

NASDAQ: BLIN

BRIDGELINE

Investor Presentation

September 12, 2023



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Highlights

Bridgeline Digital, Inc.
NASDAQ: BLIN

Company

- SaaS Software Company – MarTech
Help Retailers Grow Online Revenue
- \$14M ARR Subscription, \$3M Annual Services

Q3 FY23

- Bookings: \$1.2M (\$0.6M License and \$0.6M Services)
- ARR: \$200K+ Primarily HawkSearch with 3 Year Term
- Renewals: \$1M Licenses, 200+ Customers, 90%+
- New Partners: RafterOne & oBundle

\$17M

Revenue

74%

SaaS Margin

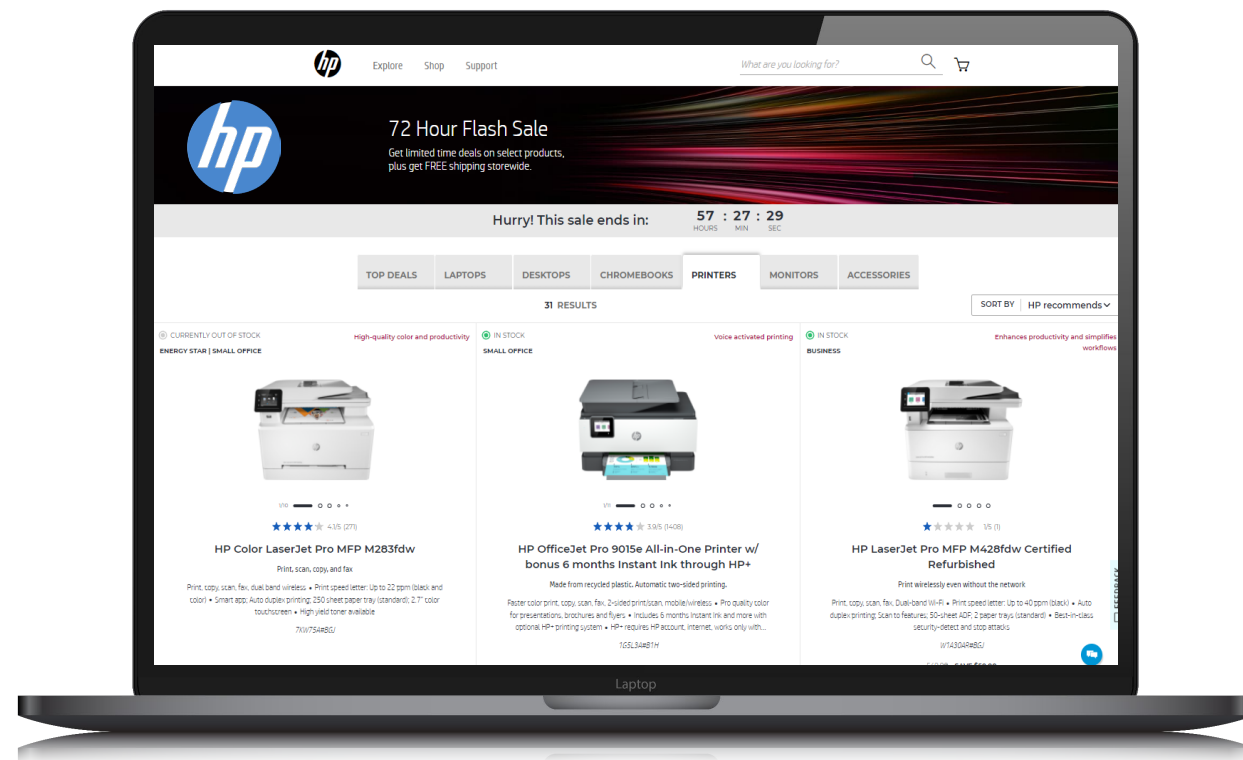
15%

Hawk CAGR

\$2.6M

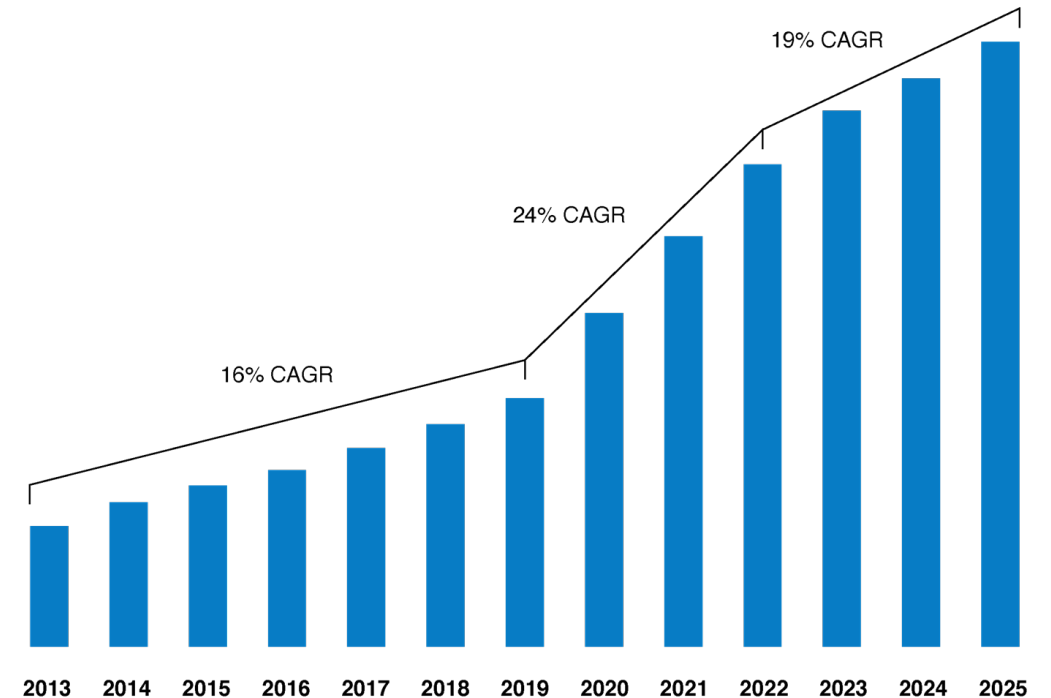
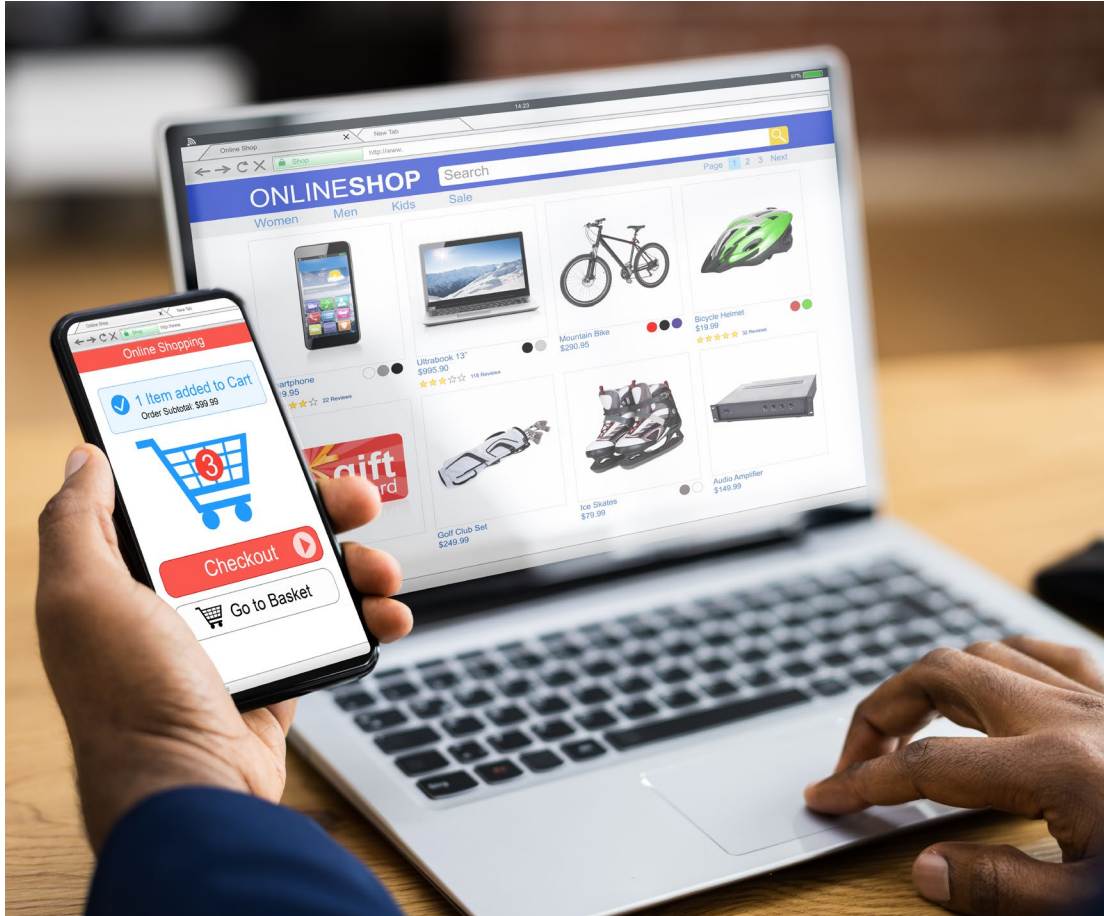
\$0.7M

Cash / Debt



The MarTech Market

Marketing Technology



MarTech

- Software to Market & Sell Online
- Strong CAGR pre/during/post COVID

Platforms, Apps, and Marketplaces



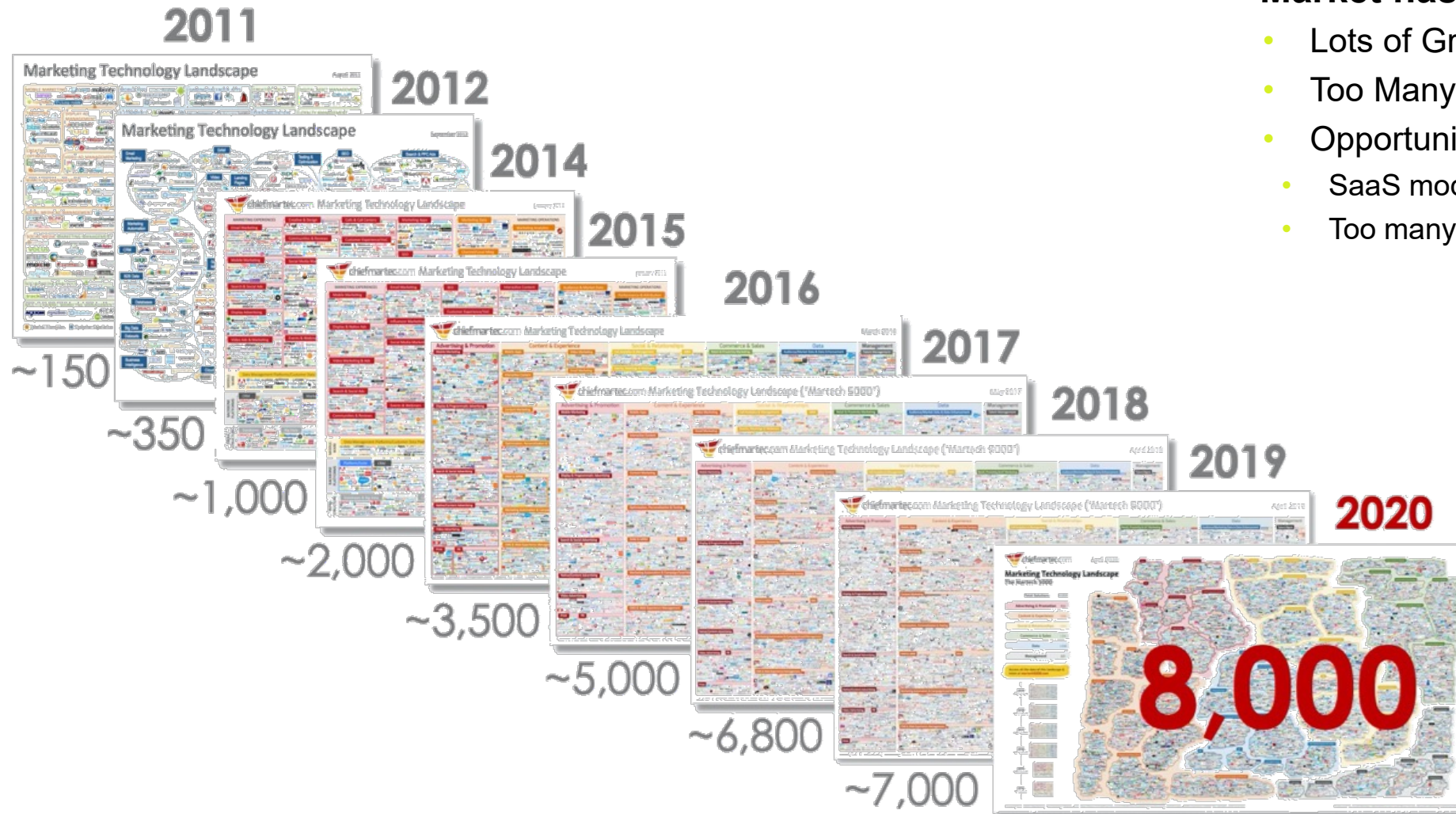
Platforms – eCommerce Foundation



Apps – Add Features to Platforms



Thousands of MarTech Apps



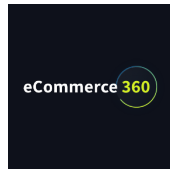
Market has Grown Exponentially

- Lots of Great Ideas
- Too Many Players
- Opportunity for Consolidation
 - SaaS model requires capital
 - Too many for VCs to fund all of them

Bridgeline

Bridgeline **Drives** Online Revenue

Bridgeline



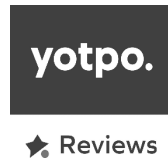
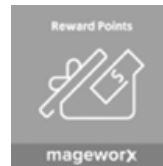
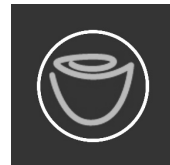
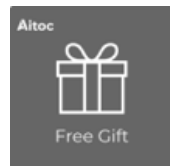
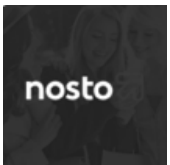
Bridgeline is Unique

- Revenue Focused Value Proposition
- Suite of Apps – Multiple Entry Points
- Recommendation Dashboard – Cross-Sales

2,000 Customers

- Mid-Market – Enterprise

The Competition



Franchise	Finance	Manufacturing	Healthcare	Retail
SportClips HAIRCUTS	Manulife	CATERPILLAR	AstraZeneca	Hammacher Schlemmer
	ESL Federal Credit Union	TRIUMPH	Bristol Myers Squibb	PNY ™
The UPS Store	AmerisourceBergen	xylem Let's Solve Water	Hartford HealthCare	ELLE FAN VERNON

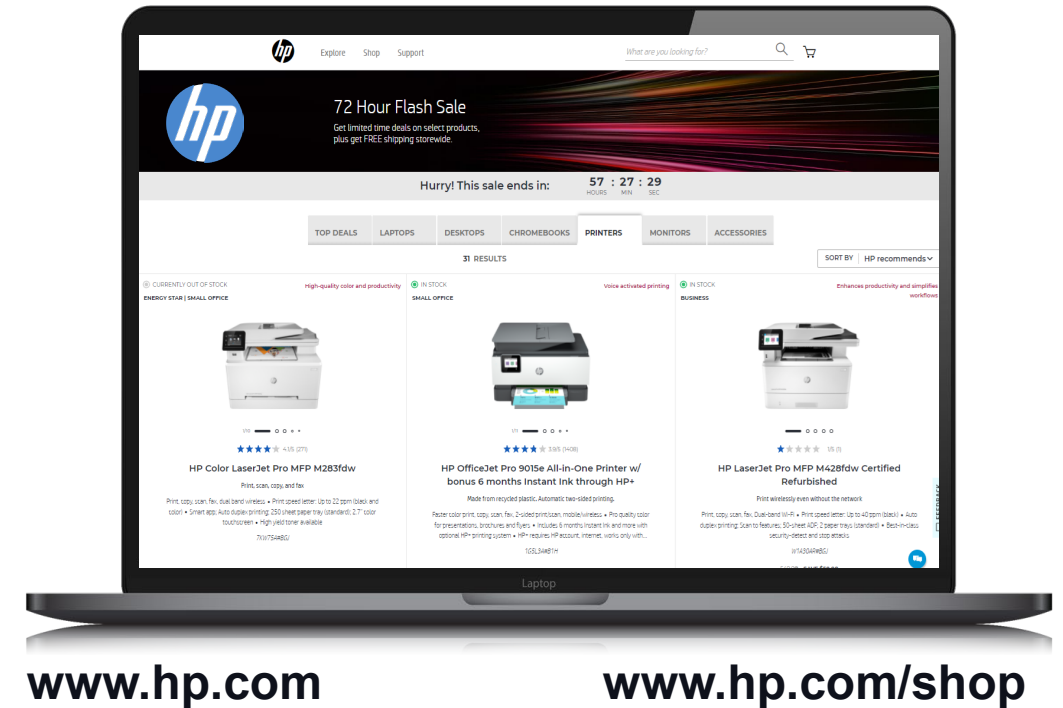
Bridgeline Powers HP Online

Challenge

- 2 computers per second
- \$7,300,000 per hour
- 1,000,000+ products
- 100 campaigns per day

Solution

- Traffic: Traffic builder drives customers to site
- Conversion: Search increases conversion of traffic to buyers
- Order Size: Recommendations increase order size



BRIDGELINE



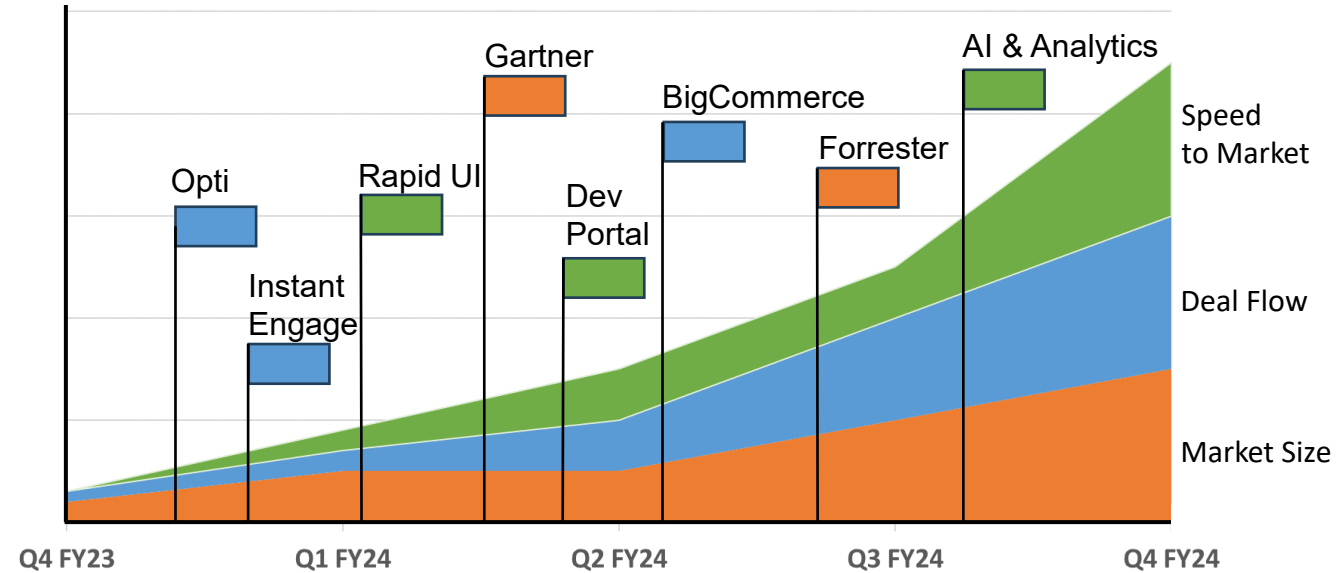
Organic Growth

$$\text{REVENUE} = \text{TRAFFIC} \times \text{CONVERSION} \times \text{AOV}$$



Superior CAC with X-Sales

FY24 Growth Events



Market Size: Gartner & Forrester coverage for HawkSearch

Deal Flow: Partnerships increase deal flow

Speed to Market: New features accelerate sales cycle

Inorganic Growth



Target Rich Environment

- 8,000 Apps
- \$2M - \$5M revenue
- Customer Base as Important as Technology

Easy Integration

- Dashboard is Fast Integration
- Dashboard Cross Sells

Deal Structure

- 1-2x Revenue
- 50% Earn-Out
- Accretive with Synergies

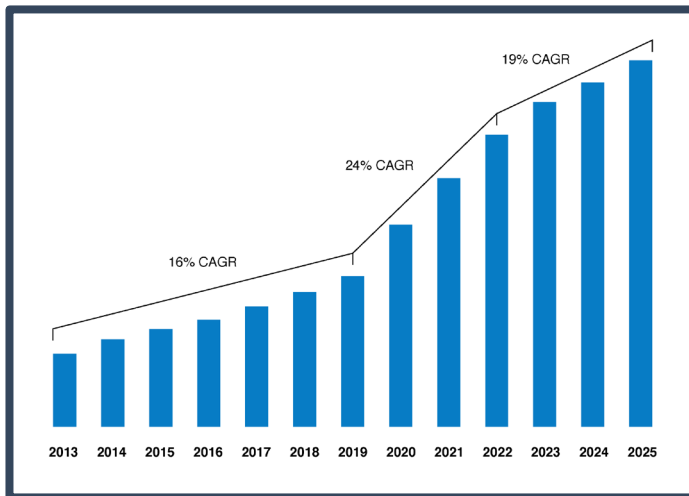
Recent Acquisitions



What to Expect Going Forward

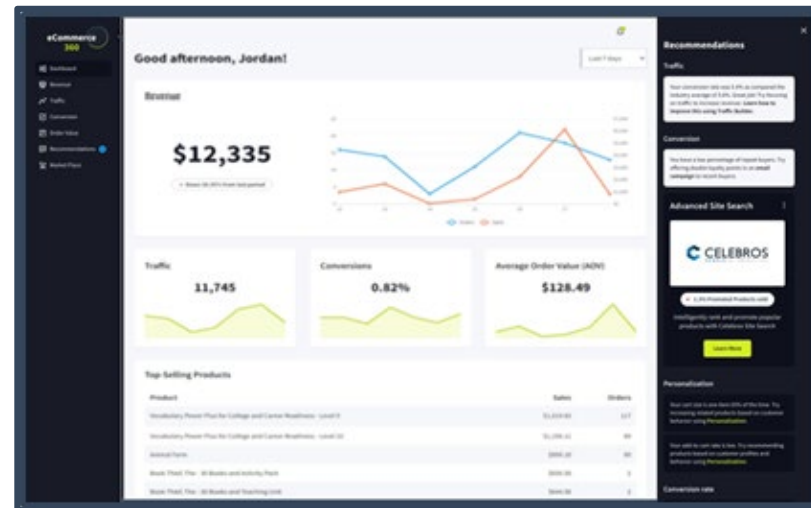
Market

19% CAGR



Organic

X-Sales Boosted Growth



Inorganic

Accretive Acquisitions



Financials

Income Statement

Income Statement	Q3 FY23	Q2 FY23	Q1 FY23
Revenue			
Subscription & License	3,168	3,273	3,229
Services	742	821	854
Revenue	3,910	4,094	4,083
Cost of Goods Sold			
Subscription	848	840	861
Services	419	422	418
Cost of Goods Sold	1,267	1,262	1,279
Gross Profit	2,643	2,832	2,804
Services GM	44%	49%	51%
Subscription & License GM	73%	74%	73%
Gross Margin	68%	69%	69%
Operating Expenses			
S&M	1,197	1,386	1,209
G&A	779	756	832
R&D	936	926	747
Depr&Amort	384	381	378
Restructuring/Acquisition	12	45	-
Operating Expenses	3,308	3,494	3,166
Operating Income	(665)	(662)	(362)
Other Income/Expenses	(116)	151	281
Net Income	(781)	(511)	(80)
Adjusted EBITDA	(163)	(144)	115

FY22	Q4 FY22	Q3 FY22	Q2 FY22	Q1 FY22
13,560	3,442	3,394	3,306	3,417
3,259	767	812	811	869
16,819	4,210	4,206	4,117	4,286
3,358	826	835	868	829
1,759	406	436	466	451
5,117	1,233	1,271	1,334	1,280
11,702	2,978	2,935	2,783	3,006
46%	47%	46%	43%	48%
75%	76%	75%	74%	76%
70%	71%	70%	68%	70%
5,232	1,353	1,382	1,267	1,231
3,387	927	812	775	873
3,217	722	771	865	859
1,599	387	373	416	424
164	-	-	66	98
13,600	3,388	3,337	3,389	3,486
(1,898)	(410)	(403)	(606)	(480)
4,043	(67)	806	953	2,351
2,145	(477)	403	347	1,871
196	99	63	(72)	106

Revenue

- 81% from Subscription & License
- 15%+ CAGR for HawkSearch
- Single Customer Reduced License

Operating Expenses

- Investing in S&M and R&D
- Q3 FY23 as a % of Revenue:
 - S&M: 31%
 - G&A: 20%
 - R&D: 24%

Adjusted EBITDA

- History of Positive EBITDA
- FY23 Reflects investment in S&M and R&D

Balance Sheet

Balance Sheet	Q3 FY23	Q2 FY23	Q1 FY23	Q4 FY22
Assets				
Current Assets				
Cash and Cash Equivalents	2,607	2,819	2,508	2,856
Accounts Receivable and Unbilled Revenue	1,005	1,148	1,589	1,182
Prepays and Other Current Assets	400	463	577	242
Current Assets	4,012	4,430	4,674	4,281
Equipment, Leases, Other Assets	711	809	893	979
Intangibles	5,236	5,582	5,927	6,268
Goodwill	15,985	15,985	15,985	15,985
Total Assets	25,944	26,806	27,479	27,513
Liabilities and Stockholders' Equity				
Current Liabilities				
Debt - Short Term	210	210	443	429
Accounts Payable and Accrued Liabilities and Other	2,167	2,496	2,716	2,166
Contingent Consideration & Purchase Price Payable	-	-	-	250
Deferred Revenue	2,512	2,420	1,913	1,943
Current Liabilities	4,889	5,126	5,072	4,788
Debt - Long Term	533	552	625	588
Warrant Liability	388	281	452	749
Other Long Term Liabilities	916	975	1,026	1,036
Total Liabilities	6,726	6,934	7,175	7,161
Total Stockholders' Equity	19,218	19,872	20,304	20,352
Total Liabilities and Stockholders' Equity	25,944	26,806	27,479	27,513

Assets

- \$2.6M of cash
- \$1.0M of receivables

Liabilities

- \$0.7M total debt
 - ~4.5% APR with payments staggered through 2028.
- No earnouts or contingent payments remaining.
- Cash warrants are derivative liabilities.
 - Changes in value in inverse to stock price.

Cap Table

<u>Cap Table</u>	<u>Shares</u>
Common Stock	10,417,609
Series C Preferred Stock	38,889
Warrants	1,757,629
Stock Options	1,636,530
Total	13,850,657

Common Stock

Series C Preferred Stock

- No dividends or other special rights
- Converts to 38K shares of common stock

Warrants

- 926K at \$4.00 exercise price (expire Sept 2024)
- 592K at \$2.51 exercise price (expire Nov 2026)
- 180K at \$2.85 exercise price (expire May 2026)
- 60K at \$11.54 exercise price (weighted average)

Employee Stock Options

- 1,637k at \$2.73 exercise price (weighted average)

Comps

Company	Ticker	Enterprise Value	Revenue (TTM)	EV / Rev
Bango	BGO.L	\$ 148,775	\$ 28,490	5x
Big Commerce	BIGC	\$ 860,980	\$ 292,022	3x
Bsquare	BSQR	\$ (6,460)	\$ 31,027	< 1.0 x
Coveo	CVO.TO	\$ 639,619	\$ 116,072	6x
Elastic N.V.	ESTC	\$ 7,300,000	\$ 1,112,661	7x
Exela Tech	XELA	\$ 1,130,000	\$ 1,077,547	1x
HubSpot	HUBS	\$ 26,140,000	\$ 1,944,373	13x
Izea Worldwide	IZEA	\$ (12,520)	\$ 39,055	< 1.0 x
Marin Software	MRIN	\$ (5,750)	\$ 19,081	< 1.0 x
Pubmatic	PUBM	\$ 523,770	\$ 257,533	2x
Semrush	SEMR	\$ 1,050,000	\$ 280,141	4x
Sprout Social	SPT	\$ 2,640,000	\$ 289,494	9x
Verb Tech	VERB	\$ 12,690	\$ 9,440	1x
Wix	WIX	\$ 5,430,000	\$ 1,464,898	4x
Bridgeline Digital	BLIN	\$ 8,000	\$ 16,297	< 1.0 x

Source: Yahoo Finance – September 11, 2023 (in thousands).

Financial Profile

- 81% Revenue from Subscription & License
- 74% Subscription Gross Margin
- 15% CAGR for HawkSearch Product Line
- \$2.6M Cash
- \$0.7M Debt (through 2028)

Value Investment

- \$0.90 Stock Price
- <1x EV/Revenue

Analyst Coverage

- Targets Range from \$1.75 to \$4.00
- Taglich Brothers
- Ladenburg Thalmann
- Joseph Gunnar