

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

**FORM 8-K**

**CURRENT REPORT**

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

**November 6, 2019**

Date of Report (Date of earliest event reported)

**THE RUBICON PROJECT, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation)

**001-36384**

(Commission File Number)

**20-8881738**

(IRS Employer Identification No.)

**12181 Bluff Creek Drive, 4th Floor**

**Los Angeles, CA 90094**

(Address of principal executive offices, including zip code)

**(310) 207-0272**

(Registrant's telephone number, including area code)

**Not applicable**

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

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

Title of each class	Trading Symbol(s)	Name on each exchange on which registered
<b>Common stock, par value \$0.00001 per share</b>	<b>RUBI</b>	<b>New York Stock Exchange</b>

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 (see General Instruction A.2. below):

- 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))

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.

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**Item 2.02. Results of Operations and Financial Condition.**

On November 6, 2019, The Rubicon Project, Inc., or the Company, issued a press release announcing financial results for its fiscal quarter ended September 30, 2019. The full text of the press release issued in connection with the announcement is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Form 8-K (including Exhibit 99.1) shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

The following exhibit relating to Item 2.02 shall be deemed to be furnished, and not filed:

<b>Exhibit Number</b>	<b>Description</b>
99.1	<a href="#">Press release dated November 6, 2019</a>

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**SIGNATURE**

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.

**THE RUBICON PROJECT, INC.**

Date: November 6, 2019

By: /s/ David Day  
David Day  
Chief Financial Officer

## Rubicon Project Reports Third Quarter 2019 Results

*Third Quarter Revenue Grows 27% Year over Year*

LOS ANGELES, California – November 6, 2019 – Rubicon Project (NYSE: RUBI), the global exchange for advertising, today reported its results of operations for the third quarter of 2019.

### Recent Highlights

- Revenue was \$37.6 million for Q3 2019, up 27% from Q3 2018
- We expect revenue for Q4 2019 to be between \$47.0 to \$48.5 million
- Audio and video were growth drivers in Q3 2019 year over year
- Significant operating efficiency realized in Q3 2019 from traffic shaping and enterprise-wide implementation of filtering
- Net loss for Q3 2019 was \$6.2 million, or loss per share of \$0.12, compared to net loss of \$13.8 million, or loss per share of \$0.27 for the third quarter of 2018
- Adjusted EBITDA<sup>(1)</sup> was \$6.1 million representing a 16% margin, compared to Adjusted EBITDA loss of \$1.4 million for the third quarter of 2018
- Non-GAAP loss per share<sup>(1)</sup> was \$0.02, compared to \$0.18 non-GAAP loss per share for the third quarter of 2018
- We expect to be cash flow positive for full year 2019<sup>(2)</sup>
- RTK.io acquisition closed just after the end of the quarter

“For the third quarter we delivered solid revenue growth, demonstrated powerful financial leverage and operating efficiency, and delivered strong adjusted EBITDA margins,” said Michael G. Barrett, President and CEO of Rubicon Project. “Our very strong bottom line performance, which generated adjusted EBITDA margins of 16%, was based on significant efficiency gains from full implementation of our traffic shaping technology and from top line growth, driven by growth in audio and video.”

### Third Quarter 2019 Results Summary

*(in millions, except per share amounts and percentages)*

	Three Months Ended			Nine Months Ended		
	September 30, 2019	September 30, 2018	Change Favorable/ (Unfavorable)	September 30, 2019	September 30, 2018	Change Favorable/ (Unfavorable)
Revenue	\$37.6	\$29.7	27%	\$107.9	\$83.3	30%
Net loss	(\$6.2)	(\$13.8)	55%	(\$27.0)	(\$59.6)	55%
Adjusted EBITDA <sup>(1)</sup>	\$6.1	(\$1.4)	nm	\$10.4	(\$21.1)	nm
Adjusted EBITDA operating expenses <sup>(3)</sup>	\$31.5	\$31.1	(1)%	\$97.5	\$104.4	7%
Adjusted EBITDA margin <sup>(4)</sup>	16%	(5%)	21 ppt	10%	(25%)	35 ppt
Basic and diluted loss per share	(\$0.12)	(\$0.27)	56%	(\$0.52)	(\$1.19)	56%
Non-GAAP loss per share <sup>(1)</sup>	(\$0.02)	(\$0.18)	89%	(\$0.21)	(\$0.89)	76%

**Definitions:**

- (1) Adjusted EBITDA and non-GAAP loss per share are non-GAAP financial measures. Please see the discussion in the section called "Non-GAAP Financial Measures" and the reconciliations included at the end of this press release.
- (2) Cash flow is calculated as Adjusted EBITDA less capital expenditures, excluding changes in working capital.
- (3) Adjusted EBITDA operating expenses is calculated as revenue less Adjusted EBITDA.
- (4) Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by revenue. A reconciliations for net loss to Adjusted EBITDA is included at the end of this press release. For further discussion, please see "Non-GAAP Financial Measures."

nm not meaningful

**Third Quarter 2019 Results Conference Call and Webcast:**

The Company will host a conference call on November 6, 2019 at 1:30 PM (PT) / 4:30 PM (ET) to discuss the results for its third quarter of 2019.

**Live conference call**

Toll free number: (844) 875-6911 (for domestic callers)  
Direct dial number: (412) 902-6511 (for international callers)  
Passcode: Ask to join the Rubicon Project conference call  
Simultaneous audio webcast: <http://investor.rubiconproject.com>, under "Events and Presentations"

**Conference call replay**

Toll free number: (877) 344-7529 (for domestic callers)  
Direct dial number: (412) 317-0088 (for international callers)  
Passcode: 10135543  
Webcast link: <http://investor.rubiconproject.com>, under "Events and Presentations"

**About Rubicon Project**

Founded in 2007, Rubicon Project is one of the world's largest advertising exchanges. The company helps websites and apps thrive by giving them tools and expertise to sell ads easily and safely. In addition, the world's leading agencies and brands rely on Rubicon Project's technology to execute tens of billions of advertising transactions each month. Rubicon Project is an independent, publicly traded company (NYSE:RUBI) headquartered in Los Angeles, California.

Note: The Rubicon Project and the Rubicon Project logo are registered service marks of The Rubicon Project, Inc.

## Forward-Looking Statements:

This press release and management's prepared remarks during the conference call referred to above include, and management's answers to questions during the conference call may include, forward-looking statements, including statements based upon or relating to our expectations, assumptions, estimates, and projections. In some cases, you can identify forward-looking statements by terms such as "may," "might," "will," "objective," "intend," "should," "could," "can," "would," "expect," "believe," "design," "anticipate," "estimate," "predict," "potential," "plan" or the negative of these terms, and similar expressions. Forward-looking statements may include, but are not limited to, statements concerning our anticipated financial performance, including, without limitation, revenue, advertising spend, non-GAAP loss per share, profitability, net income (loss), Adjusted EBITDA, earnings per share, and cash flow; strategic objectives, including focus on header bidding, mobile, video, Demand Manager, and private marketplace opportunities; investments in our business; development of our technology; introduction of new offerings; the impact of transparency initiatives we may undertake; the impact of our traffic shaping technology on our business; the effects of our cost reduction initiatives; scope and duration of client relationships; the fees we may charge in the future; business mix and expansion of our mobile, video and private marketplace offerings; sales growth; client utilization of our offerings; our competitive differentiation; our market share and leadership position in the industry; market conditions, trends, and opportunities; user reach; certain statements regarding future operational performance measures including ad requests, fill rate, paid impressions, average CPM, take rate, and advertising spend; benefits from supply path optimization; and factors that could affect these and other aspects of our business. These statements are not guarantees of future performance; they reflect our current views with respect to future events and are based on assumptions and estimates and subject to known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from expectations or results projected or implied by forward-looking statements. These risks include, but are not limited to: our ability to continue to grow and to manage our growth effectively; our ability to develop innovative new technologies and remain a market leader; our ability to attract and retain buyers and sellers and increase our business with them; our vulnerability to loss of, or reduction in spending by, buyers; our reliance on large sources of advertising demand and aggregators of advertising inventory; our ability to maintain and grow a supply of advertising inventory from sellers and to fill the increased inventory; the effect on the advertising market and our business from difficult economic conditions or uncertainty; the freedom of buyers and sellers to direct their spending and inventory to competing sources of inventory and demand; our ability to cause buyers and sellers to use our solution to purchase and sell higher value advertising and to expand the use of our solution by buyers and sellers utilizing evolving digital media platforms, including connected television, or CTV; our ability to introduce new offerings and bring them to market in a timely manner, and otherwise adapt in response to client demands and industry trends, including shifts in digital advertising growth from desktop to mobile channels and other platforms and from display to video formats and the introduction and market acceptance of Demand Manager; uncertainty of our estimates and expectations associated with new offerings, including header bidding, private marketplace, mobile, video, Demand Manager, and traffic shaping; lower fees and take rate and the need to grow through advertising spend increases rather than fee increases; our ability to compensate for a reduced take rate by increasing the volume and/or value of transactions on our platform and increasing our fill rate; our vulnerability to the depletion of our cash resources as we incur additional investments in technology required to support the increased volume of transactions on our exchange and development of new offerings; our ability to support our growth objectives with reduced resources from our cost reduction initiatives; our ability to raise additional capital if needed and/or renew our working capital line of credit; our limited operating history and history of losses; our ability to continue to expand into new geographic markets and grow our market share in existing markets; our ability to adapt effectively to shifts in digital advertising; increased prevalence of ad-blocking or cookie-blocking technologies and the slow adoption of common identifiers; the slowing growth rate of desktop display advertising; the growing percentage of online and mobile advertising spending captured by owned and operated sites (such as Facebook, Google and Amazon); the effects, including loss of market share, of increased competition in our market and increasing concentration of advertising spending, including mobile spending, in a small number of very large competitors; the effects of consolidation in the ad tech industry; acts of competitors and other third parties that can adversely affect our business; our ability to differentiate our offerings and compete effectively in a market trending increasingly toward commodification, transparency, and disintermediation; requests for discounts, fee concessions or revisions, rebates, refunds, favorable payment terms and greater levels of pricing transparency and specificity; potential adverse effects of malicious activity such as fraudulent inventory and malware; the effects of seasonal trends on our results of operations; costs associated with defending intellectual property infringement and other claims; our ability to attract and retain qualified employees and key personnel; our ability to identify future acquisitions of or investments in complementary companies or technologies and our ability to consummate the acquisitions and integrate such companies or technologies; and our ability to comply with, and the effect on our business of, evolving legal standards and regulations, particularly concerning data protection and consumer privacy and evolving labor standards.

We discuss many of these risks and additional factors that could cause actual results to differ materially from those anticipated by our forward-looking statements under the headings "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations," and elsewhere in filings we have made and will make from time to time with the Securities and Exchange Commission, or SEC, including our Annual Report on Form 10-K for the year ended December 31, 2018 and subsequent Quarterly Reports on Form 10-Q. These forward-looking statements represent our estimates and assumptions only as of the date made. Unless required by federal securities laws, we assume no obligation to update any of these forward-looking statements, or to update the reasons actual results could differ materially from those anticipated, to reflect circumstances or events that occur after the statements are made. Without limiting the foregoing, any guidance we may provide will generally be given only in connection with quarterly and annual earnings announcements, without interim updates, and we may appear at industry conferences or make other public statements without disclosing material nonpublic information in our possession. Given these uncertainties, investors should not place undue reliance on these forward-looking statements. Investors should read this press release and the documents that we reference in this press release and have filed or will file with the SEC completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

#### **Non-GAAP Financial Measures:**

In addition to our GAAP results, we review certain non-GAAP financial measures to help us evaluate our business, measure our performance, identify trends affecting our business, establish budgets, measure the effectiveness of investments in our technology and development and sales and marketing, and assess our operational efficiencies. These non-GAAP measures include Adjusted EBITDA and Non-GAAP Income (Loss) and Non-GAAP Earnings (Loss) per share which are discussed below.

These non-GAAP financial measures are not intended to be considered in isolation from, as substitutes for, or as superior to, the corresponding financial measures prepared in accordance with GAAP. You are encouraged to evaluate these adjustments, and review the reconciliation of these non-GAAP financial measures to their most comparable GAAP measures, and the reasons we consider them appropriate. It is important to note that the particular items we exclude from, or include in, our non-GAAP financial measures may differ from the items excluded from, or included in, similar non-GAAP financial measures used by other companies. See "Reconciliation of net loss to Adjusted EBITDA," "Reconciliation of net loss to non-GAAP loss" and "Reconciliation of GAAP loss per share to non-GAAP loss per share" included as part of this press release.

#### **Adjusted EBITDA:**

We define Adjusted EBITDA as net income (loss) adjusted to exclude stock-based compensation expense, depreciation and amortization, amortization of acquired intangible assets, impairment charges, interest income or expense, and other cash and non-cash based income or expenses that we do not consider indicative of our core operating performance, including, but not limited to foreign exchange gains and losses, acquisition and related items, and provision (benefit) for income taxes. We believe Adjusted EBITDA is useful to investors in evaluating our performance for the following reasons:

- Adjusted EBITDA is widely used by investors and securities analysts to measure a company's performance without regard to items such as those we exclude in calculating this measure, which can vary substantially from company to company depending upon their financing, capital structures, and the method by which assets were acquired.
- Our management uses Adjusted EBITDA in conjunction with GAAP financial measures for planning purposes, including the preparation of our annual operating budget, as a measure of performance and the effectiveness of our business strategies, and in communications with our board of directors concerning our performance. Adjusted EBITDA may also be used as a metric for determining payment of cash incentive compensation.
- Adjusted EBITDA provides a measure of consistency and comparability with our past performance that many investors find useful, facilitates period-to-period comparisons of operations, and also facilitates comparisons with other peer companies, many of which use similar non-GAAP financial measures to supplement their GAAP results.

Although Adjusted EBITDA is frequently used by investors and securities analysts in their evaluations of companies, Adjusted EBITDA has limitations as an analytical tool, and should not be considered in isolation or as a substitute for analysis of our results of operations as reported under GAAP. These limitations include:

- Stock-based compensation is a non-cash charge and will remain an element of our long-term incentive compensation package, although we exclude it as an expense when evaluating our ongoing operating performance for a particular period.
- Depreciation and amortization are non-cash charges, and the assets being depreciated or amortized will often have to be replaced in the future, but Adjusted EBITDA does not reflect any cash requirements for these replacements.
- Impairment charges are non-cash charges related to goodwill, intangible assets and/or long-lived assets.
- Adjusted EBITDA does not reflect non-cash charges related to acquisition and related items, such as amortization of acquired intangible assets and changes in the fair value of contingent consideration.

- Adjusted EBITDA does not reflect cash and non-cash charges and changes in, or cash requirements for, acquisition and related items, such as certain transaction expenses and expenses associated with earn-out amounts.
- Adjusted EBITDA does not reflect changes in our working capital needs, capital expenditures, or contractual commitments.
- Adjusted EBITDA does not reflect cash requirements for income taxes and the cash impact of other income or expense.
- Other companies may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Our Adjusted EBITDA is influenced by fluctuations in our revenue and the timing and amounts of our investments in our operations. Adjusted EBITDA should not be considered as an alternative to net income (loss), operating loss, or any other measure of financial performance calculated and presented in accordance with GAAP.

**Non-GAAP Income (Loss) and Non-GAAP Earnings (Loss) per Share:**

We define non-GAAP earnings (loss) per share as non-GAAP income (loss) divided by non-GAAP weighted-average shares outstanding. Non-GAAP income (loss) is equal to net income (loss) excluding stock-based compensation, impairment charges, cash and non-cash based acquisition and related expenses, including amortization of acquired intangible assets, transaction expenses, expenses associated with earn-out amounts, and foreign currency gains and losses. In periods in which we have non-GAAP income, non-GAAP weighted-average shares outstanding used to calculate non-GAAP earnings per share includes the impact of potentially dilutive shares. Potentially dilutive shares consist of stock options, restricted stock awards, restricted stock units, potential shares issued under the Employee Stock Purchase Plan, each computed using the treasury stock method, shares held in escrow, and potential shares issued as part of contingent consideration as a result of business combinations. We believe non-GAAP earnings (loss) per share is useful to investors in evaluating our ongoing operational performance and our trends on a per share basis, and also facilitates comparison of our financial results on a per share basis with other companies, many of which present a similar non-GAAP measure. However, a potential limitation of our use of non-GAAP earnings (loss) per share is that other companies may define non-GAAP earnings (loss) per share differently, which may make comparison difficult. This measure may also exclude expenses that may have a material impact on our reported financial results. Non-GAAP earnings (loss) per share is a performance measure and should not be used as a measure of liquidity. Because of these limitations, we also consider the comparable GAAP measure of net income (loss).

**Investor Relations Contact**

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**THE RUBICON PROJECT, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In thousands)  
(unaudited)

	September 30, 2019	December 31, 2018
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 85,122	\$ 80,452
Marketable securities	—	7,524
Accounts receivable, net	172,284	205,683
Prepaid expenses and other current assets	5,773	6,882
<b>TOTAL CURRENT ASSETS</b>	<b>263,179</b>	<b>300,541</b>
Property and equipment, net	24,238	33,487
Right-of-use lease asset	22,720	—
Internal use software development costs, net	15,189	14,570
Intangible assets, net	7,870	10,174
Other assets, non-current	2,125	1,240
<b>TOTAL ASSETS</b>	<b>\$ 335,321</b>	<b>\$ 360,012</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 207,033	\$ 239,678
Lease liabilities, current	6,993	—
Other current liabilities	498	1,304
<b>TOTAL CURRENT LIABILITIES</b>	<b>214,524</b>	<b>240,982</b>
Lease liabilities, non-current	16,495	—
Other liabilities, non-current	179	1,017
<b>TOTAL LIABILITIES</b>	<b>231,198</b>	<b>241,999</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock	1	1
Additional paid-in capital	447,314	433,877
Accumulated other comprehensive loss	(585)	(259)
Accumulated deficit	(342,607)	(315,606)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>104,123</b>	<b>118,013</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 335,321</b>	<b>\$ 360,012</b>

**THE RUBICON PROJECT, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In thousands, except per share amounts)  
**(unaudited)**

	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Revenue	\$ 37,642	\$ 29,729	\$ 107,928	\$ 83,253
Expenses <sup>(1)(2)</sup> :				
Cost of revenue	13,869	14,687	44,070	44,514
Sales and marketing	11,040	10,654	33,151	34,046
Technology and development	10,293	9,299	29,848	29,038
General and administrative	9,121	9,355	29,428	33,340
Restructuring and other exit costs	—	—	—	3,440
Total expenses	44,323	43,995	136,497	144,378
Loss from operations	(6,681)	(14,266)	(28,569)	(61,125)
Other (income) expense:				
Interest income, net	(218)	(232)	(625)	(777)
Other income	(48)	(206)	(236)	(626)
Foreign exchange gain, net	(296)	(120)	(138)	(363)
Total other income, net	(562)	(558)	(999)	(1,766)
Loss before income taxes	(6,119)	(13,708)	(27,570)	(59,359)
Provision (benefit) for income taxes	55	84	(569)	233
Net loss	\$ (6,174)	\$ (13,792)	\$ (27,001)	\$ (59,592)
Net loss per share:				
Basic and Diluted	\$ (0.12)	\$ (0.27)	\$ (0.52)	\$ (1.19)
Weighted average shares used to compute net loss per share:				
Basic and Diluted	53,023	50,513	52,324	50,095

(1) Stock-based compensation expense included in our expenses was as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Cost of revenue	\$ 110	\$ 72	\$ 308	\$ 256
Sales and marketing	1,378	1,187	4,182	3,530
Technology and development	1,157	691	3,382	2,163
General and administrative	2,068	1,910	6,005	6,669
Restructuring and other exit costs	—	—	—	398
Total stock-based compensation expense	\$ 4,713	\$ 3,860	\$ 13,877	\$ 13,016

(2) Depreciation and amortization expense included in our expenses was as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Cost of revenue	\$ 7,737	\$ 8,271	\$ 23,540	\$ 24,785
Sales and marketing	67	141	305	455
Technology and development	102	215	476	683
General and administrative	121	140	520	432
Total depreciation and amortization expense	\$ 8,027	\$ 8,767	\$ 24,841	\$ 26,355

**THE RUBICON PROJECT, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)  
(unaudited)

	Nine Months Ended	
	September 30, 2019	September 30, 2018
<b>OPERATING ACTIVITIES:</b>		
Net loss	\$ (27,001)	\$ (59,592)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	24,841	26,355
Stock-based compensation	13,877	13,016
Loss on disposal of property and equipment	92	149
Provision for doubtful accounts	897	217
Accretion of available for sale securities	24	(374)
Non-cash lease expense	(469)	—
Unrealized foreign currency (gains) losses, net	(391)	(206)
Deferred income taxes	(748)	—
Changes in operating assets and liabilities:		
Accounts receivable	32,149	10,318
Prepaid expenses and other assets	672	2,919
Accounts payable and accrued expenses	(34,018)	(14,415)
Other liabilities	(117)	(939)
Net cash provided by (used in) operating activities	9,808	(22,552)
<b>INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(5,605)	(5,474)
Capitalized internal use software development costs	(6,000)	(6,569)
Investments in available-for-sale securities	—	(23,991)
Maturities of available-for-sale securities	7,500	55,650
Sales of available-for-sale securities	—	9,228
Net cash (used in) provided by investing activities	(4,105)	28,844
<b>FINANCING ACTIVITIES:</b>		
Proceeds from exercise of stock options	529	45
Proceeds from issuance of common stock under employee stock purchase plan	477	143
Taxes paid related to net share settlement	(1,847)	(658)
Net cash used in financing activities	(841)	(470)
EFFECT OF EXCHANGE RATE CHANGES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(192)	(110)
CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	4,670	5,712
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — Beginning of period	80,452	76,642
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — End of period	\$ 85,122	\$ 82,354
<b>SUPPLEMENTAL DISCLOSURES OF OTHER CASH FLOW INFORMATION:</b>		
Cash paid for income taxes	\$ 300	\$ 272
Cash paid for interest	\$ 46	\$ 46
Capitalized assets financed by accounts payable and accrued expenses	\$ 2,005	\$ 3
Capitalized stock-based compensation	\$ 401	\$ 394
Operating lease right-of-use assets obtained in exchange for new operating lease liabilities	\$ 13,074	\$ —

**THE RUBICON PROJECT, INC.**  
**RECONCILIATION OF NET LOSS TO ADJUSTED EBITDA**  
(In thousands)  
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Net loss	\$ (6,174)	\$ (13,792)	\$ (27,001)	\$ (59,592)
Add back (deduct):				
Depreciation and amortization expense, excluding amortization of acquired intangible assets	7,309	7,971	22,537	23,967
Amortization of acquired intangibles	718	796	2,304	2,388
Stock-based compensation expense	4,713	3,860	13,877	13,016
Interest income, net	(218)	(232)	(625)	(777)
Foreign exchange gain, net	(296)	(120)	(138)	(363)
Provision (benefit) for income taxes	55	84	(569)	233
Adjusted EBITDA	<u>\$ 6,107</u>	<u>\$ (1,433)</u>	<u>\$ 10,385</u>	<u>\$ (21,128)</u>

**THE RUBICON PROJECT, INC.**  
**RECONCILIATION OF NET LOSS TO NON-GAAP LOSS**  
(In thousands)  
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Net loss	\$ (6,174)	\$ (13,792)	\$ (27,001)	\$ (59,592)
Add back (deduct):				
Acquisition and related items, including amortization of acquired intangibles	718	796	2,304	2,388
Stock-based compensation expense	4,713	3,860	13,877	13,016
Foreign exchange gain, net	(296)	(120)	(138)	(363)
Tax effect of Non-GAAP adjustments <sup>(1)</sup>	(38)	(35)	(190)	(64)
<b>Non-GAAP loss</b>	<b>\$ (1,077)</b>	<b>\$ (9,291)</b>	<b>\$ (11,148)</b>	<b>\$ (44,615)</b>

(1) Non-GAAP loss includes the estimated tax impact from the expense items reconciling between net loss and non-GAAP loss.

**THE RUBICON PROJECT, INC.**  
**RECONCILIATION OF GAAP LOSS PER SHARE TO NON-GAAP LOSS PER SHARE**  
(In thousands, except per share amounts)  
**(unaudited)**

	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
GAAP net loss per share <sup>(1)</sup> :				
Basic and Diluted	\$ (0.12)	\$ (0.27)	\$ (0.52)	\$ (1.19)
Non-GAAP loss <sup>(2)</sup>	\$ (1,077)	\$ (9,291)	\$ (11,148)	\$ (44,615)
Weighted-average shares used to compute net loss per share <sup>(3)</sup>	53,023	50,513	52,324	50,095
Non-GAAP loss per share	\$ (0.02)	\$ (0.18)	\$ (0.21)	\$ (0.89)

<sup>(1)</sup> Calculated as net loss divided by basic weighted-average shares used to compute net loss per share as included in the consolidated statement of operations.

<sup>(2)</sup> Refer to reconciliation of net loss to non-GAAP loss.

<sup>(3)</sup> Non-GAAP loss per share is computed using the same weighted-average number of shares that are used to compute GAAP net loss per share in periods where there is both a non-GAAP loss and a GAAP net loss.

**THE RUBICON PROJECT, INC.**  
**REVENUE BY CHANNEL**  
(In thousands, except percentages)  
(unaudited)

	Revenue					
	Three Months Ended					
	September 30, 2019		September 30, 2018			
	(in thousands, except percentages)					
<b>Channel:</b>						
Desktop	\$	15,936	42%	\$	12,481	42%
Mobile		21,706	58		17,248	58
Total	\$	37,642	100%	\$	29,729	100%

	Revenue					
	Nine Months Ended					
	September 30, 2019		September 30, 2018			
	(in thousands, except percentages)					
<b>Channel:</b>						
Desktop	\$	47,745	44%	\$	40,453	49%
Mobile		60,183	56		42,800	51
Total	\$	107,928	100%	\$	83,253	100%