



# Q2 2016 results

26 August 2016

# CXENSE:OSE today

---

- **Sector** **Software-as-a-Service**
- **Customers** **All companies with online sites and apps**
- **Revenues** NOK 200 million annualized – and growing  
Recurring software license fees
- **Gross margin** 80%-85%
- **Organization** ~170 employees in Europe, Americas and Asia



# End-user pull creates market

People want relevant and engaging online experiences

Personalization needed



# Personalization drives value

---



Improved user experience



More engagement



Higher conversion



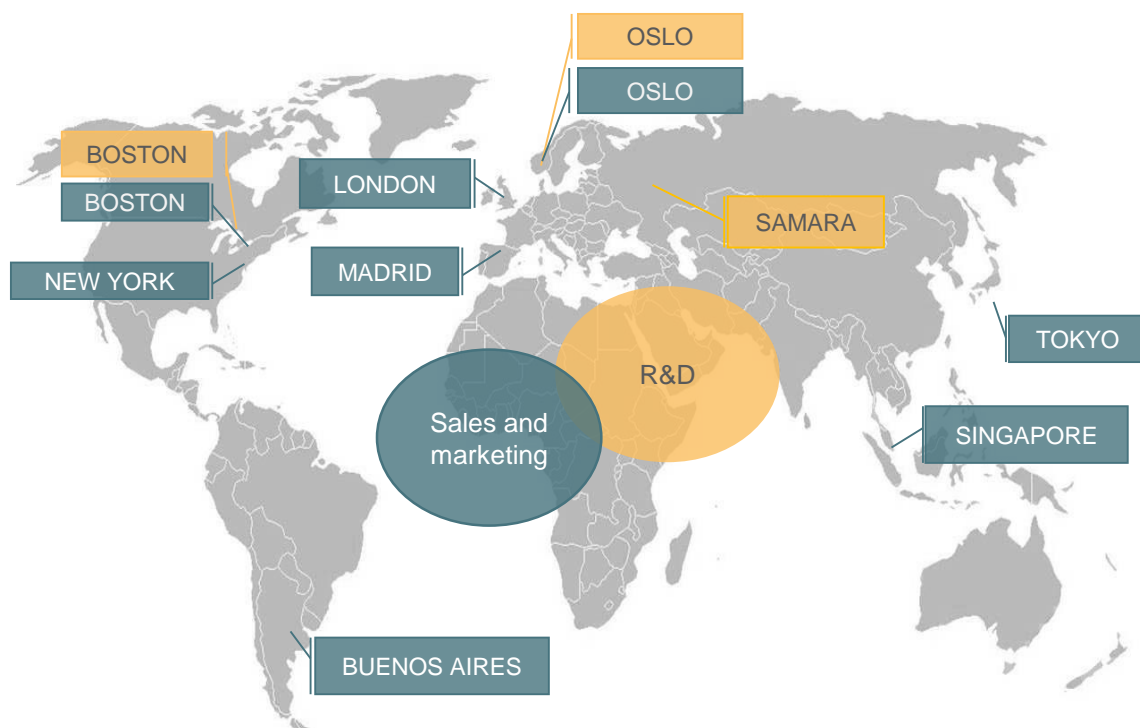
Reduced churn



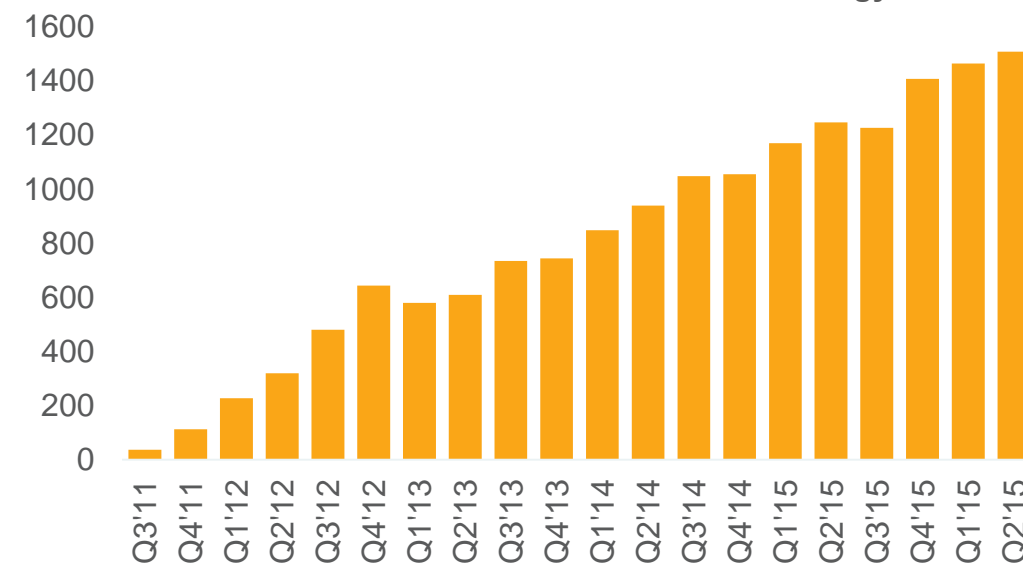
Increased revenue

# Cxense – the online personalization SaaS company

Companies with online sites/apps form the market | Serving +350 customers and +6,000 sites today  
 3 R&D hubs | 8 sales offices | ~170 employees in Americas, Europe and Asia



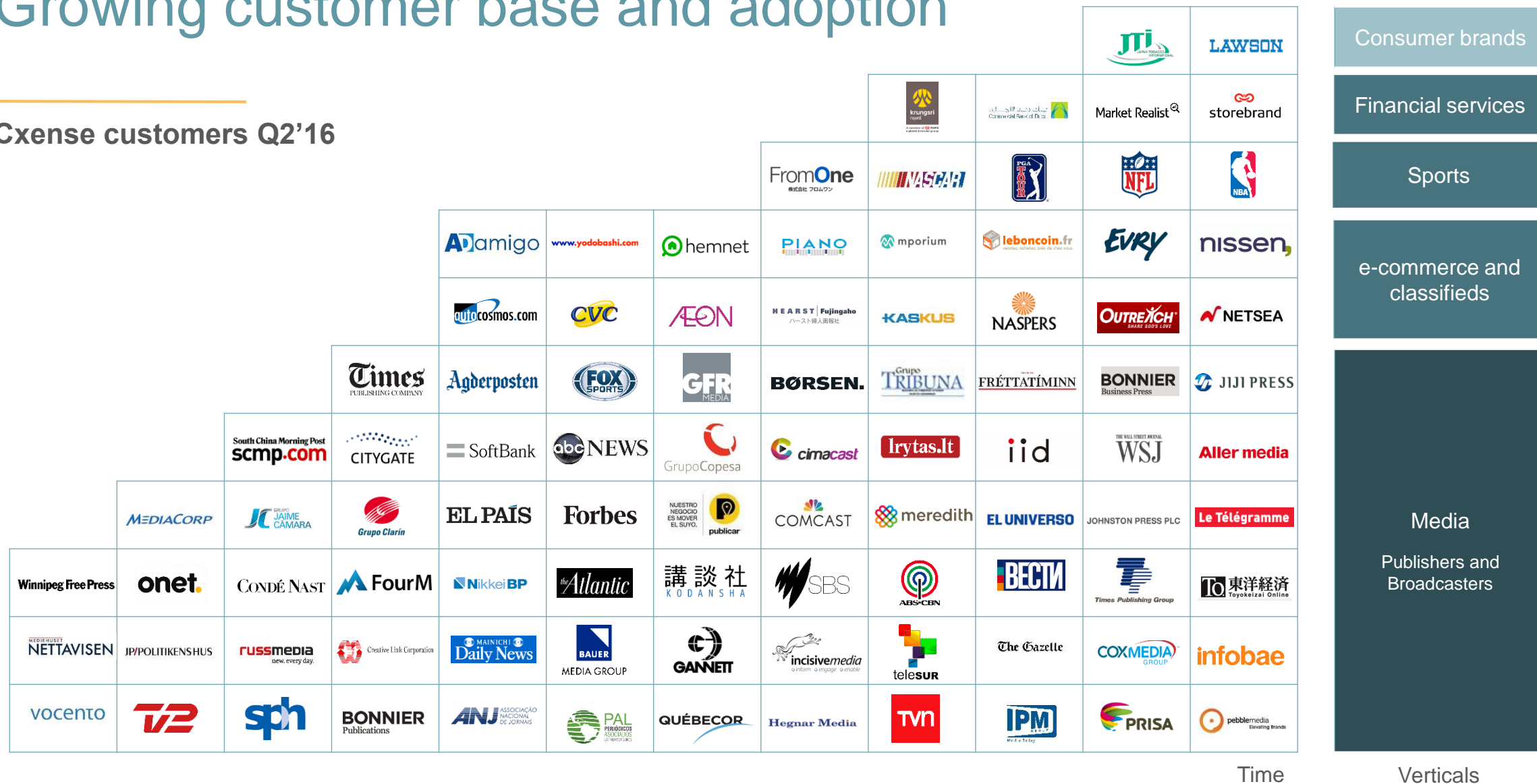
Million **>1.5bn devices interacted with Cxense technology in Q2'16**



Device = Browser with unique history. A user using Opera, Firefox and Chrome on one PC equals 3 devices. Mobile, iPad and so on are devices, as is one PC with several unique logins

## Growing customer base and adoption

## Cxense customers Q2'16





# Cxense has a growth strategy...

## Revenue growth

- Continue to commercialize the world's leading personalization offering
- Customer up-lift and add new customers to recurring revenue base
- Minimize churn

## Profitability

- Sharp focus on core, most value-enhancing products for customers
- Cost effectiveness
- Accelerated sales growth expected to move EBITDA break-even point beyond 2016

## Scalability

- Focused R&D investments to maintain and develop uniqueness
- Streamlining a market-oriented organization to enhance sales efficiency
- Financial flexibility

## ...and has strengthened its financial platform

USD 22m equity  
issue in Q2/Q3



- USD 19 million share issue to investment companies Aker, Ferd and Charles Street
- USD 3 million subsequent offering with participation from board, management and others

Oslo Børs listing  
in Q3



- Access to new shareholders
- Improved access to growth capital
- Improved share liquidity

Positioned to  
pursue growth



- Strong cash position enables accelerated pursuit of growth
- Both organic and acquired growth
- First step: Strengthen sales and marketing



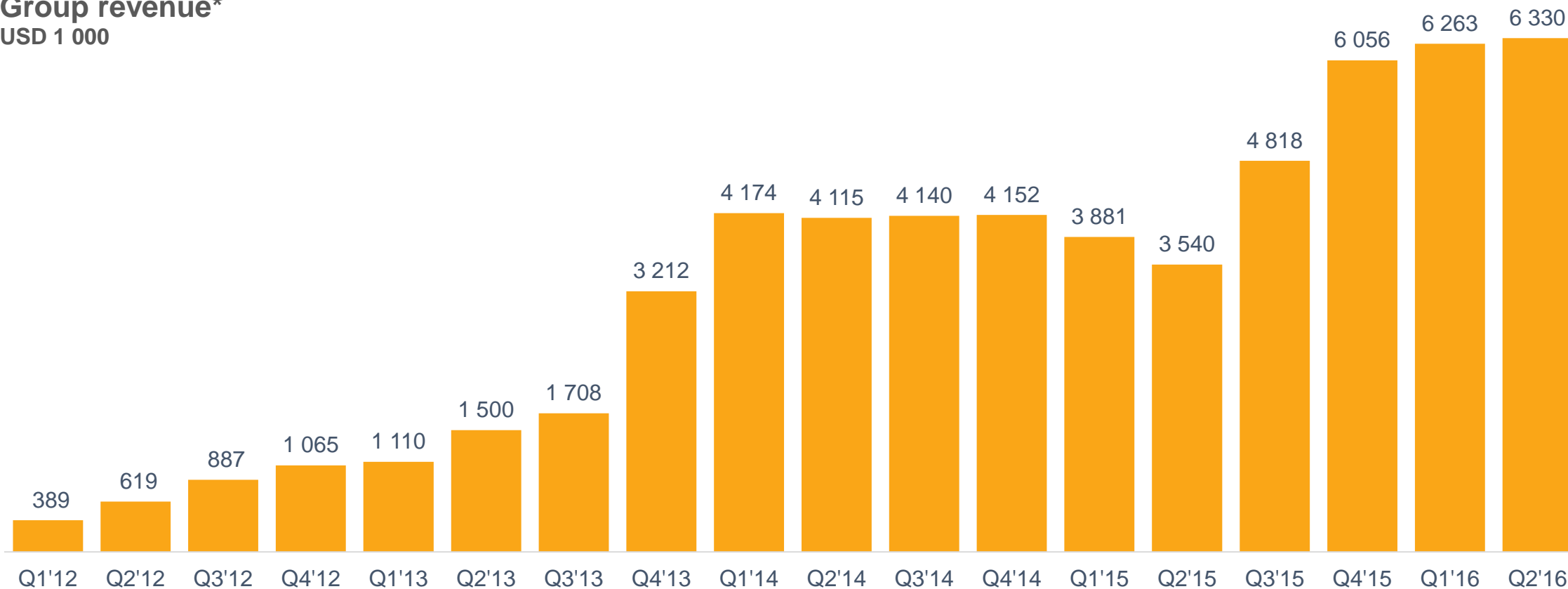
# Q2 operational developments

---

- Demand for personalization offering driving sales
  - Second highest level ever of new ARR and record average contract size
  - New business was signed late in the quarter with full revenue effect in H2
- High churn on legacy Maxifier contracts
  - Impacted early in the quarter
  - Churn is down into Q3

# Revenue development

**Group revenue\***  
 USD 1 000



\*Figures for period Q2'12 to Q1'13 are restated to exclude the discontinued operations of PPN AG



A man with dark hair and a beard, wearing a blue and white plaid shirt over a grey t-shirt and a dark jacket, is sitting at a round table in a cafe. He is looking down at a blue smartphone in his hands. On the table in front of him is a silver laptop and a cup of coffee on a saucer. The background is a blurred cafe interior with other people and warm lighting.

# Financials

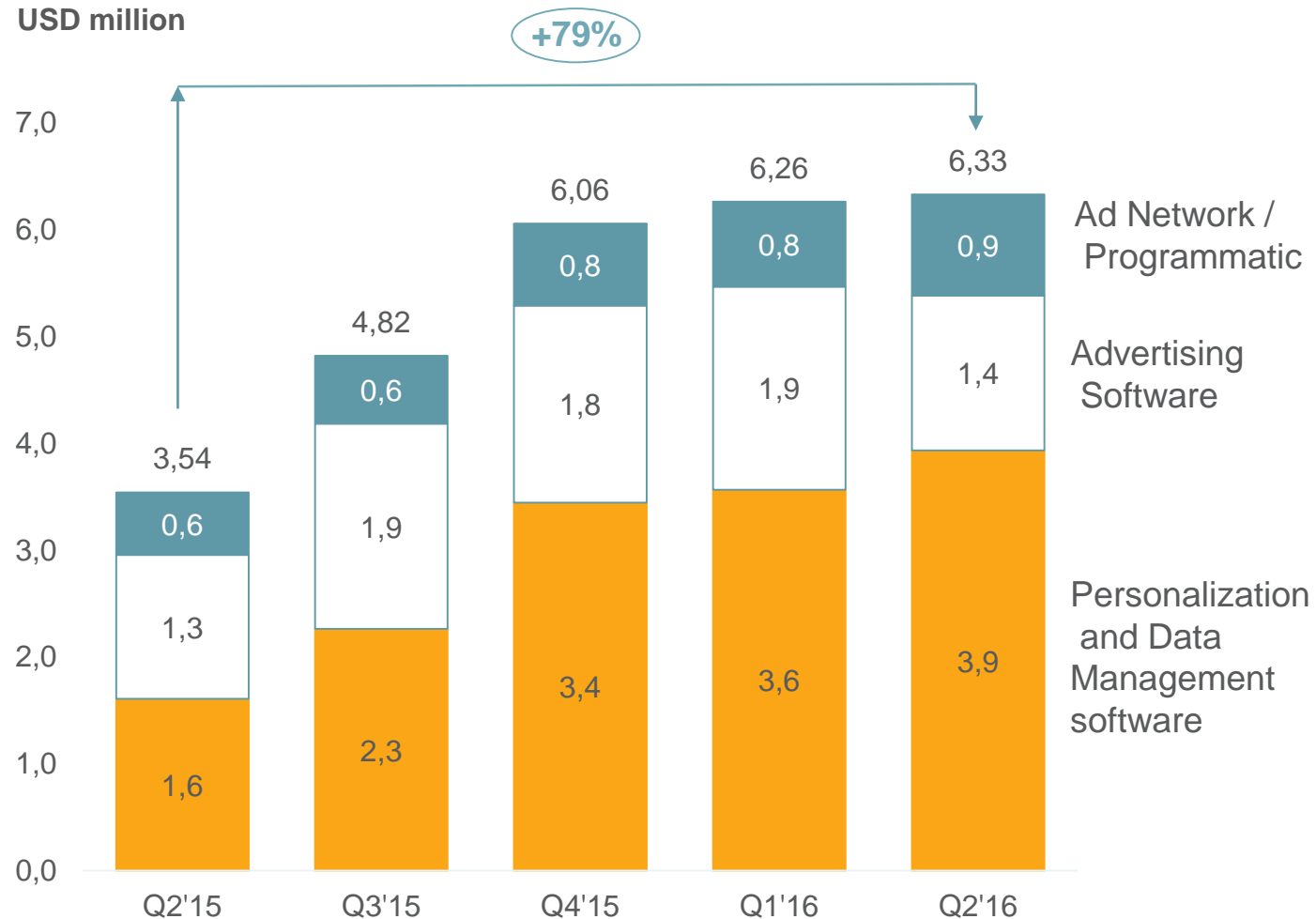


CXENSE



# Personalization and Data Management drives growth

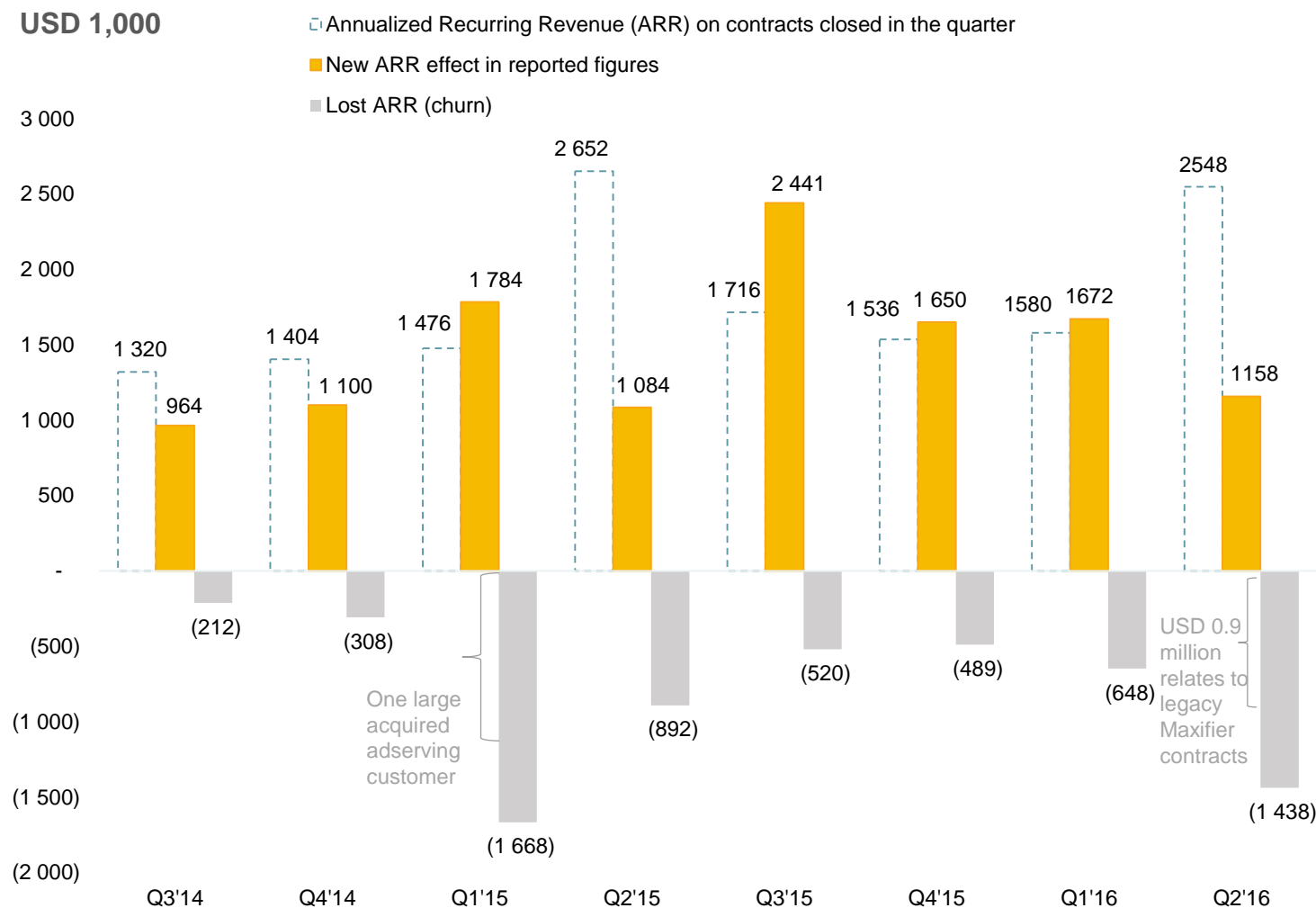
**Revenue**  
USD million



- 79% y / y revenue growth
- Strongest demand for our Personalization and Data Management software
  - 145% y/y growth
- Disappointing recent churn rate on legacy Maxifier contracts
  - The relative size of this segment is decreasing - thus, the revenue base is more solid than one year ago



# SaaS model drives organic growth

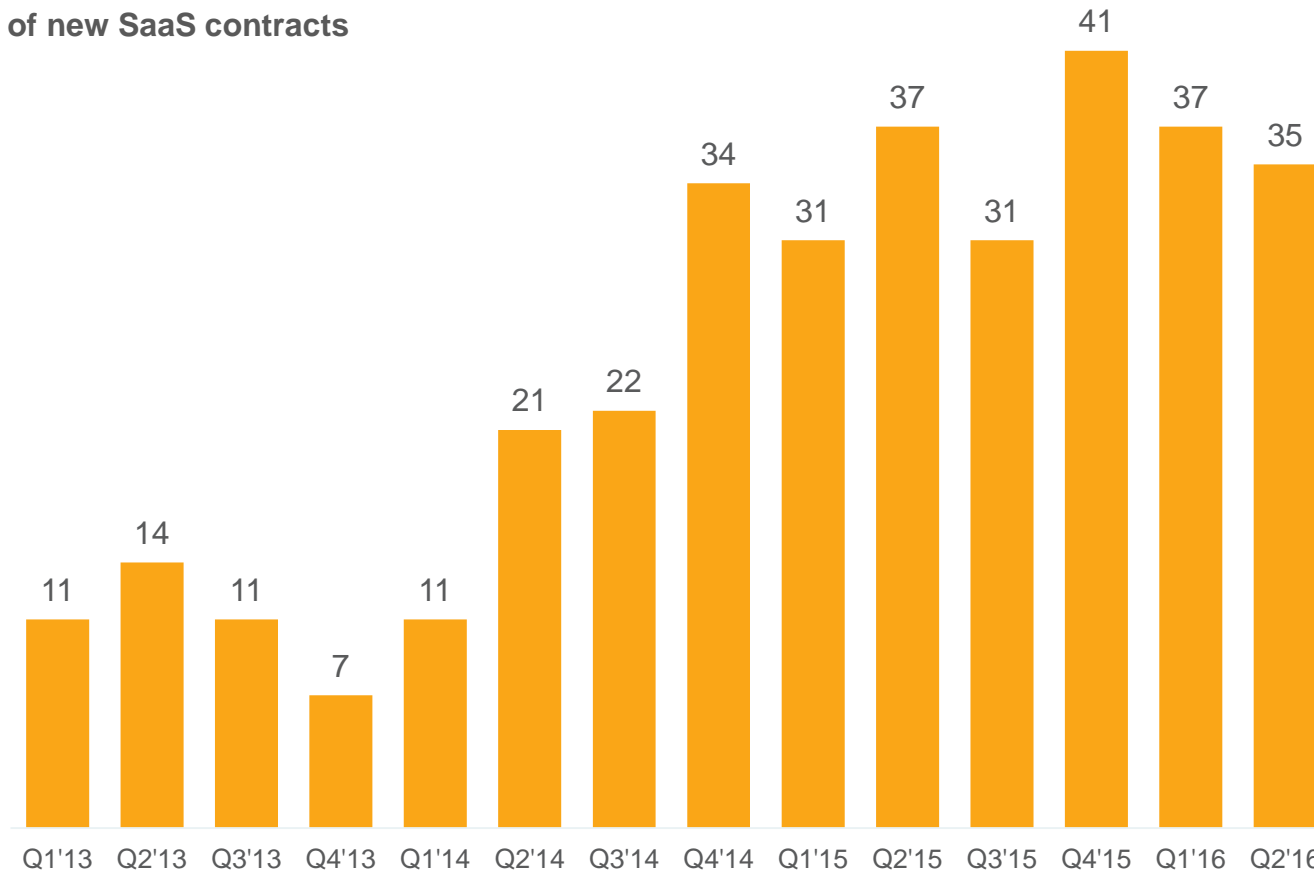


## Statistics last four quarters:

- Closed New ARR (Annualized Recurring Revenue) of USD 7.4 million
- Lost ARR (churn) of USD -3.1 million
- Net New ARR of USD 4.3 million
  - 21% organic growth over total revenue in the period

# Continued high sales in Q2 2016

# of new SaaS contracts

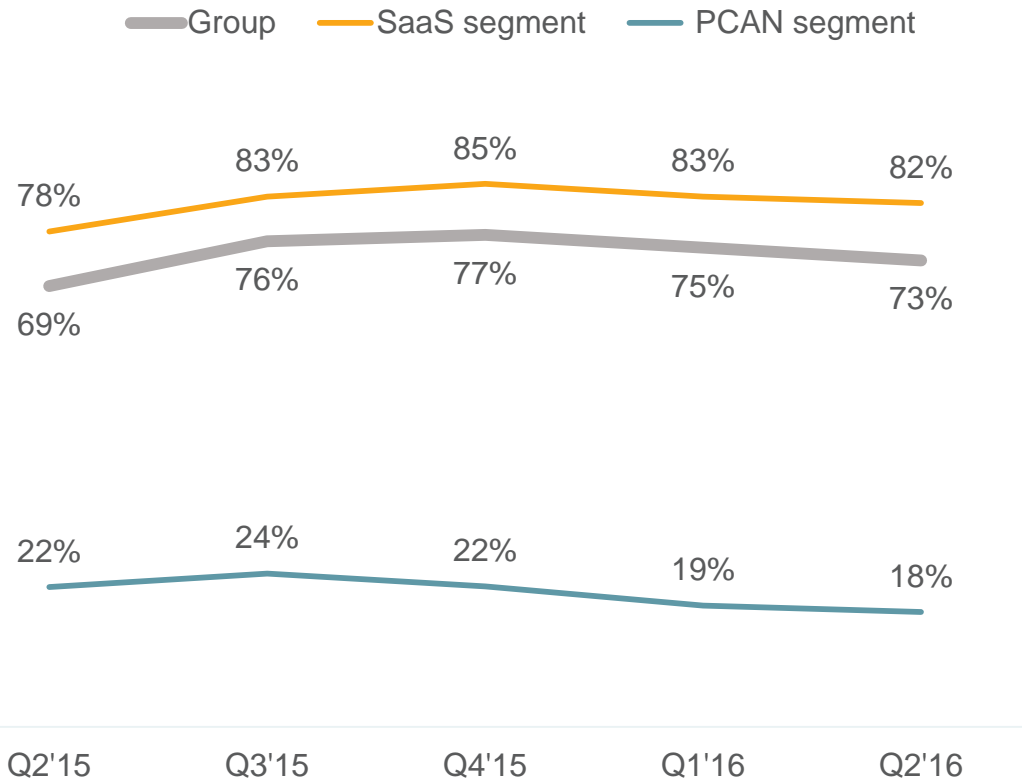


## Q2 2016 contract statistics:

- 35 new contracts
  - 22 on new customers
  - 13 up-sell on existing customers
- Record high average contract size of USD 73k

# High gross margin

## Quarterly gross margin Percent

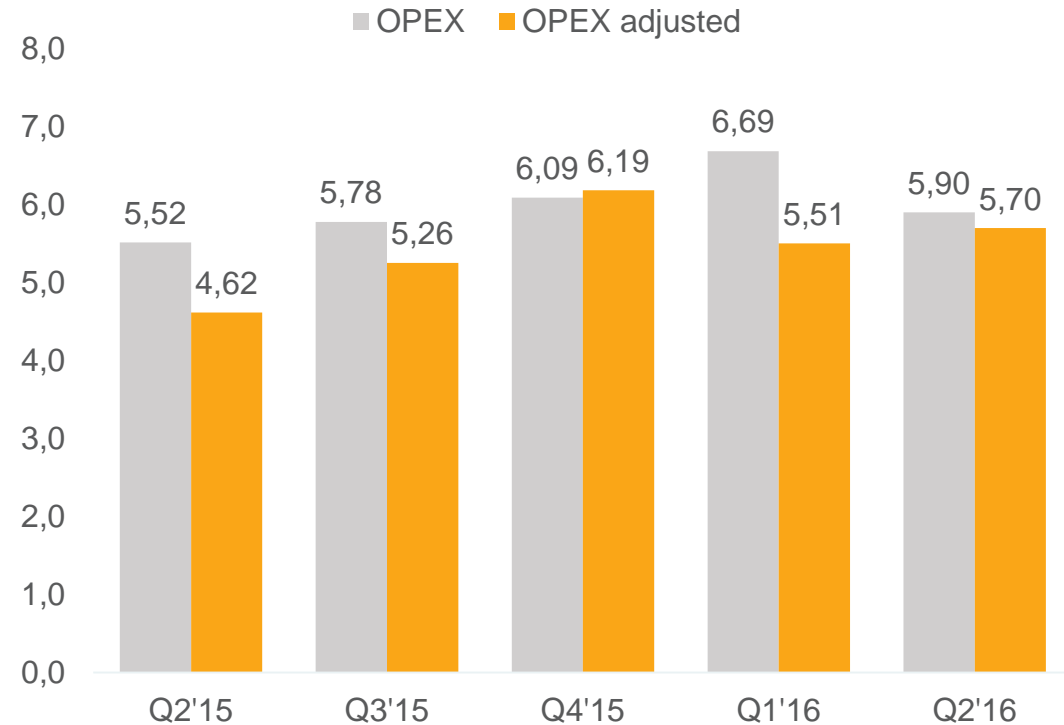


- Organic growth within SaaS segment contributes to profitability growth through high gross margins
- Stable high SaaS segment gross margin over time
- The PCAN segment with lower gross margin but higher revenue growth as they now expand within Programmatic advertising

# Transformation and focus

## Quarterly group OPEX

USD million



Acquisition of Maxifier and Ramp

Integration

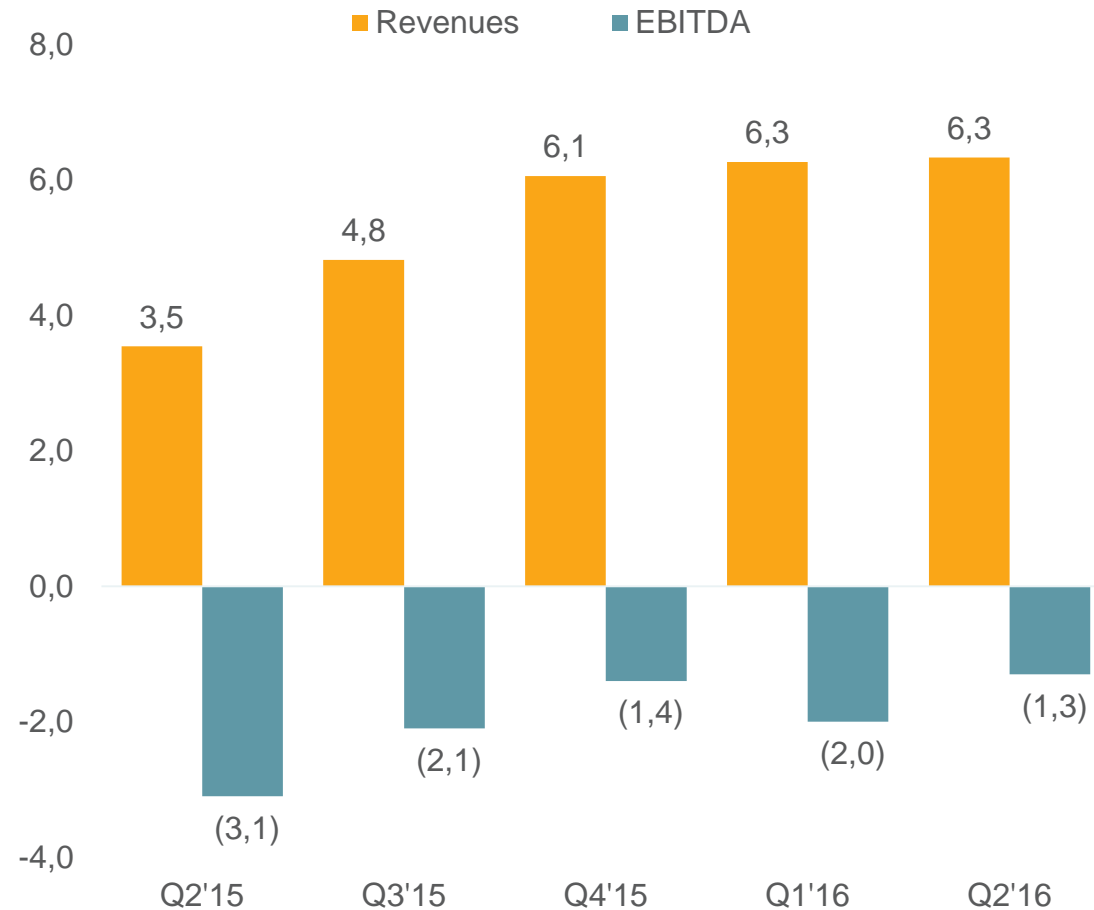
A stronger Cxense has come out of the post acquisition integration:

- 79% y/y revenue growth – but only 24% adjusted OPEX increase
- A more robust US growth platform
- 70 R&D FTEs vs 40 one year ago
  - Working efficiently out of fewer locations and on a more Personalization and Data Management driven roadmap



# EBITDA improvement continues

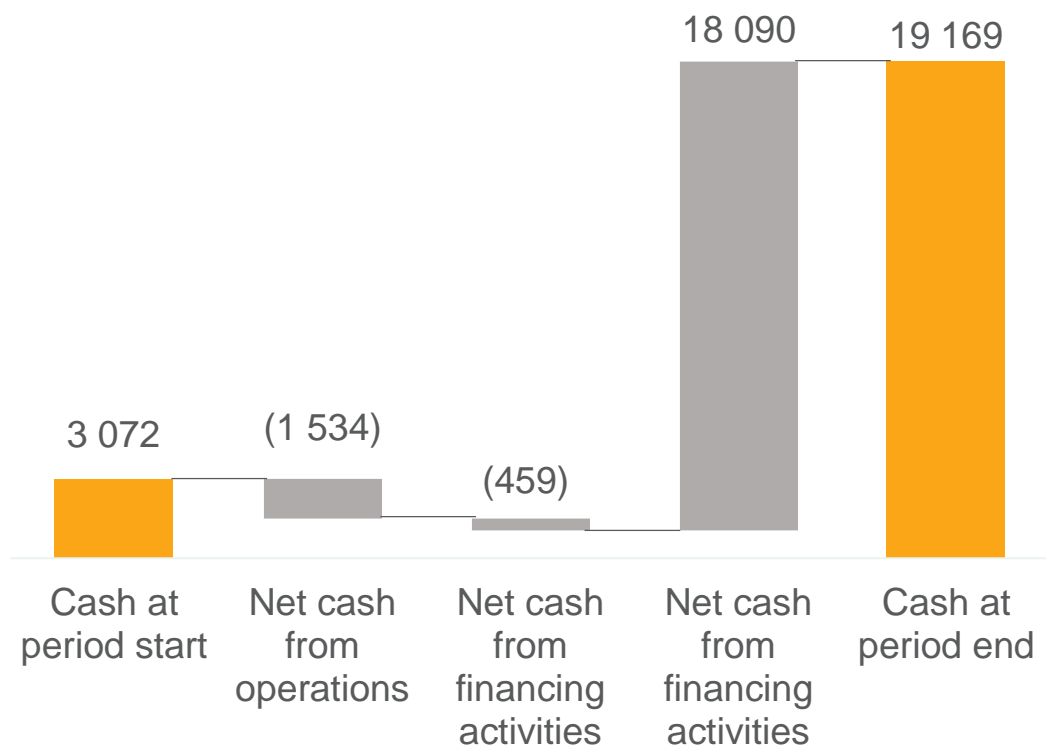
USD million



- Q2 2016 EBITDA reflects completion of the planned post-acquisition restructuring
- EBITDA adjusted for one-off restructuring costs and share-based employee costs was USD -1.1 million

# Cash on hand to pursue growth

## Q2 2016 cash flow USD 1,000



Strong cash position following private placement

- We will increase organic growth and future scalability potential through sales organization increase
- Pursue selected acquisition opportunities
- Will lead to higher OPEX and postpone EBITDA break even target beyond 2016
- Will maintain strict focus on cost, efficiency and profitability

A photograph of two young women with long brown hair, smiling and looking at a smartphone held by the woman on the left. They are outdoors at night, with a blurred background of city lights creating a bokeh effect. The woman on the right is wearing a blue top and a white lace vest, while the woman on the left is wearing a red and black plaid shirt. A teal rectangular box is overlaid on the left side of the image, containing the word 'Sales' in white text.

# Sales



CXENSE



# Consumers want personalization

## Future Expectations for Mobile Experience According to Internet Users Worldwide\*

% of respondents

Mobile apps/websites that are more personalized

35%

Faster payment methods

33%

Ordering “on the move” with faster delivery

27%

Mobile apps/sites that can adapt and react to location

25%

Instant, real time online customer service

22%

Fast reordering of repeat purchases

21%

Seamless product offerings across different channels

19%

\* Vanson Bourne, May 10, 2016

- Users increasingly expects a personalized experience **across devices**
- Personalization is becoming a key strategy to succeed in digital, **across multiple verticals**
- Cxense has the leading personalization software in the market which **enables companies to tailor content, ads and promotions to the individual user**



# Cxense delivers the leading personalization software in a market that grows

---

## Key recent new clients



**Nissen Co.** – a leading online and catalogue retailer in Japan chose Cxense to deliver a more personalized shopping experience for their visitors

**Le Télégramme**

**Le Télégramme** – a leading French regional publisher signed with Cxense after a thorough RFP process. Our first large win in France within Publishing.

**Aller**

**Aller Media AS** – part of one of Nordic region's leading media companies chose Cxense as their technology partner in the race for consumer attention and advertising spend.

# Strong customer results generate upsell opportunities within Cxense's existing portfolio

---

## Key recent upsell



**The Wall Street Journal** – one of the worlds most renowned news organizations expanded their agreement with use on more sites.



**Cox Digital Media** – part of the American Cox Media Group, expanded into personalization in addition to Maxifier product.

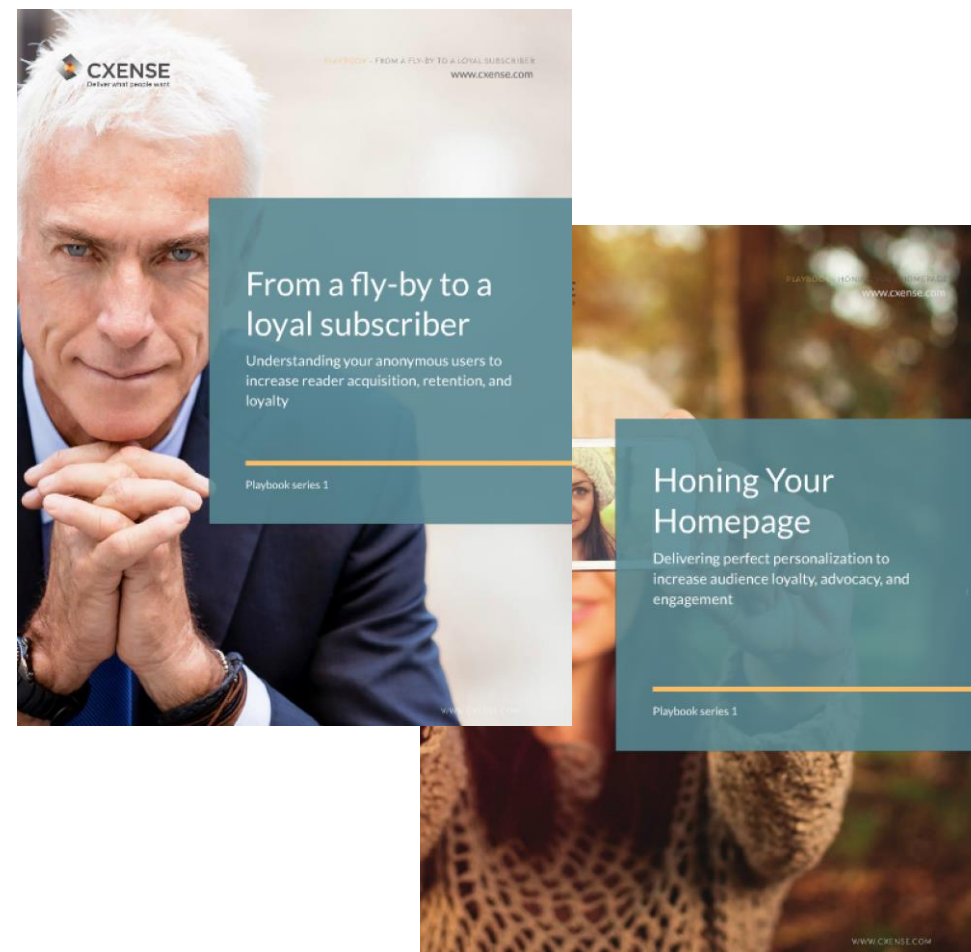


**Mainichi Shimbun** – a leading Japanese publishers expanded their contract to include Cxense Video.

# Cxense expects strong growth in demand, and is positioning itself to be a dominant player

---

- **Rebranding of Cxense being rolled out**– a more distinct positioning around Personalization and Data Management within Media and Retail vertical
- **Ramping up of marketing investments** – key focus is to build more effective lead generation through a stronger online presence
- **Ramping up sales teams** in the two major regions, US and EMEA, to accelerate the growth



# Summary and outlook



CXENSE



# Summary and outlook

---

- All-time-high revenues in Q2 2016
- High activity on new customers and upsell to existing client base
- Strengthened financial platform to pursue growth opportunities
- Ramping up marketing and sales investments
- Well positioned in a growing digital economy with real-time data management and personalization offerings

---

# Appendix

# Key figures

USD 1,000	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Change y/y
<b>Revenues</b>	<b>3 540</b>	<b>4 818</b>	<b>6 056</b>	<b>6 263</b>	<b>6 330</b>	79%
Advertising software	1 347	1 920	1 847	1 900	1 448	7%
Personalization suite	1 607	2 263	3 444	3 566	3 933	145%
SaaS segment	2 954	4 183	5 291	5 467	5 381	82%
PCAN segment	620	675	805	837	990	60%
Inter-segment elimination	(34)	(39)	(39)	(41)	(41)	
<b>Gross profit</b>	<b>2 426</b>	<b>3 646</b>	<b>4 686</b>	<b>4 717</b>	<b>4 594</b>	89%
Total gross margin	69 %	76 %	77 %	75 %	73 %	
Gross margin SaaS segment	78 %	83 %	85 %	83 %	82 %	
Gross margin PCAN segment	22 %	24 %	22 %	19 %	18 %	
<b>OPEX</b>	<b>5 518</b>	<b>5 779</b>	<b>6 093</b>	<b>6 689</b>	<b>5 904</b>	7%
Non-IFRS OPEX adjustments	(901)	(523)	95	(659)	(204)	
Estimated full effect of cost-reduction program				(525)		
OPEX adjusted	4 617	5 256	6 188	5 505	5 700	
<b>EBITDA</b>	<b>(3 092)</b>	<b>(2 134)</b>	<b>(1 407)</b>	<b>(1 972)</b>	<b>(1 310)</b>	-58%
EBITDA adjusted	(2 191)	(1 611)	(1 502)	(789)	(1 106)	

# Income Statement

USD 1,000	Q2 2016	Q2 2015
<b>Revenues consolidated</b>	6 330	3 540
Cost of goods sold	1 737	1 112
Employee benefit expense	3 893	3 194
Depreciation & Amortisation expense	835	399
Other operating expense	2 011	2 324
Total operating expense	<b>8 475</b>	<b>7 030</b>
<b>Net operating income/(loss)</b>	<b>(2 145)</b>	<b>(3 490)</b>
Net financial income/(expense)	<b>(199)</b>	<b>(24)</b>
Share of profit from associated companies	(142)	0
<b>Net income/(loss) before taxes</b>	<b>(2 486)</b>	<b>(3 513)</b>
Income tax expense	10	(19)
<b>Net income/(loss) for the period</b>	<b>(2 496)</b>	<b>(3 495)</b>



# Balance sheet

<i>USD 1,000</i>	As at 30 June 2016	As at 30 June 2015
<b>Non-current assets</b>		
Goodwill	14 364	3 807
Deferred tax asset	37	34
Intangible assets	12 785	4 550
Office machinery, equipment, etc.	242	361
Investments in associated companies	4 421	4 276
Other financial assets	243	199
<b>Total non-current assets</b>	<b>32 092</b>	<b>13 227</b>
<b>Current assets</b>		
Trade receivables	3 464	1 736
Other short-term assets	714	1 096
Cash and cash equivalents	19 169	5 376
<b>Total current assets</b>	<b>23 348</b>	<b>8 208</b>
<b>Total Assets</b>	<b>55 440</b>	<b>21 435</b>
<b>Total Equity</b>	<b>41 819</b>	<b>14 440</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	844	414
Other long-term liabilities	2 761	-
<b>Total non-current liabilities</b>	<b>3 604</b>	<b>414</b>
<b>Non-current liabilities</b>		
Trade payables	1 360	1 073
Current taxes	149	74
Other short-term liabilities	8 508	5 434
<b>Total current liabilities</b>	<b>10 017</b>	<b>6 581</b>
<b>Total equity and liabilities</b>	<b>55 440</b>	<b>21 435</b>

# Cash Flow Statement

USD 1,000	Q1 2016	Q1 2015
<b>Cash flow from operating activities</b>		
Profit/(loss) after income tax (including disposal group)	(2 496)	(3 495)
Adjustments:		
Income tax payable	(125)	(93)
Share-based payments	56	93
Share of profit of investments accounted for using the equity method	142	-
Depreciation and amortization	835	399
Currency translation effects	(173)	322
Change in trade receivables	261	384
Change in trade payables	(103)	(27)
Change in other accrual and non-current items	69	873
<b>Net cash flow from / (used in) op. activities</b>	<b>(1 534)</b>	<b>(1 544)</b>
<b>Cash flow from investing activities</b>		
Investment in furniture, fixtures and office machines	37	7
Investment in intangible assets	(496)	(484)
Investment in associated companies	-	(760)
Investment in subsidiary	-	-
Net cash effects from disposal subsidiary		
<b>Net cash flow from / (used in) investing activities</b>	<b>(459)</b>	<b>(1 237)</b>
<b>Cash flow from financing activities</b>		
Net proceeds from share issues	18 090	(134)
Proceeds from minority interest	-	-
<b>Net cash flow from / (used in) financing activities</b>	<b>18 090</b>	<b>(134)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>16 097</b>	<b>(2 915)</b>

# Important notice

THIS PRESENTATION AND ITS ENCLOSURES AND APPENDICES (HEREINAFTER JOINTLY REFERRED TO AS THE “PRESENTATION”) HAVE BEEN PREPARED BY CXENSE ASA (THE “COMPANY”) EXCLUSIVELY FOR INFORMATION PURPOSES. THIS PRESENTATION HAS NOT BEEN REVIEWED OR REGISTERED WITH ANY PUBLIC AUTHORITY OR STOCK EXCHANGE. RECIPIENTS OF THIS PRESENTATION MAY NOT REPRODUCE, REDISTRIBUTE OR PASS ON, IN WHOLE OR IN PART, THE PRESENTATION TO ANY OTHER PERSON. THE CONTENTS OF THIS PRESENTATION ARE NOT TO BE CONSTRUED AS LEGAL, BUSINESS, INVESTMENT OR TAX ADVICE. EACH RECIPIENT SHOULD CONSULT WITH ITS OWN LEGAL, BUSINESS, INVESTMENT AND TAX ADVISER AS TO LEGAL, BUSINESS, INVESTMENT AND TAX ADVICE. THERE MAY HAVE BEEN CHANGES IN MATTERS, WHICH AFFECT THE COMPANY SUBSEQUENT TO THE DATE OF THIS PRESENTATION. NEITHER THE ISSUE NOR DELIVERY OF THIS PRESENTATION SHALL UNDER ANY CIRCUMSTANCE CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF OR THAT THE AFFAIRS OF THE COMPANY HAVE NOT SINCE CHANGED, AND THE COMPANY DOES NOT INTEND, AND DOES NOT ASSUME ANY OBLIGATION, TO UPDATE OR CORRECT ANY INFORMATION INCLUDED IN THIS PRESENTATION.

THIS PRESENTATION INCLUDES AND IS BASED ON, AMONG OTHER THINGS, FORWARD-LOOKING INFORMATION AND STATEMENTS. SUCH FORWARD-LOOKING INFORMATION AND STATEMENTS ARE BASED ON THE CURRENT EXPECTATIONS, ESTIMATES AND PROJECTIONS OF THE COMPANY OR ASSUMPTIONS BASED ON INFORMATION AVAILABLE TO THE COMPANY. SUCH FORWARD-LOOKING INFORMATION AND STATEMENTS REFLECT CURRENT VIEWS WITH RESPECT TO FUTURE EVENTS AND ARE SUBJECT TO RISKS, UNCERTAINTIES AND ASSUMPTIONS. THE COMPANY CANNOT GIVE ANY ASSURANCE AS TO THE CORRECTNESS OF SUCH INFORMATION AND STATEMENTS. AN INVESTMENT IN THE COMPANY INVOLVES RISK, AND SEVERAL FACTORS COULD CAUSE THE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF THE COMPANY TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS THAT MAY BE EXPRESSED OR IMPLIED BY STATEMENTS AND INFORMATION IN THIS PRESENTATION, INCLUDING, AMONG OTHERS, RISKS OR UNCERTAINTIES ASSOCIATED WITH THE COMPANY’S BUSINESS, SEGMENTS, DEVELOPMENT, GROWTH MANAGEMENT, FINANCING, MARKET ACCEPTANCE AND RELATIONS WITH CUSTOMERS, AND, MORE GENERALLY, GENERAL ECONOMIC AND BUSINESS CONDITIONS, CHANGES IN DOMESTIC AND FOREIGN LAWS AND REGULATIONS, TAXES, CHANGES IN COMPETITION AND PRICING ENVIRONMENTS, FLUCTUATIONS IN CURRENCY EXCHANGE RATES AND INTEREST RATES AND OTHER FACTORS. SHOULD ONE OR MORE OF THESE RISKS OR UNCERTAINTIES MATERIALISE, OR SHOULD UNDERLYING ASSUMPTIONS PROVE INCORRECT, ACTUAL RESULTS MAY VARY MATERIALLY FROM THOSE DESCRIBED IN THIS DOCUMENT. THE COMPANY DOES NOT INTEND, AND DOES NOT ASSUME ANY OBLIGATION, TO UPDATE OR CORRECT THE INFORMATION INCLUDED IN THIS PRESENTATION.

THIS PRESENTATION IS SUBJECT TO NORWEGIAN LAW, AND ANY DISPUTE ARISING IN RESPECT OF THIS PRESENTATION IS SUBJECT TO THE EXCLUSIVE JURISDICTION OF NORWEGIAN COURTS