CXENSE
Deliver what people want

SECOND QUARTER REPORT **2016**

Deliver What People Want

Extraordinary Insights, Unforgettable Experiences

Highlights

- Q2 2016 revenues of USD 6.3 million, up 79% vs. Q2 2015, and New Annualized Recurring Revenue (ARR) closed in Q2 2016 of USD 2.6 million – 59% above the average of the last three quarters.
- Strong new customer wins such as Aller Media AS and Japanese fashion retailer Nissen Co. Ltd, and significant upsell to existing client The Wall Street Journal.
- Q2 2016 lost ARR (churn) was USD 1.4 million, due to higher than expected churn on legacy Maxifier contracts. Churn is expected to normalize in the following quarters.
- Q2 2016 EBITDA of USD -1.3 million, a significant improvement from USD -3.1 million in Q2 2015.
- Three new leading investors, Aker ASA, Charles Street International and Ferd AS, invested USD 19 million in new equity, enabling Cxense to faster pursue organic and acquired growth.
- Accelerated sales growth is expected to move the EBITDA break-even point beyond 2016.
- Cxense transferred to the Oslo Børs' main list from Oslo Axess on 12 August 2016.

Key figures

USD 1,000	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Change y/y
Revenues	**3 540**	**4 818**	**6 056**	**6 263**	**6 330**	79%
Advertising software	*1 347*	*1 920*	*1 847*	*1 900*	*1 448*	*7%*
Personalization suite	*1 607*	*2 263*	*3 444*	*3 566*	*3 933*	*145%*
SaaS segment	2 954	4 183	5 291	5 467	5 381	82%
PCAN segment	620	675	805	837	990	60%
Inter-segment elimination	(34)	(39)	(39)	(41)	(41)	
Gross profit	**2 426**	**3 646**	**4 686**	**4 717**	**4 594**	89%
Total gross margin	69 %	76 %	77 %	75 %	73 %	
Gross margin SaaS segment	78 %	83 %	85 %	83 %	82 %	
Gross margin PCAN segment	22 %	24 %	22 %	19 %	18 %	
OPEX	**5 518**	**5 779**	**6 093**	**6 689**	**5 904**	7%
Non-IFRS OPEX adjustments	(901)	(523)	95	(659)	(204)	
Estimated full effect of cost-reduction program				(525)		
OPEX adjusted	4 617	5 256	6 188	5 505	5 700	
EBITDA	**(3 092)**	**(2 134)**	**(1 407)**	**(1 972)**	**(1 310)**	-58%
EBITDA adjusted	(2 191)	(1 611)	(1 502)	(789)	(1 106)	

CEO comment

Cxense experiences increasing demand for its leading personalization and data management software and we successfully signed new customers and increased our engagement with existing ones in Q2 2016. Churn affecting ad solutions was disappointing, but is expected to move down in coming quarters. We have successfully strengthened our financial position, shareholder base and investor reach by raising new equity and listing on the Oslo Børs. We are now in position to invest in growth and take Cxense to the next level.

Ståle Bjørnstad, CEO of Cxense ASA

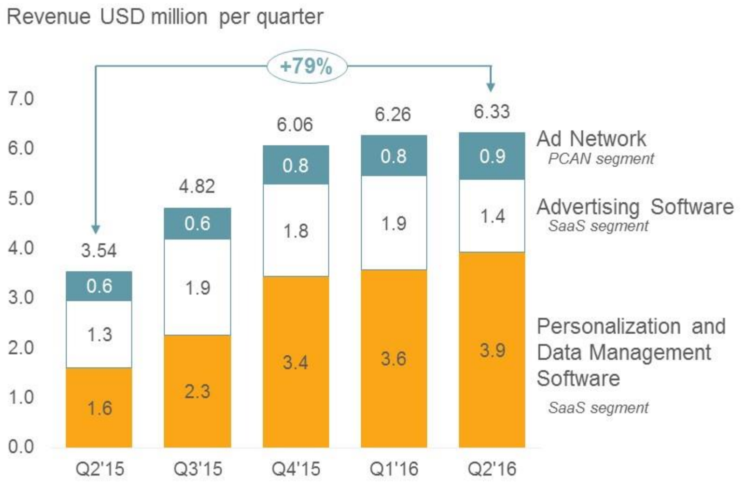
Operational review

A growing number of online publishers, retailers, banks and other marketers use web site & app personalization to improve customer engagement and digital revenue. Cxense has the world's leading personalization technology and in Q2 2016 the company experienced increasing demand for its software solutions. The company closed 35 new recurring revenue contracts for its Personalization & Data Management software.

13 out of 35 contracts were upsell to existing customers, and Dow Jones, the owner of The Wall Street Journal (WSJ), was among the leading companies that expanded their use of Cxense solutions during Q2 2016. Among key new customers signing were the Japanese fashion retailer Nissen Co., Ltd., Bank of Ayudhya PCL in Thailand and international media conglomerate Bonnier AB and Aller Media AS.

In Q2 2016, new Annualized Recurring Revenue (ARR) was USD 2.55 million, the second-highest level to date. This compares to 37 contracts in Q2 2015 with ARR of USD 2.65, and Q1 2016 with 37 contracts and ARR of USD 1.58 million. Average ARR per contract was at a record level of USD 73 thousand in Q2 2016. About 90% of new ARR came from Personalization & Data Management software, while about 10% came from Advertising Software.

The majority of the revenue effect of the contracts closed in Q2 2016 will appear in Q3 2016 and Q4 2016.



The ARR of lost contracts (churn) amounted to USD -1.44 million. This is up from USD 892 thousand in Q2 2015, and USD 648 thousand in Q1 2016. The churn was higher than expected with effect early in the quarter, and was mainly driven by our Maxifier software. We expect future churn levels to decrease from the Q2 2016 level.

In Q2 2016, Cxense secured new growth capital through a private placement to Aker ASA, Ferd AS and Charles Street International Holdings Ltd. totaling USD 19 million. A subsequent offering to existing shareholders raised an additional USD 3 million. Members of both the management team and the Board participated. The new equity enables Cxense to pursue organic growth within the personalization and data management software market.

Cxense plans to expand the sales organization to further increase the organic growth rate. The sales organization increase will increase OPEX and postpone EBITDA break-even beyond 2016. However, the company will maintain a strict focus on cost, efficiency and overall profitability.

The Software-as-a-Service (SaaS) revenue model represents a predictable recurring revenue stream for Cxense. Contracts are normally signed for 12 months with automatic renewal, promoting long-term relationships with customers. The sales team is building an increasing portfolio of recurring revenue contracts – closing more new business than it lost– leading to incremental organic growth from high gross margin software without OPEX increase. The SaaS segment gross margin was 82% in Q2 2016, compared with 83% in Q1 2016.

Q2 2016 group revenue was USD 6.33 million, representing an increase of 79%, driven by both organic growth and acquisitions, compared to USD 3.54 million in the same quarter last year.

Q2 2016 OPEX decreased by 12%, compared to Q1 2016, reflecting full effect of the post-acquisition organizational optimization executed in Q1 2016. Q2 2016 EBITDA was USD -1.3 million, compared to USD -2.0 million in Q1 2016 and USD -3.1 in Q2 2015.

In Q2 2016 Cxense had 70 full-time R&D resources (FTEs) located in Oslo, Samara and Boston. This compares to 40 FTEs located in Oslo, Stockholm and Melbourne in Q2 2015. Cxense has over the past year through acquisitions and restructuring transformed its R&D organization from a distributed model to operations from two main development hubs: Oslo and Samara. Overall capacity has increased by 70% while the R&D associated cost level is up 5%. In Q2 2016, the majority of the resources focused on development of the Personalization and Data Management solutions.

Cxense helps its customers present personalized content across all digital platforms, and address the challenge of bringing relevant digital content to users as the number of sites, news feeds and articles expand rapidly. Cxense's cloud-based software suite enables customers to present individualized content to each of its users, and give its users *what they want* and eliminate undesired, non-relevant information.

Cxense's vision remains firm: "To know better than anyone what people want, and to enable our customers to use that insight to engage and monetize their audience."

Financial development summary

USD 1,000	**Q2 2014**	**Q3 2014**	**Q4 2014**	**Q1 2015**	**Q2 2015**	**Q3 2015**	**Q4 2015**	**Q1 2016**	**Q2 2016**
	IFRS	*IFRS*	*IFRS*	*IFRS*	*IFRS*	*IFRS*	*IFRS*	*IFRS*	*IFRS*
SaaS segment									
Revenues total	**3 442**	**3 530**	**3 591**	**3 301**	**2 954**	**4 183**	**5 291**	**5 467**	**5 381**
Cost of sales	646	666	565	532	664	700	780	908	967
Gross profit	**2 797**	**2 864**	**3 025**	**2 769**	**2 290**	**3 483**	**4 510**	**4 558**	**4 414**
Gross margin %	*81 %*	*81 %*	*84 %*	*84 %*	*78 %*	*83 %*	*85 %*	*83 %*	*82 %*
Personnel	3 861	4 034	4 487	2 802	3 063	3 834	3 904	4 657	3 675
Other OPEX	3 685	1 635	2 034	1 462	2 255	1 739	1 928	1 735	1 915
OPEX	**7 546**	**5 669**	**6 521**	**4 264**	**5 318**	**5 573**	**5 832**	**6 392**	**5 590**
EBITDA	(4 750)	(2 805)	(3 496)	(1 495)	(3 028)	(2 090)	(1 321)	(1 833)	(1 176)
NON-IFRS adjustment of OPEX level									
Share-based payment costs		137	136	121	93	156	144	171	56
Share-based social costs provision			76		10	(130)	9	37	54
Salary and social restructuring provisions/costs			345		140	327		361	
Office moving and restructuring costs		57	68			126		45	
Extraordinary/special	40	50	496						
One-off provision for doubtful debt	200	(130)	210				16		55
Transaction costs	1 607	(189)	(419)		658	195	166	45	81
R&D refund			(228)			(152)	(430)		(42)
Total reported OPEX adjustment items	**1 847**	**(75)**	**684**	**121**	**901**	**523**	**(95)**	**659**	**204**
Estimated full effect of cost-reduction program			1 299	176				525	
OPEX adjusted	**5 699**	**5 744**	**4 538**	**3 967**	**4 417**	**5 050**	**5 927**	**5 208**	**5 386**
EBITDA Adjusted	**(2 903)**	**(2 880)**	**(1 512)**	**(1 199)**	**(2 126)**	**(1 568)**	**(1 416)**	**(649)**	**(972)**
Capitalized operating expense				(450)	(460)	(440)	(496)	(498)	(494)
EBITDA Adjusted with Capitalization add back	(2 903)	(2 880)	(1 512)	(1 649)	(2 587)	(2 007)	(1 912)	(1 147)	(1 466)
PCAN segment									
Revenues total	750	672	619	619	620	675	805	837	990
Cost of sales	560	509	474	472	484	512	629	679	810
Gross profit	**190**	**163**	**145**	**148**	**136**	**163**	**175**	**159**	**180**
Gross margin %	*25 %*	*24 %*	*23 %*	*24 %*	*22 %*	*24 %*	*22 %*	*19 %*	*18 %*
Personnel	157	154	146	116	131	136	176	200	218
Other OPEX	76	88	89	86	69	71	86	97	96
OPEX	**233**	**242**	**235**	**203**	**200**	**206**	**261**	**298**	**314**
EBITDA	**(43)**	**(79)**	**(89)**	**(55)**	**(65)**	**(44)**	**(86)**	**(139)**	**(134)**
GROUP									
Revenues, all segments	4 193	4 202	4 210	3 920	3 574	4 858	6 095	6 304	6 371
Intra-segment eliminations	(78)	(62)	(58)	(39)	(34)	(39)	(39)	(41)	(41)
Revenues consolidated	**4 115**	**4 140**	**4 152**	**3 881**	**3 540**	**4 818**	**6 056**	**6 263**	**6 330**
Gross profit	**2 987**	**3 036**	**3 170**	**2 916**	**2 426**	**3 645**	**4 686**	**4 717**	**4 594**
Gross margin %	*73 %*	*73 %*	*76 %*	*75 %*	*69 %*	*76 %*	*77 %*	*75 %*	*73 %*
OPEX	**7 779**	**5 911**	**6 756**	**4 466**	**5 518**	**5 779**	**6 093**	**6 689**	**5 904**
EBITDA	**(4 793)**	**(2 875)**	**(3 585)**	**(1 550)**	**(3 092)**	**(2 134)**	**(1 407)**	**(1 972)**	**(1 310)**
NON-IFRS adjustment of OPEX level									
Total reported OPEX adjustment items	1 847	(75)	684	121	901	523	(95)	659	204
Estimated full effect of cost-reduction program			1 299	176				525	
EBITDA Adjusted	**(2 946)**	**(2 950)**	**(1 602)**	**(1 253)**	**(2 191)**	**(1 611)**	**(1 502)**	**(789)**	**(1 106)**
Capitalized operating expense				(450)	(460)	(440)	(496)	(498)	(494)
EBITDA Adjusted with Capitalization add back	(2 946)	(2 950)	(1 602)	(1 703)	(2 651)	(2 051)	(1 998)	(1 286)	(1 600)

Revenue development breakdown

Annualized figures *USD 1,000*	**Q3 2015**	**Q4 2015**	**Q1 2016**	**Q2 2016**	**Acc. last 4 periods**
SaaS segment					
Revenue in previous quarter	11 816	16 732	21 162	21 866	11 816
New recurring license revenue effect	2 441	1 650	1 672	1 158	6 921
Acquired recurring license revenue	2 848	2 781	520	-	6 149
Churn effect	(520)	(489)	(648)	(1 438)	(3 094)
Change in service revenue and other variables	367	876	(892)	47	398
Currency effect	(220)	(388)	52	(109)	(665)
Revenue this quarter	16 732	21 162	21 866	21 525	21 525
Accumulated currency effect, reversed	220	608	556	665	665
Outbound revenue currency adjusted	16 952	21 770	22 422	22 190	22 190
Group					
Cxense SaaS segment revenue					21 525
PCAN segment - Q2 2016 reported					3 960
Intra-segment eliminations - Q2 2016 reported					(164)
Group reported revenue annualized					**25 321**
Q2 Group reported revenue (in the quarter)					*6 330*
Q2 run-rate adjustments					
Full effect of contracts closed until 22 August 2016 (SaaS segment)					2 275
Full effect of known churn until 22 August 2016 (SaaS segment)					(597)
Group run-rate revenue after adjustments					**26 999**
Whereof Q2 SaaS run-rate revenue after adjustments					23 203

Financial review

Q2 2016 group revenues amounted to USD 6.33 million, an increase of 79% compared to Q2 2015 revenues of USD 3.54 million, and an increase of 1% from Q1 2016 revenues of USD 6.26 million. The sequential increase is driven by new software license revenues of USD 290 thousand, and change in service revenues and other variable revenues of USD 12 thousand. Churn was USD -359 thousand for the period, and currency effects of USD -27 thousand. The PCAN segment revenue increased by USD 153 thousand from Q1 2016.

The Cxense group has two business segments: Cxense Software-as-a-Service (SaaS) and Cxense Publisher Controlled Advertising Networks (PCAN). The Q2 2016 revenues from the SaaS segment were USD 5.38 million for external customers, and inter-segment revenues were USD 41 thousand. The SaaS segment revenues relate predominantly to sales of recurring software licenses and some implementation services.

Q2 2016 revenues from the PCAN segment amounted to USD 990 thousand, up 18.3% from Q1 2016. The revenues represents sales of performance based and programmatic online advertising. The growth over the last 12 months relates to a new focus on programmatic advertising products with good interest from several publishers in both Spain and Spanish speaking Latin America. In Q2 2016, HIBU Argentina S.L. (HIBU), a company controlled by the Latin American publisher Publicar, entered an investment agreement with Premium Audience Network s.l.u, (PAN), the entity behind the PCAN segment, and Cxense ASA. HIBU agreed to invest USD 500 thousand in PAN and Cxense ASA agreed to convert USD 650 thousand of debt issued to PAN into equity. The investment proceeds from HIBU will be used to expand the PCAN segment operations in Spain and Latin America and Cxense is pleased to now have a strong investment partner for this business segment. The transaction is expected to close in Q3 2016 and Cxense expects to increase its current ownership in PAN from 51% to 53%. HIBU has obtained an option to further invest in PAN after this transaction.

The Q2 2016 group cost of sales amounted to USD 1.74 million, compared to USD 1.11 million in Q2 2015. The SaaS segment cost of sales for Q2 2016 was USD 0.97 million, while the PCAN segment was USD 0.81 million. Cost of sales within the SaaS segment predominantly relates to the hosting of the software applications used by the company’s customers. Cost of sales within the PCAN segment relates to revenue share paid to publishers providing their advertising space, as well as agency commissions paid to advertising agencies. The Q2 2016 gross margin for the SaaS segment was 82%, compared to 78% in Q2 2015 and 83% in Q1 2016. The Q2 2016 PCAN segment gross margin was 18%, compared to 22% in Q2 2015.

The Q2 2016 employee benefit expenses were USD 3.89 million, compared to USD 3.19 million in Q2 2015 and USD 4.86 million in Q1 2016. The sequential decrease is a result of the previously announced cost-reduction initiatives and related one-time restructuring costs included in the Q1 2016 accounts. Capitalization of employee benefit expenses related to software development activities amounted to USD -0.39 million in Q2 2016.

Other operating expenses amounted to USD 2.01 million in Q2 2016, compared to USD 2.32 million in Q2 2015. The majority of the expenses relate to travel, marketing and external consulting. USD 103 thousand in other operating expenses were capitalized, related to software development activities. R&D refund related to other operating expenses amounted to USD 42 thousand in Q2 2016.

The Q2 2016 EBITDA was USD -1.31 million, compared to USD -3.09 million in Q2 2015 and USD -1.97 million in Q1 2016.

Depreciation and amortization in Q2 2016 was USD 835 thousand, compared to USD 399 thousand in Q2 2015. This increase in depreciation and amortization is attributable amortization of capitalized R&D of USD 68 thousand and amortization of intangible assets from the acquisitions of Maxifier and Ramp Media of USD 390 thousand in Q2 2016. Maxifier was consolidated into the accounts per Q3 2015 and Ramp per Q4 2015.

Finance income in Q2 2016 was USD 60 thousand relating to agio and interest earned on bank deposits. Finance income in Q2 2015 was USD 14 thousand. Finance expenses, mainly relating to disagio, amounted to USD 259 thousand in Q2 2016, compared to USD 38 thousand in Q2 2015

The Q2 2016 estimated share of profit of investments in associated companies of USD -142 thousand relates to the investment in the associated company mporium Group PLC, where Cxense holds a 21.3% stake. The mporium share of profit was included in the accounts from Q3 2015 following IFRS and the equity method for associated companies. The loss included is booked against the book value of the investment – reducing this book value accordingly.

Tax income for Q2 2016 was USD 10 thousand, compared to a tax expense of USD 19 thousand in Q2 2015. In general, the income tax expense arises in the Cxense SaaS subsidiaries in USA, Japan and Australia that perform Sales & Marketing and Research & Development activities for the parent company, based on inter-company agreements (with arm's-length pricing principles).

The group net loss amounted to USD 2.50 million in Q2 2016, compared to USD 3.50 million in Q2 2015 and USD 3.19 million in Q1 2016. This represents a Q2 2016 loss of USD 0.0004 per share, compared to a loss of USD 0.0008 per share in Q2 2015.

Total assets at the end of Q2 2016 amounted to USD 55.4 million, compared to USD 21.4 million as at Q2 2015. The large total asset increase in the period relates mostly to the acquisition of Maxifier and Ramp as well as the June 2016 private placement. Total equity at the end of Q2 2016 was USD 41.8 million, compared to USD 14.4 million at the end of Q2 2015.

Goodwill of USD 14.4 million as at 30 June 2016 relates to the acquisitions of Emediate, Maxifier and Ramp Media, of USD 3.8 million, USD 5.9 million and USD 4.7 million, respectively.

The Q2 2016 intangible assets of USD 12.8 million relate to the excess value from the Ramp Media acquisition of USD 6.0 million, Maxifier acquisition of USD 1.6 million, excess value from the Emediate acquisition of USD 2.6 million and capitalized R&D of USD 2.5 million. Cxense holds 21.3% of the shares in mporium Group PLC, which is classified as an associated company.

Trade receivables were at USD 3.45 million (equal to 49 days of inventory) at the end of Q2 2016, compared to USD 3.73 million in Q1 2016, and compared to USD 1.74 million (44 days) at the end of Q2 2015. The decrease from Q1 2016 to Q2 2016 reflects focus on collection efforts. The SaaS segment trade receivables were at USD 2.56 million at the end of Q2 2016 (equal to 43 days of inventory) and the PCAN segment trade receivables amounted to USD 0.98 million (82 days).

The Q2 2016 cash position amounted to USD 19.2 million, compared to USD 5.38 million at the end of Q2 2015 and USD 3.1 million in Q1 2016. The change relates mostly to the private placement completed in June 2016.

Other long-term liabilities at the end of Q2 2016 were USD 2.76 million, compared to nil in Q2 2015. The increase relates to the long-term deferred acquisition consideration in relation to the Maxifier and Ramp Media acquisitions of USD 2.0 million and USD 0.8 million, respectively.

Total current liabilities at the end of Q2 2016 were USD 10.02 million, compared to USD 6.58 million at Q2 2015. The increase is mainly related to the current deferred acquisition consideration in relation to the Maxifier acquisition of USD 2.8 million. In addition, an increased number of contracts with quarterly or annual up-front payments contributed to the increase.

Net cash flow used in operating activities was USD 1.53 million in Q2 2016, compared to USD 1.54 million in Q2 2015. The Q2 2016 cash flow used in operating activities was USD 0.22 million higher than the Q2 2016 EBITDA. Trade receivables decreased by USD 261 thousand.

Q2 2016 net cash flow from investments was USD -459 thousand, mainly explained by capitalization of R&D. This compares to cash flow from investments of USD -1.24 million in Q2 2015. The decrease from Q2 2015 to Q2 2016 is due to the investment in mporium made in Q2 2015.

Net cash flow from financing activities was 18.1 million in Q2 2016 following a private placement of 1,250,000 new shares. Net cash flow from financing activities was USD -134 thousand in Q2 2015.

First half 2016

H1 2016 group revenue amounted to USD 12.59 million, compared to H1 2015 revenues of USD 7.42 million. The increase is driven by higher activity within the SaaS segment and the acquisitions of Ramp Media and Maxifier Inc. in 2015.

The H1 2016 group cost of sales amounted to USD 3.28 million, compared to USD 2.08 million in H1 2015. The H1 2016 employee benefit expenses were USD 8.75 million, compared to USD 6.11 million in H1 2015.

Other operating expenses amounted to USD 3.84 million in H1 2016, compared to USD 3.87 million in H1 2015. The majority of the expenses are related to travel, marketing and external consulting (audit, legal and other).

The H1 2016 EBITDA was USD -3.28 million, compared to USD -4.64 million in H1 2015.

The depreciation and amortization in H1 2016 were USD 1.7 million, compared to USD 0.76 million in H1 2015. This increase in depreciation and amortization is attributable to capitalization of R&D and amortization of intangible assets from the acquisitions of Maxifier and Ramp Media.

The Finance income in H1 2016 was USD 82 thousand, largely relating to interest earned on bank deposits. Finance income in H1 2015 was USD 110 thousand. Finance expenses, mostly relating to currency expenses, amounted to USD 452 thousand in H1 2016 and USD 123 thousand in H1 2015.

The H1 2016 estimated share of profit of investments in associated companies of USD -291 thousand relates to the investment in the associated company mporium, where Cxense holds a 21.3% stake.

Tax income for H1 2016 was USD 37 thousand, compared to a tax expense of USD 25 thousand in H1 2015. In general, the income tax expense arises in the Cxense SaaS subsidiaries in USA, Japan and Australia that perform Sales & Marketing and Research & Development activities for the parent company based on inter-company agreements (with arm's-length pricing principles).

The group net loss amounted to USD 5.68 million in H1 2016, compared to USD 5.38 million in H1 2015. This represents a H1 2016 loss of USD 0.0009 per share, compared to a loss of USD 0.0013 per share in H1 2015.

Net cash flow used in operating activities was USD 3.78 million in H1 2016, compared to USD 4.31 million in H1 2015.

H1 2016 net cash flow used for investments was USD 0.98 million, mainly related to investments in intangible assets, compared to USD 1.64 million used in H1 2015. The decrease mainly relates to the investment in mporium. Investments in intangible assets relate to capitalization of development expenses.

Net cash flow from financing activities was USD 18.1 million in H1 2016 following a private placement of 1,250,000 new shares in Q2 2016. Net cash flow from financing in H1 2015 was USD 8.49 million following an issue of new shares in Q1 2015.

Risks and uncertainties

Cxense operates in a highly competitive and fragmented market with rapidly developing technologies, requiring investments in improving and enhancing the technology and solutions offered to satisfy customer requirements. Commercial success is linked to the technology and the commercialization of it, as well as related intellectual property rights. Cxense is in a growth phase, reflected in current losses and the risk of future losses. Cxense has an ambition to grow, both organically and by acquisitions, which may require additional capital. Cxense operates globally and is exposed to currency exchange rate fluctuations, which may affect earnings as well as various local tax laws. Please refer to the annual report and/or the most recent prospectus available at www.cxense.com.

Transactions with related parties

In connection with the subsequent offering completed 25 July 2016, several members of the board of directors and the management were allocated offer shares. See Note 4 for further details.

For detailed information on related party transactions, refer to Note 18 in the Cxense 2015 Annual Report.

Consolidated income statement

USD 1,000	Note	Q2 ended 30 June 2016	Q2 ended 30 June 2015	YTD 30 June 2016	YTD 30 June 2015	Year ended 31 Dec 2015
Continuing operations:						
Revenue		6 330	3 540	12 593	7 422	18 296
Operating expense						
Cost of sales		1 737	1 112	3 283	2 077	4 622
Employee benefit expense		3 893	3 194	8 750	6 113	14 162
Depreciation & amortization expense		835	399	1 700	757	2 043
Other operating expense		2 011	2 324	3 843	3 872	7 696
Total operating expense		**8 475**	**7 030**	**17 576**	**12 819**	**28 522**
Net operating income/(loss)		**(2 145)**	**(3 490)**	**(4 983)**	**(5 398)**	**(10 226)**
Financial income and expense						
Finance income		60	14	82	110	1 111
Finance expense		(259)	(38)	(452)	(123)	(444)
Net financial income/(expense)		**(199)**	**(24)**	**(370)**	**(12)**	**667**
Share of profit of investments accounted for using the equity method		(142)	0	(291)	0	250
Net income/(loss) before taxes		**(2 486)**	**(3 513)**	**(5 644)**	**(5 410)**	**(9 309)**
Income tax expense		10	(19)	37	(25)	110
Total net income/(loss) for the period		**(2 496)**	**(3 495)**	**(5 681)**	**(5 384)**	**(9 419)**
Net income/(loss) attributable to:						
Owners of the Company		(2 429)	(3 462)	(5 542)	(5 327)	(9 280)
Non-controlling interests		(67)	(33)	(140)	(58)	(138)
Earnings per share:						
Basic and diluted		(0.0004)	(0.0008)	(0.0009)	(0.0013)	(0.0020)

Statement of comprehensive income

Net income/(loss) for the period		(2 496)	(3 495)	(5 681)	(5 384)	(9 419)
Other comprehensive income:						
- Currency translation differences	1	(139)	321	385	(297)	(790)
Total comprehensive income/(loss)		**(2 635)**	**(3 174)**	**(5 296)**	**(5 681)**	**(10 209)**
Total comprehensive income/(loss) attributable to:						
Owners of the Company		(2 568)	(3 141)	(5 157)	(5 624)	(10 070)
Non-controlling interests		(67)	(33)	(140)	(58)	(138)

The interim financial information has not been subject to audit.

Consolidated statement of financial position

USD 1,000	Note	As at 30 Jun 2016	As at 30 June 2015	As at 31 Dec 2015
Assets				
Non-current assets				
Goodwill		14 364	3 807	14 365
Deferred tax asset		37	34	36
Intangible assets		12 785	4 550	13 181
Office machinery, equipment, etc.		242	361	419
Investments in associated companies		4 421	4 276	4 484
Other financial assets		243	199	241
Total non-current assets		**32 092**	**13 227**	**32 725**
Current assets				
Trade receivables		3 464	1 736	3 537
Other short-term assets		714	1 096	734
Cash and cash equivalents		19 169	5 376	5 829
Total current assets		**23 348**	**8 208**	**10 100**
Total assets		**55 440**	**21 435**	**42 825**
Equity and liabilities				
Equity				
Share capital	3	4 382	2 821	3 433
Own shares		-	-	-
Other paid-in capital		42 050	16 846	32 415
Currency translation differences		7 422	4 703	7 037
Retained earnings		(11 354)	(9 470)	(13 303)
Equity attributable to the holders of the Company		**42 500**	**14 900**	**29 583**
Non-controlling interest		(681)	(460)	(541)
Total equity		**41 819**	**14 440**	**29 042**
Liabilities				
Non-current liabilities				
Long-term interest bearing debt		0		
Deferred tax liabilities		844	414	1 060
Other long-term liabilities		2 761	-	2 656
Total non-current liabilities		**3 604**	**414**	**3 716**
Current liabilities				
Trade payables		1 360	1 073	1 381
Current taxes		149	74	179
Other short-term liabilities		8 508	5 434	8 508
Total current liabilities		**10 017**	**6 581**	**10 068**
Total liabilities		**13 621**	**6 995**	**13 784**
Total equity and liabilities		**55 440**	**21 435**	**42 825**

The interim financial information has not been subject to audit.

Consolidated Statement of Changes in Equity

USD 1,000	Nominal share capital	Own shares	Other paid-in capital	Currency translation differences	Retained earnings	Attributable to owners of parent company	Non-controlling interest	Total equity
Total equity as at 1 January 2015	**2 477**	**0**	**18 170**	**4 238**	**(15 097)**	**9 788**	**(403)**	**9 385**
Profit for the period					(9 280)	(9 280)	(138)	(9 419)
Other comprehensive income				(2 521)	1 730	(790)		(790)
Total comprehensive income/(loss) YTD 15	0	0	0	(2 521)	(7 550)	(10 070)	(138)	(10 209)
Reduction of paid-in capital	0	0	0	0	0	0	0	0
Transaction costs	0	0	(1 400)	0	0	(1 400)	0	(1 400)
Share-based payments	0	0	470	0	0	470	0	470
Increase in share capital	1 448	0	29 348	0	0	30 797	0	30 797
Purchase own shares	0	0	0	0	0	0	0	0
Reclassification of equity	0	0	(9 345)	0	9 345	0	0	0
Currency effects from translation of equity	(492)		(4 828)	5 320	0	0	0	0
Total equity as at 30 December 2015	**3 433**	**0**	**32 415**	**7 037**	**(13 303)**	**29 583**	**(541)**	**29 042**
Profit for the period					(5 542)	(5 542)	(140)	(5 681)
Other comprehensive income	0	0	0	2 071	(1 686)	385	0	385
Total comprehensive income/(loss) YTD 16'	0	0	0	2 071	(7 227)	(5 157)	(140)	(5 296)
Reduction of paid-in capital	0	0	0	0	0	0	0	0
Transaction costs	0	0	(767)	0	0	(767)	0	(767)
Share-based payments	0	0	230	0	0	230	0	229
Increase in share capital	779	0	17 832	0	0	18 611	0	18 611
Purchase own shares	0	0	0	0	0	0	0	0
Reclassification of equity	0	0	(9 176)	0	9 176	0	0	0
Currency effects from translation of equity	170	0	1 515	(1 686)	0	0	0	(0)
Total equity as at 30 Jun 2016	**4 383**	**0**	**42 050**	**7 422**	**(11 354)**	**42 500**	**(681)**	**41 819**

USD 1,000	Nominal share capital	Own shares	Other paid-in capital	Currency translation differences	Retained earnings	Attributable to owners of parent company	Non-controlling interest	Total equity
Total equity as at 1 January 2015	**2 477**	**0**	**18 170**	**4 238**	**(15 097)**	**9 788**	**(403)**	**9 385**
Profit for the period					(5 327)	(5 327)	(58)	(5 384)
Other comprehensive income	0	0	0	(895)	597	(297)	0	(297)
Total comprehensive income/(loss) YTD 15'	0	0	0	(895)	(4 730)	(5 624)	(58)	(5 681)
Reduction of paid-in capital	0	0	0	0	0	0	0	0
Transaction costs	0	0	(687)	0	0	(687)	0	(687)
Share-based payments	0	0	211	0	0	211	0	211
Increase in share capital	491	0	10 722	0	0	11 214	0	11 214
Purchase own shares	0	0	0	0	0	0	0	0
Reclassification of equity	0	0	(10 357)	0	10 357	0	0	0
Currency effects from translation of equity	(147)	0	(1 213)	1 360	0	0	0	0
Total equity as at 30 June 2015	**2 821**	**0**	**16 846**	**4 703**	**(9 470)**	**14 900**	**(460)**	**14 440**

The interim financial information has not been subject to audit.

Consolidated Statement of Cash Flow

USD 1,000	Q2 ended 30 June 2016	Q2 ended 30 June 2015	YTD 30 June 2016	YTD 30 June 2015	Year ended 31 Dec 2015
Cash flow from operating activities					
Profit/(loss) after income tax (including disposal group)	(2 496)	(3 495)	(5 681)	(5 384)	(9 419)
Adjustments:					
Income tax payable	(125)	(93)	(217)	(65)	(185)
Share-based payments	56	93	228	214	514
Share of profit of investments accounted for using the equity method	142	-	291		(250)
Depreciation and amortization	835	399	1 700	757	2 043
Currency translation effects	(173)	322	70	(302)	(733)
Change in trade receivables	261	384	73	414	(601)
Change in trade payables	(103)	(27)	(22)	(381)	(144)
Change in other accrual and non-current items	69	873	(217)	441	(712)
Net cash flow from/(used in) operating activities	**(1 534)**	**(1 544)**	**(3 775)**	**(4 306)**	**(9 488)**
Cash flow from investing activities					
Investment in furniture, fixtures and office machines	37	7	17	13	(27)
Investment in intangible assets	(496)	(484)	(992)	(890)	(5 802)
Investment in associated companies	-	(760)		(760)	(760)
Investment in subsidiary	-	-			193
Net cash effects from disposal subsidiary					
Net cash flow from/(used in) investing activities	**(459)**	**(1 237)**	**(976)**	**(1 637)**	**(6 398)**
Cash flow from financing activities					
Net proceeds from share issues	18 090	(134)	18 090	8 490	18 886
Increase in long-term debt					
Proceeds from minority interest					
Net cash flow from/(used in) financing activities	**18 090**	**(134)**	**18 090**	**8 490**	**18 886**
Net increase/(decrease) in cash and cash equivalents	**16 097**	**(2 915)**	**13 339**	**2 547**	**3 000**
Cash and cash equivalents at the beginning of the period	3 072	8 291	5 829	2 828	2 828
Cash and cash equivalents at the end of the period	**19 169**	**5 376**	**19 169**	**5 376**	**5 829**

The interim financial information has not been subject to audit.

Notes to the consolidated financial statements

Note 1: General information

Cxense ASA, which is the parent company of the Cxense group (the group), is a public limited liability company incorporated and domiciled in Norway, with its corporate headquarters in Oslo. Cxense ASA is listed on the Oslo Stock Exchange with ticker symbol CXENSE.

The company’s board of directors approved the condensed financial statements on 25 August 2016 after close of business on the Oslo Børs. The figures in the statements have not been audited.

The interim condensed consolidated financial statements for the first half-year of 2016, ending 30 June 2016, were prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the group’s 2015 annual report. The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the group’s annual financial statements for the year ended 31 December 2015. For information about the standards and interpretations effective from 1 January 2016, please refer to Note 2 in the group’s 2015 annual report. The standards and interpretations effective from 1 January 2016 do not have a significant impact on the group’s consolidated interim financial statements.

The presentation of equity and statement of comprehensive income has been changed, compared to the 2015 annual report. Currency effect from translation of the parent company’s equity to presentation currency is moved to other comprehensive income from equity. Historical comparable figures are restated accordingly. This does not affect the total equity for the company.

The mporium Group PLC share of profit is estimated, based on the latest interim financials made publicly available by mporium.

Note 2: Segment information

For management purposes, the group is organized into business units based on its products and services, and has two reportable segments:

- Cxense SaaS, which sells software-as-a-service applications based on the Extraordinary Insight Engine™ (EIE™) for real-time analysis of content, user context, and behavior. The EIE is fully integrated by a range of applications (web analytics, recommendations, search and targeted advertising), which are used by Cxense customers to improve their online businesses by increasing advertising revenue, page views, readership and conversion.
- Publisher-Controlled Advertising Networks (PCANs), which sell online advertising on the sites of various publishers, and distribute and share the advertising revenues generated in the network with publishers.

There have been no changes to the grouping of segments, compared to the 2015 annual report. EBITDA is defined as segment profit/loss.

Q2 ended 30 June 2016				
USD 1,000	**Cxense SaaS**	**PCAN**	**Eliminations**	**Consolidated**
Revenue				
External customers	5 341	990	0	6 330
Inter-segment	41	0	(41)	0
Revenues total	**5 381**	**990**	**(41)**	**6 330**
Gross profit	**4 414**	**180**	**(0)**	**4 594**
EBITDA	**(1 176)**	**(134)**	**(0)**	**(1 310)**

Q2 ended 30 June 2015				
USD 1,000	**Cxense SaaS**	**PCAN**	**Eliminations**	**Consolidated**
Revenue				
External customers	2 920	620	0	3 540
Inter-segment	34	0	(34)	0
Revenues total	**2 954**	**620**	**(34)**	**3 540**
Gross profit	**2 292**	**136**	**0**	**2 428**
EBITDA	**(3 025)**	**(65)**	**0**	**(3 090)**

YTD 30 June 2016				
USD 1,000	**Cxense SaaS**	**PCAN**	**Eliminations**	**Consolidated**
Revenue				
External customers	10 766	1 827	0	12 593
Inter-segment	82	0	(82)	0
Revenues total	**10 848**	**1 827**	**(82)**	**12 593**
Gross profit	**8 972**	**339**	**0**	**9 310**
EBITDA	**(3 010)**	**(273)**	**0**	**(3 283)**
Total segment assets	**53 820**	**1 376**	**243**	**55 440**
Total segment liabilities	**11 798**	**1 921**	**(97)**	**13 621**

YTD 30 June 2015				
USD 1,000	**Cxense SaaS**	**PCAN**	**Eliminations**	**Consolidated**
Revenue				
External customers	6 183	1 239	0	7 422
Inter-segment	73	0	(73)	0
Revenues total	**6 256**	**1 239**	**(73)**	**7 422**
Gross profit	**5 061**	**284**	**0**	**5 345**
EBITDA	**(4 521)**	**(119)**	**0**	**(4 640)**
Total segment assets	**20 535**	**700**	**199**	**21 435**
Total segment liabilities	**6 082**	**948**	**(34)**	**6 995**

Reconciliation	**Q2 ended 30 June 2016**	**Q2 ended 30 June 2015**	**YTD 30 June 2016**	**YTD 30 June 2015**	**Year ended 31 Dec 2015**
USD 1,000					
Total net income/(loss) for the period	**(2 496)**	**(3 495)**	**(5 681)**	**(5 384)**	**(9 417)**
Income tax	(10)	19	(37)	25	(110)
Net income/(loss) before taxes	**(2 486)**	**(3 513)**	**(5 644)**	**(5 410)**	**(9 308)**
Share of profit of investments accounted for using the equity method	142	0	291	0	(250)
Net financial (income)/expense	199	24	370	12	(667)
Depreciation & amortization expense	835	399	1 700	757	2 042
EBITDA	**(1 310)**	**(3 090)**	**(3 283)**	**(4 640)**	**(8 183)**

Note 3: Share capital

On 5 February 2016, Cxense and Ramp Holdings, Inc. agreed on closing adjustments and the final purchase price adjustment related to the acquisition of the media business in 2015. The seller was entitled to an additional USD 550,360.71, which was paid in the form of Cxense consideration shares. Cxense issued 43,583 shares to Ramp Holdings to settle the purchase price adjustment. The subscription price per share was NOK 103.44.

An extraordinary general meeting (EGM) in Cxense ASA on 21 June 2016 approved a NOK 150 million private placement towards Aker ASA, Ferd AS and Charles Street International Holdings Ltd. The placement consisted of 1,250,000 new shares of NOK 120 per share.

After the share capital increase, the total share capital was NOK 36,710,270 divided into 7,342,054 shares, each share having a par value of NOK 5.00.

As of 30 June 2016, there were 475,000 warrants and 243,225 share options and subscription rights outstanding.

Note 4: Related-party transactions

In connection with the subsequent offering completed 25 July 2016, offer shares were allocated to related parties of Cxense ASA:

Name	Shares allocated in subsequent offering	Number of shares after completion	Warrants after completion	Options after completion	Subscription rights after completion
Morten Opstad (BoD), through Marc O Polo Norge AS	529	10 829	1 000		
Svein Ramsay Goli (BoD), through RAMS AS	2 577	52 577	5 000		
Ståle Bjørnstad (CEO)	361	7 399	2 500		27 500
Jørgen Loeng (CFO), through JLO Invest AS	1 350	34 350		20 000	10 000
Aleksander Øhrn (CTO)	2 762	75 762			7 000
Camilla G. Moen (EVP HR)	292	5 992			1 000

See Note 5 for more details.

Note 5: Events after the reporting period

A subsequent offering of new shares was completed in July 2016 following an approval at the EGM on 21 June 2016. A total of 208,333 new shares were offered and subscribed providing gross proceeds of NOK 25 million at a share price of NOK 120. Eligible shareholders where granted 0.03784 subscription rights for each share held. Following the subsequent offering, the total share capital is NOK 37,768,935 divided onto 7,553,787 shares, each at par value of NOK 5.00.

On 18 July 2016, Cxense acquired 8,790,403 shares at a price per share of 7.5p in mporium Group PLC, through a private placement. Following the private placement, Cxense holds 108,790,403 shares in mporium which represents 21.25% of the outstanding shares.

On 10 August 2016, the board of directors of Oslo Børs resolved to admit shares in Cxense ASA to listing on Oslo Børs. Cxense ASA was transferred from Oslo Axess to Oslo Børs from and including 12 August 2016.

For stock exchange notices, please see www.cxense.com

Responsibility statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2016 has been prepared in accordance with IAS 34-Interim Financial Reporting, and gives a true and fair view of the Cxense group's assets, liabilities, financial position and results for the period. We also confirm, to the best of our knowledge, that the financial review includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the financial statements, any major related parties transactions, and a description of the principal risks and uncertainties for the remaining six months of the financial year.

The Board of Directors of Cxense ASA

Oslo, 25 August 2016

Morten Opstad (Chairman of the board)	Svein Ramsay Goli (Director)	Bente Sollid Storehaug (Director)
Nadine Sharara (Director)	David Rowe (Director)	Ståle Bjørnstad (CEO)