



Cxense ASA – Q2 2019

21 August 2019

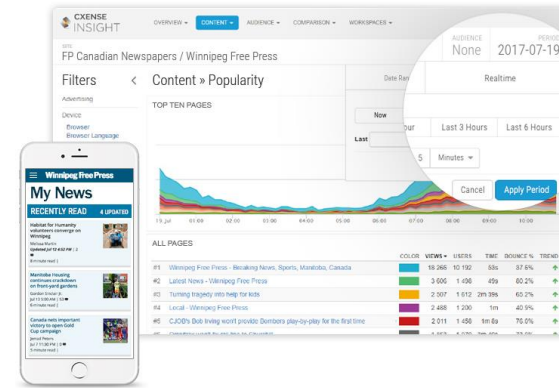
Cxense snapshot

Software-as-a-Service (SaaS) company

helping publishing, digital media and subscription businesses drive conversion and revenue

USD ~16m
Core revenue*

76%
Gross margin**



Data Management Platform
with Intelligent
Personalization

~104
employees

~180
core customers world-wide

~400 million
people served quarterly***

~2 billion
devices served quarterly

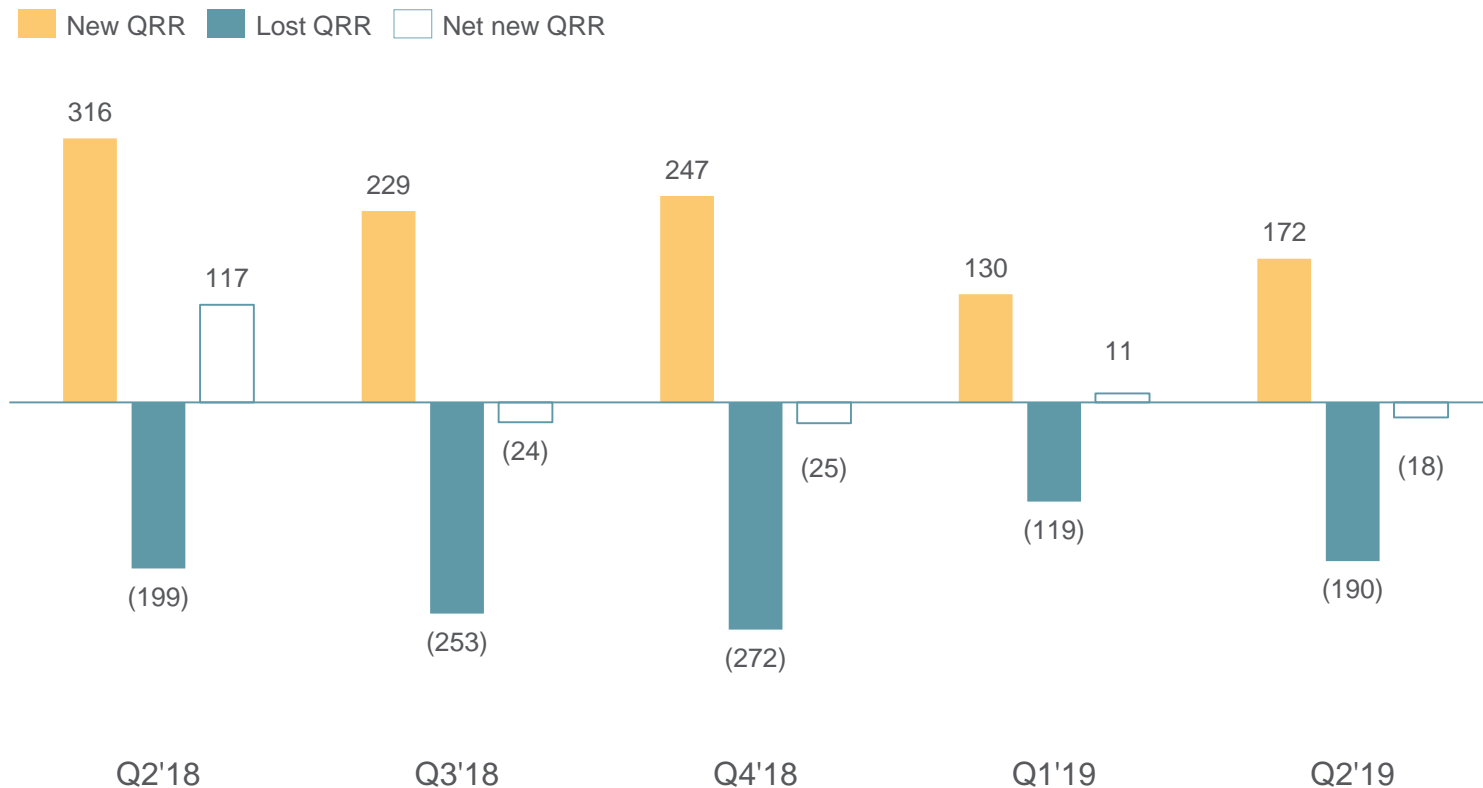
Q2 Highlights

- Received offer from Piano (event after reporting period)
 - Voluntary cash offer at NOK 16 per share
 - Unanimously recommended by BoD and management
 - Pre-accepted by 53% of outstanding shares, including shares of BoD and management
- Continued execution of strategic plan
 - Customer touch-points and product development capacity to increase as new sales, customer success, engineering and data science resources are onboarded
- Core DMP and Personalization revenue of USD 3.97 million in the quarter and USD 8.01 million in first half of 2019
 - Up 2% and 4% compared to Q2 2018 and H1 2018, respectively
 - Down 2% sequentially partly due to reduced consulting revenue
- Adjusted EBITDA of USD -1.16 million in Q2 2019 and USD -1.91 million in H1 2019, compared to USD -0.78 million and USD -0.98 million in Q2 2018 and H1 2018, respectively

Slight negative net new QRR in Q2 due to slow, but improving, new sales

DMP and Personalization – new and lost quarterly recurring revenue (QRR) – value of closed and terminated contracts in the period*

USD thousand



Q2 sales update

- Closed 16 new contracts for DMP and Personalization
 - New QRR of USD 172 thousand
 - 23% of new QRR was from upsell to existing customers
- 10 average sales reps in Q2
 - Sales efficiency up 32% Q/Q
- Lost QRR of USD 190 thousand
 - 17 contracts cancelled or down-sold

Key agreements signed in the quarter



Penske Media Corporation

- US based media company
- Will implement Cxense Conversion Engine on several of its key brands (Variety, Rolling Stone, WWD, etc.)

De Persgroep

- Leading Benelux publisher
- Will implement Cxense DMP as its unifying data management platform for all digital properties



Renewal with Dow Jones

- Global leader in news and business intelligence and owner of The Wall Street Journal
- 2-year renewal agreement ensuring continued partnership with Cxense
- Confirms trust in the partnership with Cxense as well as Cxense's technology and know-how

Financial review Q2 and H1 2019

Key figures

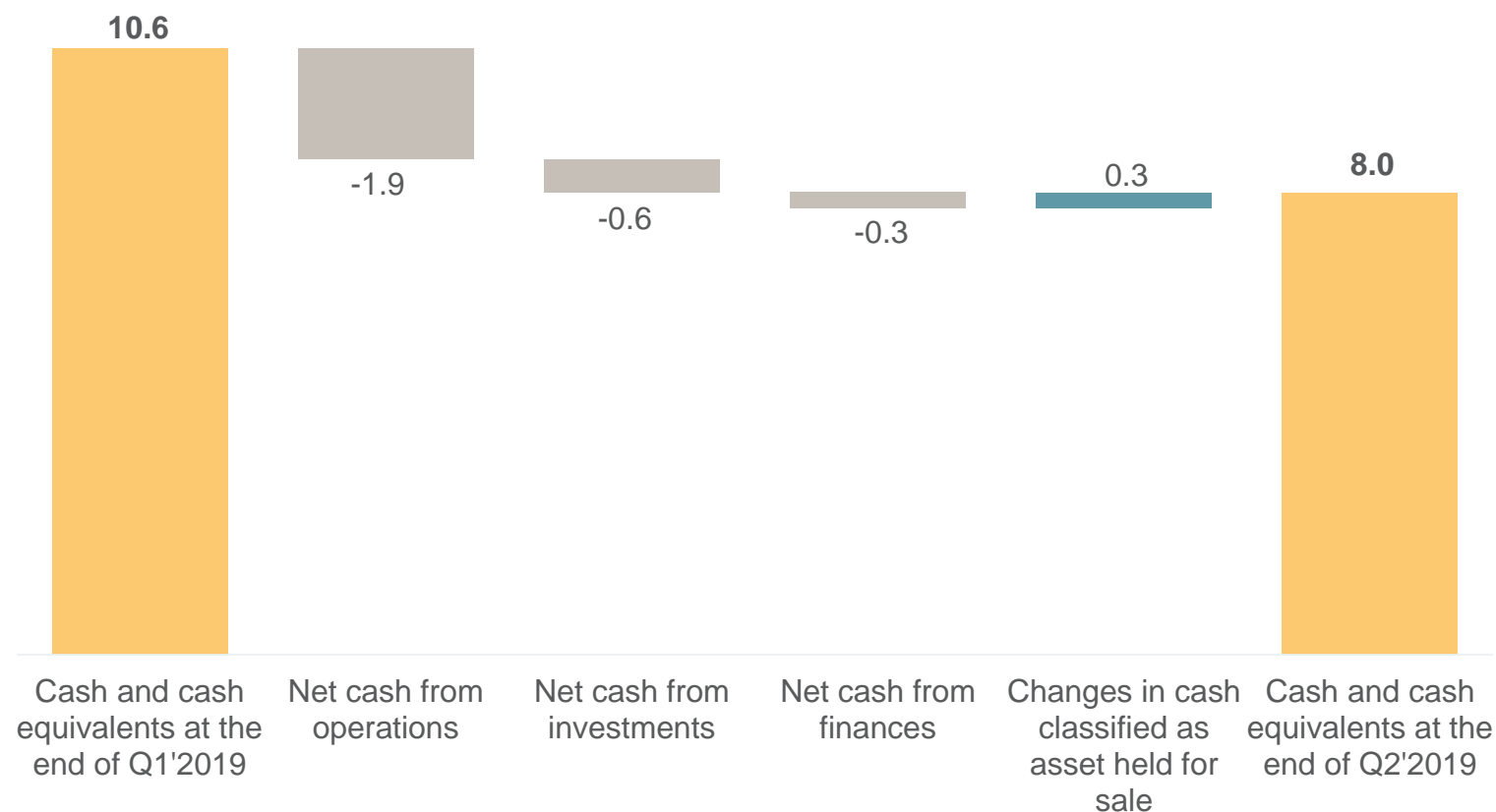
<i>USD 1,000</i>	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	H1 2018	H1 2019
DMP & Intelligent personalization	3,875	3,993	3,993	4,038	3,968	7,691	8,006
SaaS Non-Core	1,243	1,077	815	524	485	2,666	1,009
Revenues	5,118	5,070	4,808	4,562	4,453	10,357	9,013
<i>Gross margin</i>	<i>79%</i>	<i>80%</i>	<i>79%</i>	<i>78%</i>	<i>76%</i>	<i>80%</i>	<i>77%</i>
OPEX	4,544	5,230	5,334	4,458	4,706	9,206	9,164
Non-IFRS OPEX adjustments	259	(723)	(174)	(172)	(151)	44	(323)
OPEX adjusted	4,803	4,507	5,160	4,286	4,555	9,249	8,841
EBITDA	(518)	(1,191)	(1,516)	(917)	(1,314)	(937)	(2,231)
EBITDA adjusted	(777)	(468)	(1,342)	(744)	(1,164)	(981)	(1,908)

- Revenue from core DMP and personalization solutions up 2% YoY (down 2% compared to last quarter)
- Gross margin of 76% in Q2, compared to 78% in Q1
 - Decrease in margin resulting from lower revenue on unchanged hosting capacity
- Adjusted OPEX increase to 4.6 million compared to USD 4.3 million last quarter
 - Increase driven by write-down of receivables, increased marketing spend and correction to onerous sub-lease contract
- Adjusted EBITDA of USD –1.2 million
 - Adjusted for share based payment and transaction costs related to Piano offer

End of quarter cash position at USD 8.0 million

Cash flow development in Q2'2019

USD million



Q2 cash flow

- Cash flow used in operating was USD 1.93 million
 - Higher operating cash spend than Q2 EBITDA due to working capital fluctuations and R&D capitalization
- Cash and cash equivalents at the end of the period of USD 8.0 million

Data Management and Personalization product portfolio


CXENSE
DMP

For: Ad Operations
 Ad Sales
 Marketers

Take control over own 1st party data

Build highly marketable socio-demographic, interest-based, look-alike, and custom audiences

Monetize audiences across channels and measure RoI


CXENSE
Conversion Engine

For: Subscriptions and Memberships teams
 Editorial team
 Marketers
 Analysts

Rapidly design, deploy, and A/B test personalized campaigns without involving IT

Personalize the customer journey from fly-by to subscriber

Implement a dynamic paywall to grow subscription revenues


CXENSE
Insight

For: Ad Operations/
 Ad Sales
 Editorial team
 Marketers
 Analysts

Quickly identify trends and optimization opportunities

Explore your audiences and their engagement in real-time.

Run day-to-day operations with rich, customizable KPI dashboards


CXENSE
BYODS Beta*

For: Data Scientists
 Analysts

Build custom, predictive models on the Cxense platform using familiar tools

Train and feedback outputs directly to user profiles

Enable data scientists to create value from data, reduce overhead costs

How we enable our publishing and digital marketing customers

Publishing



Digital Marketing / Subscription Economy

Personalization

Increase audience and customer engagement
Optimize subscription and membership conversion
Optimize promotions of paid content

DMP

Analyze user behavior
Sell targeted advertising
Buy programmatic advertising
Enable data alliances to build high-value advertising segments

Continued execution on clearly defined priorities

	Plan	Initiatives in Q2 2019
Sales	<ul style="list-style-type: none">Rebuild sales capacity to capture more opportunities and monetize new products	<ul style="list-style-type: none">Continued training of existing and new personnelSimplification of internal system infrastructureRamp-up of marketing team and activities
Customer Success	<ul style="list-style-type: none">Ramp-up customer success team to increase customer touch-points retention	<ul style="list-style-type: none">New hires on CSM teamIntensified follow-up of customersProduct improvements for existing customers
Product and Tech	<ul style="list-style-type: none">Innovation of new products and features, adding more engineers in Oslo close to customers	<ul style="list-style-type: none">Continued feature development of Conversion EngineSecurity and scalability enhancements
Data science and analytics	<ul style="list-style-type: none">Strengthen AI capabilities in the productEstablish data science as a service to drive sales and adoption of our products	<ul style="list-style-type: none">Standardized audience modelling and propensity scoringBeta-testing of “Bring Your own Data Scientist”

Piano offers to acquire all shares in Cxense at NOK 16 per share

Voluntary offer from Piano Software Inc

- Piano Software B.V., a company under incorporation by Piano Software Inc., has offered to acquire all shares in Cxense at NOK 16.00 per share
 - 152% premium to last closing price prior to publication of the offer
 - 205% and 186% premium compared to the 30-day and 90-day volume weighted average share price prior to publication of the offer
 - Bid supported by fairness opinions from Arctic Securities and KWC
- The offer **requires 90% shareholder acceptance** within the offer period
 - 53% pre-acceptance from largest shareholders, management and BoD
 - Offer document approved by Oslo Stock Exchange on 12 August
 - 4 week offer period from 13 August to 10 September (16:30 CET)
- The **BoD unanimously recommends shareholders to accept the offer**

[Link to offer documents and acceptance form](#)

Cxense and Piano are remarkably complementary

– Combined company builds on the strengths of both



~180 customers
(of which ¼ non-media)

~135 customers

Customers

Regional presence (sales)

EMEA, Japan
NorthAm, Latam, APAC

NorthAm
EMEA, Latam

Product areas

Data Management Platform,
Analytics, Personalization,
Customer Journey, Machine
Learning Toolkit

Subscription Management, Identity,
Email, Customer Journey

Key platform capabilities

Real-time behavioral data
(anonymous), machine learning

Rules engine, transactional data
(identified), UX

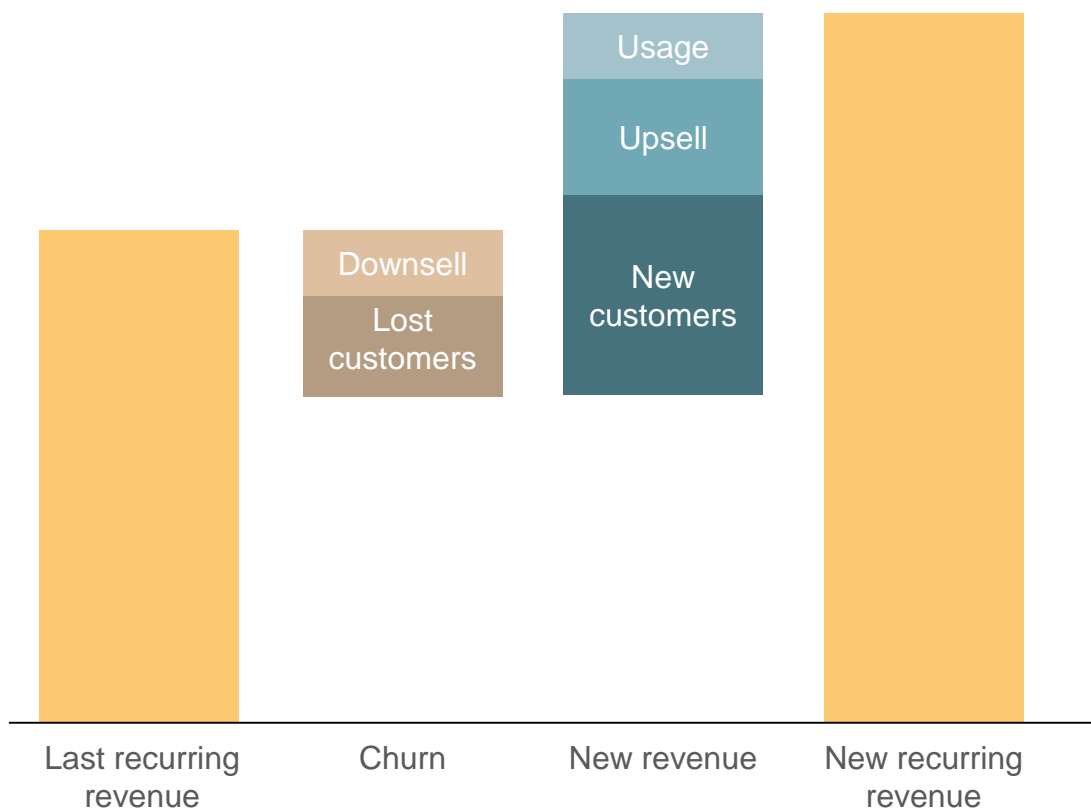
Summary

- Received offer from Piano (event after reporting period)
 - Voluntary cash offer at NOK 16 per share
 - Unanimously recommended by BoD and management
 - Pre-accepted by 53% of outstanding shares, including shares of BoD and management
- Continued execution of strategic plan
 - Customer touch-points and product development capacity to increase as new sales, customer success, engineering and data science resources are onboarded
- Core DMP and Personalization revenue of USD 3.97 million in the quarter and USD 8.01 million in first half of 2019
 - Up 2% and 4% compared to Q2 2018 and H1 2018, respectively
 - Down 2% sequentially partly due to reduced consulting revenue
- Adjusted EBITDA of USD -1.16 million in Q2 2019 and USD -1.91 million in H1 2019, compared to USD -0.78 million and USD -0.98 million in Q2 2018 and H1 2018, respectively



Appendix

Recurring revenue model provides a foundation for growth



What it means

- License model with monthly recurring revenue provides a predictable revenue base and enables growth with a stable sales force
- Monthly recurring revenue grows with new customers, upselling and increased usage
- Enterprise sales with 3-9 month sales cycles, followed by 12+ quarters of revenue

Cxense enables its customers to take Control of their Data, Add Intelligence, and Personalize in Real-Time

Data Fusion

Track behavior and integrate with internal/external data sources to get a 360 view of each user



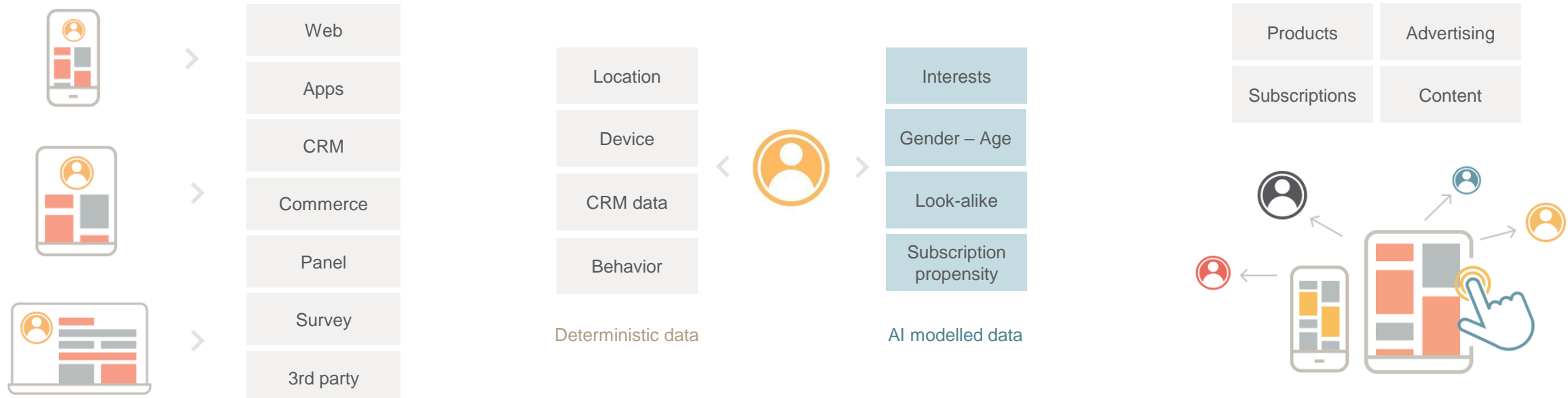
Data Intelligence

Enrich known data with AI modelling to create rich user profiles and segments



Data Activation

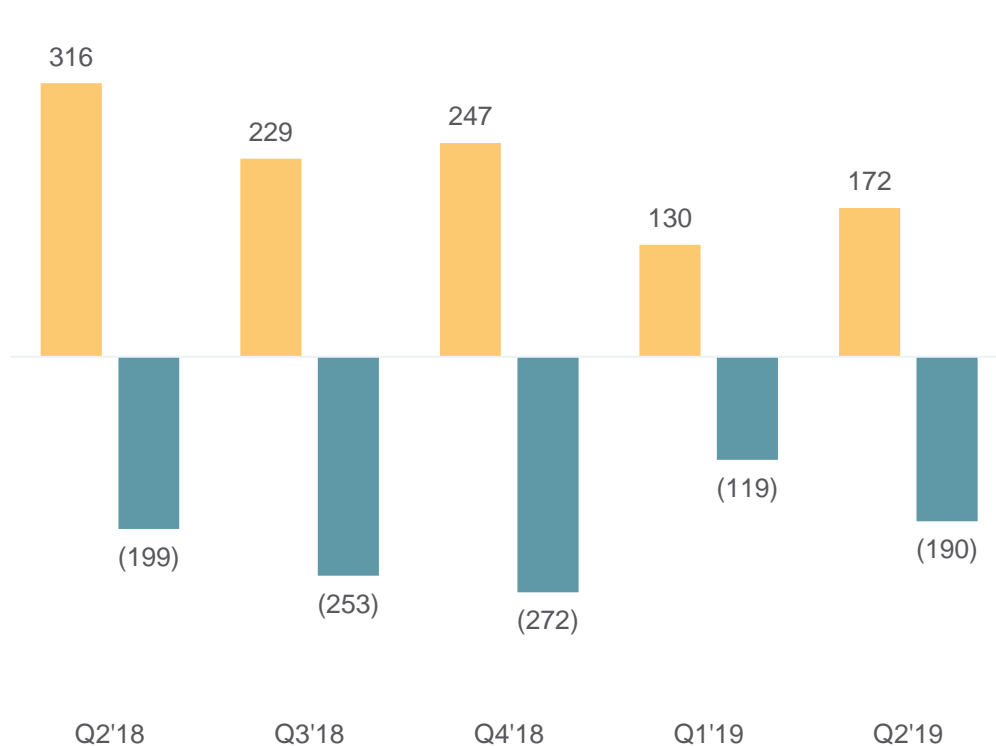
Real-time 1:1 personalization
Data driven ROI



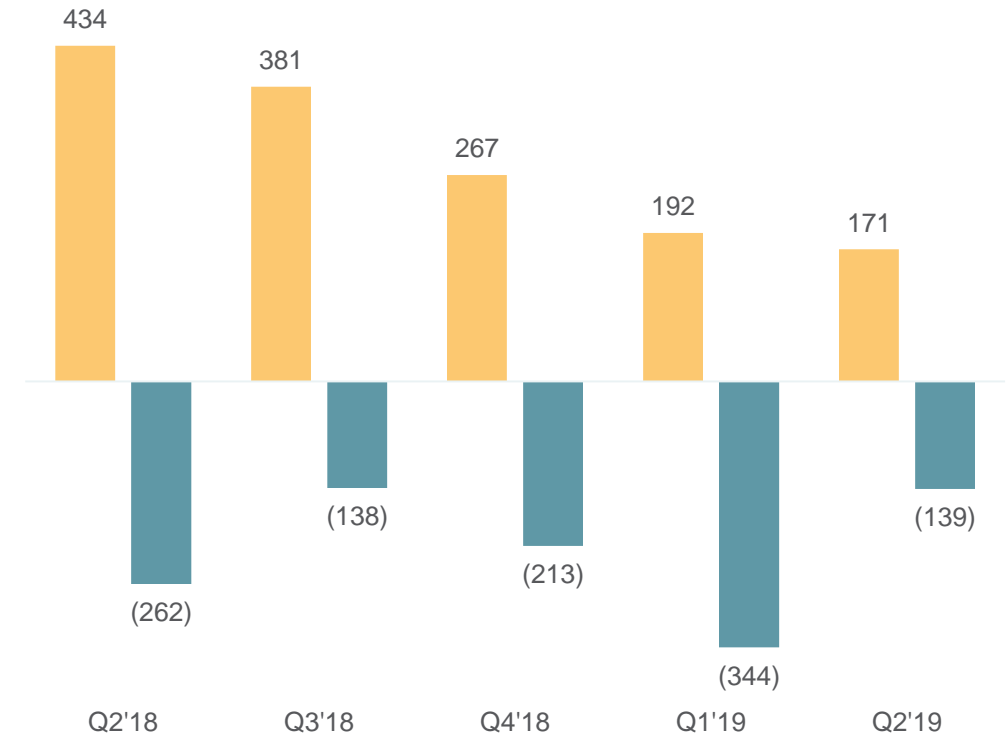
Closed and notified terminated compared to P&L effect

DMP and Personalization – new and lost quarterly recurring revenue (QRR)

Closed and terminated in the period – USD thousand



Effect in reported figures – USD thousand



■ New QRR
 ■ Lost QRR

SaaS segment – P&L

<i>USD 1,000</i>	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
	<i>IFRS</i>	<i>IFRS</i>	<i>IFRS</i>	<i>IFRS</i>	<i>IFRS</i>	<i>IFRS</i>	<i>IFRS</i>	<i>IFRS</i>	<i>IFRS</i>
SaaS segment									
DMP with Intelligent Personalization (CORE)	3,188	3,357	3,617	3,816	3,875	3,993	3,993	4,038	3,968
Advertising (Non-core)	861	678	525	436	364	355	226	28	18
emporium (Non-core)	131	146	141	147	77	-	-	-	-
Video (Non-core)	896	875	864	840	801	722	588	496	467
Revenues total	5,077	5,055	5,147	5,239	5,118	5,070	4,808	4,562	4,453
Cost of sales	1,321	1,146	1,005	997	1,091	1,031	990	1,020	1,062
Gross profit	3,756	3,909	4,143	4,242	4,027	4,039	3,818	3,542	3,391
<i>Gross margin %</i>	<i>74%</i>	<i>77%</i>	<i>80%</i>	<i>81%</i>	<i>79%</i>	<i>80%</i>	<i>79%</i>	<i>78%</i>	<i>76%</i>
Personnel	5,826	5,305	3,018	2,505	2,474	2,931	3,057	2,675	2,662
Other OPEX	2,284	2,170	2,056	2,156	2,070	2,299	2,277	1,783	2,044
OPEX	8,110	7,476	5,074	4,661	4,544	5,230	5,334	4,458	4,706
EBITDA	(4,354)	(3,567)	(931)	(420)	(518)	(1,191)	(1,516)	(917)	(1,314)
Non-IFRS adjustment of OPEX level									
Share-based payment costs	239	(32)	(18)	(4)	39	115	33	132	92
Share-based social costs provision									
Commission accrual reversals					(343)				
Restructuring costs and provisions		1,280	164			411	103	40	
Office moving costs	0	140	103			60			
Extraordinary/special	585	24	3						
One-off provision for doubtful debt				142	(2)	137			
Transaction costs	58	52	1	77	47		38		59
R&D refund									
Total reported OPEX adjustment items	882	1,464	253	215	(259)	723	174	172	151
OPEX adjusted	7,228	6,012	4,821	4,446	4,803	4,507	5,160	4,286	4,555
EBITDA adjusted	(3,472)	(2,103)	(678)	(204)	(777)	(468)	(1,342)	(744)	(1,164)
Capitalized operating expense	(507)	(557)	(268)	(226)	(365)	(421)	(384)	(184)	(363)
EBITDA adjusted with capitalization add back	(3,980)	(2,660)	(946)	(431)	(1,142)	(889)	(1,726)	(929)	(1,526)

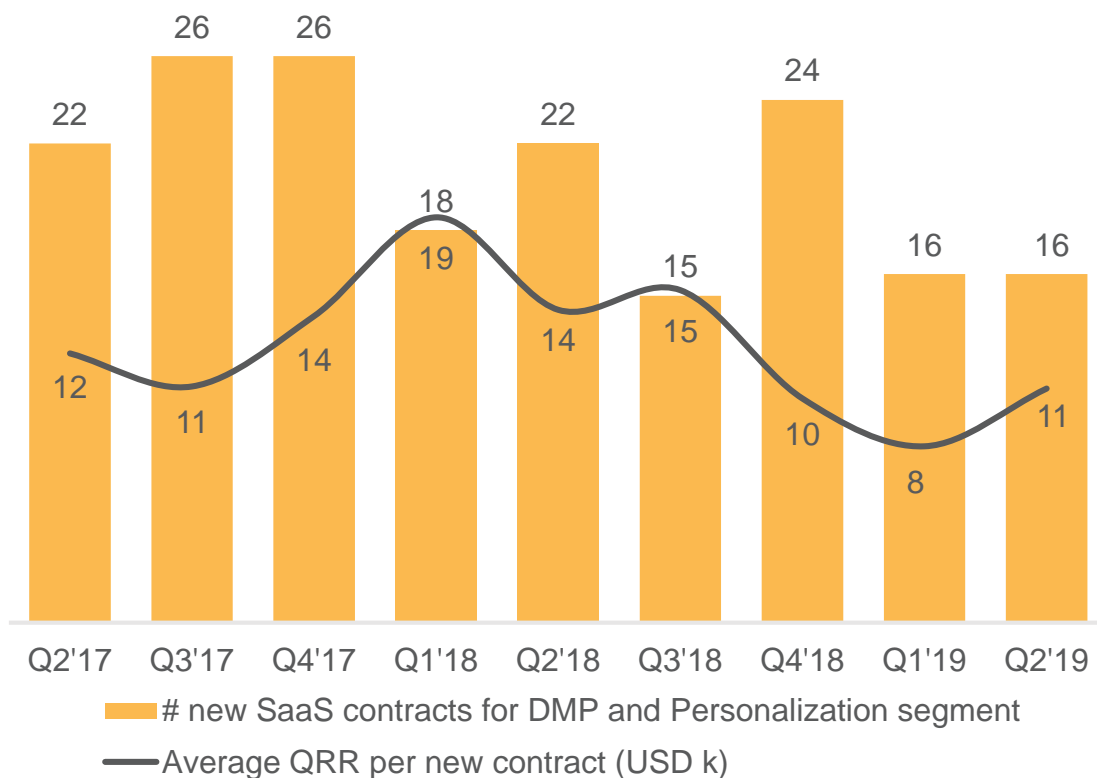
Revenue bridge for SaaS- and core DMP and personalization segment

Quarterly figures (unaudited) <i>USD 1,000</i>	Total revenue					DMP and personalization revenue				
	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Revenue in previous quarter	5,239	5,118	5,070	4,808	4,562	3,816	3,875	3,993	3,993	4,038
New recurring license revenue effect	357	333	278	219	171	337	333	267	192	171
Acquired recurring license revenue	97	48	-	-	-	97	48	-	-	-
Divested recurring license revenue	-	-	(35)	(131)	-	-	-	-	-	-
Churn effect	(429)	(315)	(378)	(557)	(152)	(262)	(138)	(213)	(344)	(139)
Change in service revenue	(33)	(27)	61	(37)	(37)	(50)	(10)	53	26	(37)
Change in other variables	(49)	(30)	(130)	222	(74)	(20)	(48)	(65)	139	(48)
Currency effect	(63)	(57)	(58)	38	(15)	(44)	(66)	(42)	32	(18)
Revenue this quarter	5,118	5,070	4,808	4,562	4,456	3,875	3,993	3,993	4,038	3,968
Accumulated currency effect, reversed	(86)	(29)	29	(9)	6	(67)	(1)	41	9	27
Outbound revenue currency adjusted	5,033	5,041	4,838	4,554	4,462	3,807	3,992	4,034	4,047	3,995
Number of closed contracts in the quarter*	22	15	24	16	16	22	15	24	16	16
Whereof new customers*	12	6	8	6	7	12	6	8	6	7
Whereof upsell*	10	9	16	10	9	10	9	16	10	9
Full QRR effect of contracts notified closed in the period	316	229	247	130	172	316	229	247	130	172
Full QRR effect of contracts notified lost in the period	(221)	(442)	(387)	(218)	(275)	(199)	(253)	(272)	(119)	(190)
Net	95	(213)	(140)	(89)	(103)	117	(25)	(25)	11	(18)

*Service and consulting contracts removed from historical figures

New contracts reflect demand for core offering

of new core contracts and average contract size



- Closed 16 new contracts on Data Management and Personalization
- QRR of USD 172 thousand
- 10 average sales reps
- 23% of contracts were upsell on existing customers

Largest shareholders

Investor	Number of shares	% of total
FERD AS	2,330,325	10.62 %
ASAH AS	1,901,419	8.66 %
NORRON SICAV - TARGET	1,602,758	7.30 %
GOLDMAN SACHS INTERNATIONAL (NOMINEE)	1,296,233	5.91 %
AKER CAPITAL AS	1,238,284	5.64 %
POLARIS MEDIA ASA	1,128,858	5.14 %
SKANDINAVISKA ENSKILDA BANKEN AB (NOMINEE)	847,496	3.86 %
SKANDINAVISKA ENSKILDA BANKEN AB	771,429	3.52 %
SKANDINAVISKA ENSKILDA BANKEN AB	753,670	3.43 %
DANSKE INVEST NORGE VEKST	671,965	3.06 %
BIMO KAPITAL AS	658,229	3.00 %
NORRON SICAV – SELECT	585,521	2.67 %
VERDIPAPIRFONDET DNB SMB	463,595	2.11 %
LT INVEST AS	404,044	1.84 %
GC RIEBER AS	370,000	1.69 %
ELTEK HOLDING AS	362,371	1.65 %
NORDNET BANK AB (NOMINEE)	350,488	1.60 %
RAMS AS	294,301	1.34 %
MEDIAN HC AS	259,345	1.18 %
WANI INVESTERING AS	247,413	1.13 %
Total number owned by top 20	16,537,744	75.35 %
Total number of shares	21,946,519	100 %