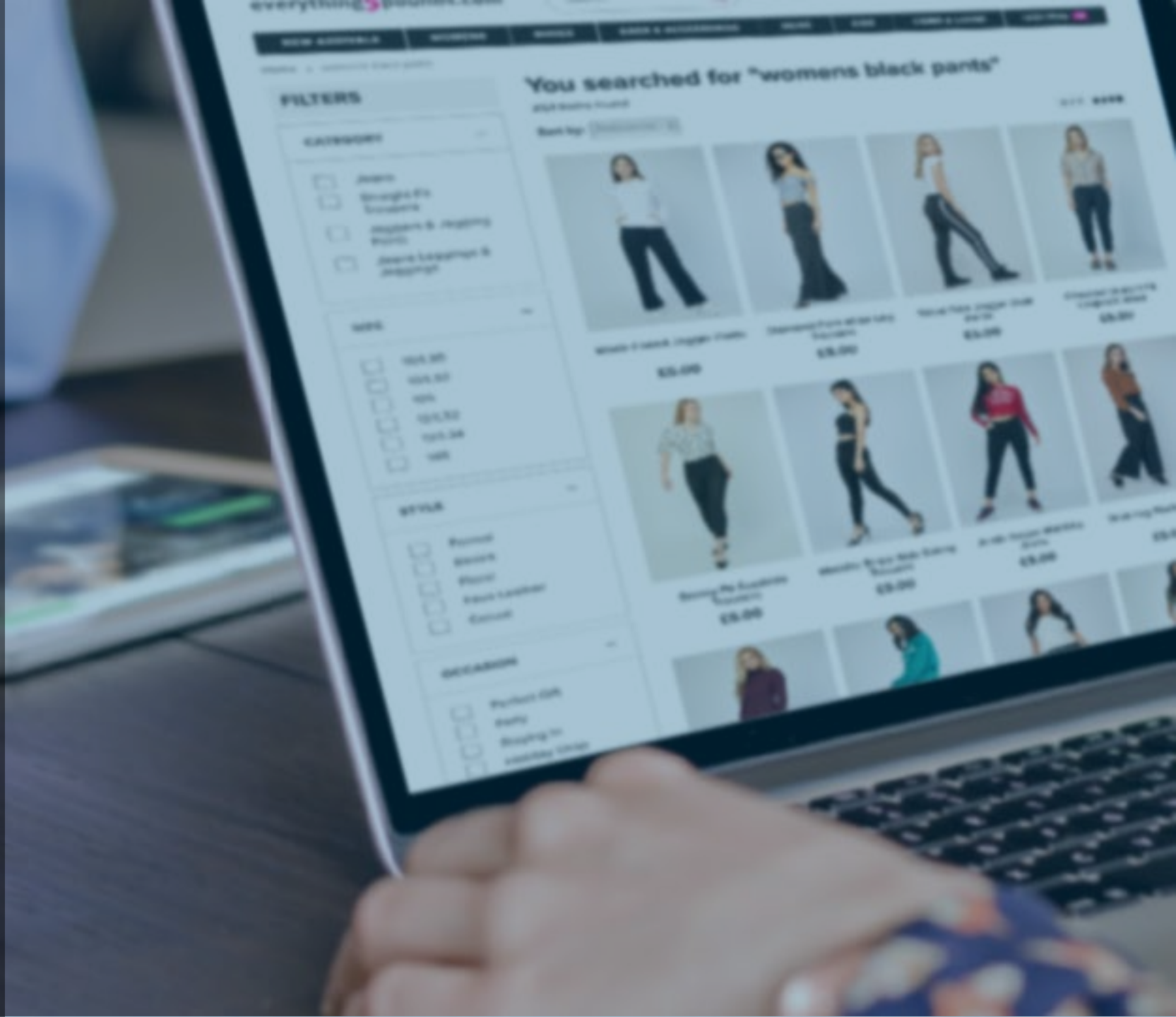


NASDAQ: BLIN

BRIDGELINE  
DIGITAL

## Investor Presentation

September 2020



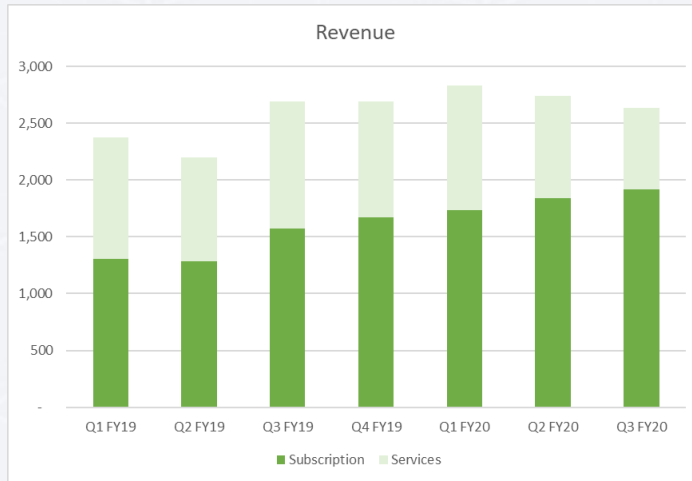
# Safe Harbor Statement

The information in this presentation may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. You can identify these statement by use of the words “may,” “will,” “should,” “plans,” “explores,” “expects,” “anticipates,” “continues,” “estimates,” “projects,” “intends,” and similar expressions. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected or anticipated. These risks and uncertainties include, but are not limited to, general economic and business conditions, effects of continued geopolitical unrest and regional conflicts, competition, changes in customer order patterns, changes in customer offering mix, continued success in technological advances and delivering technological innovations, delays due to issues with outsourced service providers, and various other factors beyond the control of Bridgeline Digital, Inc. (the “Company”). Given these uncertainties, you should not place undue reliance on these forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, among others, those set forth in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on December 21, 2017, as well as any updates to those risk factors that may be filed with the SEC from time to time in our periodic and current reports on Forms 8-K and 10-Q. All statements contained in this presentation are made only as of the date of this presentation, and the Company undertakes no duty to update this information unless required by law.

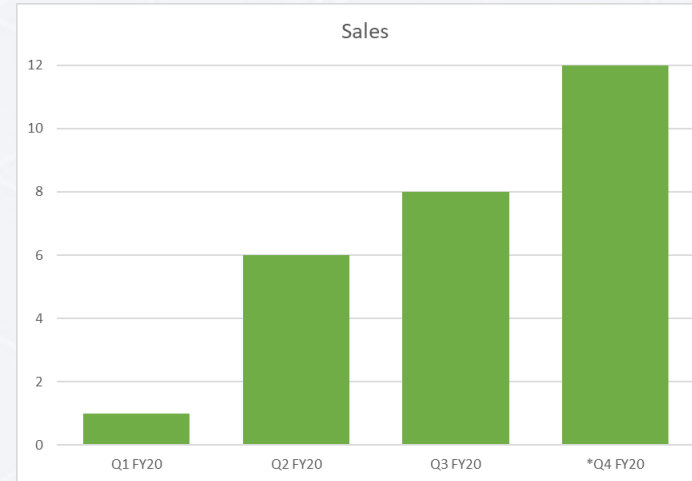
This presentation includes statistical and other industry and market data that the Company obtained from the industry publications and research, surveys and studies conducted by third parties. Industry publications and third-party research, surveys and studies generally indicate that their information has been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. While the Company believes that these industry publications and third-party research, surveys and studies are reliable, the Company has not independently verified such data and the Company does not make any representation as to the accuracy of the information.

# Investment Highlights

Bridgeline Digital, Inc.  
NASDAQ: BLIN



7 consecutive quarters of subscription revenue growth



More sales in Q3 than Q1 & Q2 combined  
More sales in Q4 than Q3

Name	Ticker	Revenue	EBITDA	Enterprise Value	EV / Rev
Bango	BGO.L	\$9M	(\$1M)	\$106M	11X
Izea Worldwide	IZEA	\$19M	(\$5M)	\$56M	3x
SharpSpring	SHSP	\$23M	(\$9.25M)	\$120M	5x
Elastic N.V.	ESTC	\$428M	(\$158M)	\$9,370M	22X
HubSpot	HUBS	\$675M	\$1M	\$13,170M	17x
Box Software	BOX	\$696M	(\$81.18M)	\$3,160M	4x
Wix	WIX	\$761M	(\$63.5M)	\$15,930M	19x
Shopify	SHOP	\$1,578M	(\$105M)	\$127,060M	61x
<b>Bridgeline</b>	<b>BLIN</b>	<b>\$10M</b>	<b>\$2M</b>	<b>\$9M</b>	<b>1x</b>

Profitable software company  
Trades at 1x revenue | Comps at 3x revenue

## Company

- Cloud software in Marketing Technology
- Help online retailers grow revenue
- Touchless sales model

## Q3 FY20 Results *(fiscal year ends sept 30)*

- 22% subscription revenue growth
- Positive operating income & Adj EBITDA
- Q3 sales beat Q1 and Q2 combined
- No debt except \$1M PPP loan
- No preferred stock dividends

## Q4 FY20 Guidance

- Growth in subscription revenue
- Positive operating income & Adj EBITDA
- Q4 sales beat Q3
- PPP loan to be forgiven - \$0.23/share

\* Q4 FY20 sales through August 31, 2020

**BRIDGELINE**  
DIGITAL

**BRIDGELINE**  

---

**D I G I T A L**

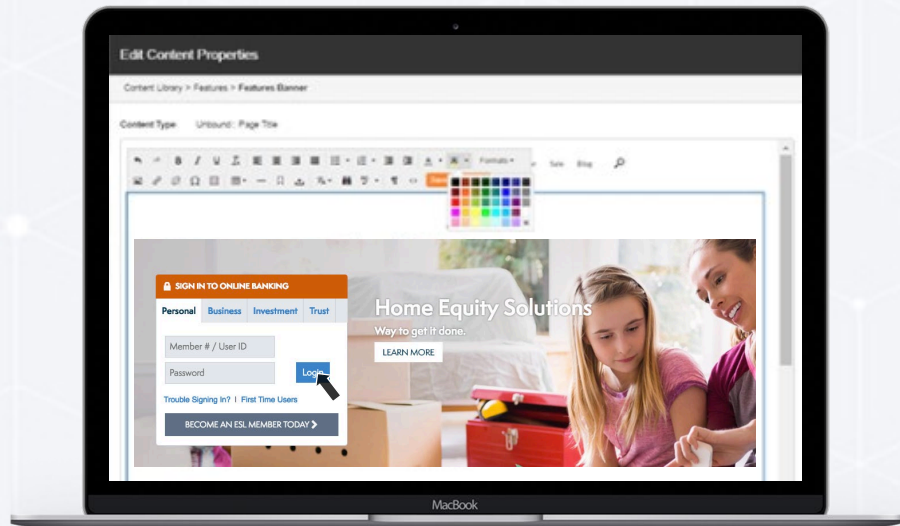
**Company**



# Marketing Technology

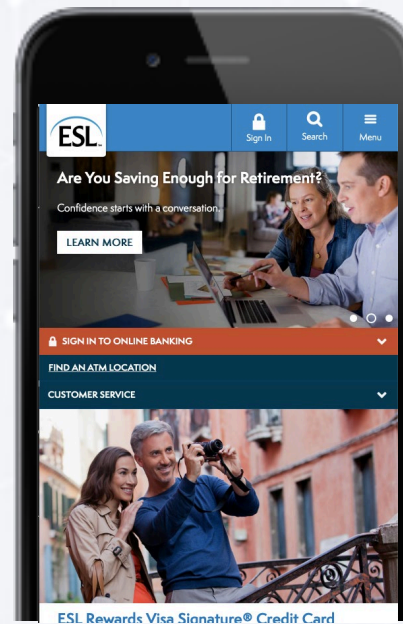
Powering digital experiences across Websites, eCommerce, Email Marketing & Social Media Channels

Rapidly evolving market thanks to AI, IoT, Mobile, and Voice to encompass all aspects of customer engagement



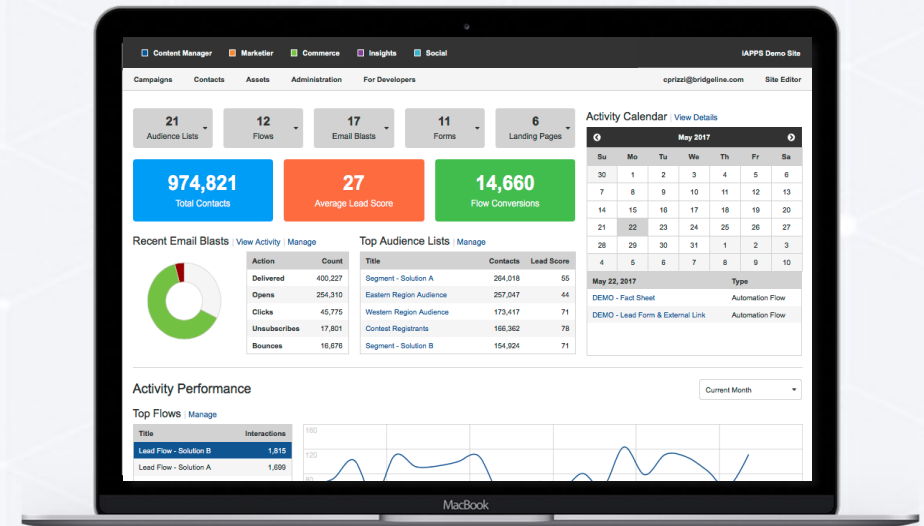
## Manage Content & Data

Robust platform for publishing timely content updates, managing eCommerce operations and launching online marketing campaigns.



## Mobile and Voice

Consistent experiences across various devices for increased accessibility and engagement.



## Automation & Personalization

Intelligent solutions for attracting, engaging, nurturing and converting prospects to loyal customers.

# Market Trends

## Growth of Customer Experience Market

- 22% CAGR projected to \$18B by 2023
- Fragmented with platforms and apps

## Platforms

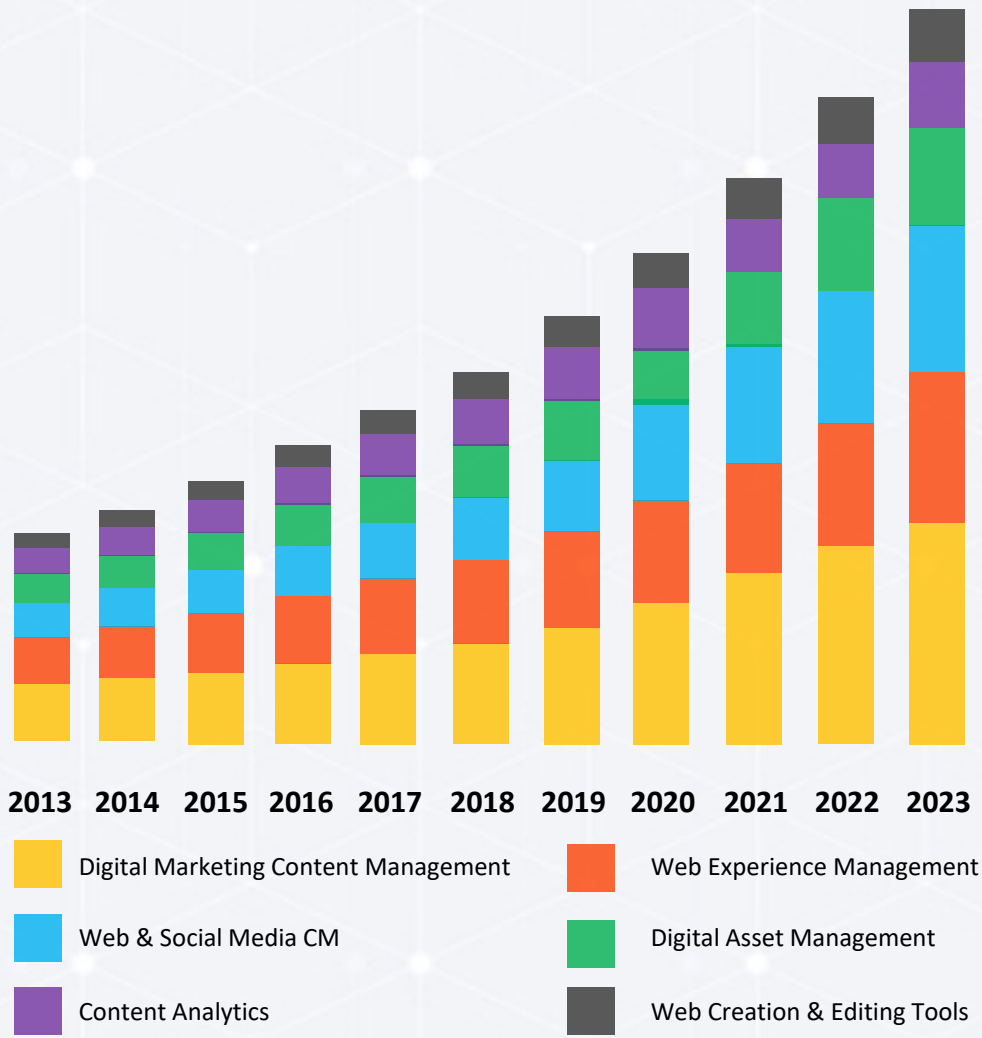
- Foundation for online marketing
- Require extensive customization
- Purchased once every 5 years

## Apps

- Extend platforms
- Out of the Box
- Purchased as needed

## Bridgeline is Unique

- World class platform
- Apps compatible with competitive platforms



### Sources:

- [www.psmarketresearch.com/market-analysis/web-content-management-market](http://www.psmarketresearch.com/market-analysis/web-content-management-market)
- [www.chiefmartec.com/2020/04/marketing-technology-landscape-2020-martech-5000](http://www.chiefmartec.com/2020/04/marketing-technology-landscape-2020-martech-5000)
- [www.marketwatch.com/press-release/customer-experience-management-market-2019-2023-key-findings-global-trends-regional-analysis-growth-top-key-players-profiles-and-future-prospects-2019-04-09](http://www.marketwatch.com/press-release/customer-experience-management-market-2019-2023-key-findings-global-trends-regional-analysis-growth-top-key-players-profiles-and-future-prospects-2019-04-09)

# Expanding our Total Addressable Market

## Platform



## Platform

- Customers ready to re-platform
- Purchase once every 5-years
- Enterprise sales cycle

## Apps



## Apps

- Customers unwilling to platform
- Purchase as needed
- Touchless sales cycle

# 200 Customers Across 3 Continents

## Franchise

**SportClips**  
HAIRCUTS



The UPS Store 

sears 

 **CVS**

## Finance

**Deloitte.**

 **Manulife**

  
Federal Credit Union™

**Corona**  
direct

  
AmerisourceBergen®

## Manufacturing

 **CATERPILLAR**

**TRIUMPH**

deflecto®

**xylem**  
Let's Solve Water

**RAM TOOL**  
CONSTRUCTION SUPPLY CO.

## Healthcare

AstraZeneca 

 Bristol-Myers Squibb

 **endo**

**Montefiore**

Hartford  
HealthCare 

## Retail

**Hammacher  
Schlemmer**

**PNY**®  
Make Life Simple™

**sugarfina**®

LILLIAN VERNON

**co-op**  
SUPERSTORES

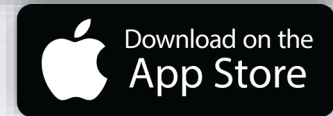


# Marketplaces – Superstores without Aisles



## Apps are 'products' not 'companies'

- Sea of one-off apps
- Must know product name to find it
- Can only search by feature (e.g. traffic)



# Revenue360

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



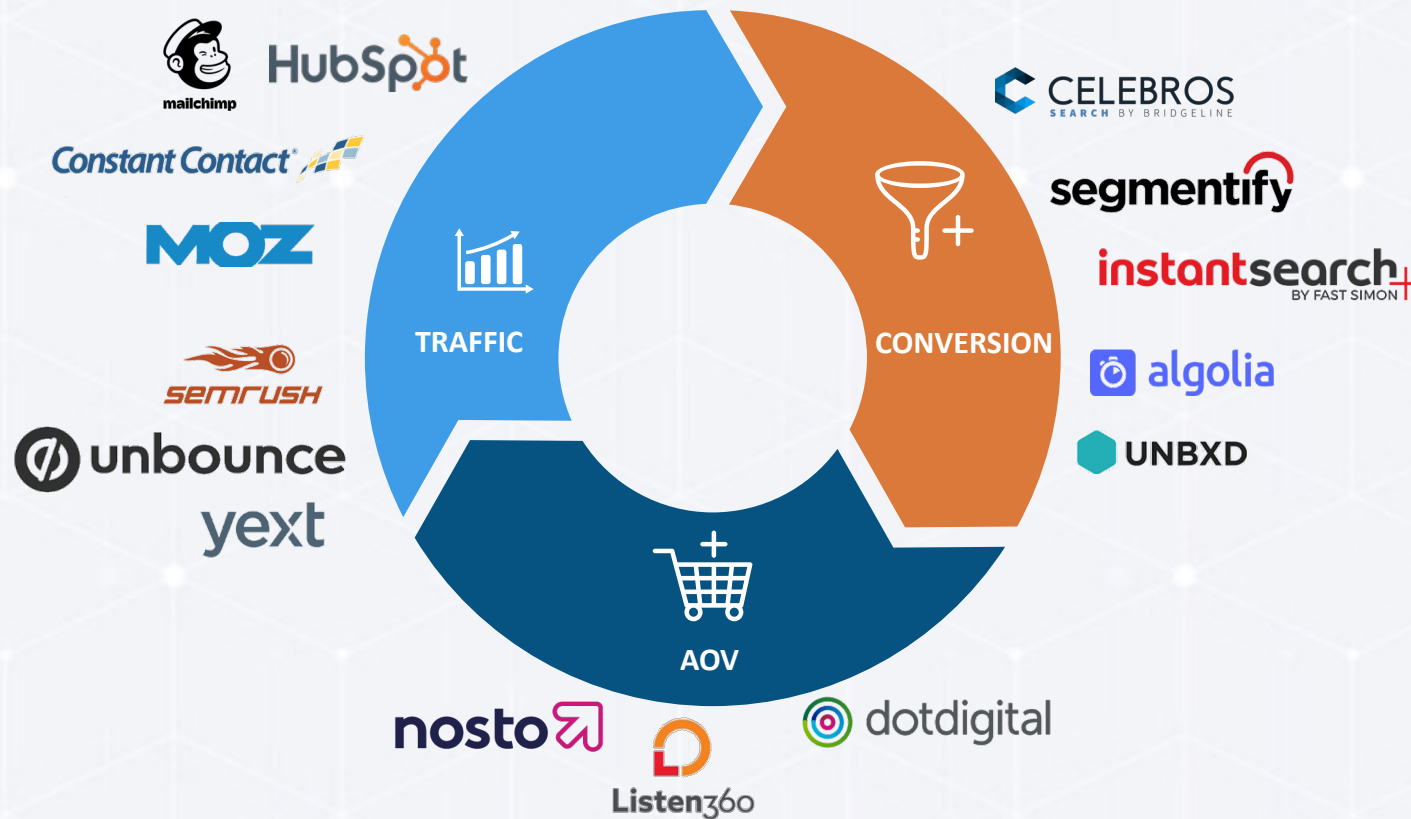
## Understanding Our Customer

- VP eCommerce
- Online revenue growth is primary goal
- Must guess at apps to solve his revenue equation

## Making Apps Easy to Buy

- Separate key features into à la carte apps
- Compatible with competitive platforms
- Out-of-the-box
- At-a-glance ROI
- Marketplaces

# Marketplaces – Scattered Revenue360 Apps



## Revenue Apps Fail to Market

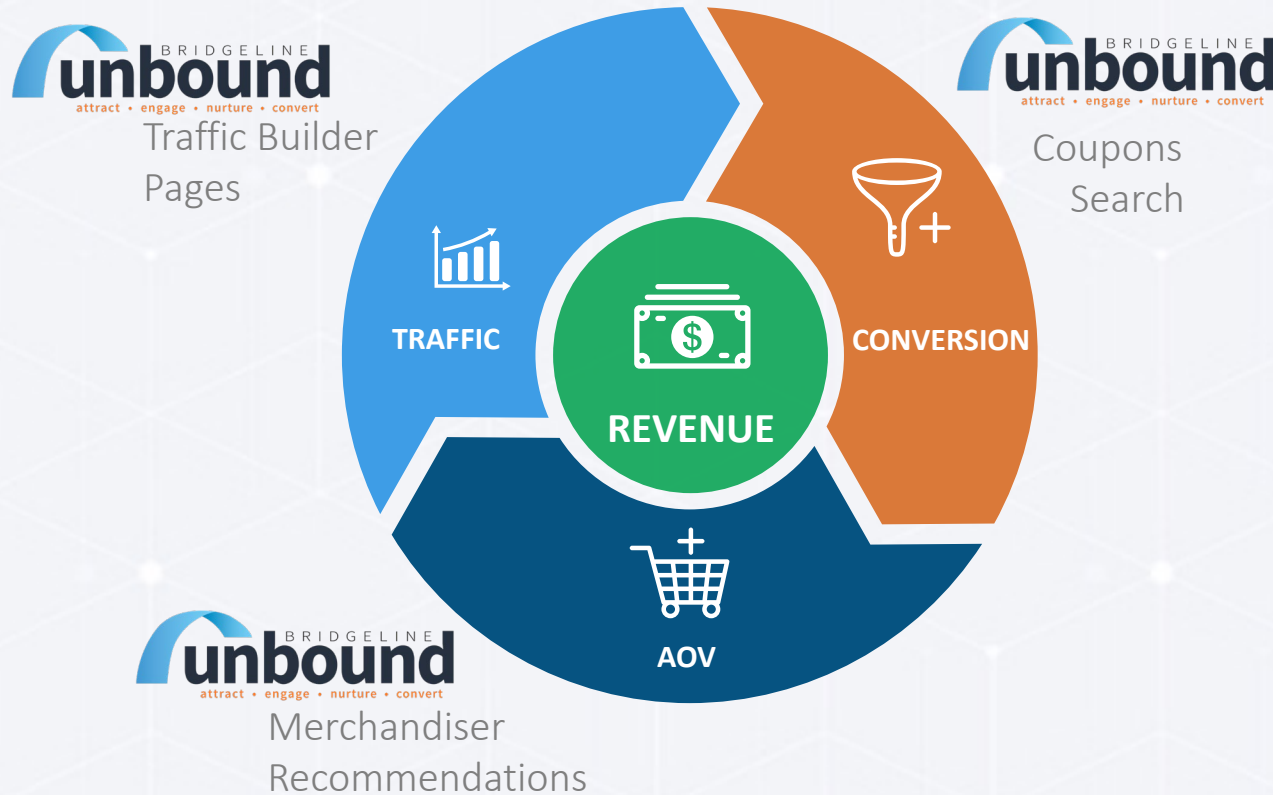
- One app per company
- Market by Tech Feature, not Value
- No benefit (revenue) categorization
- No growth strategy
- Apps are 'products' not 'companies'

## Platform





# Marketplaces – Bridgeline Connects the Dots



## Branding and Messaging

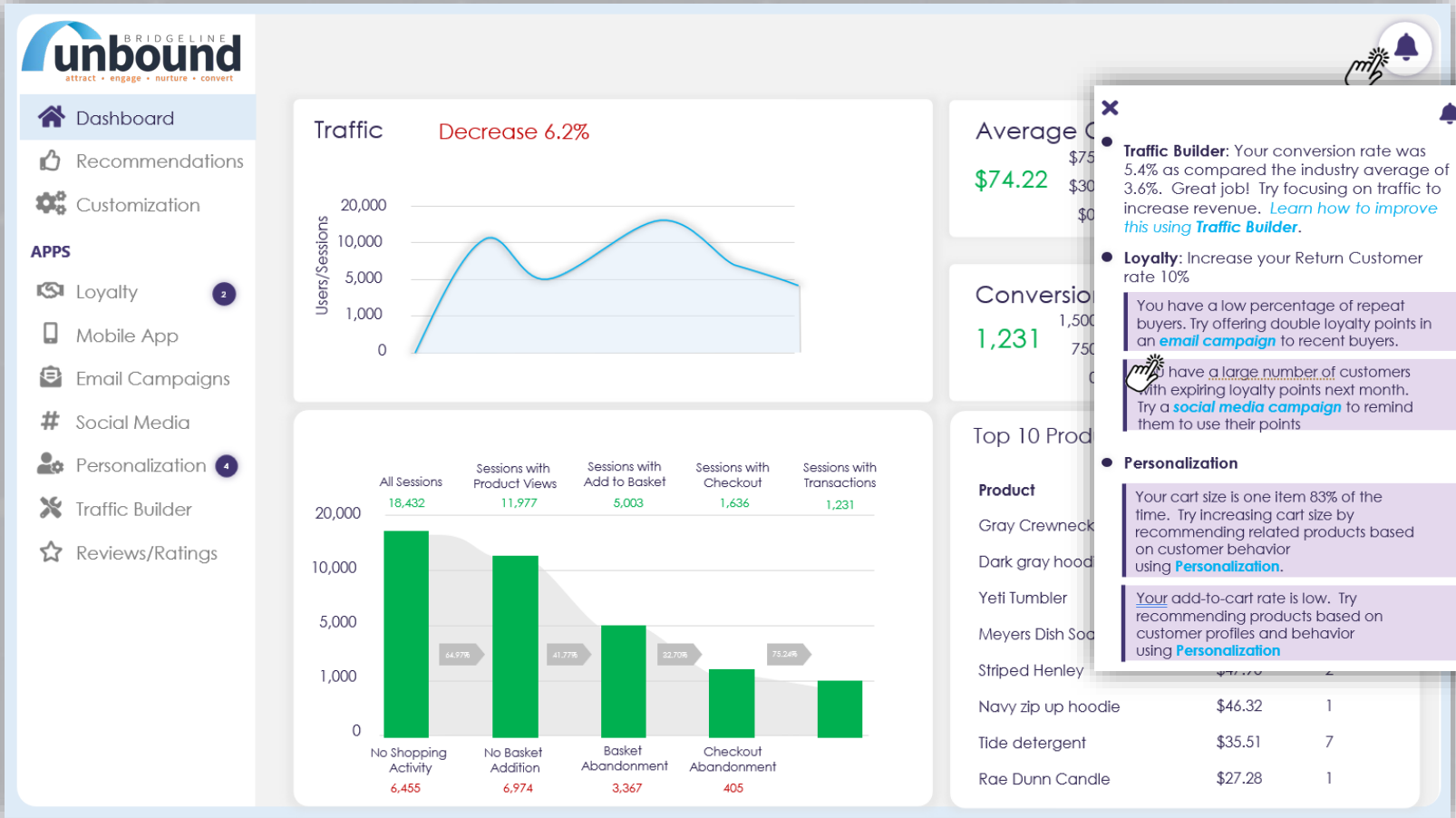
- Land grab in marketplaces
- Feature/benefit messaging for SEO
- Messaging centered on revenue
- Freemium model
- OEM and open source accelerate

## Platform



BRIDGELINE  
DIGITAL

# Revenue 360 – Dashboard



## Cross Sale Dashboards

- Cross-sale recommendations
- At-a-glance ROI
- Freemium, OEM and Open Source for rapid dashboard distribution.

## Revenue from Every Angle

- Artificial intelligence
- Trusted advisor
- Recommends what you need – this is unlike other apps that only serve one dimension of the revenue equation



# Touchless Sales

## Platforms – Enterprise Sales Cycle

- 6 months
- High salaried sales exec
- Travel and entertainment
- Expensive marketing, e.g. conferences
- \$2M Booking Quota per Rep = 5 sales / year
  - \$1M services over 6 months
  - \$1M subscription over 36 months = \$28K MRR

## Apps – Touchless Sales Cycle

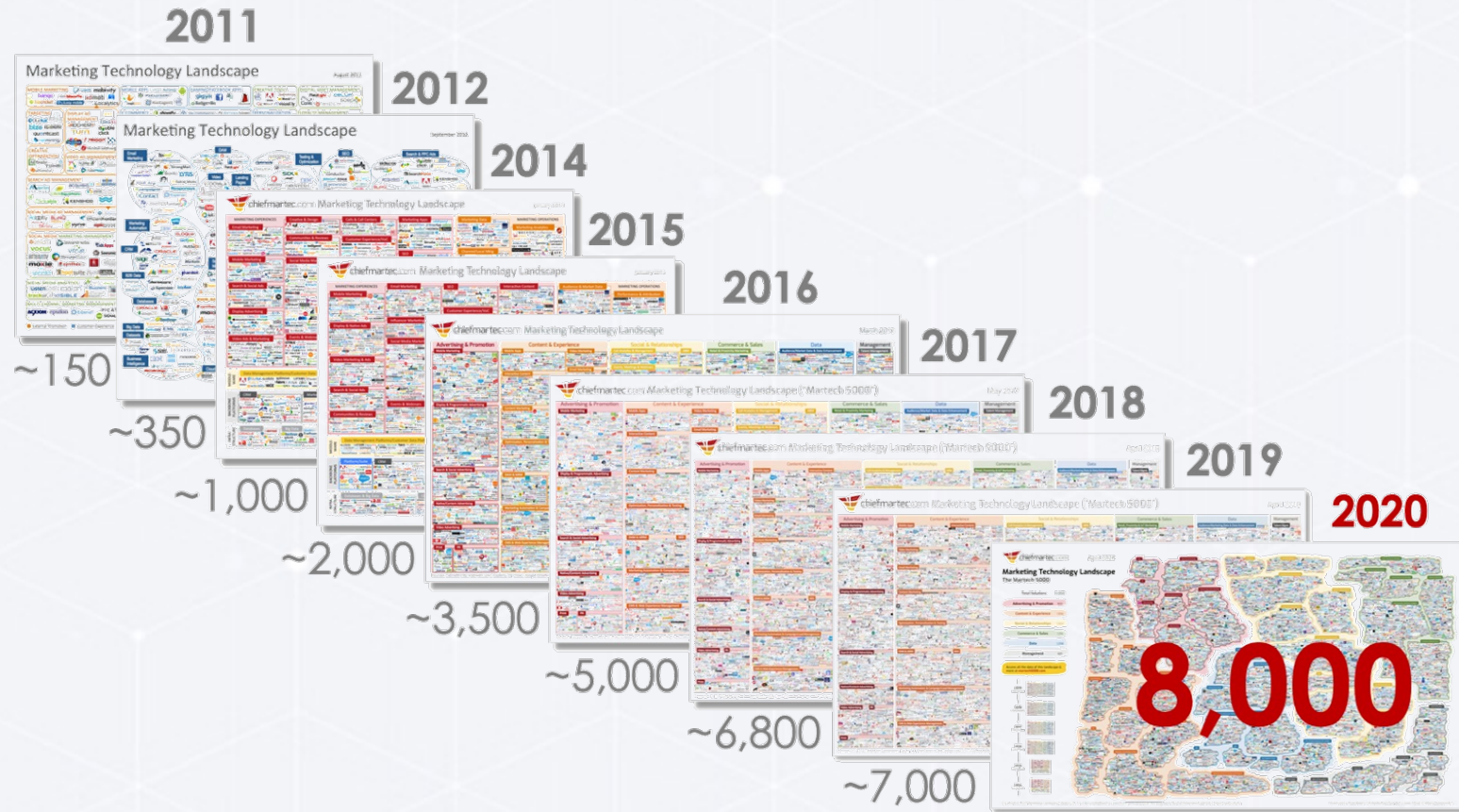
- 3 weeks
- Less expensive inside sales rep
- No travel
- Marketplaces and online adds
- \$1M Booking Quota per Rep = 6 sales / month
  - \$0M services
  - \$1M subscription over 24 months = \$42K MRR



Sources:

- [www.forentrepreneurs.com/sales-complexity](http://www.forentrepreneurs.com/sales-complexity)

# Revenue 360 – Acquisition Strategy



## Recent Acquisitions

seevolution



BRIDGELINE  
DIGITAL

## M&A Market

- Apps are “products” and not “companies”
- Target rich environment

## Target Criteria

- App in marketplaces
- Revenue360
- \$2M - \$5M revenue
- Accretive bottom line

## Integration

- Wrap Rev360 dashboard around UI
- Analytics for AI recommendation

## Cross Sales

- Dashboard
- Touchless sales team

Sources:

- [www.chiefmartec.com/2020/04/marketing-technology-landscape-2020-martech-5000](http://www.chiefmartec.com/2020/04/marketing-technology-landscape-2020-martech-5000)

## Financials

# Income Statement

	Q1 FY20	Q2 FY20	Q3 FY20	Guidance Q4 FY20
<b>Revenue</b>				
Services	1,096	899	714	
Subscription & License	1,736	1,840	1,919	<b>GROWTH</b>
<b>Revenue</b>	<b>2,832</b>	<b>2,738</b>	<b>2,633</b>	
<b>Cost of Goods Sold</b>	<b>1,359</b>	<b>1,185</b>	<b>1,079</b>	
<b>Gross profit</b>	<b>1,473</b>	<b>1,554</b>	<b>1,554</b>	<b>GROWTH</b>
Svc GM	48%	48%	45%	<b>GROWTH</b>
Subscription GM	54%	61%	64%	<b>GROWTH</b>
Gross Margin	52%	57%	59%	
<b>Operating Expenses</b>				
S&M	1,032	786	313	
G&A	750	723	464	
R&D	390	427	401	
Other OpEx	263	616	225	
<b>Operating Expenses</b>	<b>2,434</b>	<b>2,550</b>	<b>1,403</b>	
<b>Operating Income</b>	<b>(961)</b>	<b>(997)</b>	<b>151</b>	<b>POSITIVE</b>
<b>Other Expenses / Warrants</b>	<b>1,104</b>	<b>1,819</b>	<b>(1,840)</b>	
<b>Net Income</b>	<b>136</b>	<b>823</b>	<b>(1,700)</b>	<b>WARRANTS</b>
<b>Adjusted EBITDA</b>	<b>(664)</b>	<b>(329)</b>	<b>434</b>	<b>POSITIVE</b>

## Q3 FY20 Results

- 22% subscription & license growth
- 73% of revenue is subscription & lic
- Services revenue decline due to apps
- Gross Profit growth due to apps
- Positive Op Income and Adj. EBITDA
- Net Income has non-cash fluctuations in Other Expenses from Warrants

## Q4 FY20 Guidance

- Positive Op Income and Adj. EBITDA
- Subscription revenue growth
- Gross margin growth

# Balance Sheet

	<u>Q1 FY20</u>	<u>Q2 FY20</u>	<u>Q3 FY20</u>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	408	234	1,165
Other current assets	1,511	1,202	-
<b>Current assets</b>	<b>1,919</b>	<b>1,437</b>	<b>-</b>
Property and equipment, net	745	652	577
Intangible assets, net	3,269	3,040	2,831
Goodwill	5,557	5,557	5,557
Other assets	83	102	83
<b>Assets</b>	<b>11,572</b>	<b>10,787</b>	<b>9,048</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	1,909	2,235	1,869
Accrued liabilities	1,145	1,316	588
Debt, current portion	-	-	562
Deferred revenue	1,963	1,739	1,779
<b>Current liabilities</b>	<b>5,016</b>	<b>5,290</b>	<b>4,798</b>
Debt, net of current portion	-	-	582
Other long term liabilities	2,671	827	2,670
<b>Liabilities</b>	<b>7,687</b>	<b>6,117</b>	<b>8,050</b>
<b>Equity</b>	<b>3,885</b>	<b>4,670</b>	<b>998</b>
<b>Liabilities and Equity</b>	<b>11,572</b>	<b>10,787</b>	<b>9,048</b>

Guidance
<u>Q4 FY20</u>
<b>FORGIVEN</b>
<b>FORGIVEN</b>

## Assets

- \$931K Cash Increase
- \$75K A/R Decrease

## Liabilities

- Only debt is PPP loan
- \$366K A/P Decrease
- \$40K Deferred Revenue Increase
- Q4 deferred revenue drops with cash

## Equity

- No more dividends for preferred stock

## PPP Loan

- \$1,048K PPP loan
- PPP Loan expected to be forgiven
- Forgiven PPP loan = \$0.23 / share



# Cap Table

<u>Jun 30, 2020</u>	<u>as converted to common</u>
Common Stock	4,420,170
Preferred Series A	-
Preferred Series C	38,889
Warrants	5,492,879
Employee Stock Options	593,201
<b>TOTAL</b>	<b>10,545,139</b>

## Preferred Stock

- Dividend producing preferred converted
- Series A – all converted at \$1.75
- Series C – no rights, no dividends

## Warrants

- Exercise Price ~ \$4.00
- Cash warrants to add \$22M
- Half expire March 2021
- Half expire Sept 2024

# Comps

Name	Ticker	Revenue	EBITDA	Enterprise Val	EV / Rev
Bango	BGO.L	\$9M	(\$1M)	\$106M	11X
Izea Worldwide	IZEA	\$19M	(\$5M)	\$56M	3x
SharpSpring	SHSP	\$23M	(\$9.25M)	\$120M	5x
Elastic N.V.	ESTC	\$428M	(\$158M)	\$9,370M	22X
HubSpot	HUBS	\$675M	\$1M	\$13,170M	17x
Box Software	BOX	\$696M	(\$81.18M)	\$3,160M	4x
Wix	WIX	\$761M	(\$63.5M)	\$15,930M	19x
Shopfy	SHOP	\$1,578M	(\$105M)	\$127,060M	61x
<b>Bridgeline</b>	BLIN	<b>\$10M</b>	<b>\$2M</b>	<b>\$9M</b>	<b>1x</b>

**Industry trading over 3x revenue**  
**BLIN can trade at \$6**

- Profitable
- Growing subscription revenue
- Only debt is \$1M PPP loan; to be forgiven
- High average daily volume
- Trading at discount to comps
- No capital required

# **BRIDGELINE**

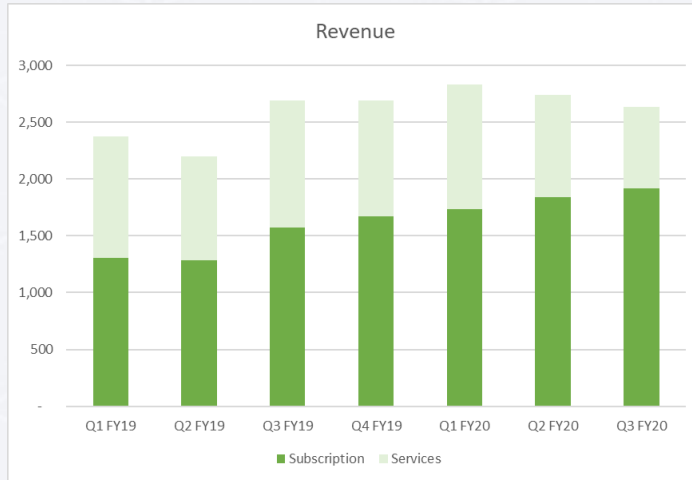
---

## D I G I T A L

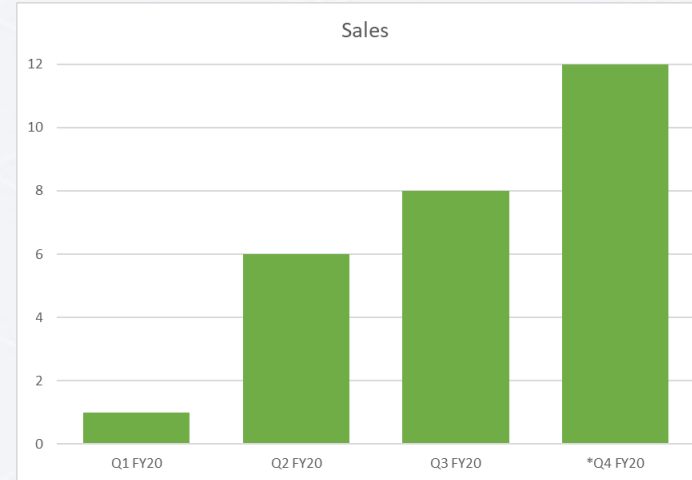
**Q&A**

# Investment Highlights

Bridgeline Digital, Inc.  
NASDAQ: BLIN



7 consecutive quarters of subscription revenue growth



More sales in Q3 than Q1 & Q2 combined  
More sales in Q4 than Q3

Name	Ticker	Revenue	EBITDA	Enterprise Value	EV / Rev
Bango	BGO.L	\$9M	(\$1M)	\$106M	11X
Izea Worldwide	IZEA	\$19M	(\$5M)	\$56M	3x
SharpSpring	SHSP	\$23M	(\$9.25M)	\$120M	5x
Elastic N.V.	ESTC	\$428M	(\$158M)	\$9,370M	22X
HubSpot	HUBS	\$675M	\$1M	\$13,170M	17x
Box Software	BOX	\$696M	(\$81.18M)	\$3,160M	4x
Wix	WIX	\$761M	(\$63.5M)	\$15,930M	19x
Shopify	SHOP	\$1,578M	(\$105M)	\$127,060M	61x
<b>Bridgeline</b>	<b>BLIN</b>	<b>\$10M</b>	<b>\$2M</b>	<b>\$9M</b>	<b>1x</b>

Profitable software company  
Trades at 1x revenue | Comps at 3x revenue

## Company

- Cloud software in Marketing Technology
- Help online retailers grow revenue
- Touchless sales model

## Q3 FY20 Results *(fiscal year ends sept 30)*

- 22% subscription revenue growth
- Positive operating income & Adj EBITDA
- Q3 sales beat Q1 and Q2 combined
- No debt except \$1M PPP loan
- No preferred stock dividends

## Q4 FY20 Guidance

- Growth in subscription revenue
- Positive operating income & Adj EBITDA
- Q4 sales beat Q3
- PPP loan to be forgiven - \$0.23/share

\* Q4 FY20 sales through August 31, 2020

**BRIDGELINE**  
DIGITAL