portion of the Company's operating lease right-of-use asset, which was previously included within prepaid expenses and other current assets. The reclassification had no effect on the previously reported amount of net income for the year ended December 31, 2019.

Note 3 – Revenue Recognition

Effective January 1, 2019, the Company adopted ASC 606. ASC 606 was applied using the modified retrospective transition method with the cumulative effect of the initial adoption being recognized as an adjustment to opening retained earnings at January 1, 2019.

The Company's revenue recognition policies are established in accordance with ASC 606, and accordingly, recognizes revenue when control of the promised good or service is transferred to its customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for the goods or services.

Upon adoption of ASC 606, accounting policies were changed to require recognizing revenue net of amount retained, recognizing trade credits in net revenue, and recognizing referral fees at the time of revenue recognition.

The primary source of the Company's revenue is from agency arrangements in the form of fee or commissions. The Company buys both digital and traditional media. Digital media includes display, video, social, search, and mobile. Traditional media includes radio, print and television. The media is purchased across a range of platforms through third party vendors. The Company's obligation under media buying services is to negotiate and purchase advertising media from a third-party media vendor on behalf of a client to execute its media plan. The Company does not obtain control prior to transferring these services to its clients; therefore, the Company acts as agent for media buying services.

Therefore, revenue is recorded equal to the net amount retained for the Company's fees or commission, equal to the gross amount billed less the third-party vendor costs. The revenue is recognized at the time of placement of the media advertisement, when there is no further performance obligation, and when collection is reasonably assured. Client invoices are generated either pre-campaign launch, monthly, or at the end of the campaign. For those campaigns that are pre-billed, revenue is deferred until the impressions are delivered. At December 31, 2020 and 2019, advance billings totaled $930,943 and $1,233,847, respectively.

Note 3 – Revenue Recognition (Continued)

The following is a rollforward of advanced billings during the years ended December 31:

	2020	2019
Beginning balance	$ 1,233,847	$ 1,688,662
Advanced billings	9,130,034	9,215,749
Contractual obligations fulfilled	(9,432,938)	(9,670,564)
Ending balance	$ 930,943	$ 1,233,847

Advanced billings are expected to be utilized within the next twelve months. In general, customer's payment terms are net 30.

The Company selectively accepts competitive trade credits as partial payment for media purchases that were issued by other barter media companies. The Company has a services agreement with a third-party to provide "Barter" media to advertisers. The third-party issues trade credits for specific assets in return for certain media services provided by the Company for a combination of cash and a smaller percentage of trade credit. Accordingly, trade credits are considered part of the transaction price and are included in net revenue in accordance with ASC 606. The trade credits were $351,365 and $748,479 for years ended December 31, 2020 and 2019, respectively.

The Company has arrangements with the referral partners to which periodic referral payments are made as percentage of cash gross profit subject to certain adjustments. The Company applied the practical expedient to expense referral fees as the duration is less than one year. In addition, the referral fees are recognized as expense as revenue is recognized. All contracts at the date of initial application were reviewed. The cumulative effect of ASC 606's initial application resulted in the recording of referral fees totaling $128,112 as an adjustment to opening retained earnings on January 1, 2019, which increased previously reported accrued expenses and business development and marketing expense. For year ended December 31, 2020 and 2019, the referral fees are $777,409 and $ 1,775,259, respectively and are recorded in the statement of operations in business development and marketing expense.

The Company's net revenue is recognized at a point and time and can be disaggregated into two types of media: digital and traditional.

	2020	2019
Digital	$ 3,975,055	$ 6,628,986
Traditional	652,567	1,142,489
	$ 4,627,622	$ 7,771,475

Note 4 – Property and Equipment

Property and equipment consist of the following:

	2020	2019
Furniture and fixtures	$ 83,357	$ 83,357
Computer equipment and hardware	59,146	63,650
Equipment	5,410	5,410
Website development costs	3,325	9,500
Leasehold improvements	20,774	20,774
	172,012	182,691
Accumulated depreciation and amortization	(115,338)	(95,969)
	$ 56,674	$ 86,722

For years ended December 31, 2020 and 2019, depreciation and amortization expense for property and equipment was $37,288 and $36,655, respectively.

Note 5 – Stockholders' Equity

The Company has preferred stock, voting common stock and non-voting common stock. The preferred stock has been issued in three tranches—Series A, Series A-1 and Series A-2. The voting common stock can only be held by current employees, consultants or other service providers. The voting common stock immediately converts to non-voting common stock when the service provider is no longer providing services in any capacity to the Company.

The holders of the Series A, A-1 and A-2 preferred stock are entitled to a cumulative dividend at the rate of $10.032, $1.94346 and $.00389, respectively per share, payable in preference and priority to any dividend on common stock (except a common stock dividend payable in shares of common stock).

Each share of preferred stock is convertible at any time, at the option of the shareholder, into voting common stock at the then effective conversion rate for the Series A, A-1 and A-2. All preferred shares are automatically converted into voting common stock immediately prior to the closing of an initial public offering, upon receipt of the Company of a conversion request by a majority of the preferred shareholders, or when a majority of the preferred stock has been converted into voting common stock. When an automatic conversion has occurred, the shares cannot be re-issued.

Note 5 – Stockholders' Equity (Continued)

The conversion price is initially set as the original issue price of the series of preferred stock. The conversion price is adjusted when there is an issuance of additional shares of common stock for consideration less than the last preferred stock issuance.

The original issue prices for the Series A, Series A-1 and Series A-2 preferred stock issuances were $167.20, $32.391, and $.064795, respectively. For the Series A-1 and A-2 issuances, the initial preferred shareholders were given the right of first offer to recapitalize the business on a pro-rata ownership basis per the corporate documents. All the major preferred shareholders except one initial shareholder elected to exercise this right. In accordance with the accounting standards in effect at the time of A-1 and A-2 issuances, the Company determined that the preferred stock was an equity instrument and that the economic characteristics and risks were clearly and closely related to the common stock. Therefore, the embedded conversion feature was not required to be bifurcated and recorded as a liability.

In the event of liquidation, the Series A, A-1 and A-2 preferred stockholders are entitled to receive preference in distribution of the assets of the Company. The liquidation preference per share is the amount of the Series A, A-1 and A-2 original issue price of $167.20, $32.391 and $.064795, respectively, plus all unpaid preferred dividends. In certain circumstances the original issue price is adjusted. The assets will be distributed first to the Series A-2 holders then pro rata among the Series A and Series A-1 preferred shareholders. If there are insufficient funds for the holders of preferred stock to receive full amount of their distribution, then the entire assets of the Company can be distributed as permitted by General Corporation Law. After payment to the preferred stockholders, any remaining assets available for distribution will be distributed pro rata to the holders of the preferred stock and common stock in proportion to the number of common shares held by them on an as-converted basis.

Each class of preferred stock is redeemable at any time for cash at the holder's option on or after seventh anniversary of the original issuance dates for the then effective original issue price plus all unpaid preferred dividends. If a shareholder so elects to redeem shares, a majority of the preferred shareholders acting as a single class must approve the redemption. Delaware law limits the amount of funds that may be deployed for a redemption to an amount not to exceed the Company's surplus or cause the Company to become insolvent. In the event, the Company cannot make the redemption, in whole or in part, then the share not redeemed will accrue interest at 9 percent per annum and all shareholders shall be required to expand the Board of Directors to have additional members.

The Series A preferred stock is redeemable on or after the seventh anniversary of the original issuance dates ranging from October 9, 2013 through April 30, 2014.

Note 5 – Stockholders' Equity (Continued)

The Series A-1 preferred stock is redeemable on or after the seventh anniversary of the original issuance date of July 16, 2014.

The Series A-2 preferred stock is redeemable on or after the seventh anniversary of the original issuance date of May 15, 2015.

Each share of preferred stock is entitled to the number of votes equal to number of common shares on an as-converted basis. Each share of voting common stock is entitled to one vote.

The non-voting common stock has all the same rights and privileges as the voting common stock except for voting rights.

Note 6 – 2013 Stock Option and Equity Related Incentive Plan

The Company adopted the 2013 Stock Option and Equity Related Incentive Plan ("2013 Incentive Plan"). In accordance with the 2013 Incentive Plan, options, stock appreciation rights, restricted stock awards or deferred stock awards may be issued to employees, officers, directors, or consultants. The plan is administered by the Board of Directors. Effective April 15, 2015, an aggregate of 2,894,226 shares have been reserved for issuance pursuant to the 2013 Incentive Plan. The 2013 Incentive Plan contained 2,346,250 and 2,396,250 shares outstanding as of December 31, 2020 and 2019, respectively.

The fair value of each option award under the plan is estimated on the date of the grant using the Black-Scholes Merton option pricing model. The expected term of options represents the period that the Company's stock-based awards are expected to be outstanding. The risk-free interest rate for periods related to the expected life of the options is based on the U.S. Treasury yield curve in effect at the time of the grant. The expected volatility is based on volatilities noted within similar public companies in the same industry. The expected dividend yield assumption is based upon the Company's current intent to not pay dividends in the future.

Pursuant to the terms of the 2013 Incentive Plan, the options granted are exercisable for a period not more than ten years after the grant date; however, all currently issued options have a vesting period of 4 years.

The exercise price of incentive stock options is to be no less than the fair market value of a share of stock on the date of grant and if the optionee is a 10 percent or more shareholder, such exercise price cannot be less than 110 percent of the fair market value of a share of stock on the date of grant. The Company has issued stock options to various employees with vesting terms and exercise prices determined by the Board of Directors.

Note 6 – 2013 Stock Option and Equity Related Incentive Plan (Continued)

The following table summarizes common stock option activity:

	Options Outstanding	Weighted Average Exercise Price Per Share	Weighted Average Contractual Life (Years)
January 1, 2019	2,396,250	$ 0.207	
Options granted	--	--	
Options forfeited	--	--	
Options exercised	--	--	
December 31, 2019	2,396,250	$ 0.207	7.22
Exercisable at December 31, 2019	1,650,708		
Options granted	--	$ --	
Options forfeited	(50,000)	0.390	
Options exercised	--	--	
December 31, 2020	2,346,250	$ 0.203	6.05
Exercisable at December 31, 2020	1,959,292		

For the year ended December 31, 2020 and 2019, stock-based compensation expense was $51,351 and $54,464, respectively. The unrecognized compensation expense relating to these options was $75,244 and $131,886 as of December 31, 2020 and 2019, respectively. These amounts are expected to be recognized over a weighted average period of approximately two years.

There were no stock appreciation rights, restricted stock awards, and deferred stock awards outstanding and none were granted during 2020 and 2019.

Note 7 – Income Taxes

The Company files a tax return in all appropriate jurisdictions. The Company recognizes deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, using enacted tax rates in effect in the years in which the differences are expected to reverse. Under the asset and liability method, deferred income tax assets and liabilities are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities.

The Company follows the provisions of the ASC 740 related to accounting for uncertainty in income taxes. The Company has not recorded a reserve for any tax positions for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. When and if applicable, potential interest and penalty expenses are accrued as incurred and classified in selling, general and administrative expenses in the statements of operations. The Company has no liability for unrecognized tax benefits.

Income tax expense consists of the following:

	2020	2019
Current Benefit (Expense)		
Federal	$ 7,753	$ 9,720
State	(41,085)	(121,935)
Total Current Benefit (Expense)	(33,332)	(112,215)
Deferred Benefit (Expense)		
Federal	218,476	(131,413)
State	91,141	(54,821)
Total Deferred Benefit (Expense)	309,617	(186,234)
Income Tax Benefit (Expense)	$ 276,285	$ (298,449)

The difference between the federal statutory rate and the Company's effective tax rate is primarily due to state taxes and items not deductible for tax purposes.

Note 7 – Income Taxes (Continued)

The Company's deferred taxes consist of the following:

	2020	2019
Deferred Tax Assets		
Net operating losses	$ 1,545,554	$ 1,151,252
Accruals not currently deductible	69,686	199,152
Stock based compensation	36,560	--
Deferred Tax Liabilities		
Difference in depreciation and amortization method for property and equipment	(15,508)	(23,729)
Deferred Tax Assets, net	$ 1,636,292	$ 1,326,675

The Company performs an annual evaluation of its ability to realize its deferred tax assets based on all available evidence, both positive and negative, including the Company's operations over the past three years, expected future profitability, historical utilization of credits and carry forward expiration dates.

The Company had various deferred tax assets at December 31, 2020 and 2019, which were comprised primarily of net operating loss carryforwards. The Company's federal net operating losses that have been incurred prior to December 31, 2017 will continue to have a 20-year carryforward limitation applied and will need to be evaluated for recoverability in the future. Net operating losses incurred after December 31, 2017 will have an indefinite life, but usage will be limited to 80% of taxable income in any given year. The Company has net operating loss carryforwards of approximately $5,648,258 and $4,207,274 as of December 31, 2020 and 2019, respectively, available to offset future taxable income, which will begin to expire in 2034.

Note 8 – Financing Arrangements

Lines of Credit

On November 22, 2019, the Company entered into a line of credit note ("note") with a financial institution in the original principal amount up to $2,000,000 and certain credit cards and cash management services ("credit card line") up to an aggregate principal amount of $500,000. The proceeds of the note were intended for general business purposes. The note's interest rate was at the London interbank offered rate ("LIBOR") plus 3% per annum and matured on November 30, 2020. Through maturity, interest was paid in consecutive monthly installments on the last day of each month.

The note was collateralized by the Company's receivables with limitation of up to 80 percent of the eligible balance. There were certain qualifying events that could accelerate maturity of the note including, but not limited to: failure to pay any debt in excess of $50,000; default under the note agreement; loss, theft, or destruction of assets in excess of $150,000 not covered by insurance; bankruptcy, reorganization, or liquidation of the Company; and seizure or garnishment of property in excess of $150,000.

The note had reporting requirements with the financial institution including: a borrowing base certificate and a certified list of accounts receivable aging to be delivered within 15 days after the end of each fiscal quarter, and audited financial statements to be delivered within 120 days after the end of the fiscal year.

At November 30, 2020 the note was not renewed. No funds were drawn on the note during its term. The credit card line was amended in November 2020 to an aggregate principal amount up to $250,000. The credit card line is collateralized by cash of $262,500 being held by the financial institution in a money market account.

Paycheck Protection Program

On April 15, 2020, the Company entered into loan agreement in the amount of $481,325 with JPMorgan Chase N.A. as part of the Paycheck Protection Program Loan Program (PPP) established by the U.S. Small Business Administration (SBA) under the Division A, Title I of the Coronavirus Aid, Relief and Economic Security Act of 2020 (the Act). The proceeds of the PPP loan have been used solely for the eligible expenses specified in and established by the PPP, and are eligible for forgiveness after twenty four weeks by the SBA following the date the PPP loan is funded provided certain criteria is met, as defined in the PPP loan agreement and the Act. Any balance of the PPP loan not forgiven bears interest at 0.98 percent, due in equal monthly installments from the period beginning 10 months after the end of the Company's covered period through April 2022.

Note 8 – Financing Arrangements (Continued)

Paycheck Protection Program (Continued)

Consistent with the requirements of the PPP for loan forgiveness, the Company has used the entire loan proceeds solely for payment of payroll and otherwise in a manner which it believes satisfy the requirements for loan forgiveness. However, no assurance can be given that any application for loan forgiveness that the Company may submit will be approved, in whole or in part. As of the date the financial statements were available to be issued, the Company has not yet been able to apply for forgiveness with JP Morgan Chase. The Company will apply for forgiveness once able.

The following schedule reflects the future aggregate principal payments currently due under the PPP loan while forgiveness is pending:

Years ending December 31,	
2021	$ 264,325
2022	217,000
	$ 481,325

Note 9 – Commitments and Contingencies

Leases

Effective January 1, 2019, the Company adopted ASC 842 and applied it using the modified retrospective transition method. The adoption had a substantial impact on the balance sheet resulting from recognition of operating lease right to use assets and the operating lease liabilities. There is no difference in the results of operations presented in the statement of operations as result of implementation.

The Company's leasing policies are established in accordance with ASC 842, and accordingly, recognizes on the balance sheet at the time of lease commencement a right-of-use asset and a lease liability, initially measured at the present value of the lease payments. Right-of-use lease assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. The Company is amortizing the right-of-use assets over the remaining life of the leases. For the years ended December 31, 2020 and 2019, amortization expense related to the right-of-use asset was $174,558 and $89,804, respectively.

Note 9 – Commitments and Contingencies (Continued)

Leases (Continued)

All right-of-use assets are reviewed for impairment. There was no impairment in 2020 or 2019. As the Company's implicit rate in its leases is not readily determinable, the Company used the prime rate as published in Wall St. Journal. Lease payments included in the measurement of the lease liability are comprised of noncancellable lease payments.

In addition, the leases contain variable payments for utilities, real estate tax, repairs and maintenance, and other operating expenses. Such amounts are not included in the measurement of the lease liability and are recognized in the period when the facts and circumstances on which the variable lease payments are based upon occur.

The Company has recorded two right to use assets for the Company's office space. The initial lease commenced March 30, 2017 and amendment was executed December 19, 2018. The amendment increased the rentable square footage and extended the lease term for seven years and eight months after the expansion premises is delivered which was June 20, 2019. The operating lease charges are recorded in selling, general and administrative expense. For the years ended December 31, 2020 and 2019, total rent expense was $287,225 and $220,320, respectively.

The following table presents future minimum lease payments and reconciliation to the corresponding lease liabilities:

Years ending December 31,		
2021	$	259,591
2022		267,002
2023		274,413
2024		281,824
2025		291,705
Thereafter		340,803
		1,715,338
Less present value discount		269,461
Lease liability	$	1,445,877

Note 9 – Commitments and Contingencies (Continued)

Indemnification Agreements

The Company has entered into indemnification agreements with directors and officers of the Company that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors and officers. No demands have been made upon the Company to provide indemnification under such agreements, and thus there are no claims that the Company is aware of that could have a material effect on the Company's balance sheets, statements of operations, or cash flows.

Note 10 – Risks, Uncertainties, and Concentrations

The Company is subject to those risks common in advertising, media and technology-driven markets, including, but not limited to, competitive forces, dependence on key personnel, customer demand for its solution, management of growth, adaption and compliance with government regulations related to privacy, and the possibility of not being able to obtain additional financing if and when needed.

The COVID-19 pandemic has significantly impacted Company's business and results of operations in 2020, as the pandemic has affected substantially all of the Company's customers. Certain industry sectors have been affected more immediately and more significantly than others. Clients have cut costs including postponing or reducing marketing expenditures. The Company aligned its cost structure and workforce to address this reduction in revenue. The Company expects that the pandemic will continue to have a significant effect on the ongoing operations and financial position of the Company. These effects of the pandemic have been and may continue to be material.

Customers are considered major customers when revenue exceeds 10 percent of revenue for the period or customer's receivables balance exceed 10 percent of total accounts receivable.

For 2020, five customers accounted for 94 percent of net revenues, ranging from 41 to 10 percent. Two customer's receivable balance accounted for 77 percent and 16 percent of total accounts receivable.

For 2019, four customers accounted for 88 percent of net revenues, ranging from 53 to 10 percent. Two customer's receivable balance accounted for 61 percent and 25 percent of total accounts receivable.

Note 10 – Risks, Uncertainties, and Concentrations (Continued)

The Company believes it has mitigated its credit risk by monitoring the risk profile of its customers and requiring pre-payment for services in certain circumstances. The loss or significant reduction in orders from the Company's major customers could have a material adverse effect on the Company.

Note 11 – Retirement Plan

The Company has established the MediaCrossing Inc. 401(k) Profit Sharing Plan ("Plan"). It is a defined contribution plan under Section 401(k) of the Internal Revenue Code. This Plan covers substantially all employees who meet minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pre-tax basis or post tax basis. The Company may make matching contributions to the 401(k) portion of the Plan allocated to eligible participants. For the years ended December 30, 2020 and 2019, the Company made matching contribution of $73,063 and $80,522, respectively. The Company may make contributions to the profit sharing portion of the Plan using a discretionary contribution formula to only eligible employees. There were no profit sharing contributions made to the Plan by the Company during 2020 and 2019.

Note 12 – Subsequent Events

The Company has evaluated subsequent events occurring through February 18, 2021, the date the financial statements were available to be issued and has determined that no subsequent events had occurred that would require recognition or disclosure in the financial statements.

Exhibit 99.2

MEDIACROSSING INC.

CONDENSED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021 AND DECEMBER 31, 2020

AND FOR THE NINE MONTHS ENDED

SEPTEMBER 30, 2021 AND 2020

MEDIACROSSING INC.

CONTENTS

MEDIACROSSING INC.

CONDENSED BALANCE SHEETS

SEPTEMBER 30, 2021 AND DECEMBER 31, 2020

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Assets		
Current Assets		
Cash and cash equivalents	$ 2,127,913	$ 2,918,707
Accounts receivable	1,346,021	2,392,617
Media rebates receivable	147,935	722,396
Prepaid expenses and other current assets	727,456	152,151
Total Current Assets	4,349,325	6,185,871
Property and Equipment, Net	34,691	56,674
Operating Lease Right-of-Use Assets, Net	1,183,815	1,320,934
Other Assets		
Deferred Tax Asset, Net	800,022	1,636,292
Restricted Cash	262,500	262,500
Security Deposits	62,374	62,374
Other Asset	4,955	--
Total Other Assets	1,129,851	1,961,166
Total Assets	$ 6,697,682	$ 9,524,645

The accompanying notes are an integral part of these condensed financial statements

MEDIACROSSING INC.

CONDENSED BALANCE SHEETS (CONTINUED)

SEPTEMBER 30, 2021 AND DECEMBER 31, 2020

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 1,201,044	$ 1,956,820
Accrued expenses	891,173	589,005
Advance billings	1,046,066	930,943
Media rebate funding agreement liability	94,917	456,827
Current portion of U.S. Small Business Administration Paycheck Protection Program loan	34,893	264,325
Current portion of operating lease liabilities	198,043	184,625
Total Current Liabilities	3,466,136	4,382,545
Long-term Liabilities		
U.S. Small Business Administration Paycheck Protection Program loan, less current portion	438,902	217,000
Operating lease liabilities	1,111,199	1,261,252
Total Long-term Liabilities	1,550,101	1,478,252
Total Liabilities	5,016,237	5,860,797
Stockholders' Equity		
Series A Convertible Preferred Stock, $.0001 par value, 47,127 shares authorized, issued and outstanding; accumulated undeclared and unpaid dividends $3,738,453 in 2021 and $3,383,869 in 2020; liquidation preference $11,618,087	5	5
Series A-1 Convertible Preferred Stock, $.0001 par value, 53,312 shares authorized, issued and outstanding; accumulated undeclared and unpaid dividends of $746,853 in 2021 and $669,146 in 2020 liquidation preference $2,473,683	5	5
Series A-2 Convertible Preferred Stock, $.0001 par value, 8,488,329 shares authorized, issued and outstanding; accumulated undeclared and unpaid dividends of $210,224 in 2021 and $185,460 in 2020 liquidation preference $760,225	849	849
Voting common stock, $.0001 par value, 22,115,392 authorized; 6,000 shares issued and outstanding	1	1
Non-voting common stock, $.0001 par value, 12,000,000 authorized; 84,917 shares issued and outstanding	8	8
Additional paid-in capital	10,260,570	10,224,642
Accumulated deficit	(8,579,993)	(6,561,662)
Total Stockholders' Equity	1,681,445	3,663,848
Total Liabilities and Stockholders' Equity	$ 6,697,682	$ 9,524,645

The accompanying notes are an integral part of these condensed financial statements

MEDIACROSSING INC.

CONDENSED STATEMENTS OF OPERATIONS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
Net Revenue	$ 2,210,176	$ 3,790,790
Operating Expenses		
Cost of services	903,026	1,092,242
Employee compensation and benefits	1,809,360	1,782,623
Business development and marketing	499,359	668,485
Selling, general and administrative	639,313	906,994
Total Operating Expenses	3,851,058	4,450,344
Loss from Operations	(1,640,882)	(659,554)
Other Income		
Gain on Extinguishment U.S. Small Business Administration Paycheck Protection Program loan	481,325	--
Interest Income	247	10,638
Total Other Income	481,572	10,638
Loss before Income Tax Benefit	(1,159,310)	(648,916)
Income Tax (Expense) Benefit	(859,021)	162,293
Net Loss	$ (2,018,331)	$ (486,623)

The accompanying notes are an integral part of these condensed financial statements

MEDIACROSSING INC.

CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

	Series A Convertible Preferred Stock		Series A-1 Convertible Preferred Stock		Series A-2 Convertible Preferred Stock		Voting Common Stock		Non-Voting Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance - December 31, 2019	47,127	$ 5	53,312	$ 5	8,488,329	$ 849	6,000	$ 1	84,917	$ 8	$ 10,173,291	$ (5,738,716)	$ 4,435,443
Stock-based compensation expense	--	--	--	--	--	--	--	--	--	--	38,514	--	38,514
Net loss	--	--	--	--	--	--	--	--	--	--	--	(486,623)	(486,623)
Balance - September 30, 2020	47,127	$ 5	53,312	$ 5	8,488,329	$ 849	6,000	$ 1	84,917	$ 8	$ 10,211,805	$ (6,225,339)	$ 3,987,334
Balance - December 31, 2020	47,127	$ 5	53,312	$ 5	8,488,329	$ 849	6,000	$ 1	84,917	$ 8	$ 10,224,642	$ (6,561,662)	$ 3,663,848
Stock-based compensation expense	--	--	--	--	--	--	--	--	--	--	35,928	--	35,928
Net loss	--	--	--	--	--	--	--	--	--	--	--	(2,018,331)	(2,018,331)
Balance - September 30, 2021	47,127	$ 5	53,312	$ 5	8,488,329	$ 849	6,000	$ 1	84,917	$ 8	$ 10,260,570	$ (8,579,993)	$ 1,681,445

The accompanying notes are an integral part of these condensed financial statements

MEDIACROSSING INC.

CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
Cash Flows from Operating Activities		
Net loss	$ (2,018,331)	$ (486,623)
Adjustment to reconcile net loss to net cash (used in) provided by operating activities		
Depreciation and amortization	21,984	28,397
Stock-based compensation	35,928	38,514
Deferred tax expense (benefit)	836,269	(186,786)
Gain on extinguishment Paycheck Protection Plan loan	(481,325)	--
Changes in operating assets and liabilities		
Accounts receivable	1,046,596	3,104,809
Media rebates receivable	574,461	(999,495)
Prepaid expenses and other current assets	(575,305)	903,629
Other asset	(4,955)	
Operating lease right-of-use assets and lease liabilities	484	21,395
Accounts payable	(755,776)	(1,441,807)
Accrued expenses	302,168	(1,204,091)
Advance billings	115,123	(171,596)
Income taxes payable	--	(35,706)
Media rebate funding agreement liability	(361,910)	631,399
Net Cash (Used in) Provided by Operating Activities	(1,264,589)	202,039
Cash Flows Used in Investing Activities		
Purchases of property and equipment	--	(8,469)
Cash Flows Provided by Financing Activities		
Proceeds from Paycheck Protection Plan loan	473,795	481,325
Net Change in Cash, Restricted Cash and Cash Equivalents	(790,794)	674,895
Cash, Restricted Cash, and Cash Equivalents - December 31	3,181,207	3,676,966
Cash, Restricted Cash and Cash Equivalents - September 30	$ 2,390,413	$ 4,351,861

The accompanying notes are an integral part of these condensed financial statements

MEDIACROSSING INC.

CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED) (CONTINUED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
Reconciliation of Cash, Restricted Cash, and Cash Equivalents		
Cash and Cash Equivalents	$ 2,127,913	$ 4,351,861
Restricted Cash	262,500	--
Total Cash, Restricted Cash and Cash Equivalents	$ 2,390,413	$ 4,351,861
Supplemental Disclosure of Cash Flow Information		
Cash paid for income taxes	$ 48,760	$ 71,626

The accompanying notes are an integral part of these condensed financial statements

NOTE 1 – NATURE OF BUSINESS AND LIQUIDITY

MediaCrossing Inc. (the "Company") is an independent advertising agency that primarily plans, executes, measures, analyzes, and optimizes media campaigns on behalf of marketers and agency clients. The Company utilizes a series of ad-tech platforms that provide trading, data, analysis, and reporting for client campaigns. The Company was founded in 2012 and is headquartered in Stamford, CT.

LIQUIDITY

The Company has incurred net losses since 2020 primarily related to the impact of COVID-19 on the Company's business and customers (see Note 10). The net losses for the nine months ended September 30, 2021 and 2020 were $2,018,331and $486,623, respectively. In addition, the Company had an accumulated deficit of $8,579,993 and $6,561,662 at September 30, 2021 and December 31, 2020, respectively. The Company expects to generate operating losses for the foreseeable future and is dependent upon financing arrangements (see Note 8) or a merger or acquisition transaction (see Note 10) to provide additional capital to finance its operations. This creates substantial doubt on the Company's ability to continue as a going concern.

The accompanying condensed financial statements do not include any adjustments to reflect possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the possible inability of the Company to continue as a going concern.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying unaudited condensed financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP to be included in full year consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair statement of the results for the periods presented have been included and are of a normal recurring nature. The December 31,2020 Condensed Consolidated Balance Sheet data was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP. These interim condensed financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2020.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards

In August 2020, Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2020-06, Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40) ("ASU 2020-06") to simplify accounting for certain financial instruments. ASU 2020-06 eliminates the current models that require separation of beneficial conversion and cash conversion features from convertible instruments and simplifies the derivative scope exception guidance pertaining to equity classification of contracts in an entity's own equity. The new standard also introduces additional disclosures for convertible debt and freestanding instruments that are indexed to and settled in an entity's own equity. ASU 2020-06 amends the diluted earnings per share guidance, including the requirement to use the if-converted method for all convertible instruments. ASU 2020-06 is effective January 1, 2022 and should be applied on a full or modified retrospective basis. The Company does not believe there will be a material impact as a result of the adoption of this pronouncement.

The Company's management does not believe that any other recently issued, but not yet effective, accounting pronouncements, if currently adopted, would have a material effect on the Company's financial statements.

USE OF ESTIMATES

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that that affect the amounts of assets and liabilities and disclosure of contingent asset and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual results could vary from these estimates. On an ongoing basis, management reviews estimates based upon information that is currently available. Changes in facts and circumstances may result in revised estimates, and any adjustment could be significant.

CASH, RESTRICTED CASH AND CASH EQUIVALENTS

The Company considers all short-term, highly liquid investments, with an original maturity of three months or less, to be cash equivalents. The Company maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. The Company had amounts on deposit in excess of federally insured limits in accounts with one financial institution. The Company has not experienced any losses in these accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

The Company's restricted cash account is collateral for credit card line with a financial institution.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Company records a provision for doubtful accounts based on historical experience and a detailed assessment of collectability of its accounts receivable. In estimating, the allowance for doubtful accounts, management considers, among other factors, the aging of the accounts receivable and the creditworthiness of each customer. If there is an unexpected material adverse change in a customer's ability to meet its financial obligations, the Company's estimate of the recoverability of the amounts due could be reduced by a material amount. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. During the nine months ended September 30, 2020, the Company wrote off $209,526 of receivables from one customer as a result of impact of COVID-19 on customer's operations. The Company has determined all amounts outstanding were collectible and has not recorded an allowance for doubtful accounts at September 30, 2021 and December 30, 2020.

MEDIA REBATE RECEIVABLE

Media rebates receivable represents balance of cash payment advanced to a customer that is owed to the Company. The Company, along with its transaction partners, advanced $1,500,000 to a customer in February 2020. The advance is repayable to the Company through each of the customer's subsequent purchase of media advertising. Under the terms and conditions of the agreement, the customer is charged a fixed fee on each media purchase which is applied to the outstanding principal advanced, plus a fixed rate of return. The return is recorded in Net Revenue. The Company expects to collect the outstanding balance in 2021 and has not recorded an allowance.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the related assets which range from 3 to 5 years except for leasehold improvements which are amortized over the lesser of the estimated useful lives of the assets or the term of the lease.

Maintenance and repairs are charged to expense as incurred. Improvements and betterments are capitalized. When assets are retired or otherwise disposed of, the cost and accumulated depreciation and amortization are removed from the balance sheet and any resulting gain or loss is reflected in operations in the period realized.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LONG-LIVED ASSETS

Long-lived assets consist of property and equipment and domain name. The Company periodically reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may be impaired or the estimated useful lives are no longer appropriate. If indicators of impairment exist and the undiscounted projected cash flows associated with such asset are less than the carrying amount of the asset, an impairment loss is recorded to write the asset down to its estimated fair value.

ADVANCE BILLINGS

Advance billings represent billings to customers prior to satisfying the contracted performance obligation. The billings are in accordance with the terms of the client contracts and include both the cost of media and the agency commissions.

MEDIA REBATE FUNDING AGREEMENT LIABILITY

The media rebate funding agreement liability represents a payable to the Company's transaction partners related to the media rebate advanced to a customer in February 2020. The Company has partners that provided a portion of funding advanced to the customer and, accordingly, has sequential liability with its partners. As the Company is repaid the media rebate advanced through each subsequent media purchase with the customer, they in turn repay the partners for their share on a pro-rata basis. The Company expects to fully collect the outstanding media rebate advance and to subsequently repay its transaction partners in 2021.

REVENUE RECOGNITION

The Company recognizes revenue in accordance with FASB Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"). The Company recognizes revenue when control of the promised good or service is transferred to its customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for the goods or services. See Note 3 herein for further information.

COST OF SERVICES

Cost of services sold consists primarily of staffing costs of the Company's delivery group that sets up, initiates and monitors client contracted advertising campaigns.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

STOCK-BASED COMPENSATION

The Company issues stock-based compensation awards and measures and recognizes the cost of employee services received in exchange for an award of equity instruments. The Company uses the Black-Scholes Merton option pricing model to determine the fair value of equity granted. The determination of the fair value of share-based payment awards utilizing Black- Scholes Merton model is affected by stock price and a number of assumptions, including volatility, expected term, risk-free interest rate and expected dividends.

Stock-based compensation cost is measured at the grant date, based on the fair value of the award, and recognized as an expense on a straight-line basis over the requisite service period. The Company elected to account for its graded vesting options on a straight-line basis over the requisite service period for the entire award. The Company recognizes the effect of awards for which the requisite service is not rendered when the award is forfeited.

LEASES

The Company accounts for leases in accordance with FASB ASC Topic 842, *Leases* ("ASC 842"). As such, the Company has recognized a right-of-use asset and a corresponding lease liability on the balance sheet for all leases with a term of more than twelve months. The Company has adopted the practical expedient and elected not to recognize right-of-use assets and liabilities for leases with a term of 12 months or less. See Note 9 herein for further information.

INCOME TAXES

The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities at currently enacted tax rates. These temporary differences primarily relate to net operating loss carryforwards available to offset future taxable income. Valuation allowances are established, if necessary, to reduce a deferred tax asset to the amount that will more likely than not be realized.

The Company recognizes tax liabilities from an uncertain tax position only if it is more likely than not that the tax position will not be sustained upon examination by the taxing authorities, based on the technical merits of the tax position. There are no uncertain tax positions that have been recognized in the accompanying financial statements. The Company is required to file tax returns in the U.S. federal jurisdiction and various states. The Company's policy is to recognize interest and penalties related to uncertain tax benefits (if any) in operating expenses. No such interest and penalties have been accrued as of September 30, 2021 and December 31, 2020.

NOTE 3 – REVENUE RECOGNITION

The Company's revenue recognition policies are established in accordance with ASC 606, and accordingly, recognizes revenue when control of the promised good or service is transferred to its customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for the goods or services.

Upon adoption of ASC 606, accounting policies were changed to require recognizing revenue net of amount retained, recognizing trade credits in net revenue, and recognizing referral fees at the time of revenue recognition.

The primary source of the Company's revenue is from agency arrangements in the form of fees or commissions. The Company buys both digital and traditional media. Digital media includes display, video, social, search, and mobile. Traditional media includes radio, print and television. The media is purchased across a range of platforms through third party vendors. The Company's obligation under media buying services is to negotiate and purchase advertising media from a third-party media vendor on behalf of a client to execute its media plan. The Company does not obtain control prior to transferring these services to its clients; therefore, the Company acts as agent for media buying services.

Therefore, revenue is recorded equal to the net amount retained for the Company's fees or commissions, equal to the gross amount billed less the third-party vendor costs. The revenue is recognized at the time of placement of the media advertisement, when there is no further performance obligation, and when collection is reasonably assured. Client invoices are generated either pre-campaign launch, monthly, or at the end of the campaign. For those campaigns that are pre-billed, revenue is deferred until the impressions are delivered. At September 30, 2021 and December 31, 2020, advance billings totaled $1,046,066 and $930,943, respectively.

NOTE 3 – REVENUE RECOGNITION (CONTINUED)

The following is a rollforward of advanced billings during the nine months ended September 30, 2021:

Beginning balance - January 1	$ 930,943
Advanced billings	8,105,741
Contractual obligations fulfilled	(7,990,618)
Ending balance - September 30	$ 1,046,066

Advanced billings are expected to be utilized within the next twelve months. In general, customer's payment terms are net 30.

The Company selectively accepts competitive trade credits as partial payment for media purchases that were issued by other barter media companies. The Company has a services agreement with a third-party to provide "Barter" media to advertisers. The third-party issues trade credits for specific assets in return for certain media services provided by the Company for a combination of cash and a smaller percentage of trade credit. Accordingly, trade credits are considered part of the transaction price and are included in net revenue in accordance with ASC 606. The trade credits were $0 and $351,365 for nine months ended September 30, 2021 and 2020, respectively.

The Company has arrangements with the referral partners to which periodic referral payments are made as percentage of cash gross profit subject to certain adjustments. Referral fees are recognized as expense as revenue is recognized. For nine months ended September 30, 2021 and 2020, the referral fees are $402,343 and $ 573,825, respectively and are recorded in the statement of operations in business development and marketing expense.

The Company's net revenue is recognized at a point and time and can be disaggregated into two types of media: digital and traditional. The following presents the Company's disaggregated net revenue for the nine months ended September 30:

	2021	2020
Digital	$ 1,692,700	$ 3,398,051
Traditional	517,476	392,739
	$ 2,210,176	$ 3,790,790

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	September 30, 2021	December 31, 2020
Furniture and fixtures	$ 83,357	$ 83,357
Computer equipment and hardware	59,146	59,146
Equipment	5,410	5,410
Website development costs	3,325	3,325
Leasehold improvements	20,774	20,774
	172,012	172,012
Accumulated depreciation and amortization	(137,321)	(115,338)
	$ 34,691	$ 56,674

For nine months ended September 30, 2021 and 2020, depreciation and amortization expense for property and equipment was $21,983 and $28,397, respectively.

NOTE 5 – STOCKHOLDERS' EQUITY

The Company has preferred stock, voting common stock and non-voting common stock. The preferred stock has been issued in three tranches—Series A, Series A-1 and Series A-2. The voting common stock can only be held by current employees, consultants or other service providers. The voting common stock immediately converts to non-voting common stock when the service provider is no longer providing services in any capacity to the Company.

The holders of the Series A, A-1 and A-2 preferred stock are entitled to a cumulative dividend at the rate of $10.032, $1.94346 and $.00389, respectively per share, payable in preference and priority to any dividend on common stock (except a common stock dividend payable in shares of common stock).

Each share of preferred stock is convertible at any time, at the option of the shareholder, into voting common stock at the then effective conversion rate for the Series A, A-1 and A-2. All preferred shares are automatically converted into voting common stock immediately prior to the closing of an initial public offering, upon receipt of the Company of a conversion request by a majority of the preferred shareholders, or when a majority of the preferred stock has been converted into voting common stock. When an automatic conversion has occurred, the shares cannot be re-issued.

NOTE 5 – STOCKHOLDERS' EQUITY (CONTINUED)

The conversion price is initially set as the original issue price of the series of preferred stock. The conversion price is adjusted when there is an issuance of additional shares of common stock for consideration less than the last preferred stock issuance.

The original issue prices for the Series A, Series A-1 and Series A-2 preferred stock issuances were $167.20, $32.391, and $.064795, respectively. For the Series A-1 and A-2 issuances, the initial preferred shareholders were given the right of first offer to recapitalize the business on a pro-rata ownership basis per the corporate documents. All the major preferred shareholders except one initial shareholder elected to exercise this right. In accordance with the accounting standards in effect at the time of A-1 and A-2 issuances, the Company determined that the preferred stock was an equity instrument and that the economic characteristics and risks were clearly and closely related to the common stock. Therefore, the embedded conversion feature was not required to be bifurcated and recorded as a liability.

In the event of liquidation, the Series A, A-1 and A-2 preferred stockholders are entitled to receive preference in distribution of the assets of the Company. The liquidation preference per share is the amount of the Series A, A-1 and A-2 original issue price of $167.20, $32.391 and $.064795, respectively, plus all unpaid preferred dividends. In certain circumstances the original issue price is adjusted. The assets will be distributed first to the Series A-2 holders then pro rata among the Series A and Series A-1 preferred shareholders. If there are insufficient funds for the holders of preferred stock to receive full amount of their distribution, then the entire assets of the Company can be distributed as permitted by General Corporation Law. After payment to the preferred stockholders, any remaining assets available for distribution will be distributed pro rata to the holders of the preferred stock and common stock in proportion to the number of common shares held by them on an as-converted basis.

Each class of preferred stock is redeemable at any time for cash at the holder's option on or after seventh anniversary of the original issuance dates for the then effective original issue price plus all unpaid preferred dividends. If a shareholder so elects to redeem shares, a majority of the preferred shareholders acting as a single class must approve the redemption. Delaware law limits the amount of funds that may be deployed for a redemption to an amount not to exceed the Company's surplus or cause the Company to become insolvent. In the event, the Company cannot make the redemption, in whole or in part, then the share not redeemed will accrue interest at 9 percent per annum and all shareholders shall be required to expand the Board of Directors to have additional members.

The Series A preferred stock is redeemable on or after the seventh anniversary of the original issuance dates ranging from October 9, 2013 through April 30, 2014.

NOTE 5 – STOCKHOLDERS' EQUITY (CONTINUED)

The Series A-1 preferred stock is redeemable on or after the seventh anniversary of the original issuance date of July 16, 2014.

The Series A-2 preferred stock is redeemable on or after the seventh anniversary of the original issuance date of May 15, 2015.

Each share of preferred stock is entitled to the number of votes equal to number of common shares on an as-converted basis. Each share of voting common stock is entitled to one vote.

The non-voting common stock has all the same rights and privileges as the voting common stock except for voting rights.

NOTE 6 – 2013 STOCK OPTION AND EQUITY RELATED INCENTIVE PLAN

The Company adopted the 2013 Stock Option and Equity Related Incentive Plan ("2013 Incentive Plan"). In accordance with the 2013 Incentive Plan, options, stock appreciation rights, restricted stock awards or deferred stock awards may be issued to employees, officers, directors, or consultants. The plan is administered by the Board of Directors. Effective April 15, 2015, an aggregate of 2,894,226 shares have been reserved for issuance pursuant to the 2013 Incentive Plan. The 2013 Incentive Plan contained 2,361,250 and 2,171,250 shares outstanding as of September 30, 2021 and December 31, 2020, respectively.

The fair value of each option award under the plan is estimated on the date of the grant using the Black-Scholes Merton option pricing model. The expected term of options represents the period that the Company's stock-based awards are expected to be outstanding. The risk-free interest rate for periods related to the expected life of the options is based on the U.S. Treasury yield curve in effect at the time of the grant. The expected volatility is based on volatilities noted within similar public companies in the same industry. The expected dividend yield assumption is based upon the Company's current intent to not pay dividends in the future.

Pursuant to the terms of the 2013 Incentive Plan, the options granted are exercisable for a period not more than ten years after the grant date; however, all currently issued options have a vesting period of 4 years.

The exercise price of incentive stock options is to be no less than the fair market value of a share of stock on the date of grant and if the optionee is a 10 percent or more shareholder, such exercise price cannot be less than 110 percent of the fair market value of a share of stock on the date of grant. The Company has issued stock options to various employees with vesting terms and exercise prices determined by the Board of Directors.

NOTE 6 – 2013 STOCK OPTION AND EQUITY RELATED INCENTIVE PLAN (CONTINUED)

The following table summarizes common stock option activity:

	Options Outstanding	Weighted Average Exercise Price Per Share	Weighted Average Contractual Life (Years)
January 1, 2020	2,396,250	$ 0.207	
Options granted	--	--	
Options forfeited	(35,000)	0.390	
Options exercised	--	--	
September 30, 2020	2,361,250	$ 0.204	6.35
Exercisable at September 30, 2020	1,874,688		
January 1, 2021	2,346,250	$ 0.203	
Options granted	--	--	
Options forfeited	(175,000)	0.130	
Options exercised	--	--	
September 30, 2021	2,171,250	$ 0.209	4.96
Exercisable at September 30, 2021	1,974,688		

For the nine months ended September 30, 2021 and 2020, stock-based compensation expense was $35,928 and $38,514, respectively. The unrecognized compensation expense relating to these options was $37,317 and $75,244 as of September 30, 2021 and December 31, 2020, respectively. As of September 30, 2021, these amounts are expected to be recognized over an average period of approximately one year.

There were no stock appreciation rights, restricted stock awards, and deferred stock awards outstanding and none were granted during 2021 and 2020.

NOTE 7 – INCOME TAXES

The Company files a tax return in all appropriate jurisdictions. The Company recognizes deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, using enacted tax rates in effect in the years in which the differences are expected to reverse. Under the asset and liability method, deferred income tax assets and liabilities are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities.

The Company follows the provisions of the ASC 740 related to accounting for uncertainty in income taxes. The Company has not recorded a reserve for any tax positions for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. When and if applicable, potential interest and penalty expenses are accrued as incurred and classified in selling, general and administrative expenses in the statements of operations. The Company has no liability for unrecognized tax benefits.

Income tax (expense) benefit consists of the following for nine months ended September 30:

	2021	2020
Current Benefit (Expense)		
Federal	$ -	$ 7,753
State	(22,752)	(32,248)
Total Current Benefit (Expense)	(22,752)	(24,495)
Deferred Benefit (Expense)		
Federal	327,223	131,803
State	136,507	54,984
Total Deferred Benefit (Expense)	463,730	186,787
Valuation allowance	(1,300,000)	--
Income Tax Benefit (Expense)	$ (859,021)	$ 162,293

The difference between the federal statutory rate and the Company's effective tax rate is primarily due to state taxes and items not deductible for tax purposes.

NOTE 7 – INCOME TAXES (CONTINUED)

The Company's deferred taxes consist of the following:

	September 30, 2021	December 31, 2020
Deferred Tax Assets		
Net operating losses	$ 1,983,982	$ 1,545,554
Accruals not currently deductible	85,157	69,686
Stock based compensation	46,391	36,560
Deferred Tax Liabilities		
Difference in depreciation and amortization method for property and equipment	(15,508)	(15,508)
Less Valuation Allowance	(1,300,000)	--
Deferred Tax Asset, net	$ 800,022	$ 1,636,292

The Company performs an annual evaluation of its ability to realize its deferred tax assets based on all available evidence, both positive and negative, including the Company's operations over the past three years, expected future profitability, historical utilization of credits and carry forward expiration dates. At September 30, 2021, the Company has a valuation allowance recorded against net operating losses. Management believes that it is more likely than not that deferred tax asset will not be realized in its entirety, and therefore, recorded an allowance for a portion of the deferred tax asset. There is a lack of certainty in the existence of future taxable income of the Company to utilize the net operating losses. See Note 12 for further discussion.

The Company had various deferred tax assets at September 30, 2021 and December 31, 2020, which were comprised primarily of net operating loss carryforwards. The Company's federal net operating losses that have been incurred prior to December 31, 2017 will continue to have a 20-year carryforward limitation applied and will need to be evaluated for recoverability in the future. Net operating losses incurred after December 31, 2017 will have an indefinite life, but usage will be limited to 80% of taxable income in any given year. The Company has net operating loss carryforwards of approximately $7,250,504 and $5,648,258 as of September 30, 2021 and December 31, 2020, respectively, available to offset future taxable income, which will begin to expire in 2034.

NOTE 8 – FINANCING ARRANGEMENTS

LINES OF CREDIT

On November 22, 2019, the Company entered into a line of credit note ("note") with a financial institution in the original principal amount up to $2,000,000 and certain credit cards and cash management services ("credit card line") up to an aggregate principal amount of $500,000. The proceeds of the note were intended for general business purposes. The note's interest rate was at the London interbank offered rate ("LIBOR") plus 3% per annum and matured on November 30, 2020. Through maturity, interest was payable in consecutive monthly installments on the last day of each month.

The note was collateralized by the Company's receivables with limitation of up to 80 percent of the eligible balance. There were certain qualifying events that could accelerate maturity of the note including, but not limited to: failure to pay any debt in excess of $50,000; default under the note agreement; loss, theft, or destruction of assets in excess of $150,000 not covered by insurance; bankruptcy, reorganization, or liquidation of the Company; and seizure or garnishment of property in excess of $150,000.

The note had reporting requirements with the financial institution including: a borrowing base certificate and a certified list of accounts receivable aging to be delivered within 15 days after the end of each fiscal quarter and audited financial statements to be delivered within 120 days after the end of the fiscal year.

At November 30, 2020 the note was not renewed. No funds were drawn on the note during its term. The credit card line was amended in November 2020 to an aggregate principal amount up to $250,000. The credit card line is collateralized by cash of $262,500 being held by the financial institution in a money market account. At September 30, 2021 and December 31, 2020 the Company had none outstanding and $29,351 outstanding under the credit card line, respectively, which is included in accounts payable in the condensed balance sheets.

PAYCHECK PROTECTION PROGRAM

On April 15, 2020 and April 21, 2021, the Company entered into loan agreements in the amounts of $481,325 and $473,795, respectively, with JPMorgan Chase N.A. as part of the Paycheck Protection Program Loan Program ("PPP") established by the U.S. Small Business Administration ("SBA") under the Division A, Title I of the Coronavirus Aid, Relief and Economic Security Act of 2020 (the Act). The proceeds of the PPP loans have been used solely for the eligible expenses specified in and established by the PPP, and are eligible for forgiveness after twenty four weeks by the SBA following the date the PPP loans are funded provided certain criteria are met, as defined in the PPP loan agreements and the Act. The SBA has forgiven the loans, including all accrued but unpaid interest, on June 14, 2021 and October 22, 2021, respectively. At September 30, 2021 and December 31, 2020 the Company had $473,795 and $481,325 outstanding under PPP loans, respectively.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

LEASES

The Company's leasing policies are established in accordance with ASC 842, and accordingly, recognizes on the balance sheet at the time of lease commencement a right-of- use asset and a lease liability, initially measured at the present value of the lease payments. Right-of-use lease assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. The Company is amortizing the right-of-use assets over the remaining life of the leases. For the nine months ended September 30, 2021 and 2020, amortization expense related to the right-of-use asset was $137,119 and $130,073, respectively.

All right-of-use assets are reviewed for impairment. There was no impairment in 2021 or 2020. As the Company's implicit rate in its leases is not readily determinable, the Company used the prime rate as published in Wall St. Journal. Lease payments included in the measurement of the lease liability are comprised of noncancellable lease payments.

In addition, the leases contain variable payments for utilities, real estate tax, repairs and maintenance, and other operating expenses. Such amounts are not included in the measurement of the lease liability and are recognized in the period when the facts and circumstances on which the variable lease payments are based upon occur.

The Company has recorded two right to use assets for the Company's office space. The initial lease commenced March 30, 2017 and amendment was executed December 19, 2018. The amendment increased the rentable square footage and extended the lease term for seven years and eight months after the expansion premises is delivered which was June 20, 2019. The operating lease charges are recorded in selling, general and administrative expense. For the nine months ended September 30, 2021 and 2020, total rent expense was $214,638 and $215,598, respectively.

NOTE 9 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

LEASES (CONTINUED)

The following table presents future minimum lease payments and reconciliation to the corresponding lease liabilities:

Years ending December 31,		
2021(remaining)	$	65,772
2022		267,002
2023		274,413
2024		281,824
2025		291,705
Thereafter		340,803
		1,521,519
Less present value discount		212,277
Lease liability September 30, 2021	$	1,309,242

INDEMNIFICATION AGREEMENTS

The Company has entered into indemnification agreements with directors and officers of the Company that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors and officers. No demands have been made upon the Company to provide indemnification under such agreements, and thus there are no claims that the Company is aware of that could have a material effect on the Company's balance sheets, statements of operations, or cash flows.

NOTE 10 – RISKS, UNCERTAINTIES, AND CONCENTRATIONS

The Company is subject to those risks common in advertising, media and technology-driven markets, including, but not limited to, competitive forces, dependence on key personnel, customer demand for its solution, management of growth, adaption and compliance with government regulations related to privacy, and the possibility of not being able to obtain additional financing if and when needed.

The COVID-19 pandemic has significantly impacted Company's business and results of operations in 2021 and 2020, as the pandemic has affected substantially all of the Company's customers. Certain industry sectors have been affected more immediately and more significantly than others. Clients have cut costs including postponing or reducing marketing expenditures. The Company aligned its cost structure and workforce to address this reduction in revenue. The Company expects that the pandemic will continue to have a significant effect on the ongoing operations and financial position of the Company. These effects of the pandemic have been and may continue to be material.

Customers are considered major customers when revenue exceeds 10 percent of revenue for the period or customer's receivables balance exceed 10 percent of total accounts receivable.

For nine months ended September 30, 2020, five customers accounted for 97 percent of net revenues, ranging from 10 to 50 percent. Three customer's receivable balance accounted for 92 percent of total accounts receivable ranging from 15 percent to 53 percent.

For nine months ended September 30, 2021, three customers accounted for 81 percent of net revenues, ranging from 13 to 45 percent. Two customer's receivable balance accounted for 20 percent and 79 percent of total accounts receivable.

The Company believes it has mitigated its credit risk by monitoring the risk profile of its customers and requiring pre-payment for services in certain circumstances. The loss or significant reduction in orders from the Company's major customers could have a material adverse effect on the Company.

NOTE 11 – RETIREMENT PLAN

The Company has established the MediaCrossing Inc. 401(k) Profit Sharing Plan ("Plan"). It is a defined contribution plan under Section 401(k) of the Internal Revenue Code. This Plan covers substantially all employees who meet minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pre-tax basis or post tax basis. The Company may make matching contributions to the 401(k) portion of the Plan allocated to eligible participants. For the nine months ended September 30, 2021 and 2020, the Company made matching contribution of $57,234 and $59,794, respectively. The Company may make contributions to the profit sharing portion of the Plan using a discretionary contribution formula to only eligible employees. There were no profit sharing contributions made to the Plan by the Company during 2021 and 2020.

NOTE 12 – SUBSEQUENT EVENTS

The Company has evaluated events occurring subsequent to the date of the financial statements through December 22, 2021, the date the condensed interim financial statements were available to be issued, in determining the accounting for and disclosure of transactions and events that affect these financial statements. Except as described below, the Company did not identify any event that would have required adjust to or disclosure in the financial statements.

On November 30, 2021, the Company executed an asset purchase agreement for the sale of specific Company's assets and assumption of certain liabilities to Kubient, Inc. ("Transaction"). The purchase price included $500,000 upfront cash consideration payable at closing and 822,369 shares of the public company's stock payable in 2023 based upon the ability to meet earnout provisions. Kubient also offered employment with substantially similar salary and benefits to certain employees of the Company.

On November 28, 2021, the Board of Directors approved termination of the MediaCrossing Inc. 401(k) Profit Sharing Plan as a result of the Transaction.

On November 29, 2021, the Company entered into a lease termination and settlement agreement with the landlord as a result of Kubient excluding the lease in the Transaction. The agreement provided for the termination of the initial right to use assets effective November 30, 2021 and the second right to use asset, from the lease amendment, effective December 31, 2021. In the settlement agreement, the Company forfeited the security deposit; surrendered certain improvements, furnishings, and equipment; and was required to make certain cash payments totaling $264,968.

Exhibit 99.3

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Introduction

On November 30, 2021, Kubient, Inc. (the "Kubient" or the "Company") entered into and consummated an Asset Purchase Agreement (the "Purchase Agreement") between the Company and MediaCrossing Inc., a Delaware corporation ("MediaCrossing"), pursuant to which the Company acquired certain assets and liabilities that were critical to continue to operate the business of MediaCrossing for (i) $500,000 in cash and (ii) if the acquired business achieves certain milestones in 2022, up to 822,369 shares of the Company's common stock, par value $0.00001 per share (the "Earnout Shares") (the "Transaction"). In accordance with Accounting Standards Codification ("ASC") 805, the Company determined that the Transaction should be accounted for as a business combination after determining that the acquired set of assets of MediaCrossing, the fair value of which was not concentrated in a single asset or group of similar assets and included (a) cash, (b) prepaid expenses and other current assets, (c) intangible assets as detailed further below and (d) an assembled workforce, met the definition of a business.

The following unaudited pro forma condensed combined financial statements reflect adjustments to the historical financial results of Kubient in connection with the Transaction, as defined below. These unaudited pro forma condensed combined financial statements adjust the historical financial statements to give effect to Kubient's acquisition of certain assets of MediaCrossing as follows:

The unaudited pro forma condensed combined balance sheet gives effect to the Transaction as if consummated as of September 30, 2021 and is derived from:

- for Kubient, the unaudited condensed consolidated balance sheet as of September 30, 2021; and
- for MediaCrossing, the unaudited condensed balance sheet as of September 30, 2021.

The unaudited pro forma condensed combined statement of operations for the nine months ended September 30, 2021 gives effect to the Transaction as if consummated as January 1, 2020 and is derived from:

- for Kubient, the unaudited condensed consolidated statement of operations for the nine months ended September 30, 2021; and
- for MediaCrossing, the unaudited condensed statement of operations for the nine months ended September 30, 2021.

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2020 gives effect to the Transaction as if consummated as of January 1, 2020 and is derived from:

- for Kubient, the audited consolidated statement of operations for the year ended December 31, 2020; and
- for MediaCrossing, the audited statement of operations for the year ended December 31, 2020.

The unaudited pro forma condensed combined financial statements include the following pro forma adjustments:

- Pre-acquisition adjustments to the historical MediaCrossing unaudited condensed balance sheet as of September 30, 2021 to remove the effect of the assets and liabilities not acquired by Kubient with respect to the Transaction;
- Reclassification adjustments to the historical MediaCrossing statements of operations for the nine months ended September 30, 2021 and for the year ended December 31, 2020 in order to conform to the historical financial statement presentation of the Company; and
- Transaction accounting adjustments to reflect the application of required accounting principles for the Transaction.

The transaction accounting adjustments and other adjustments are based on available information and assumptions that the Company's management believes are reasonable. Such adjustments are estimates and actual experience may differ from expectations.

The following unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X, as amended by the final rule, Release No. 33-10786, "Amendments to Financial Disclosures about Acquired and Disposed Businesses." Release No. 33-10786 replaces the existing pro forma adjustment criteria with simplified requirements to depict the accounting for the transaction ("Transaction Accounting Adjustments") and present the reasonably estimable synergies and other transaction effects that have occurred or reasonably expected to occur ("Management's Adjustments"). Management of the Company has elected not to present Management's Adjustments and has only presented Transaction Accounting Adjustments in the unaudited pro forma condensed combined financial statements.

The unaudited pro forma condensed combined financial statements are provided for informational purposes as required by Form 8-K and do not purport to represent what the results of operations or financial position of the Company would actually have been had the Transaction occurred on the dates noted above, or to project the results of operations or financial position of the Company for any future periods. In the opinion of management, all necessary adjustments to the unaudited pro forma condensed combined financial statements have been made.

The unaudited pro forma condensed combined financial statements have been derived from, and should be read in conjunction with, the historical financial statements of the Company included in its Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q and of the annual and interim financial statements of MediaCrossing that are included in the Company's Current Report on Form 8-K/A to which these unaudited pro forma condensed combined financial statements are being filed as an exhibit. Assumptions underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with the unaudited pro forma condensed combined financial statements.

Kubient, Inc.

Unaudited Pro Forma Condensed Combined Balance Sheet

As of September 30, 2021

	Kubient Note A	MediaCrossing Note B	Pre-Acquisition Adjustments Note C	Net Assets Acquired of MediaCrossing Note D	Transaction Accounting Adjustments Note E	Pro Forma Combined
Assets						
Current Assets:						
Cash	$ 28,746,456	$ 2,127,913	$ (1,606,438) (a)	$ 521,475 (a)	$ (500,000) (a)	$ 28,767,931
Accounts receivable, net	372,971	1,346,021	(1,346,021) (a)	-	-	372,971
Media rebates receivable	-	147,935	(147,935) (a)	-	-	-
Prepaid expenses and other current assets	625,643	727,456	(620,513) (a)	106,943 (a)	-	732,586
Total Current Assets	29,745,070	4,349,325	(3,720,907)	628,418	(500,000)	29,873,488
Property and equipment, net	34,035	34,691	(34,691) (a)	-	-	34,035
Intangible assets, net	2,440,316	-	-	-	650,000 (a)	3,090,316
Goodwill	-	-	-	-	463,000 (a)	463,000
Operating lease right-of-use assets	-	1,183,815	(1,183,815) (a)	-	-	-
Deferred offering costs	37,510	-	-	-	-	37,510
Deferred tax assets, net	-	800,022	(800,022) (a)	-	-	-
Restricted cash	-	262,500	(262,500) (a)	-	-	-
Security deposits	-	62,374	(62,374) (a)	-	-	-
Other asset	-	4,955	(4,955) (a)	-	-	-
Total Assets	$ 32,256,931	$ 6,697,682	$ (6,069,264)	$ 628,418	$ 613,000	$ 33,498,349
Liabilities and Stockholders' Equity						
Current Liabilities:						
Accounts payable - suppliers	$ 451,709	$ -	$ - (a)	$ -	$ -	$ 451,709
Accounts payable - trade	817,389	-	-	-	185,000 (b)	1,002,389
Accounts payable	-	1,201,044	(1,201,044) (a)	-	-	-
Accrued expenses and other current liabilities	921,990	891,173	(891,173) (a)	-	-	921,990
Notes payable	260,322	34,893	(34,893) (a)	-	-	260,322
Advance billings	-	1,046,066	(417,648) (a)	628,418 (a)	-	628,418
Media rebate funding agreement liability	-	94,917	(94,917) (a)	-	-	-
Current portion of operating lease liabilities	-	198,043	(198,043) (a)	-	-	-
Total Current Liabilities	2,451,410	3,466,136	(2,837,718)	628,418	185,000	3,264,828
Contingent consideration	-	-	-	-	613,000 (a)	613,000
Notes payable, non-current portion	77,422	438,902	(438,902) (a)	-	-	77,422
Operating lease liabilities, non-current portion	-	1,111,199	(1,111,199) (a)	-	-	-
Total Liabilities	2,528,832	5,016,237	(4,387,819)	628,418	798,000	3,955,250
Commitments and Contingencies						
Stockholders' Equity:						
Preferred stock:						
Series A Convertible Preferred Stock	-	5	(5) (a)	-	-	-
Series A-1 Convertible Preferred Stock	-	5	(5) (a)	-	-	-
Series A-2 Convertible Preferred Stock	-	849	(849) (a)	-	-	-
Common stock	143	9	(9) (a)	-	-	143
Additional paid-in capital	51,827,263	10,260,570	(10,260,570) (a)	-	-	51,827,263
Retained earnings/accumulated deficit	(22,099,307)	(8,579,993)	8,579,993 (a)	-	(185,000) (b)	(22,284,307)
Total Stockholders' Equity	29,728,099	1,681,445	(1,681,445)	-	(185,000)	29,543,099
Total Liabilities and Stockholders' Equity	$ 32,256,931	$ 6,697,682	$ (6,069,264)	$ 628,418	$ 613,000	$ 33,498,349

See notes to unaudited pro forma condensed combined financial information.

Kubient, Inc.

Unaudited Pro Forma Condensed Combined Statement of Operations

For the Nine Months Ended September 30, 2021

	Kubient Note A	MediaCrossing Note B	Reclassification Adjustments Note C	MediaCrossing As Reclassified	Transaction Accounting Adjustments Note D		Pro Forma Combined
Net Revenues	$ 1,882,311	$ 2,210,176	$ -	$ 2,210,176	$ -		$ 4,092,487
Operating Expenses:							
Cost of services	-	903,026	-	903,026	-		903,026
Sales and marketing	1,977,150	-	1,355,325	1,355,325	87,000	(a)	3,419,475
Technology	1,916,020	-	-	-	-		1,916,020
General and administrative	3,878,765	639,313	953,394	1,592,707	17,500	(a)	5,488,972
Employee compensation and benefits	-	1,809,360	(1,809,360)	-	-		-
Business development and marketing	-	499,359	(499,359)	-	-		-
Total Operating Expenses	7,771,935	3,851,058	-	3,851,058	104,500		11,727,493
Loss From Operations	(5,889,624)	(1,640,882)	-	(1,640,882)	(104,500)		(7,635,006)
Other Income (Expense):							
Interest income	84,469	247	-	247	-		84,716
Interest expense	(5,308)	-	-	-	-		(5,308)
Other income	233	-	-	-	-		233
Gain on extinguishment of PPP loan	-	481,325	-	481,325	-		481,325
Total Other Income (Expense)	79,394	481,572	-	481,572	-		560,966
Loss Before Income Taxes	(5,810,230)	(1,159,310)	-	(1,159,310)	(104,500)		(7,074,040)
Income tax provision	-	(859,021)	-	(859,021)	-		(859,021)
Net Loss	$ (5,810,230)	$ (2,018,331)	$ -	$ (2,018,331)	$ (104,500)		$ (7,933,061)
Net Loss Per Share - Basic and Diluted	$ (0.43)						$ (0.58)
Weighted Average Common Shares Outstanding - Basic and Diluted	13,624,435						13,624,435

See notes to the unaudited pro forma condensed combined financial information

Kubient, Inc.

Unaudited Pro Forma Condensed Combined Statement of Operations

For the Year Ended December 31, 2020

	Kubient Note A	MediaCrossing Note B	Reclassification Adjustments Note C	MediaCrossing As Reclassified	Transaction Accounting Adjustments Note D	Pro Forma Combined
Net Revenues	$ 2,900,029	$ 4,627,622	$ -	$ 4,627,622	$ -	$ 7,527,651
Operating Expenses:						
Cost of services	-	1,380,458	-	1,380,458	-	1,380,458
Sales and marketing	503,721	-	1,951,981	1,951,981	116,000(a)	2,571,702
Technology	2,088,538	-	-	-	-	2,088,538
General and administrative	4,774,508	1,107,877	1,297,401	2,405,278	208,333(a)(b)	7,388,119
Employee compensation and benefits	-	2,332,304	(2,332,304)	-	-	-
Business development and marketing	-	917,078	(917,078)	-	-	-
Total Operating Expenses	7,366,767	5,737,717	-	5,737,717	324,333	13,428,817
Loss From Operations	(4,466,738)	(1,110,095)	-	(1,110,095)	(324,333)	(5,901,166)
Other (Expense) Income:						
Interest expense	(1,123,086)	-	-	-	-	(1,123,086)
Interest expense - related parties	(403,372)	-	-	-	-	(403,372)
Interest income	12,589	10,864	-	10,864	-	23,453
Amortization of beneficial conversion feature	(1,984,322)	-	-	-	-	(1,984,322)
Gain on settlement of notes and other payables	148,600	-	-	-	-	148,600
Loss on settlement of other payables	(23,601)	-	-	-	-	(23,601)
Gain on forgiveness of accounts payable - supplier	236,248	-	-	-	-	236,248
Loss on extinguishment of convertible note payable	(297,272)	-	-	-	-	(297,272)
Other income	15,294	-	-	-	-	15,294
Total Other (Expense) Income	(3,418,922)	10,864	-	10,864	-	(3,408,058)
Loss Before Income Taxes	(7,885,660)	(1,099,231)	-	(1,099,231)	(324,333)	(9,309,224)
Income tax benefit	-	276,285	-	276,285	-	276,285
Net Loss	(7,885,660)	(822,946)	-	(822,946)	(324,333)	(9,032,939)
Deemed dividend related to warrant down round adjustment	(1,682,000)	-	-	-	-	(1,682,000)
Net Loss Attributable to Common Shareholders	$ (9,567,660)	$ (822,946)	$ -	$ (822,946)	$ (324,333)	$ (10,714,939)
Net Loss Per Share - Basic and Diluted	$ (1.85)					$ (2.07)
Weighted Average Common Shares Outstanding - Basic and Diluted	5,185,204					5,185,204

See notes to the unaudited pro forma condensed combined financial information

Notes to Unaudited Pro Forma Condensed Combined Financial Statements

1. Basis of Pro Forma Presentation

The unaudited pro forma condensed combined financial statements have been prepared for illustrative and informational purposes only and were prepared from the respective historical information of Kubient and MediaCrossing, and reflect adjustments to the historical information in accordance with the SEC Final Rule Release No. 33-10786 and in accordance with Article 11 of Regulation S-X of the Securities Exchange Act of 1934 using the acquisition method of accounting, as defined by Accounting Standards Codification ("ASC") Topic 805, *Business Combinations*, and using the fair value concepts as defined in ASC Topic 820,*Fair Value Measurement*. As a result, Kubient has recorded the business combination in its consolidated financial statements and has applied the acquisition method to account for MediaCrossing's assets acquired and liabilities assumed upon completion of the Transaction. The acquisition method requires recording the identifiable assets acquired and liabilities assumed at their fair values on the acquisition date and recording goodwill for the excess of the purchase price over the aggregate fair value of the identifiable assets acquired and liabilities assumed.

The unaudited pro forma condensed combined financial statements are not necessarily indicative of what Kubient's financial position or results of operations would have been had the Transaction occurred on the dates indicated, nor is it necessarily indicative of what the financial position or results of operations of the combined company will be in future periods. The historical financial information has been adjusted to reflect transaction related adjustments that management believes are necessary to present fairly Kubient's pro forma financial position and results of operations following the closing of the Transaction for the period indicated. Additionally, the unaudited pro forma condensed combined statement of income does not reflect any benefits that may result from potential revenue enhancements, anticipated cost savings and expense efficiencies or other synergies that may be achieved from the Transaction.

To prepare the unaudited pro forma condensed combined financial statements, Kubient adjusted MediaCrossing's assets and liabilities to their estimated fair values based on preliminary valuation procedures performed. As of the date of the Current Report on Form 8-K/A to which these unaudited pro forma condensed combined financial statements are being filed as an exhibit, Kubient has not completed the detailed valuation procedures necessary to finalize the required estimated fair values and lives of MediaCrossing's assets to be acquired and liabilities to be assumed and the related allocation of the purchase price. Accordingly, the final acquisition accounting adjustments may be materially different from the unaudited pro forma adjustments. Also, as of the date of the Current Report on Form 8-K/A to which these unaudited pro forma condensed combined financial statements are being filed as an exhibit, certain reclassifications have been made to align MediaCrossing's presentation with that of Kubient. Furthermore, Kubient has not as yet completed its review of MediaCrossing's accounting policies/presentation and as such may not have identified all adjustments and further reclassifications necessary to conform MediaCrossing's accounting and presentation with that of Kubient. As a result of this review, the final acquisition accounting adjustments may be materially different from the unaudited pro forma adjustments.

2. Pro Forma Adjustments

The following pro forma adjustments give effect to the business combination.

Unaudited Pro Forma Condensed Combined Balance Sheet – As of September 30, 2021

Note A Derived from the unaudited condensed consolidated balance sheet of Kubient as of September 30, 2021.

Note B Derived from the unaudited condensed balance sheet of MediaCrossing as of September 30, 2021 included elsewhere in this Current Report.

Pro Forma Adjustments:

Note C (a) To adjust the historical condensed balance sheet of MediaCrossing to remove the effect of the assets and liabilities not acquired by Kubient with respect to the Transaction. In the Transaction, the Company acquired certain assets and liabilities that were critical to continue to operate the business of MediaCrossing. In accordance with ASC 805, the Company determined that the Transaction should be accounted for as a business combination after determining that the acquired set of assets of MediaCrossing, the fair value of which was not concentrated in a single asset or group of similar assets and included (a) cash, (b) prepaid expenses and other current assets, (c) intangible assets as detailed further below and (d) an assembled workforce, met the definition of a business.

Note D (a) Represents the residual net assets acquired by Kubient with respect to the Transaction.

Note E (a) To record the purchase consideration of $500,000 in cash, payable at closing of the Transaction, and $613,000 which represents the estimated fair value of the Earnout Shares defined above. The Earnout Shares consist of up to 822,369 shares of the Company's common stock, depending on the amount of revenue generated by the acquisition in 2022. Each share had a fair value of $2.55 as of the acquisition date. The Earnout Shares were measured using a Monte Carlo simulation. Key assumptions used in the fair value assessment consisted of revenue projections (which were used to estimate the number of Earnout Shares issuable), discount rate, volatility, and risk-free rate. The fair value measurement of the contingent consideration is based on significant inputs not observed in the market and thus represents a Level 3 measurement. Level 3 instruments are valued based on unobservable inputs that are supported by little or no market activity and reflect Kubient's own assumptions in measuring fair value.

This preliminary purchase price allocation has been used to prepare the transaction accounting adjustments in the pro forma condensed combined balance sheet and statements of operations. The final purchase price allocation will be determined when the Company has completed the detailed valuations and necessary calculations as described in more detail in the explanatory notes below. The final allocation could differ materially from the preliminary allocation used in the transaction accounting adjustments. The final allocation may include (1) changes in allocations to intangible assets and goodwill; and (2) other changes to assets and liabilities.

The following table summarizes the allocation of the preliminary purchase price as of the acquisition date:

Purchase Consideration:	
Cash	$ 500,000
Contingent consideration	613,000
Total Purchase Consideration	1,113,000
Less:	
Customer contracts and related customer relationships (1)	580,000
Restrictive covenant agreements (1)	70,000
Cash	521,475
Prepaid expenses and other current assets	106,943
Deferred revenue	(628,418)
Fair Value of Identified Net Assets	650,000
Remaining Unidentified Goodwill Value	$ 463,000

(1) As part of the preliminary valuation analysis, the Company identified (i) customer contracts and related customer relationships and (ii) restrictive covenant agreements as intangible assets. The fair value of the identifiable intangible assets is determined using the "income approach". The customer contracts and related customer relationships have an estimated useful life of five (5) years and the restrictive covenant agreements have an estimated useful life of three (3) years.

The following table summarizes the estimated fair values of MediaCrossing's identifiable intangible assets and their estimated useful lives using a straight-line method of amortization:

Intangible Asset	Estimated Fair Value	Estimated Useful Life in Years	For The Nine Months Ended September 30, 2021	For The Year Ended December 31, 2020
Customer Contracts and Related Customer Relationships	$ 580,000	5	$ 87,000	$ 116,000
Restrictive Covenant Agreements	70,000	3	17,500	23,333
Total	$ 650,000		$ 104,500	$ 139,333

(b) To recognize additional transaction costs of approximately $185,000 incurred subsequent to September 30, 2021. The transaction costs consisted primarily of legal, accounting and other professional fees directly related to the Transaction.

Unaudited Pro Forma Condensed Combined Statement of Operations For the Nine Months Ended September 30, 2021

Note A Derived from the unaudited condensed consolidated statement of operations of Kubient for the nine months ended September 30, 2021.

Note B Derived from the unaudited condensed statement of operations of MediaCrossing for the nine months ended September 30, 2021 included elsewhere in this Current Report.

Pro Forma Adjustments:

Note C Certain reclassifications have been made to the historical presentation of MediaCrossing to conform to the financial statement presentation of the Company, as follows:

	For the Nine Months Ended September 30, 2021		
	MediaCrossing Historical	**Reclassification Adjustments**	**MediaCrossing As Reclassified**
Operating Expenses:			
Cost of services	$ 903,026	$ -	$ 903,026
Sales and marketing	-	1,355,325	1,355,325
General and administrative	639,313	953,394	1,592,707
Employee compensation and benefits	1,809,360	(1,809,360)	-
Business development and marketing	499,359	(499,359)	-
Total Operating Expenses	$ 3,851,058	$ -	$ 3,851,058

Note D (a) To record the amortization of fair value of the acquired intangible assets of MediaCrossing.

Unaudited Pro Forma Condensed Combined Statement of Operations For the Year Ended December 31, 2020

Note A Derived from the audited statement of operations of Kubient for the year ended December 31, 2020.

Note B Derived from the audited statement of operations of MediaCrossing for the year ended December 31, 2020 included elsewhere in this current report.

Pro Forma Adjustments:

Note C Certain reclassifications have been made to the historical presentation of MediaCrossing to conform to the financial statement presentation of the Company, as follows:

	For the Year Ended December 31, 2020		
	MediaCrossing Historical	**Reclassification Adjustments**	**MediaCrossing As Reclassified**
Operating Expenses:			
Cost of services	$ 1,380,458	$ -	$ 1,380,458
Sales and marketing	-	1,951,981	1,951,981
General and administrative	1,107,877	1,297,401	2,405,278
Employee compensation and benefits	2,332,304	(2,332,304)	-
Business development and marketing	917,078	(917,078)	-
Total Operating Expenses	$ 5,737,717	$ -	$ 5,737,717

Note D (a) To record the amortization of fair value of the acquired intangible assets of MediaCrossing.

(b) To recognize additional transaction costs of approximately $185,000 incurred subsequent to September 30, 2021. The transaction costs consisted primarily of legal, accounting and other professional fees directly related to the Transaction.