



Cxense ASA – Q1 2018

9 May 2018

Cxense at a glance

Sector	Software-as-a-Service
Product	Data Management and Personalization Software
Value proposition	Increasing online engagement and revenue from digital channels
Customers	~180 publishers and ecommerce companies
Data processing footprint	2bn devices, 21bn sessions per quarter
Offices	Oslo (HQ), Samara, New York, Buenos Aires, Tokyo, Singapore
Share ticker	OSE:CXENSE

Q1 2018 highlights

Quarterly revenue development

USD million

 Data Management and Personalization license revenues

 Consulting revenues



- **Strong growth for core DMP and Personalization segment**
 - 22% YoY and 6% sequentially
 - 43% YoY gross growth partly offset by high churn
- **81% gross margin**
 - Up 1pp sequentially on further hosting efficiencies
- **Q1 2018 EBITDA of USD -0.4m, ahead of -0.5m target**
- **Strengthened product offering**
 - New offering: Conversion Engine
 - DMP feature improvement through Enreach acquisition
- **Development leadership strengthened by the appointment of new CTO and CPO**
- **Financial runway beyond break-even with USD 7.7m cash position**

The future of Media & Publishing, eCommerce & Retail

Data is your most valuable resource

Our offering targets high-growth markets

Solid growth in core market...

...and multiple attractive adjacent market opportunities

DMP for Publishers

Global
USD 300
million market
CAGR 16%

E-commerce

Global
USD 2.3
trillion market
CAGR 23%

Digital marketing software

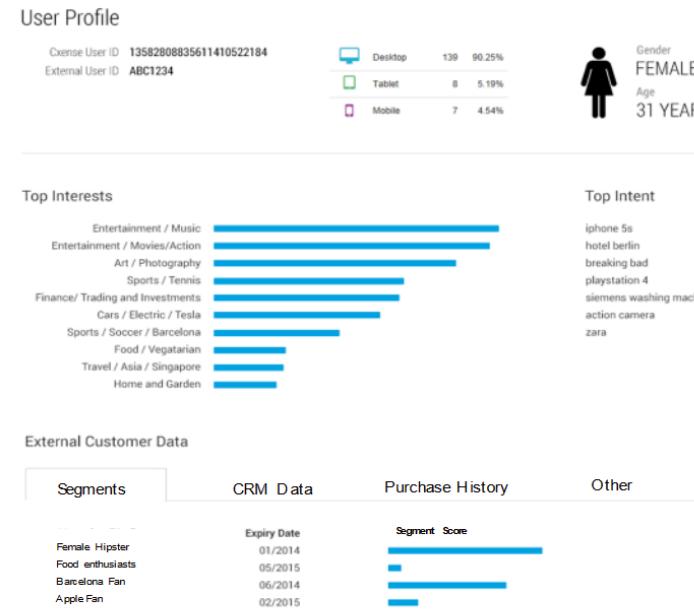
Global
USD 33 billion
market
CAGR 16%

- Growth driven by China and pure online players
- Heavy competition, Cxense traction in Japan for large retail chains with low digital maturity

- Marketing and advertising tech converging
- Publisher data + trends play to Cxense's strengths

Exponential growth of data and Artificial Intelligence (AI) capabilities driving markets

We enable customers with a leading DMP with intelligent personalization



1

Unique
user tracking

2

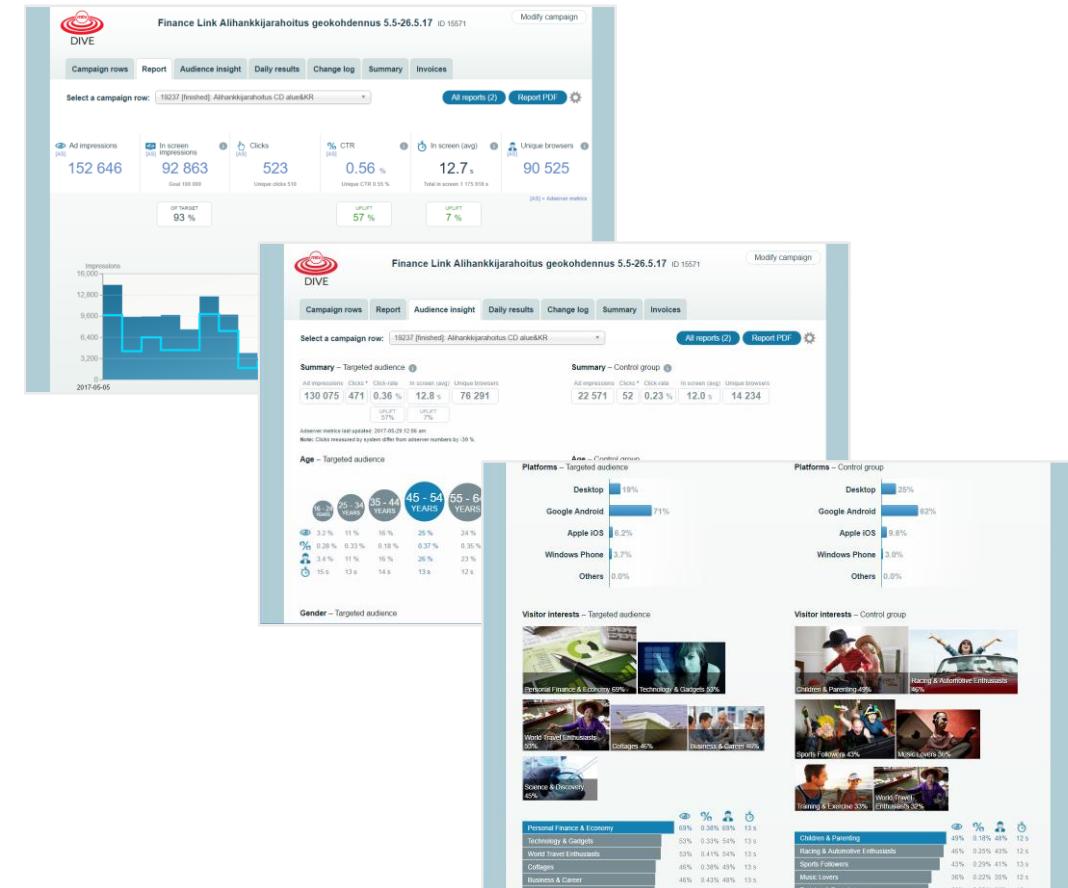
Rich user profiles
& segmentation

3

Real-time
personalization

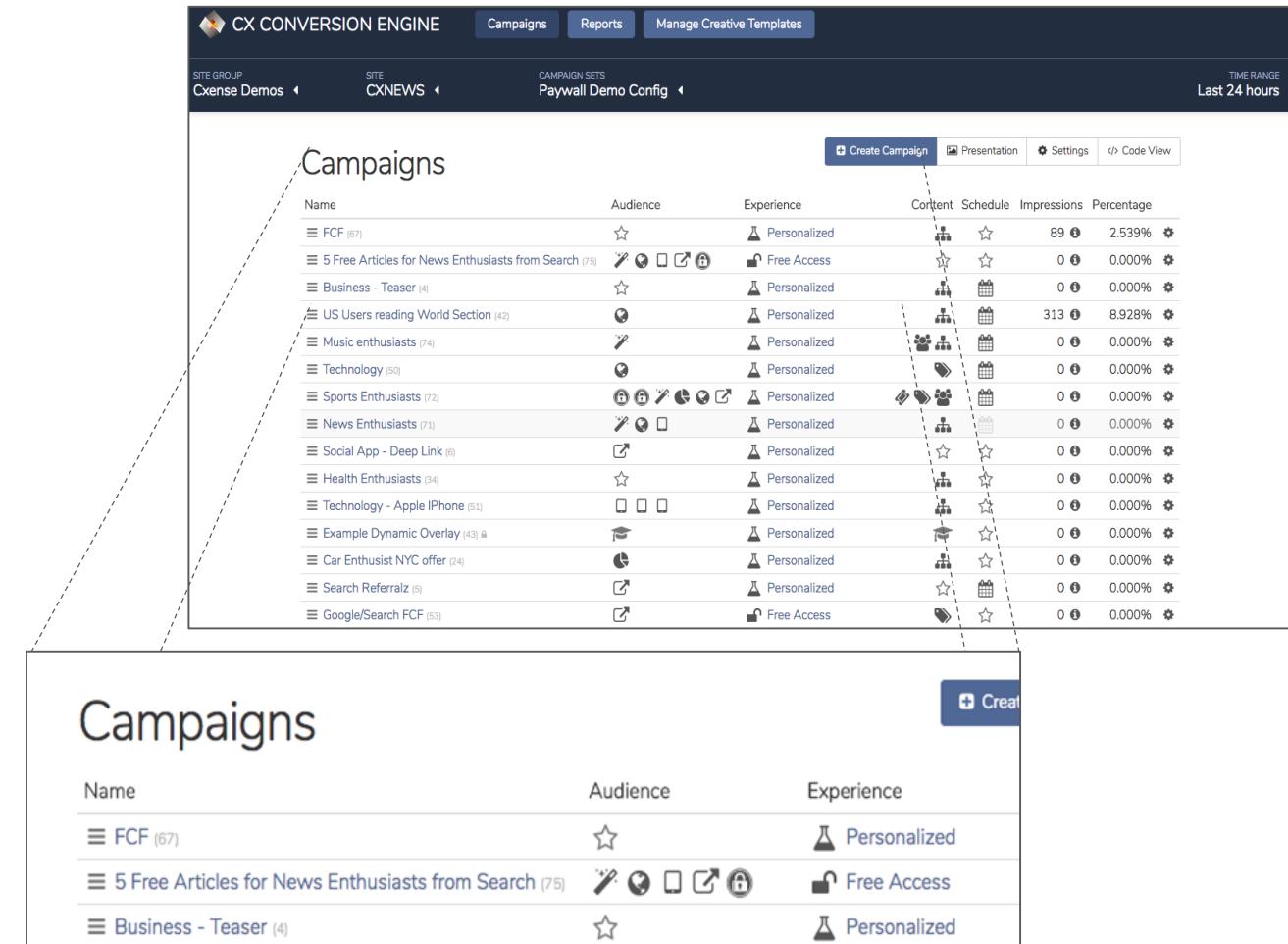
Enreach: Creating an even more powerful DMP

- Acquisition of Enreach strengthens DMP offering
- Strategic fit confirmed by 13 joint customer cases
- Complementary technologies enabling:
 - Improved socio-demographic segment creation
 - Interest segment creation
 - Audience insight with Audience Radar
 - Automated reports on audience targeted campaigns
- Transaction adds 6% to core revenue base



Conversion Engine: Proven product tapping into subscription megatrend

- Subscription revenues increasingly important for publishers
- Proven, world-class solution developed with WSJ
- Now productizing v2 for general availability
- Strong interest from existing and prospective customers



CX CONVERSION ENGINE Campaigns Reports Manage Creative Templates

SITE GROUP: Cxense Demos SITE: CXNEWS CAMPAIGN SETS: Paywall Demo Config TIME RANGE: Last 24 hours

Campaigns

Name	Audience	Experience	Content	Schedule	Impressions	Percentage
FCF (67)	Personalized	Free Access	89	2.539%		
5 Free Articles for News Enthusiasts from Search (75)	Personalized	Free Access	0	0.000%		
Business - Teaser (4)	Personalized	Personalized	0	0.000%		
US Users reading World Section (42)	Personalized	Personalized	313	8.928%		
Music enthusiasts (74)	Personalized	Personalized	0	0.000%		
Technology (50)	Personalized	Personalized	0	0.000%		
Sports Enthusiasts (72)	Personalized	Personalized	0	0.000%		
News Enthusiasts (71)	Personalized	Personalized	0	0.000%		
Social App - Deep Link (6)	Personalized	Personalized	0	0.000%		
Health Enthusiasts (34)	Personalized	Personalized	0	0.000%		
Technology - Apple iPhone (51)	Personalized	Personalized	0	0.000%		
Example Dynamic Overlay (43)	Personalized	Personalized	0	0.000%		
Car Enthusiast NYC offer (24)	Personalized	Personalized	0	0.000%		
Search Referrals (5)	Personalized	Personalized	0	0.000%		
Google/Search FCF (53)	Free Access	Free Access	0	0.000%		

Campaigns

Name	Audience	Experience
FCF (67)	Personalized	Free Access
5 Free Articles for News Enthusiasts from Search (75)	Personalized	Free Access
Business - Teaser (4)	Personalized	Personalized

Select strategic customer wins in Q1 2018

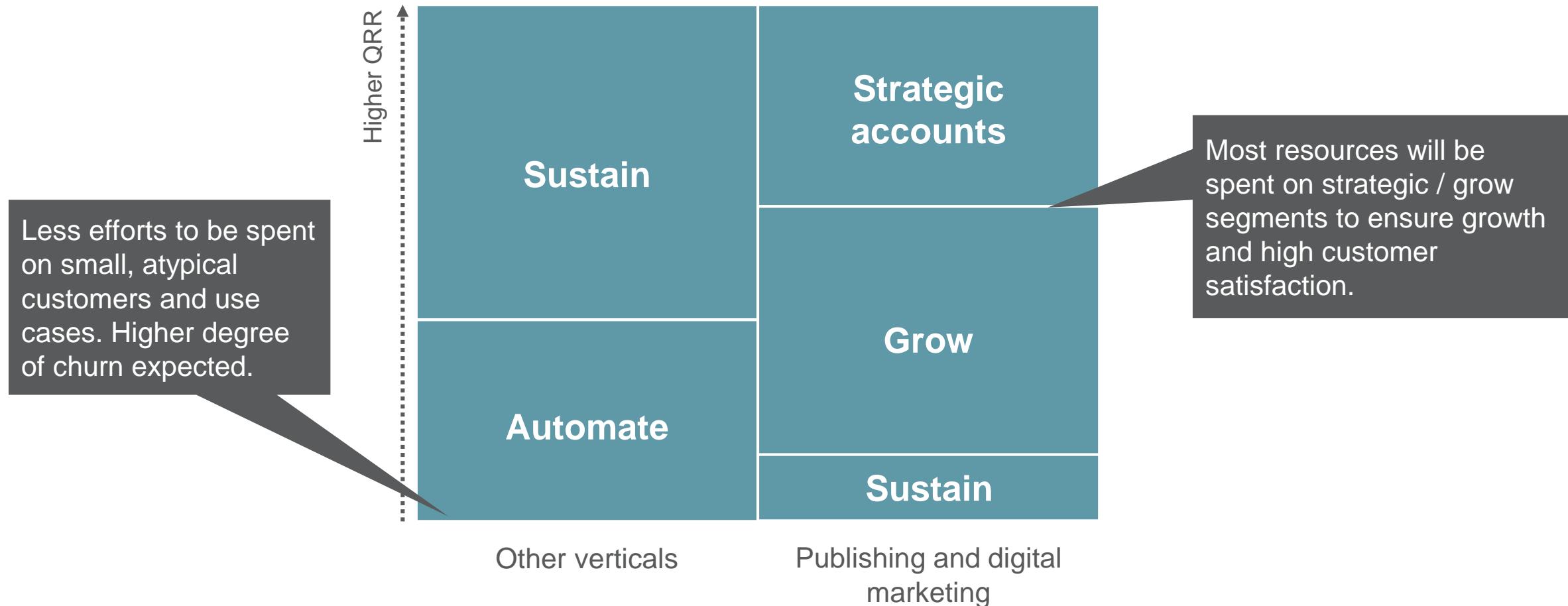


- Expansion to include additional digital assets
- Largest EMEA-region customer
- **Uses Cxense in combination with Enreach to increase data-driven advertising revenues**
- Tracks users across all online assets and deliver audience segments in real-time to Google DFP



- Thailand's largest telecom operator
- Strategy to transform from telco to "digital lifestyle company"
- **Uses Cxense as key enabling technology to understand the Thai population across multiple sites**

Systematic account management approach to drive customer retention and upsell



Q1 2018 signals the end of the corporate restructuring

	Q1 2018 restructuring targets	Status per Q1 2018
Divestment of non-core assets	<ul style="list-style-type: none">• Clearer positioning• Removal of churn from non-core segments• Organizational focus on high-growth areas	<ul style="list-style-type: none">✓ Focused DMP and Personalization offering✓ Emediate and Mporium sold• Maxifier and video divestments ongoing
Cost reductions	<ul style="list-style-type: none">• USD 3 million quarterly OPEX reduction• 5 p.p. gross margin improvement• Q1 2018 target EBITDA of USD -0.5 million*	<ul style="list-style-type: none">✓ OPEX reductions achieved✓ Ahead of target with 7pp achieved in Q1✓ USD -0.4 million (adjusted -0.2 million)
Funding	<ul style="list-style-type: none">• Establish financial runway to profitability	<ul style="list-style-type: none">✓ Funded beyond break-even with Q1 cash position of USD 7.7 million
Organization	<ul style="list-style-type: none">• Right-sized team driving growth for core segments	<ul style="list-style-type: none">• Recruitment of sales leader ongoing✓ New CTO and CPO signed

Strengthening innovation and marketing capabilities



Pankaj Saharan

Chief Technology Officer (CTO)



TBD

Chief Product Officer (CPO)



TBD

Chief Commercial Officer (CCO)



July 2018

Candidate signed
Transition from existing
employer being worked out

Likely Q3

Recruitment process
progressing well

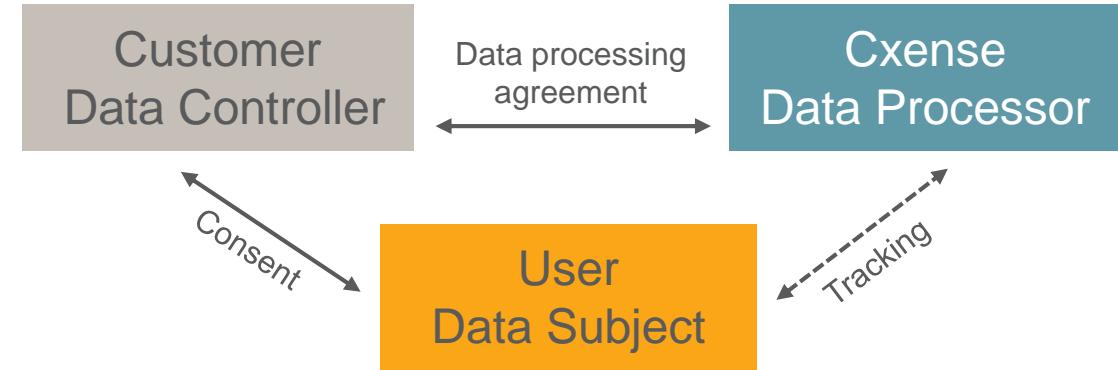
TBD

Cxense welcomes changing regulatory environment

General Data Protection Regulation (GDPR)

- EU regulation to strengthen data protection for all EU and EEA citizen (Enforceable May 25, 2018)
- Cxense customers become Data Controllers with complex new responsibilities, incl. consent collection
- Cxense assumes the role as Data Processor and implements technical solutions, processes and legal framework to assist our customers to compliance;

- Right to access
- Right to be forgotten
- Breach notification
- Data portability
- Data Protection Officer
- Data Processing Agreements
- Data processing records



Opportunities:

- Users will demand better and more personal experiences in exchange for consent
- 1st party data DMPs, such as Cxense, strengthened over 3rd party data DMPs
- External DMP vendors favoured over homegrown solutions due to complexity

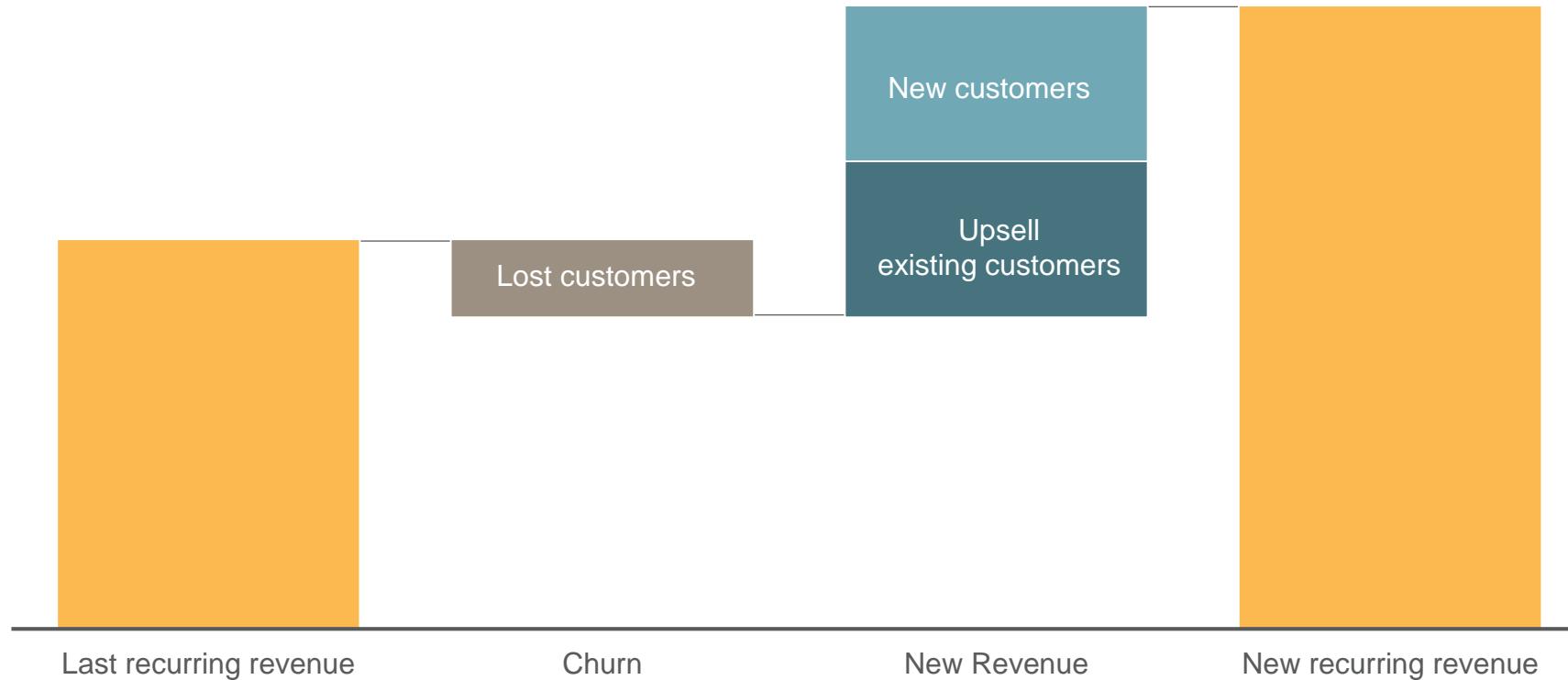
<https://www.cxense.com/insights-lab/obstacle-opportunity-cxense-commitment-gdpr>

Financials

Building recurring revenue base to drive growth

Cxense's SaaS recurring revenue business model

Illustrative

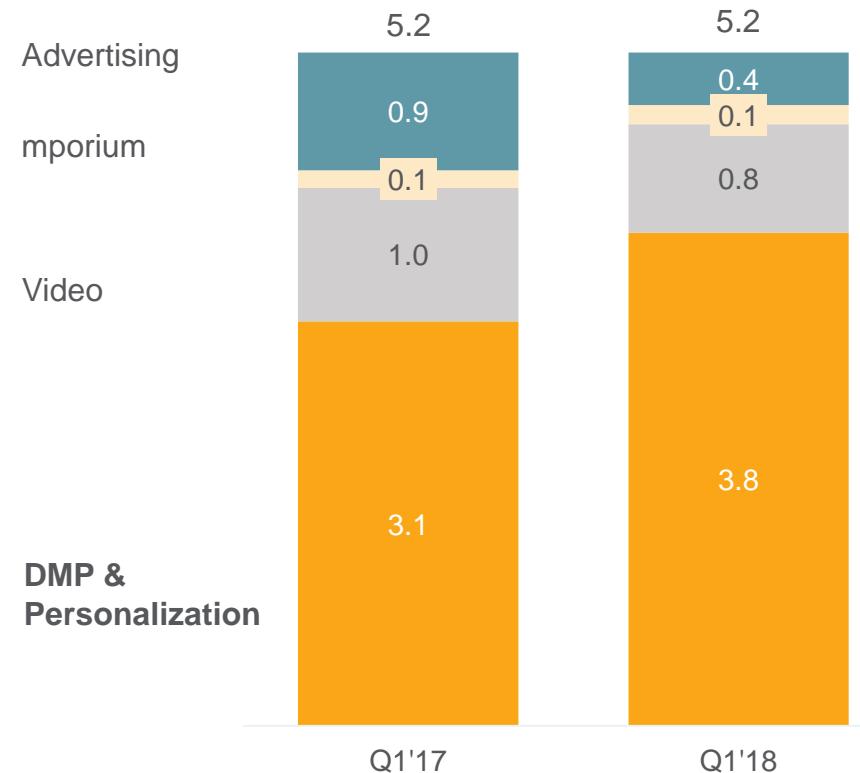


Core business grew 22% Y/Y

Ongoing divestment of non-core business

Revenues

USD million



Non-core business

- Two divestments completed 2H 2017
- Video and Advertising divestment ongoing

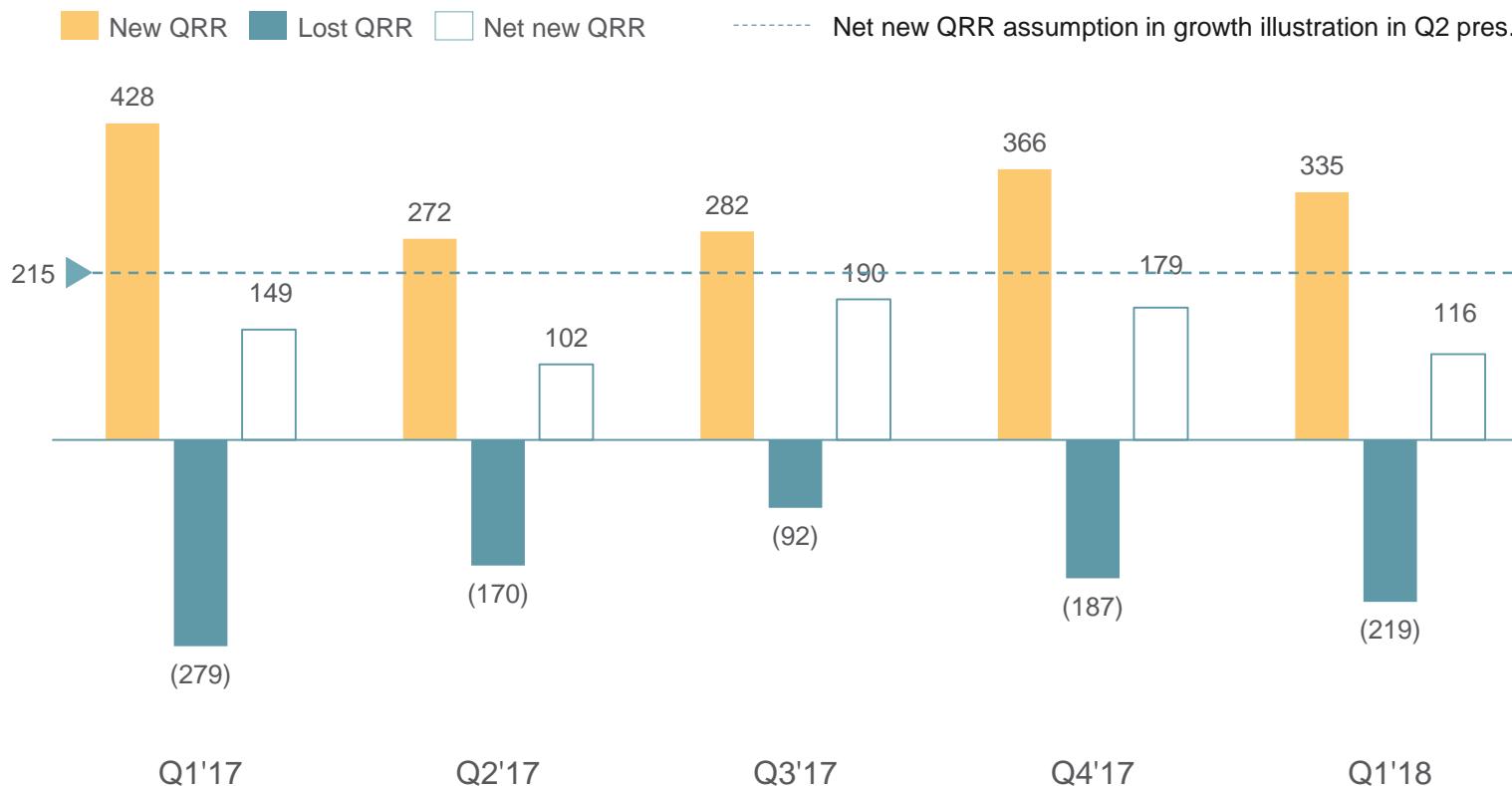
DMP & Personalization (core business)

- Strong interest for our DMP & Personalization solution from publishers and marketers
- 22% y/y net growth from;
 - +43% gross growth from new revenue
 - Strong sales efficiency in recent quarters
 - +5% contribution from other
 - -26% reduction from lost recurring revenue (churn)
 - Retention improvement is the most important growth lever going forward

Strong sales efficiency but too high churn in Q1 2018

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

USD thousand



Q1 2018 update

Closed 22 new contracts on Data Management & Personalization

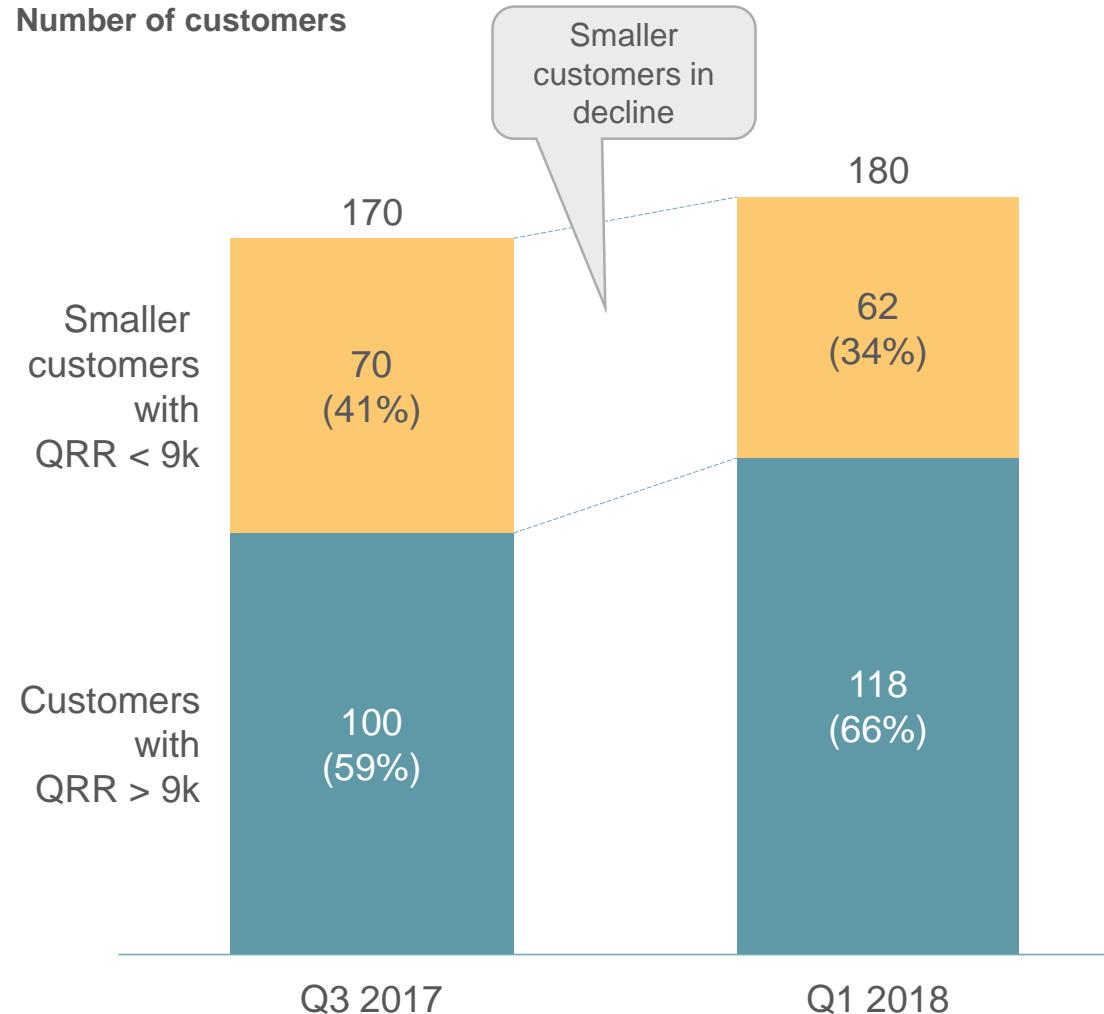
QRR of USD 335 thousand

High sales efficiency with 12.5 average sales reps.

50% of contracts were upsell on existing customers

High gross growth offset by churn on smaller customers

Cxense targets customer retention increase through focus on larger customer



- Larger customers with several properties that points to better future customer retention:
 - DMP yields better results
 - Better in-house implementation competence
 - Scale to support high quality account management and support

Strong profitability improvement driven by core revenue growth and successful improvement program

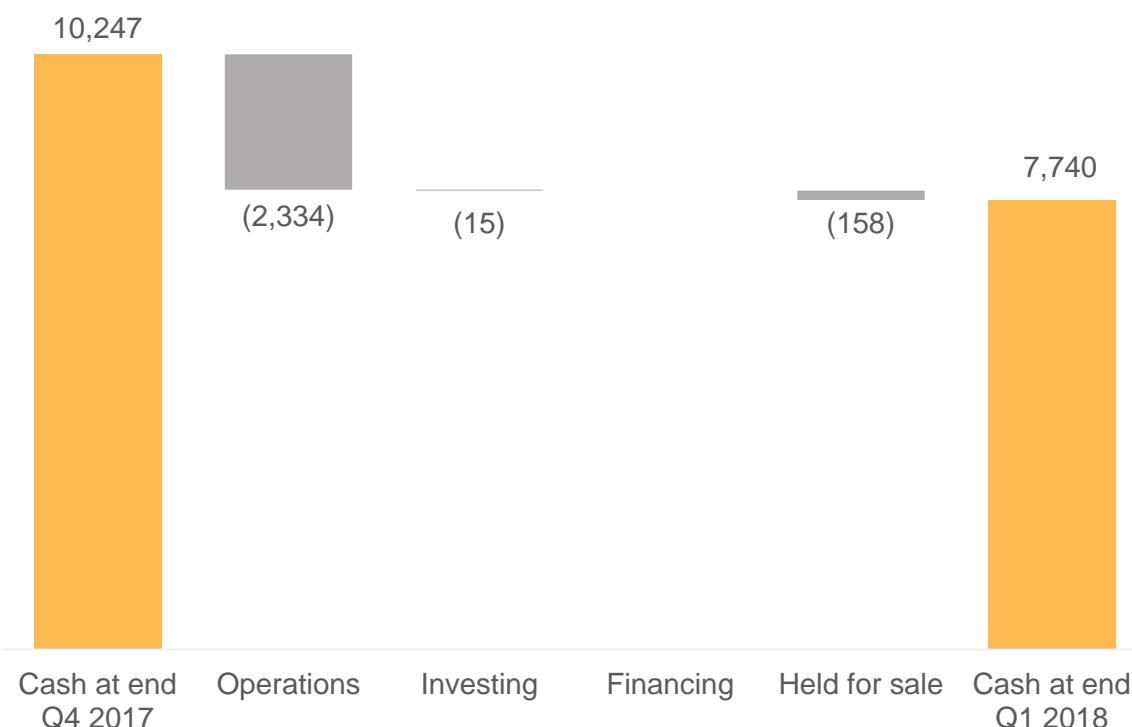
USD 1,000	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Data Management & Intelligent personalization	3,129	3,188	3,357	3,617	3,816
SaaS Non-Core	2,080	1,888	1,699	1,530	1,423
Revenues	5,209	5,077	5,055	5,148	5,239
<i>Gross margin</i>	74 %	74 %	77 %	80 %	81 %
OPEX	6,490	8,110	7,476	5,074	4,661
Non-IFRS OPEX adjustments	(358)	(882)	(1,464)	(253)	(215)
OPEX adjusted	6,132	7,228	6,012	4,821	4,446
EBITDA	(2,643)	(4,353)	(3,567)	(931)	(420)
EBITDA adjusted	(2,284)	(3,471)	(2,103)	(678)	(204)

The DMP & Personalization focused Cxense delivers high sales efficiency and strong profitability improvement

USD 7.7 million cash position equals 18x run-rate cash burn

Q1 2018 cash flow statement

USD thousands



- Cash flow from operations of USD -2.3 million driven by restructuring related one-offs and revenue collection effects
 - Severance cost accrued for in earlier quarters and paid in Q1 of USD -0.5 million
 - Year-end bonuses and commissions accrued for through the year and paid in Q1 of USD -0.6 million
 - Change in receivables of USD -0.8 million
 - USD -0.2 million of the change relates to >60 days overdue increase – being addressed
- Q1 2018 run-rate quarterly cash burn rate* was USD -0.43 million
- **USD 7.7 million cash position**

Summary and outlook

Summary and outlook

- Strong growth for core DMP and Personalization segment
- Significantly reduced cost base and Q1 2018 EBITDA beating post restructuring target
- Strengthened product offering
 - Acquisition of DMP company Enreach Solutions strengthens DMP offering
 - Conversion Engine: Proven and scalable product tapping into subscription mega trend
- Development leadership strengthened by the appointment of new CTO and CPO
- Financial runway beyond break-even

Appendix

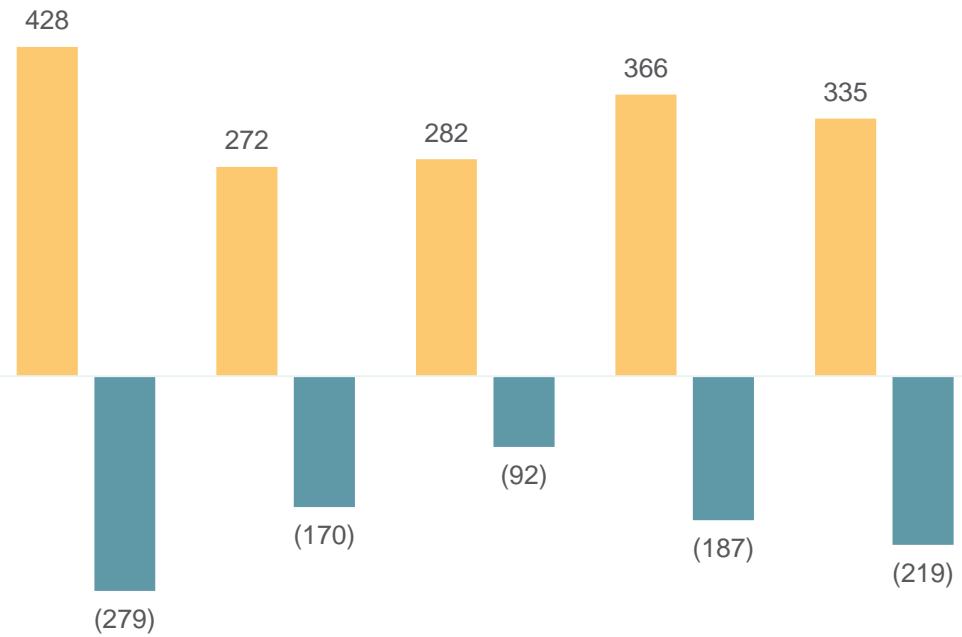
Core business – historical revenue development

USD 1,000 (unaudited)	Q1-12	Q2-12	Q3-12	Q4-12	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17	Q1-18				
Total SaaS revenues	389	503	674	736	840	993	1,090	2,650	3,568	3,442	3,530	3,590	3,301	2,954	4,183	5,291	5,467	5,381	5,511	5,654	5,209	5,077	5,055	5,148	5,239				
Where of Advertising		83	301	384	384	369	374	1,762	2,439	2,202	2,074	2,046	1,558	1,347	1,920	1,847	1,900	1,448	1,216	1,159	911	861	678	525	407				
Total DMP and Personalization revenue (old segm.)	389	420	373	352	456	624	716	888	1,129	1,240	1,456	1,544	1,743	1,607	2,263	3,444	3,566	3,933	4,295	4,495	4,299	4,215	4,378	4,622	4,802				
Where of consulting									276	197	210	234	362	161	246	481	293	377	348	278	318	269	367	265	245				
Where of license	389	420	373	352	456	624	716	888	853	1,043	1,246	1,310	1,381	1,446	2,017	2,963	3,273	3,556	3,947	4,217	3,981	3,946	4,011	4,357	4,557				
Video revenue																967	1,001	1,230	1,224	1,297	1,033	896	875	864	840				
Where of consulting																272	37	115	136	114	73	69	55	43	55				
Where of license																695	964	1,115	1,088	1,183	960	827	820	821	785				
Mporium															74	148	142	136	185	141	132	136	131	146	141	147			
Where of consulting																	42												
Where of license															76	148	142	136	143	141	132	136	131	146	141	147			
																	2,298	2,718	2,902	2,885	2,988	3,045	3,395						
Total DMP and Personalization revenue (CORE)	389	420	373	352	456	624	716	888	1,129	1,240	1,456	1,544	1,743	1,533	2,115	2,335	2,429	2,518	2,930	3,066	3,130	3,188	3,357	3,617	3,816				
Where of consulting	-	-	-	-	-	-	-	-	276	197	210	234	362	161	246	209	256	220	212	164	245	200	312	222	190				
Where of license	389	420	373	352	456	624	716	888	853	1,043	1,246	1,310	1,381	1,370	1,869	2,126	2,173	2,298	2,718	2,902	2,885	2,988	3,045	3,395	3,626				
growth q/q		8%	-11%	-6%	30%	37%	15%	24%	27%	10%	17%	6%	13%	-12%	38%	10%	4%	4%	16%	5%	2%	2%	5%	8%	5%				
growth y/y									17%	49%	92%	152%	148%	99%	103%	74%	54%	24%	45%	51%	39%	64%	39%	31%	29%	27%	15%	18%	22%

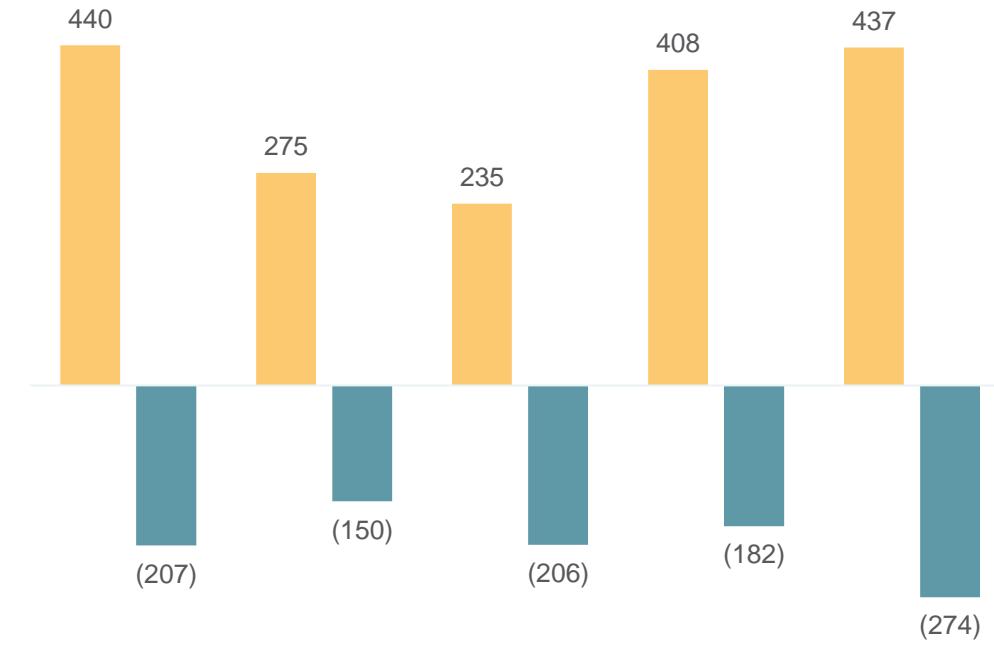
Closed and notified terminated compared to P&L effect

DMP & 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

USD 1,000	Q1 2016 IFRS	Q2 2016 IFRS	Q3 2016 IFRS	Q4 2016 IFRS	Q1 2017 IFRS	Q2 2017 IFRS	Q3 2017 IFRS	Q4 2017 IFRS	Q1 2018 IFRS
SaaS segment									
DMP with Intelligent Personalization	2,429	2,518	2,930	3,066	3,130	3,188	3,357	3,617	3,816
Advertising	1,900	1,448	1,216	1,159	911	861	678	525	436
mporium	136	185	141	132	136	131	146	141	147
Video	1,001	1,230	1,224	1,297	1,033	896	875	864	840
Revenues total	5,467	5,381	5,511	5,654	5,209	5,077	5,055	5,147	5,239
Cost of sales	908	967	1,252	1,195	1,361	1,321	1,146	1,005	997
Gross profit	4,558	4,414	4,259	4,460	3,848	3,756	3,909	4,143	4,242
Gross margin %	83%	82%	77%	79%	74%	74%	77%	80%	81%
Personnel	4,657	3,675	4,141	4,574	4,402	5,826	5,305	3,018	2,505
Other OPEX	1,735	1,915	1,772	2,258	2,088	2,284	2,170	2,056	2,156
OPEX	6,392	5,590	5,913	6,832	6,490	8,110	7,476	5,074	4,661
EBITDA	(1,833)	(1,176)	(1,654)	(2,374)	(2,642)	(4,354)	(3,567)	(931)	(420)
Non-IFRS adjustment of OPEX level									
Share-based payment costs	171	56	149	191	244	239	(32)	(18)	(4)
Share-based social costs provision	37	54							
Salary and social restructuring provisions/costs	361						1,280	164	
Office moving and restructuring costs	45			210	(21)	0	140	103	
Extraordinary/special					32	585	24	3	
One-off provision for doubtful debt		55		84					142
Transaction costs	45	81	78	79	103	58	52	1	77
R&D refund		(42)		(167)					
Total reported OPEX adjustment items	659	204	226	397	358	882	1,464	253	215
Estimated full effect of cost-reduction program	525								
OPEX adjusted	5,208	5,386	5,686	6,435	6,132	7,228	6,012	4,821	4,446
EBITDA adjusted	(649)	(972)	(1,428)	(1,977)	(2,284)	(3,472)	(2,103)	(678)	(204)
Capitalized operating expense	(498)	(494)	(496)	(891)	(507)	(507)	(557)	(268)	(226)
EBITDA adjusted with capitalization add back	(1,147)	(1,466)	(1,924)	(2,868)	(2,791)	(3,980)	(2,660)	(946)	(431)

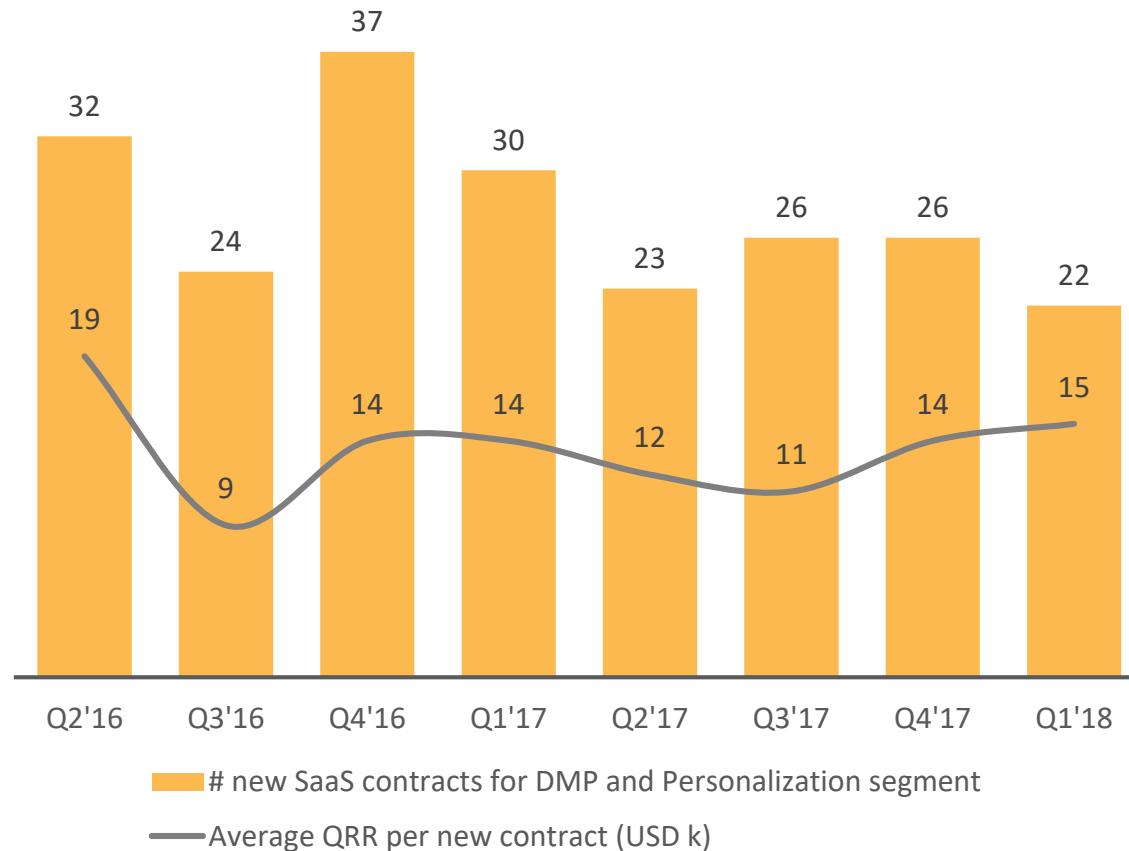
Revenue bridge for SaaS- and core DMP and personalization segment

Quarterly figures (unaudited) USD 1,000		Total revenue					DMP and personalization revenue				
		Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Revenue in previous quarter		5,654	5,209	5,077	5,055	5,147	3,066	3,130	3,188	3,357	3,617
New recurring license revenue effect*		469	275	243	468	491	440	275	235	408	437
Acquired recurring license revenue		-	-	-	-	-	-	-	-	-	-
Divested recurring license revenue		-	-	-	(93)	(183)	-	-	-	-	-
Churn effect		(691)	(385)	(333)	(240)	(292)	(207)	(150)	(206)	(182)	(274)
Change in service revenue*		40	(49)	97	(102)	(21)	81	(45)	111	(89)	(33)
Change in other variables*		(214)	(25)	(121)	69	33	(185)	(62)	(56)	106	35
Currency effect		(49)	52	92	(10)	64	(65)	40	85	17	34
Revenue this quarter		5,209	5,077	5,055	5,147	5,239	3,130	3,188	3,357	3,617	3,816
Accumulated currency effect, reversed		49	(3)	(95)	(85)	(149)	65	25	(60)	(77)	(111)
Outbound revenue currency adjusted		5,258	5,074	4,960	5,062	5,090	3,195	3,213	3,297	3,540	3,705
Q1 run-rate adjustments											
Full effect of contracts closed until 27 April 2018 (Core)											
Full effect of known churn until 27 April (Core)											
DMP & Personalization run-rate revenue after adjustments											
Number of closed contracts in the quarter		30	25	29	30	22	30	23	26	26	22
Whereof new customers		18	17	19	11	11	18	17	18	11	11
Whereof upsell		12	8	10	19	11	12	6	8	15	11
Full QRR effect of contracts notified closed in the period		428	274	306	429	335	428	272	282	366	335
Full QRR effect of contracts notified lost in the period		(635)	(399)	(215)	(221)	(335)	(279)	(170)	(92)	(187)	(219)
Net		(208)	(126)	91	208	(0)	149	102	191	179	115

* Q1 2018 figures affected by conversion to IFRS 15. Net effect on Q1 2018 revenue amounts to USD 12 thousand.

New contracts reflect demand for core offering

of new core contracts and average contract size



- Closed 22 new contracts on Data Management & Personalization
- QRR of USD 335 thousand
- High sales efficiency with 12.5 average sales reps.
- 50% of contracts were upsell on existing customers