



Meltwater
Outside Insight

Report for the fourth quarter 2020

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Meltwater finishes Q4 with revenue of \$94m (up 8% yoy) and adjusted EBITDA of \$14m (up \$15m yoy) and raises top line guidance for 2021

Oslo, February 25, 2021: Meltwater (ticker: MWTR) finished the year with a strong Q4 which reflected the focused execution of the company's two-pronged growth strategy: increasing the attractive premium client segment (*\$154m ARR, up 12%*) which consists of clients spending at least \$25k in ARR, as well as doubling down on the fast-growing social space across all segments (*\$112m, up 21%*).

For the full year 2020 Meltwater reached revenue of \$361m (up 4% yoy) and adjusted EBITDA of \$49m (up 376% yoy) driven by the temporary shift in focus from growth to profitability in light of COVID uncertainty. Meltwater expect top line growth to start returning to the business in the first half of 2021 and increases its 2021 top line guidance to US GAAP revenue of between \$378m and \$388m.

On December 3rd, 2020, Meltwater successfully listed on Euronext Growth in Oslo, Norway. In connection with the listing, Meltwater raised gross proceeds of NOK 2,295m (equivalent of \$260m) of new primary capital from high quality long-term investors including The Government Pension Fund of Norway, Handelsbanken Fonder, and TIN fonder.

An update from the CEO of Meltwater, John Box:

We finished the year with a strong Q4 and overperformed our 2020 plan both in terms of revenue and EBITDA. I would like to thank everyone in Meltwater for all their effort in a very challenging year and congratulate everyone with a job well done.

The year 2020 was shaped by a global pandemic and working from home. In March, facing all the uncertainty we saw in all our markets at that time, Meltwater changed its 2020 priority from top line growth to profitability. We took out \$40m in annualized cost and executed according to a flat top line plan with healthy profitability. It has been heart-warming to see how hard our employees have been fighting during this challenging year – working from home while home schooling children we have stood up to a global pandemic and overdelivered on a challenging plan.

A key event for us in 2020 was the integration of the Canadian social analytics company Sysomos. With this integration our product has developed into the only truly global integrated platform on the market to cater for buyers across PR, Communications and Marketing. This integrated offering is a competitive advantage which has helped us secure many of the significant wins in the latter part of 2020. We will double down on our innovation lead on the product side through in-house R&D and strategic M&A and expect a number of exciting new announcement in 2021.

Meltwater enters 2021 with a healthy balance sheet, a strong and a clear plan for profitable organic and inorganic growth. As we move into 2021, we will intensify our search for complementary acquisition opportunities. Meltwater will take an active role in the consolidation of the social space which is very fragmented and consists of many subscale companies. We see high demand for integrated social offerings as social plays an increasingly critical role across business functions, including product development, sales, marketing, recruitment, risk management, and competitive intelligence. Meltwater is well positioned to consolidate this space as the global leader in media intelligence with our industry-leading AI-based analytics platform powering real-time insights for 28,000 of the world's most innovative and demanding companies.

Thanks to a strong Q4, we enter 2021 with a strong tailwind and have already had a good start of the year securing prestigious new clients such as Tiffany & Co. of New York, Christian Louboutin, Burton Snowboards, Patek Philippe, and GE Health Care. In Q4 we began to reinvest back into growth and as we continue to do so in the coming quarters, we will start down our path back into 20% year-on-year (yoy) top line growth.

Meltwater has the only integrated product suite with both news intelligence and social listening in our industry. We see a strong demand for our offering and expect this demand to grow in the years to come.

Financial highlights Q4 and full year 2020

- **Q4 revenue of \$94.2m, up 8% yoy** marked a strong finish of a year where we executed after a flat top line plan. Q4 revenue was driven by good growth from targeted client segments as well as a one-time revenue recognition of \$3.5m related to higher-than-expected sales of 3rd party products.
- **Q4 adjusted EBITDA¹ came in at \$13.7m (15% of revenue), up \$14.7m yoy** driven by increased efficiencies in sales and marketing and COVID related cost saving programs.
- **Full year 2020 revenue of \$361, up 4% yoy with adjusted EBITDA¹ of \$49.0m (14% of revenue), up 376% yoy** driven by the shift in focus from growth to profitability in 2020 in light of COVID uncertainty.
- **Q4 charitable contributions of \$0.2m and \$2.6m for the full year.** Meltwater has since 2008 funded Meltwater Entrepreneurial School of Technology (MEST) in Ghana dedicated to creating jobs and wealth in Africa by training and helping young university graduates across the continent to become software entrepreneurs. This annual donation is expected to stay at about \$2.5m per year going forward. Read more about MEST at www.meltwater.org.
- **Q4 one-time expenses of \$14.9m** due to a finalization of a litigation settlement in the US previously disclosed in the Information Document in the listing process to Euronext Growth.

- Year-end 2020 cash balance of \$102m, up \$84.6m yoy
- The company had no interest-bearing debt as at 31.12.2020. The corresponding figure one-year prior was \$175m. In Q4 2020, Meltwater secured a \$150m credit revolver which is currently not drawn against.

Key financials

FIGURES IN \$M - UNAUDITED & PRO FORMA	Q4-19	Q4-20	FY 2019	FY 2020
REVENUES	86.9	94.2	345.8	361.4
% GROWTH YOY	4%	8%	9%	4%
GROSS PROFIT	64.6	74.0	261.5	275.4
GROSS MARGIN (%)	74%	79%	76%	76%
EBITDA ADJUSTED¹	-1.0	13.7	10.3	49.0
EBITDA ADJUSTED ¹ MARGIN (%)	-1%	15%	3%	14%

¹ EBITDA adjusted: EBITDA excluding one-time expenses and charitable contributions.

Key performance indicators Q4 and full year 2020

As reported in Q4-20 trading update January 27, 2021.

- **Successful execution of move to Premium Client segment (>\$25k ARR)** – Gold and Platinum customers grew to \$154m, up 12% year over year, and with a trailing twelve-month net retention rate of 100%, down 1% compared to same period prior year.
- **Number of Meltwater clients > \$100k ARR grew in Q4 to 219, up 10% yoy** – The integrated offering across news and social has been a key contributor to this development. Notable Companies entering 6-figure engagements with Meltwater in Q4 were new clients such as Uber, Samsung, Uniqlo, DLA Piper and Goodyear, and existing clients such as Tencent, Decathlon and Orion Pharma moving up from lower client tiers.
- **The Premium Client segment now represents 43% of all ARR, up from 39% Q4 2019** – Growing the Premium Client segment is a strategic focus as they have higher retention rates and are more profitable. Driving a larger part of the business to the Premium Client segment will accelerate both growth and profitability. Lower client tiers are valuable as entry points for new clients that take an initial step into the offering before committing to bigger investments
- **Continued Social ARR growth** – Social products now accounts for \$112m of Meltwater’s ARR and grew 21% yoy. Social products are sold to all client tiers, usually as an upsell to an existing client or part of an integrated offering to a new client.

- **Total ARR grew to \$359m, 2% yoy** – In 2020, Meltwater shifted its priority from top line growth to profitability due to the uncertainty of the global pandemic. In spite of a large reduction in 2020 sales and marketing spend, the company has successfully compensated for pandemic related churn and maintained its top line by growing the Premium Client segment and moved the company to a healthier and more profitable customer mix.
- **Average Customer ARR** – has increased throughout 2020 and reached \$13.5k in Q4 2020 in line with the company's move upmarket strategy. This is up from \$12.4k in 2019, a 10% increase.

For Product and Team highlights we refer to Meltwater's Q4 trading update of January 27 (<https://newsweb.oslobors.no/message/523289>).

Forward looking statements

- Meltwater increases its 2021 top line guidance to US GAAP revenue of between \$378m and \$388m, with growth expected to accelerate in the second half of the year
- Maintaining an ambition for the longer term to grow business organically around 20% annually and with 20% EBITDA margin
- Positive ongoing conversations with multiple targets in the M&A pipeline as we continue to see a 'target rich environment'
- Meltwater reiterates its intention to move to the main list of the Oslo Stock Exchange during 2021

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About Meltwater

Meltwater provides social and media intelligence. By examining millions of posts each day from social media platforms, blogs and news sites, Meltwater helps companies make better, more informed decisions based on insight from the outside. The company was founded in Oslo, Norway, in 2001 and is headquartered in San Francisco, California, with 50 offices across six continents. The company has 1,700 employees and 28,000 corporate customers, including industry leaders in several sectors. Learn more at meltwater.com.

Appendix

FIGURES IN \$M - UNAUDITED & PRO FORMA	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20	FY 2019	FY 2020
REVENUES	86.9	88.7	88.5	89.9	94.2	345.8	361.4
% GROWTH YOY	4%	5%	3%	2%	8%	9%	4%
COGS	22.3	21.7	22.0	22.0	20.2	84.4	85.9
GROSS PROFIT	64.6	67.0	66.5	67.9	74.0	261.5	275.4
GROSS MARGIN (%)	74%	76%	75%	76%	79%	76%	76%
SALES & MARKETING	43.1	39.9	33.2	34.1	40.6	159.5	147.8
RESEARCH & DEVELOPMENT	9.8	9.7	8.4	7.8	8.0	42.3	33.8
GENERAL & ADMINISTRATIVE	12.7	12.8	10.7	9.6	11.7	49.4	44.9
ADJUSTED OPEX	65.6	62.3	52.4	51.5	60.3	251.2	226.5
EBITDA ADJUSTED ¹	-1.0	4.7	14.2	16.4	13.7	10.3	49.0
EBITDA ADJUSTED ¹ MARGIN (%)	-1%	5%	16%	18%	15%	3%	14%
CHARITABLE CONTRIBUTIONS	0.8	1.5	0.5	0.4	0.2	2.5	2.6
ONE-TIME EXPENSES	-	0.3	2.7	0.2	14.9	-	18.1
EBITDA	-1.8	2.8	10.9	15.8	-1.4	7.8	28.2
EBITDA MARGIN (%)	-2%	3%	12%	18%	-1%	2%	8%
DEPRECIATION AND AMORTIZATION	6.4	5.7	6.5	6.3	6.2	23.9	24.9
STOCK COMPENSATION	1.1	1.1	1.6	1.1	1.0	4.6	4.9
CASH FLOW FROM OPERATIONS	9.5	4.2	10.8	4.8	8.7	-14.6	28.6
NET CHANGE IN CASH	1.1	0.4	7.3	25.3	51.6	3.7	84.6
NET CASH AT PERIOD-END	17.7	18.1	25.4	50.7	102.3	17.7	102.3
INTEREST BEARING DEBT	175.0	175.0	175.0	200.0	0	175.0	0

¹ EBITDA adjusted: EBITDA excluding one-time expenses and charitable contributions.

Alternative performance measures

ARR: Annual Recurring Revenues. All ARR numbers are in \$m based on fixed currency as of Dec 31, 2019

Social products: Social media listening, social media management, social media marketing and adjacent API offerings

Premium: Premium Client segment (>\$25k ARR)

Churn: A dollar measurement of accounts that do not renew their subscriptions or renew with reduced pricing

Net retention: The change in ARR from customer churn offset by upsales of existing accounts between end of period ARR and beginning of period ARR

Adjusted operating expenses: Operating expenses excluding one-time expenses and charitable contributions

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization

EBITDA adjusted: EBITDA excluding one-time expenses and charitable contributions

EBITDA adjusted margin: EBITDA margin excluding one-time expenses and charitable contributions

The information contained in this statement has not been audited and may be subject to change. Please see Meltwater Company Disclosures on <https://www.meltwater.com/en/about/investor-relations> to stay up to date on company news and updates.

Cautionary Note Regarding Forward-Looking Statements

This communication may contain certain forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates, including those statements regarding ramp-up in sales personnel, return of top line growth in 2H 2021, our M&A pipeline, and targeted organic long-term growth of 20% annually and with 20% EBITDA margin made under the heading “Forward-Looking Statements” above. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. Any such forward-looking statements are solely opinions and forecasts reflecting views as of the date set out on the cover of these materials, which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development, including the risk factors set forth in the Information Document prepared by the Company in connection with the Listing, available at <https://newsweb.oslobors.no/message/519564> under the heading “Vedlegg”. No liability for such statements, or any obligation to update any such statements or to conform such statements to actual results, is assumed. Furthermore, information about past performance given in this communication is given for illustrative purposes only and should not be relied upon as, and is not, an indication of future performance.