



Cxense ASA – Q4 2018

6 March 2019

A blurred background image of a city street with tall buildings and people walking on the sidewalk.

What **Cxense** does

We **unlock the power of data**
so that our clients can build **personal,**
profitable customer relationships.

Cxense at a glance

Data Management Platform with Intelligent Personalization

Software-as-a-Service (SaaS) to publishing, digital media and the subscription economy

~190
Customers world-wide

~110
Employees

~400 million

users served quarterly

USD 20m
Revenue**

>2 billion
devices served quarterly*

79%
Gross margin**

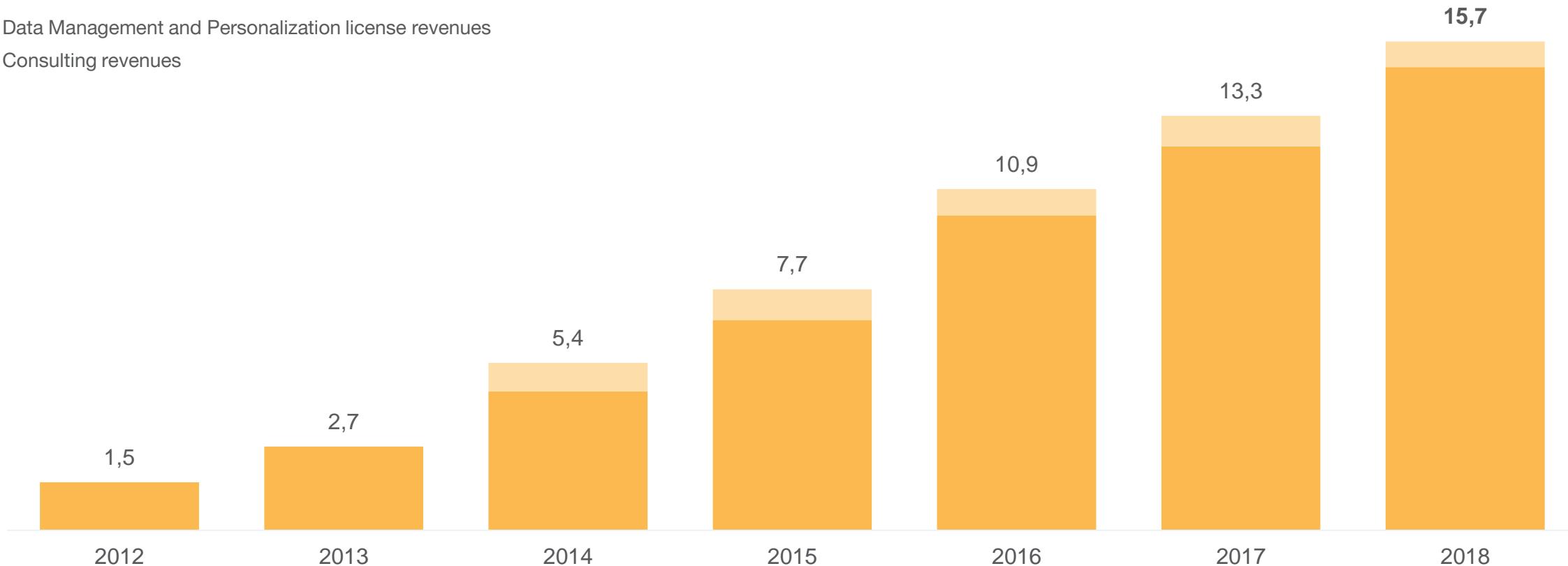
Cxense is on a growth journey

Yearly revenue development (core products)

USD million

 Data Management and Personalization license revenues

 Consulting revenues



Strengthening balance sheet to support growth

**Oversubscribed
rights issue raising
USD ~10m**

To finance growth
investments and working
capital requirements to
execute new strategic plan

Strategic plan: Capture the growth of a data and subscription economy

- Continue to target growth markets with high-margin, scalable business model
- Leverage traction with recently launched new products
- Accelerate growth by strengthening the product portfolio and organization
- Increase customer lifetime value by 2-4 times
- Expand into the “subscription economy” outside of publishing
- Target to triple annual revenue in 5 years and reach profitability in the period
- Strong, international leadership in place to execute

Clearly defined priorities to enable growth

Customer Success

- Ramp-up customer success team to **increase customer touch-points and improve customer retention**

Sales

- Rebuild sales capacity to **capture more opportunities and improve ability to monetize new products**

Product & Tech

- Continue **innovation of new products and features**, adding more engineers in Oslo close to customers

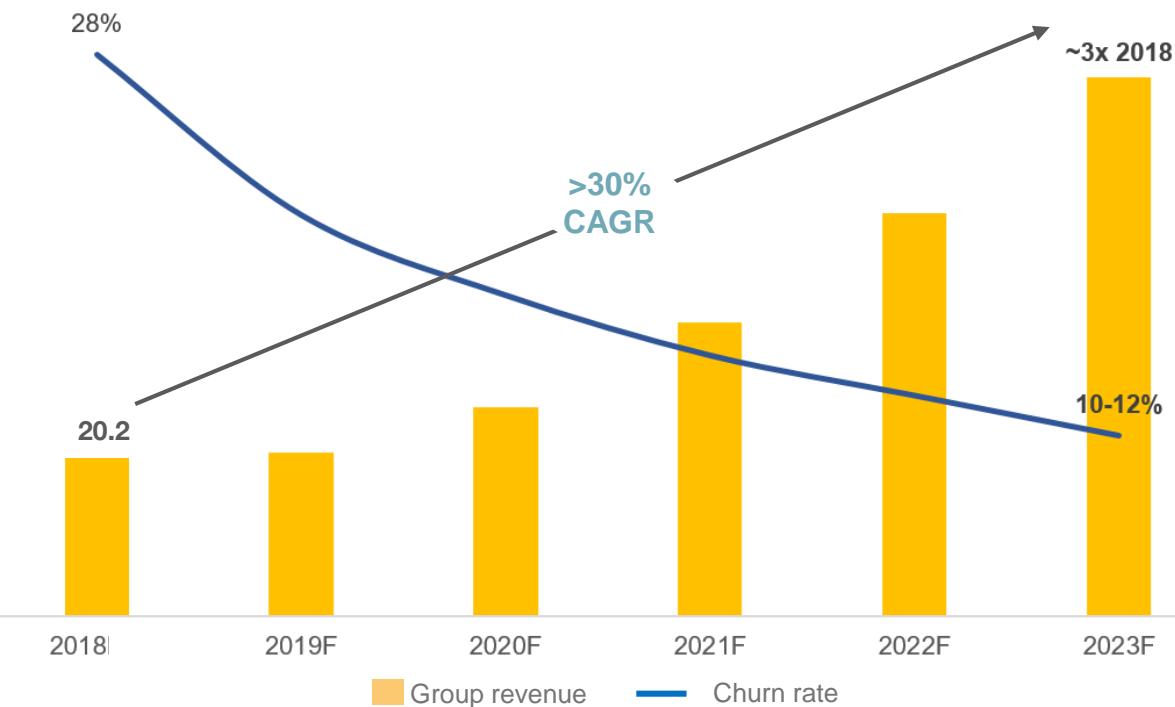
Data science and analytics

- Strengthen **AI capabilities in the product**
- Establish **data science as a service to drive sales and adoption** of our products

2019 will be a transitional year

Group revenue development* (illustrative)

USD million



- **2019 P&L negatively impacted by soft sales and high churn in the last quarters**
 - Core revenue growth expected
- **Q1'2019 will be a consolidating quarter**
- **As of February 2019**
 - Some improvement in churn
 - Softer new sales as new sales representatives are onboarded
- **Focus on building organisation and executing growth enabling priorities**
 - Operational improvements impact from growth enabling priorities expected to impact P&L positively from H2 2019

*The estimates have been prepared according to the Company's best judgement and knowledge as of the date of this Presentation and are based on assumptions and priorities considered reasonable by the Company, which are subject to change, including taking into account new sales, churn and price development. Hence, the presented estimates are subject to risks, uncertainties and other factors that may cause the actual financial profile of the Company to differ materially and investors are solely responsible for its own assessments of the Company and forming its own view of the potential future performance of the Company's business.

Content

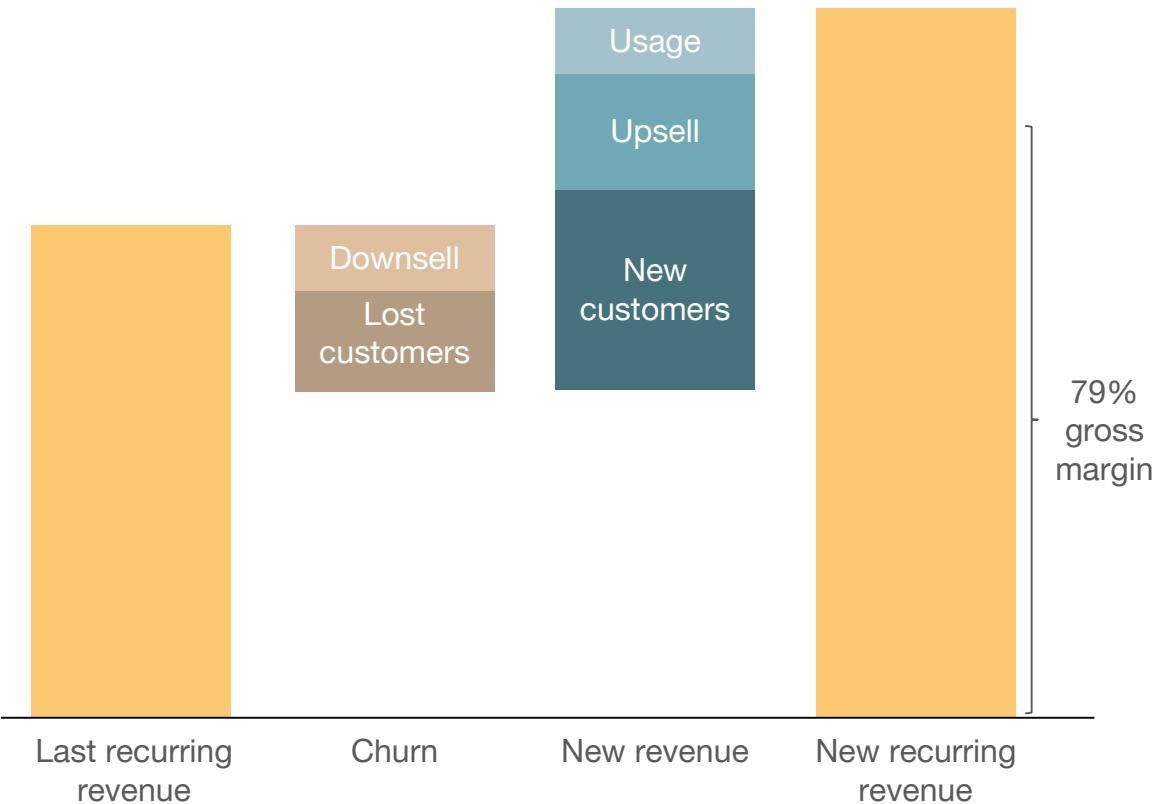
Operations

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Strategy

Summary and outlook

Recurring revenue model provides a solid foundation for growth



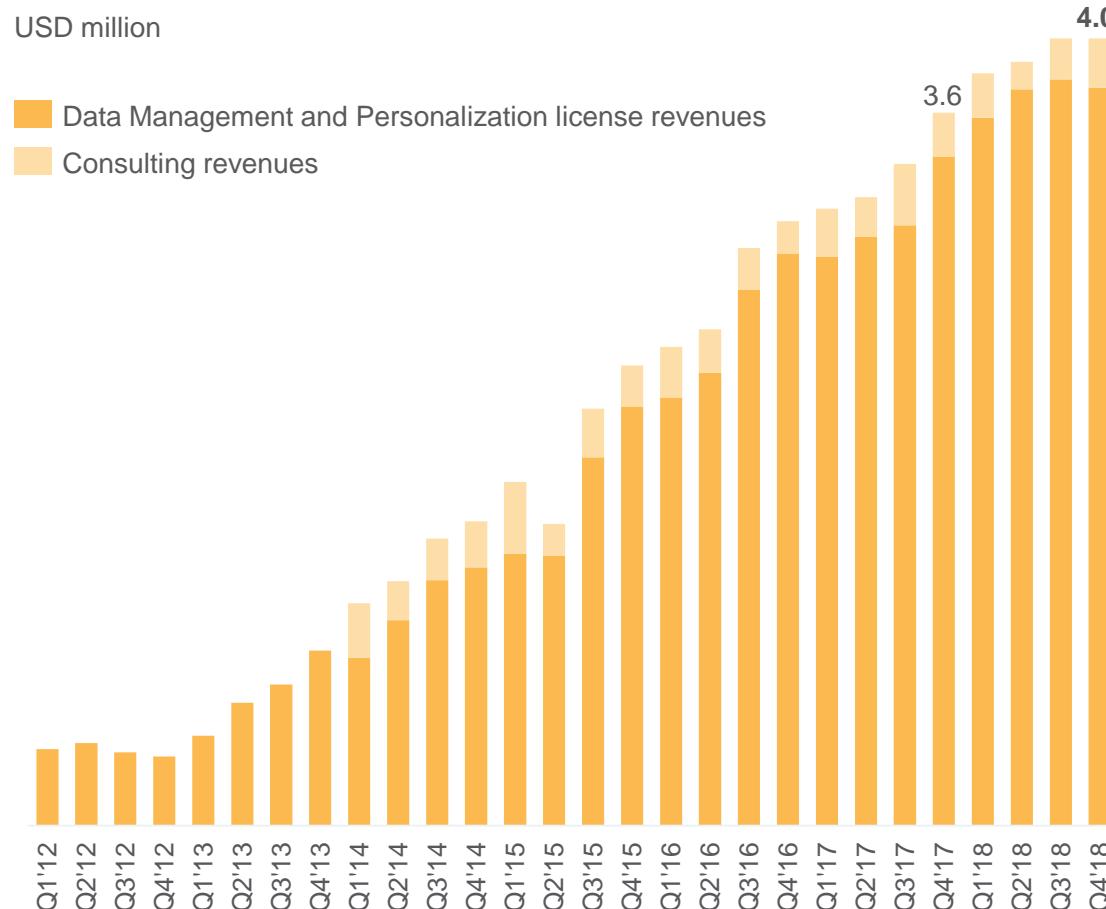
What it means

- 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

Q4 Highlights

Quarterly core revenue development

USD million



- **Flat sequential revenue development for core DMP and Personalization segment as increased service revenue offset high Q3 churn**
 - 10% YoY growth for core DMP and Personalization segment in Q4 2018
 - Adjusted EBITDA of USD -1.34 million compared to USD -0.68 million in Q4 2017 due to non-core churn, lower gross margin and higher personnel cost
- **Full-year core segment revenue was USD 15.7 million, up 18% from 2017**
 - EBITDA was USD -3.64 million, compared to USD -11.5 million in 2017
- **Maxifier divested, resulting in significantly simplified operations**
- **Major events after Q4**
 - USD 10 million raised in oversubscribed rights issue to finance growth investments
 - Greger Teigre Wedel appointed as new CTO

Financial review Q4 2018

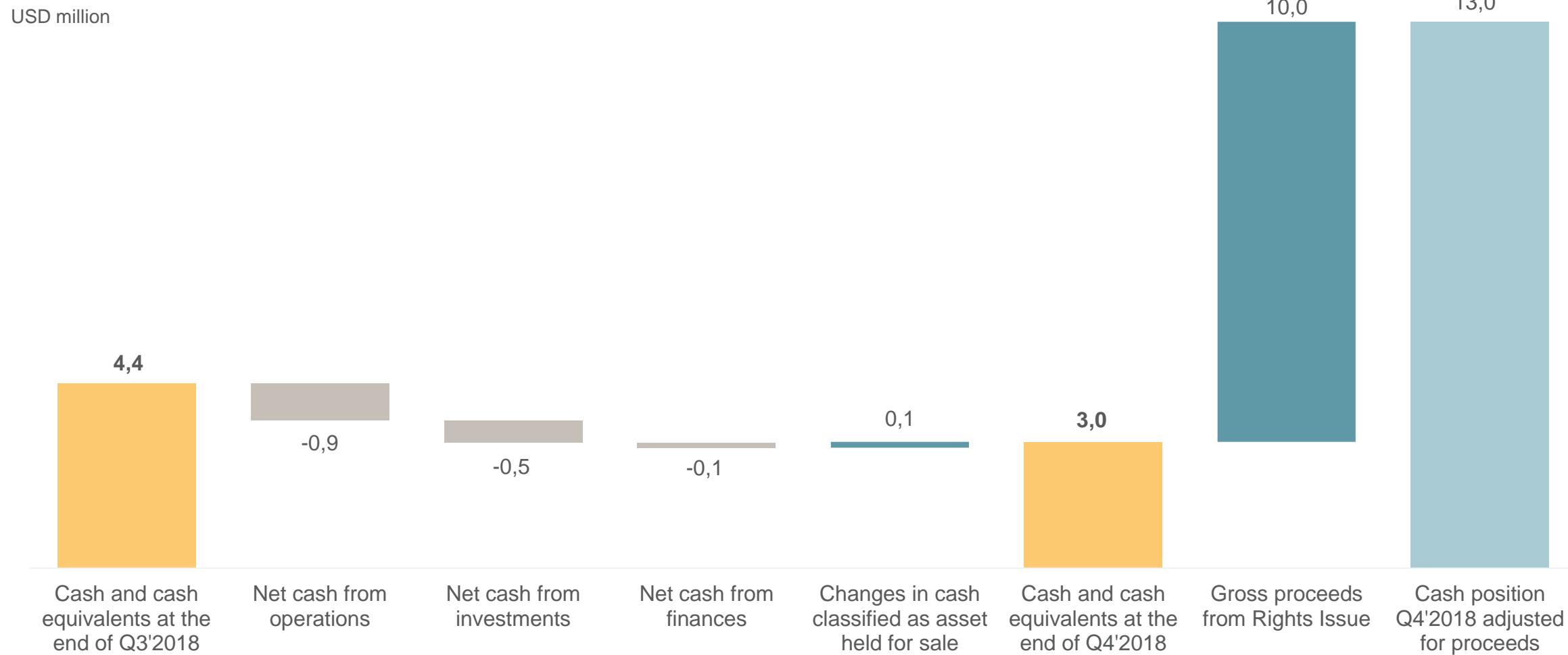
Key figures

USD 1,000	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2017	2018
DMP & Intelligent personalization	3 617	3 816	3 875	3 993	3 993	13 292	15 678
SaaS Non-Core	1 530	1 423	1 243	1 077	815	7 197	4 557
Revenues	5 148	5 239	5 118	5 070	4 808	20 488	20 234
<i>Gross margin</i>	80 %	81 %	79 %	80 %	79 %	76 %	79 %
OPEX	5 074	4 661	4 544	5 230	5 334	27 150	19 770
Non-IFRS OPEX adjustments	(253)	(215)	259	(723)	(174)	(2 956)	(853)
OPEX adjusted	4 821	4 446	4 803	4 507	5 160	24 194	18 916
EBITDA	(931)	(420)	(518)	(1 191)	(1 516)	(11 494)	(3 644)
EBITDA adjusted	(678)	(204)	(777)	(468)	(1 342)	(8 538)	(2 791)

- Signed 24 new recurring revenue contracts in Q4 2018 for the core offering with Quarterly Recurring Revenue (QRR) effect of USD 247 thousand
 - Of the new QRR, USD 148 thousand came from new customers and USD 99 thousand from upsells to existing customers
 - QRR of USD 272 thousand was lost due to terminations and downsell in the quarter
- Revenue from the core business increased 10% YoY and flat sequentially. Full-year growth of 18% for core businesses
- Gross margin of 79% in Q4 and for the full-year
- Cash position of USD 3.0 million at the end of the year

Cash position to secure growth acceleration

Cash flow development in Q4'2018



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

Data Fusion

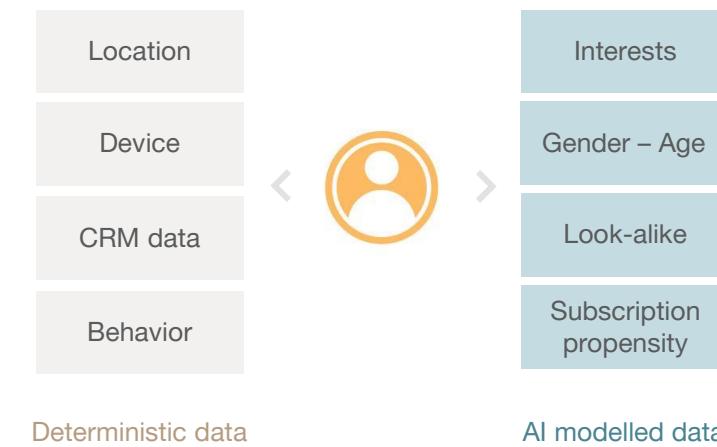
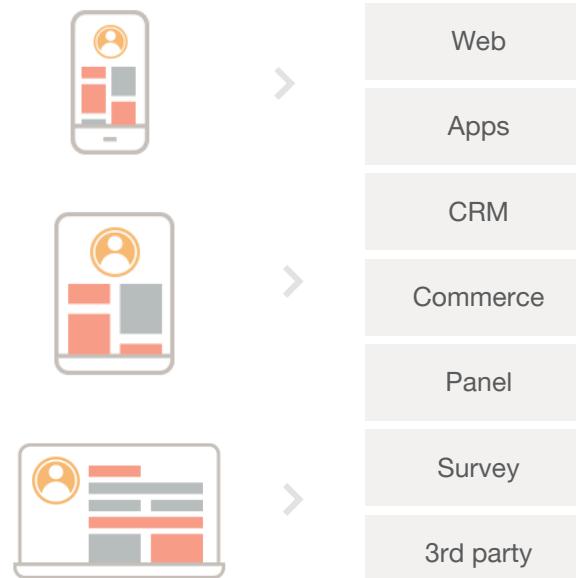
Track behavior and integrate with internal/external data sources to get a 360 view of each user

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



190 Publishing and Digital Marketing customers world-wide



Typical use cases:

- Increase audience and customer engagement
- Optimize subscription and membership conversion
- Optimize promotions of paid content
- Analyze user behavior
- Sell targeted advertising
- Buy programmatic advertising
- Enable data alliances to build high-value advertising segments

Product Portfolio: Data Management & Personalization



CXENSE DMP

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

For: Ad Operations
Ad Sales
Marketers

CXENSE Conversion Engine

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

For: Subscriptions and Memberships teams
Editorial team
Marketers
Analysts

CXENSE Insight

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

For: Ad Operations/
Ad Sales
Editorial team
Marketers
Analysts

CXENSE BYODS Beta*

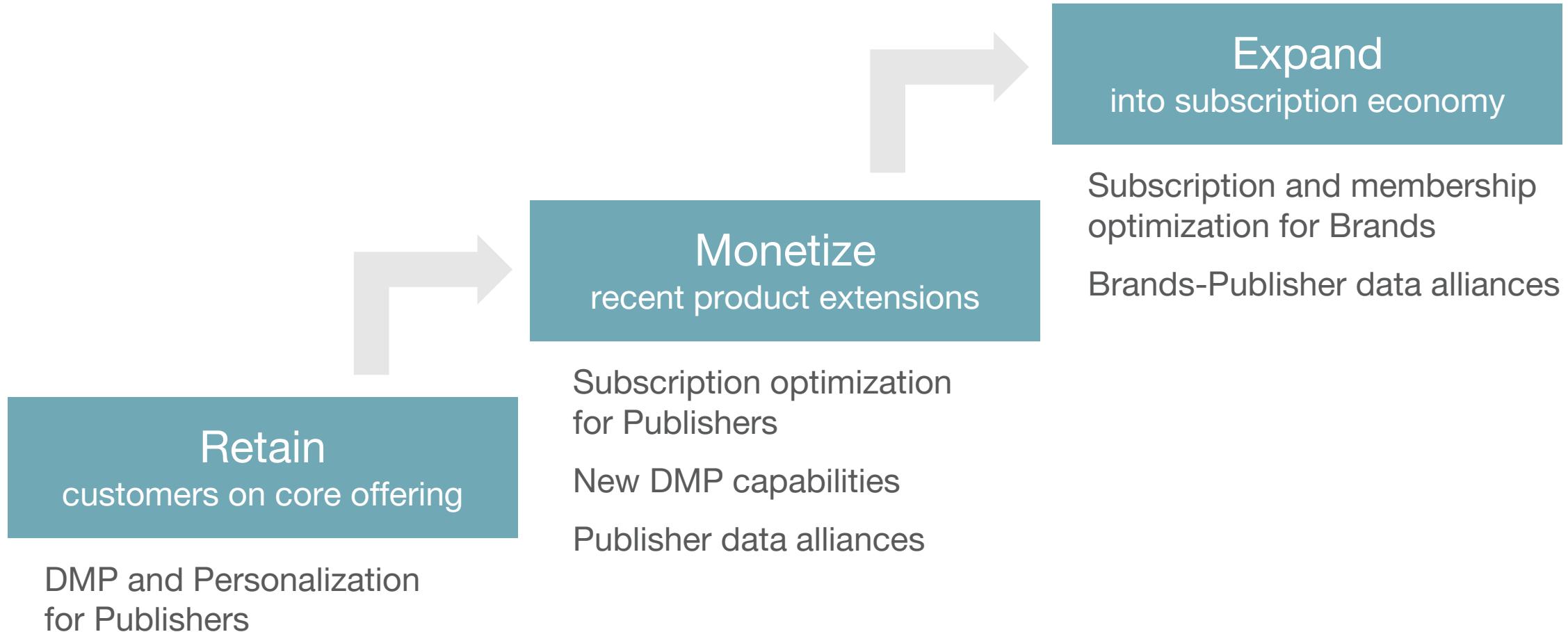
Build custom, predictive models on the Cxense platform using familiar tools

Train and feedback outputs directly to user profiles

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

For: Data Scientists
Analysts

Market expansion to subscription economy based on strengths from Publishing



Business plan to reach long-term growth targets

Invest in increased customer retention

- Ramp-up of customer success team
- Strengthen product and technology
- Improved quality of customer portfolio as legacy customers churn out

Invest in increased new sales

- Ramp-up of sales force
- Targeting larger accounts with larger upsell potential and usage fees
- Increased sale of Conversion Engine with shorter lead time
- Product launches (e.g. Data Science as a service)

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Summary and outlook

- 10% YoY growth for core DMP and Personalization segment
- Strategic plan to increase customer value and growth
- 2019 set to be a transitional year with P&L improvements primarily expected in H2
- Target to triple revenue in five years and become profitable in the period
- Strengthened balance sheet to support growth and working capital

Appendix

Strong, international leadership team newly onboarded has refined strategy and set new ambitions



Christian P. Halvorsen
CEO



Jørgen Evjen
CFO



David Gosen
CCO



Greger Teigre Wedel
CTO



Ben Graham
CPO



Elisabeth Monrad-Hansen
VP HR



McKinsey
& Company



Enfo

Carnegie

Sizmek

nielsen



YAHOO!



telenor

Board of Directors

Lars Thoresen
 Chairman

Lars B. Thoresen is Senior Advisor at Verdane Capital where he was Managing Partner/Joint Managing Partner from 2008 to 2015. At Verdane, Mr. Thoresen has been instrumental in the acquisition of both several portfolios of direct investments, as well as individual companies such as Skandia Life portfolio, Nordic Venture Partners, Ferd and EasyPark. He has also helped build and grow a number of portfolio companies from a board role, such as Opera Software AS, Liaison Technologies Inc., CRF Health Oy and Napatech A/S. Lars is today Chairman of the Board at NextGenTel ASA (listed OSE), and serves on the Board of Napatech (listed OSE), Arundo Analytics Inc, Carn Capital AS and INSEAD Alumni Assoc. Norw.

Liza Benson
 Board member

Liza Benson is a Partner at the early stage venture capital fund Moderne Ventures. Prior to Moderne Ventures, Ms. Benson was a Partner at VC fund StarVest Partners and Managing Director of Highbridge Principals Strategies, primarily focused on digital media, fintech and marketing technologies. Prior to joining Highbridge in 2008, she was a Managing Director with Bear Stearns' Constellation Growth Capital. Previously, Ms. Benson was an investment banker at Patricof & Co. and First Union. In addition to Cxense, Ms. Benson has been a board member or observer in more than a dozen companies including Widewine, Webify, Siperian, K12, Bench, Ceros, Transactis, Xignite, CrowdTwist and UrbanBound. Ms. Benson holds a BA in Mathematical Economics, summa cum laude, from Colgate University..

Azeem Azhar
 Board member

Azeem Azhar has vast experience within AI, technology and startups through various engagements. Currently he is working as Senior Advisor for AI to the CTO of Accenture, sits in the editorial board of the Harvard Business Review, serves as Board Member at Cronycle (a news and information aggregation service tackling information overload and fake news), in addition to several other advisory engagements in the technology sector. Mr. Azhar previously held corporate roles at Reuters and the BBC and has served as editor at The Economist and The Guardian. In 2010, he founded PeerIndex where he applied machine learning to large-scale social media graphs to make predictions about web users.

Ingeborg Hegstad
 Board member

Ingeborg Hegstad is a partner in the leadership consulting company Imsight and serves on the Board of Director of Q-Free ASA. Prior to current positions, Ms. Hegstad had the position as Associate Partner in McKinsey & Company focusing on strategy and leadership issues within the retail, telecom and IT sectors. Ms. Hegstad has also been a management consultant at Egon Zehnder, where she worked with executive search, coaching of executives and teams, organizational development and board work. She has extensive experience from working internationally with organizations and executives across Europe and Asia.

Ms. Hegstad holds a Master of Business and Administration from Norwegian Business School BI (2000).

Martin Moran
 Board member

Martin Moran is Managing Director for international business at Insidesales.com where he is responsible for growth in EMEA and Asia Pacific. Mr. Moran brings more than 25 years of experience in managing and growing business operations across a variety of industries in Europe and globally, with a proven track record for building high-performance sales organizations. Prior to InsideSales.com he served as General Manager and Senior Vice President for EMEA at Lumesse. Previously, Mr. Moran was responsible for global sales and delivery at ServiceSource International and at Salesforce. As the first employee in Salesforce's EMEA organization, Martin helped grow the company's EMEA business to \$300 million in annual revenue. He has also driven revenue growth for well-known technology companies like Oracle and Skype. Mr. Moran holds an accountancy degree from Brunel University in London.

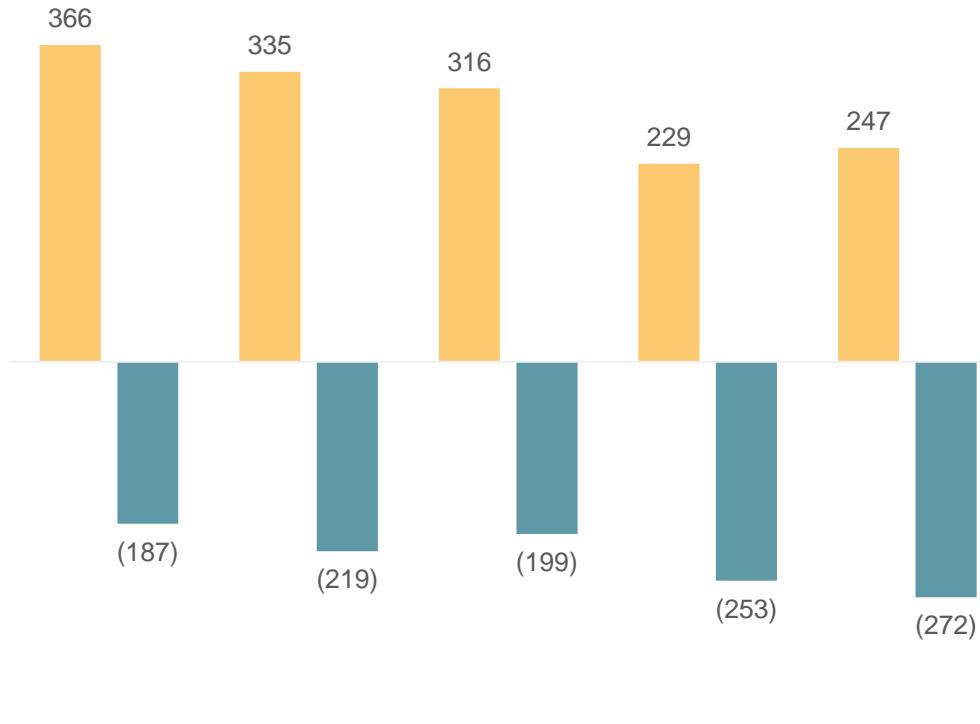
Core business – historical revenue development

USD 1,000 (unaudited)	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	Q2-18	Q3-18	Q4-18	
Total SaaS revenues	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	5,118	5,070	4 808	
Where of Advertising	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	325	326	214	
Total DMP and Personalization revenue (old segm.)	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	4,754	4,715	4 582	
Where of consulting						276	197	210	234	362	161	246	481	293	377	348	278	318	269	367	265	245	212	185	246	
Where of license	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	4,542	4,530	4 336	
Video revenue													967	1,001	1,230	1,224	1,297	1,033	896	875	864	840	801	722	588	
Where of consulting													272	37	115	136	114	73	69	55	43	55	72	55	63	
Where of license													695	964	1,115	1,088	1,183	960	827	820	821	785	729	667	525	
Mporium													74	148	142	136	185	141	132	136	131	146	141	147	77	-
Where of consulting													42													
Where of license													76	148	142	136	143	141	132	136	131	146	141	147	77	-
Total DMP and Personalization revenue (CORE)	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	3,875	3,993	3 993	
Where of consulting	-	-	-	-	-	276	197	210	234	362	161	246	209	256	220	212	164	245	200	312	222	190	140	130	183	
Where of license	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	3,736	3,863	3 811	
growth q/q	-6 %	30 %	37 %	15 %	24 %	27 %	10 %	17 %	6 %	13 %	-12 %	38 %	10 %	4 %	4 %	16 %	5 %	2 %	2 %	5 %	8 %	5 %	2 %	3 %	0 %	
growth y/y		17 %	49 %	92 %	152 %	148 %	99 %	103 %	74 %	54 %	24 %	45 %	51 %	39 %	64 %	39 %	31 %	29 %	27 %	15 %	18 %	22 %	22 %	19 %	10 %	

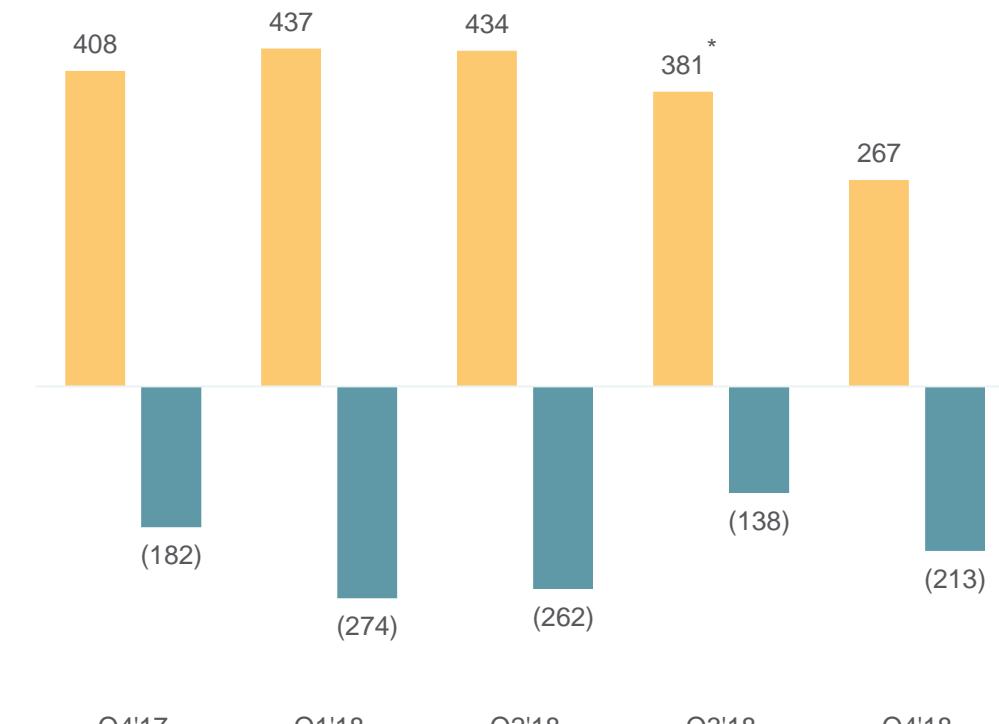
Closed and notified terminated compared to P&L effect

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

Closed and terminated in the period – USD thousand



Effect in reported figures – USD thousand



*Includes USD 48k in acquired revenue (Enreach)

 New QRR  Lost QRR

SaaS segment – P&L

USD 1,000	Q4 2016 IFRS	Q1 2017 IFRS	Q2 2017 IFRS	Q3 2017 IFRS	Q4 2017 IFRS	Q1 2018 IFRS	Q2 2018 IFRS	Q3 2018 IFRS	Q4 2018 IFRS
SaaS segment									
DMP with Intelligent Personalization (CORE)	3 066	3 130	3 188	3 357	3 617	3 816	3 875	3 993	3 993
Advertising (Non-core)	1 159	911	861	678	525	436	364	355	226
mporium (Non-core)	132	136	131	146	141	147	77	-	-
Video (Non-core)	1 297	1 033	896	875	864	840	801	722	588
Revenues total	5 654	5 209	5 077	5 055	5 147	5 239	5 118	5 070	4 808
Cost of sales	1 195	1 361	1 321	1 146	1 005	997	1 091	1 031	990
Gross profit	4 460	3 848	3 756	3 909	4 143	4 242	4 027	4 039	3 818
Gross margin %	79 %	74 %	74 %	77 %	80 %	81 %	79 %	80 %	79 %
Personnel	4 574	4 402	5 826	5 305	3 018	2 505	2 474	2 931	3 057
Other OPEX	2 258	2 088	2 284	2 170	2 056	2 156	2 070	2 299	2 277
OPEX	6 832	6 490	8 110	7 476	5 074	4 661	4 544	5 230	5 334
EBITDA	(2 374)	(2 642)	(4 354)	(3 567)	(931)	(420)	(518)	(1 191)	(1 516)
Non-IFRS adjustment of OPEX level									
Share-based payment costs	191	244	239	(32)	(18)	(4)	39	115	33
Share-based social costs provision									
Commission accrual reversals							(343)		
Restructuring costs and provisions				1 280	164			411	103
Office moving costs	210	(21)	0	140	103			60	
Extraordinary/special		32	585	24	3				
One-off provision for doubtful debt	84					142	(2)	137	
Transaction costs	79	103	58	52	1	77	47		38
R&D refund	(167)								
Total reported OPEX adjustment items	397	358	882	1 464	253	215	(259)	723	174
OPEX adjusted	6 435	6 132	7 228	6 012	4 821	4 446	4 803	4 507	5 160
EBITDA adjusted	(1 977)	(2 284)	(3 472)	(2 103)	(678)	(204)	(777)	(468)	(1 342)
Capitalized operating expense	(891)	(507)	(507)	(557)	(268)	(226)	(365)	(421)	(384)
EBITDA adjusted with capitalization add back	(2 868)	(2 791)	(3 980)	(2 660)	(946)	(431)	(1 142)	(889)	(1 726)

Revenue bridge for SaaS- and core DMP and personalization segment

Quarterly figures (unaudited)		Total revenue					DMP and personalization revenue				
USD 1,000		Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Revenue in previous quarter		5 055	5 147	5 239	5 118	5 070	3 357	3 617	3 816	3 875	3 993
New recurring license revenue effect		468	491	357	333	278	408	437	337	333	267
Acquired recurring license revenue		-	-	97	48	-	-	-	97	48	-
Divested recurring license revenue		(93)	(183)	-	-	(35)	-	-	-	-	-
Churn effect		(240)	(292)	(429)	(315)	(378)	(182)	(274)	(262)	(138)	(213)
Change in service revenue		(102)	(21)	(33)	(27)	61	(89)	(33)	(50)	(10)	53
Change in other variables		69	33	(49)	(30)	(130)	106	35	(20)	(48)	(65)
Currency effect		(10)	64	(63)	(57)	(58)	17	34	(44)	(66)	(42)
Revenue this quarter		5 147	5 239	5 118	5 070	4 808	3 617	3 816	3 875	3 993	3 993
Accumulated currency effect, reversed		(85)	(149)	(86)	(29)	29	(77)	(111)	(67)	(1)	41
Outbound revenue currency adjusted		5 062	5 090	5 033	5 041	4 838	3 540	3 705	3 807	3 992	4 034
Number of closed contracts in the quarter*		30	18	22	15	24	26	18	22	15	24
Whereof new customers*		12	11	12	6	8	12	11	12	6	8
Whereof upsell*		18	7	10	9	16	14	7	10	9	16
Full QRR effect of contracts notified closed in the period		429	335	316	229	247	366	335	316	229	247
Full QRR effect of contracts notified lost in the period		(221)	(335)	(221)	(442)	(387)	(187)	(219)	(199)	(253)	(272)
Net		208	(0)	95	(213)	(140)	179	115	117	(25)	(25)

*Service and consulting contracts removed from historical figures

New contracts reflect demand for core offering

of new core contracts and average contract size



- Closed 24 new contracts on Data Management & Personalization
- QRR of USD 247 thousand
- 9 average sales reps
- 67% of contracts were upsell on existing customers

Largest shareholders

Investor	Number of shares	% of total
ARCTIC SECURITIES AS EMISJONSKONTO INNLAND	6,084,026	27.72 %
POLARIS MEDIA ASA	1,128,858	5.14 %
FERD AS	966,940	4.41 %
ARCTIC SECURITIES AS MEGLERKONTO	904,977	4.12 %
ASAHL AS	787,494	3.59 %
SKANDINAViska ENSKILDA BANKEN AB	771,429	3.52 %
DANSKE INVEST NORGE VEKST	674,800	3.07 %
NORRON SICAV - TARGET	663,800	3.02 %
VERDIPAPIRFONDET DNB SMB	515,368	2.35 %
AKER CAPITAL AS	512,849	2.34 %
SKANDINAViska ENSKILDA BANKEN AB	496,496	2.26 %
CHARLES STREET INTERNATIONAL HOLDING	416,666	1.90 %
ELTEK HOLDING AS	362,371	1.65 %
STORBREA AS	347,687	1.58 %
NORRON SICAV - SELECT	343,021	1.56 %
PESCARA INVEST AS	305,000	1.39 %
RAMS AS	294,301	1.34 %
BIMO KAPITAL AS	272,613	1.24 %
WANI INVESTERING AS	247,413	1.13 %
NORRON SICAV - SELECT	242,500	1.10 %
Total number owned by top 20	16,338,609	74.45 %
Total number of shares	21,946,519	100 %