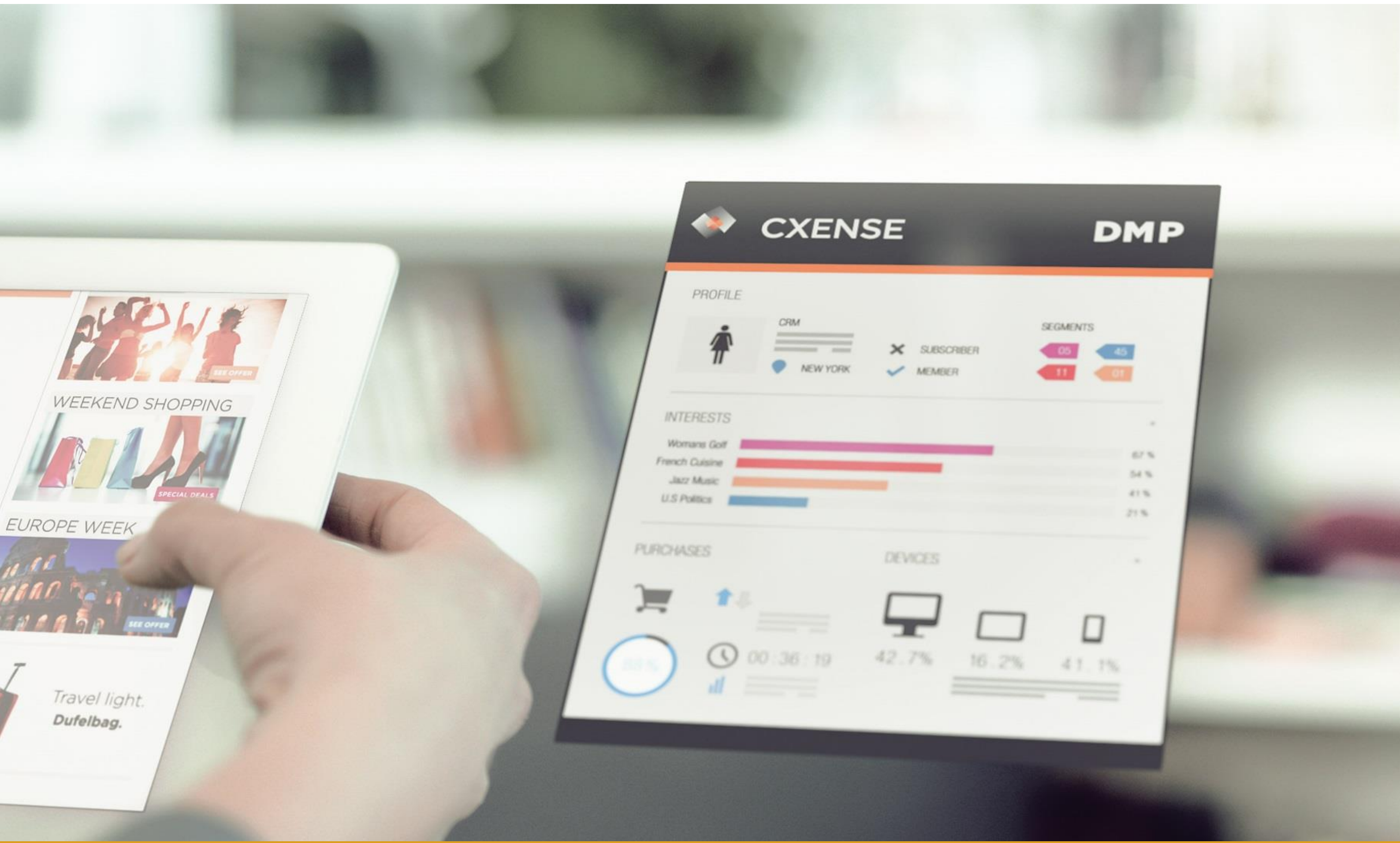
CXENSE

Third quarter report 2015



EXTRAORDINARY INSIGHT

Highlights

- Q3 2015 revenues of USD 4.8 million, up 36% from previous quarter
- Organic revenue growth in SaaS segment of 17.5% over previous quarter
- Major new contracts signed with Gannett (USA Today), Softbank Group Company ITMedia, Lawson convenience store in Japan, The Weather Channel, Japan Tobacco and Australian broadcaster SBS
- Maxifier integration completed with widened product offering and substantial cost reductions
- Adjusted Q3 2015 EBITDA of USD -1.6 million, a loss reduction of 0.6 million vs Q2 2015
- The acquisition of Ramp Media in October 2015 strengthens our footprint in North America and extends our offering to the rapidly growing video solutions market, adding clients such as ABC News, FOX Sports, the NFL and the NBA
- Successfully raised USD 11.4 million in new equity
- Cxense is well positioned in the middle of the personalization trend, and experiences strong demand for its combined software offering from publishers, the bank and finance sector, and branded consumer goods

Key figures

		Growth effects			Change
USD 1 000	**Q2 2015**	**Acquired**	**Organic**	**Q3 2015**	**q/q**
Revenues	**3 540**			**4 818**	36 %
SaaS segment	2 954	712	517	4 183	42 %
PCAN segment	620		55	675	9 %
Inter-segment elimination	(34)		(5)	(39)	
Gross profit	**2 426**	655	565	**3 646**	50 %
Gross margin SaaS segment	78 %			83 %	
Gross margin PCAN segment	24 %			24 %	
OPEX	5 518			5 779	
Non-IFRS OPEX adjustments	(901)			(523)	
OPEX adjusted	**4 617**	1 470	(831)	**5 256**	14 %
EBITDA	(3 092)			(2 134)	
EBITDA adjusted	**(2 191)**	(815)	1 396	**(1 611)**	26 %

"Cxense continued to experience significant sales growth in Q3 2015, and combined with tight cost control, the company shrunk the EBITDA loss. It is our clear goal to be profitable in 2016 at the same time as we continue to drive the sales growth. Our position within our defined markets is strong, and we are now developing new verticals to extend our market presence."

Ståle Bjørnstad, CEO, Cxense ASA.

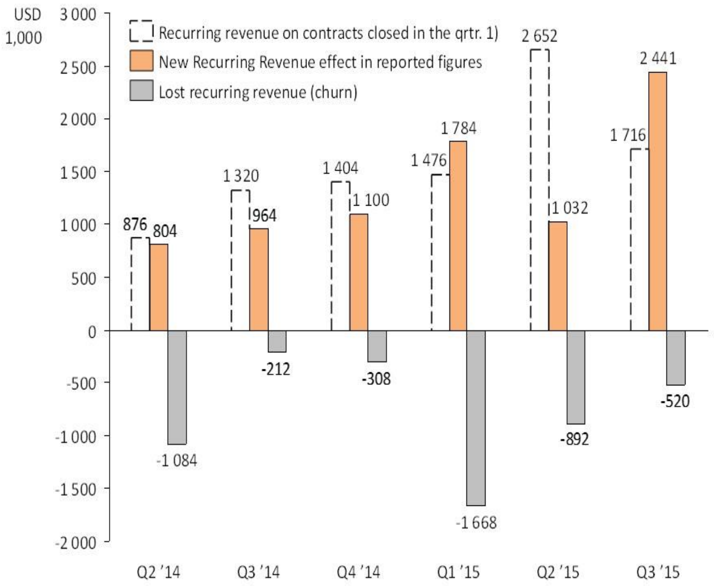
Operational review

Q3 2015 was a strong quarter for Cxense with contracts signed with major players within all geographical markets. Cxense also finalized the Maxifier transaction in the quarter and the Ramp Media acquisition after the end of Q3 2015. Organic growth combined with the two acquisitions in North America creates a solid platform for Cxense to continue its expansion.

Cxense strengthened its presence within bank and finance sector, and branded consumer goods. Commercial Bank of Dubai significantly increased its contract size during Q3 2015, and Cxense signed contracts with Japan Tobacco and SBS Australia.

In October 2015, Cxense acquired Ramp Media. Ramp Media provides a stronger footprint in North America, bringing more than 40 new clients to the Cxense portfolio with significant up-sell potential. The combination of the Ramp Media video server and the Cxense Data Management Platform (DMP) provides a strong service offering towards the rapidly growing video segment. Cxense has begun providing a combined service offering to a few clients, and we will focus on a quick roll out over the next months.

The Maxifier acquisition closed in the beginning of Q3 2015, and though losing approximately USD 270k per month at the time of the takeover, the company had a break-even run rate at the end of the quarter, through integration and cost synergy realization. Maxifier was fully consolidated in Q3 2015.



Through cost synergy realization Cxense incurred only a 14% adjusted OPEX increase from Q2 2015 to Q3 2015 following the Maxifier acquisition. Revenues increased 36% in the same period through both acquired and organic growth. As a result Cxense reduced the adjusted EBITDA loss by 26%. The company maintains focus on the cost base while continuing to grow the top line, and expects to EBITDA profitable in 2016.

mporium, the UK-based partner within e-commerce, owned 23.2% by Cxense, is continuing to extend its service offering. Cxense has high expectations for the relationship.

The Software-as-a-Service (SaaS) revenue model represents a predictable revenue stream for Cxense ASA. Contracts are normally signed for 12 months with automatic renewal, promoting long-term relationships with customers. In Q3 2015, Cxense closed new contracts with annualized recurring revenue value of USD 1.72 million compared to USD 2.65 million in the record quarter Q2 2015 and compared to USD 1.32 million in Q3 2014 (a 30% increase in new sales output). The Q3 2015 level of new sales represent the second best quarter ever for Cxense. The holiday season, as well as corporate restructuring, affected new sales in the quarter. Cxense closed 31 new contracts in Q3 2015 with an average annualized recurring revenue value per contract of USD 55 thousand. There was on average 17 effective full sales quota holders during the quarter, temporarily down from 20 the previous quarter due to corporate restructuring.

The Q3 2015 annualized revenue effect from churn was USD -0.5 million, a significant improvement vs. Q2 2015 at USD -0.8 million. The Q3 2015 net annualized recurring revenue effect of new sales and churn was USD 1.2 million which translates to an underlying quarterly organic growth rate of 10% (46% annualized) over the Q2 2015 annualized recurring revenue base of the SaaS segment.

The gross margin increased to 83% in Q3 2015 from 78% in Q2 2015 because of the Maxifier acquisition, as well as hosting cost improvements during the quarter.

Quarterly revenue development breakdown

Annualized figures USD 1 000	**Q4 2014**	**Q1 2015**	**Q2 2015**	**Q3 2015**	**Acc. last 4 periods**
SaaS segment					
Revenue in previous quarter	14 119	14 360	13 200	11 816	14 119
New recurring license revenue effect	1 100	1 784	1 084	2 441	6 409
Acquired recurring license revenue	-	-	-	2 848	2 848
Churn effect	(308)	(1 668)	(892)	(520)	(3 388)
Change in service revenue and other variables	281	(412)	(1 280)	367	(1 044)
Currency effect	(832)	(864)	(296)	(220)	(2 212)
Revenue this quarter	14 360	13 200	11 816	16 732	16 732
Accumulated currency effect, reversed	832	1 696	1 992	2 212	2 212
Outbound revenue currency adjusted	15 192	14 896	13 808	18 944	18 944
Group					
Cxense SaaS segment revenue					16 732
PCAN segment - Q3 2015 reported					2 700
Intra-segment eliminations - Q3 2015 reported					(156)
Group reported revenue annualized					**19 276**
Q3 Group reported revenue (in the quarter)					*4 818*
Q3 run-rate adjustments					
Full effect of contracts closed until 30 October 2015 (SaaS segment)					1 158
Full effect of known churn until 30 October 2015 (SaaS segment)					(241)
Group run-rate revenue after adjustements					**20 194**
Whereof Q3 SaaS run-rate revenue after adjustements					17 650

Acquisitions

The Ramp Media acquisition

On 21 September 2015, Cxense announced the acquisition of the media business of Ramp Holdings Inc., which holds a leading position in the video advertising, personalization and recommendation market. The deal strengthens Cxense's position in North America with a new Boston office in addition to the existing New York and Miami offices. The acquired business has 21 employees. Ramp Holdings Inc. CEO Tom Wilde became Cxense General Manager, Americas, following the acquisition. The Ramp transaction closed on 23 October 2015.

The acquired operations are a Software-as-a-Service ("SaaS")-based video platform, delivering solutions for indexing, tagging, search, and publishing of online video content. The platform features unique capabilities driving increased discovery, engagement and monetization of premium video assets across hundreds of tier-one media sites in North America. Following the acquisition, ABC News, Fox Sports, Meredith Digital, and Comcast are among key new Cxense clients.

Video advertising is already a USD billion-dollar market and the fastest-growing segment within online advertising. Being able to engage audiences and drive more video consumption leads media and online businesses to higher revenue. Cxense is now in a position to help publishers and digital businesses worldwide maximize the value of their video assets. The acquired business has a contracted annualized revenue value at closing of about USD 5 million where some minor part of the contracts is expected to be discontinued.

Cxense paid USD 4.5 million in cash and issued USD 5.5 million in new Cxense shares for the business at NOK 103.44 per share. There are additional earn-out mechanisms, which may reach up to USD 9 million in additional payments. Cxense financed the cash part of the consideration with parts of the proceeds raised in the private placement announced on 9 September 2015. (See stock exchange notices dated 21 and 23 September 2015 for details.)

Update on the Maxifier integration

Maxifier, acquired by Cxense as of 3 July 2015, provides online advertising optimization, complementing Cxense's data-driven products focused on personalizing and optimizing digital user experiences. During Q3 2015, the Maxifier operations were successfully integrated, and Cxense reduced costs down to a break-even run-rate as of the end of September. Several new clients have signed for Maxifier products since closing, including North American Outreach and The Weather Channel. Cxense has also been able to leverage on Maxifier's Russian R&D organization, which has strengthened in-house software development capabilities and led to several valuable product development initiatives.

Update on mporium partnership

In May 2015, Cxense signed a three-year OEM license agreement with UK mobile e-commerce provider mporium group plc. The agreement allows mporium to upgrade their mobile e-commerce solutions with Cxense advanced, real-time technology, while Cxense gets distribution of its horizontal SaaS technology platform into another high-growth industry vertical, mobile e-commerce, and an additional marketing channel for the entire Cxense SaaS suite.

Cxense holds a total of 100,000,000 shares in mporium (AIM-listed in London under the ticker MPN), with a book value of USD 3.3 million and a fair value of USD 7.8 million. (See Note 10.)

Financial development summary

USD 1 000	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
	IFRS	*IFRS*	*IFRS*	*IFRS*	*IFRS*	*IFRS*	*IFRS*	*IFRS*	*IFRS*
SaaS segment									
Revenues total	**1 090**	**2 650**	**3 568**	**3 442**	**3 530**	**3 591**	**3 301**	**2 954**	**4 183**
Cost of sales	179	501	644	646	666	565	532	664	700
Gross profit	**911**	**2 149**	**2 924**	**2 797**	**2 864**	**3 025**	**2 769**	**2 290**	**3 483**
Gross margin %	*84 %*	*81 %*	*82 %*	*81 %*	*81 %*	*84 %*	*84 %*	*78 %*	*83 %*
Personnel	1 833	2 935	3 055	3 861	4 034	4 487	2 802	3 063	3 834
Other OPEX	643	1 849	1 662	3 685	1 635	2 034	1 462	2 255	1 739
OPEX	**2 476**	**4 784**	**4 717**	**7 546**	**5 669**	**6 521**	**4 264**	**5 318**	**5 573**
EBITDA	**(1 565)**	**(2 635)**	**(1 793)**	**(4 750)**	**(2 805)**	**(3 496)**	**(1 495)**	**(3 028)**	**(2 090)**
NON-IFRS adjustment of OPEX level:									
Share-based payment costs					137	136	121	93	156
Share-based social costs provision						76		10	(130)
Salary and social restructuring provisions/costs						345		140	327
Office moving costs and restructuring costs					57	68			126
Extraordinary/special				40	50	496			
One-off provision for doubtful debt				200	(130)	210			
Transaction costs		436		1 607	(189)	(419)		658	195
R&D refund						(228)			(152)
Total reported OPEX adjustment items		**436**		**1 847**	**(75)**	**684**	**121**	**901**	**523**
Estimated full effect of cost reduction-program						1 299	176		
OPEX adjusted	**2 476**	**4 348**	**4 717**	**5 699**	**5 744**	**4 538**	**3 967**	**4 417**	**5 050**
EBITDA Adjusted	**(1 565)**	**(2 199)**	**(1 793)**	**(2 903)**	**(2 880)**	**(1 512)**	**(1 199)**	**(2 126)**	**(1 568)**
Capitalized operating expense							(450)	(460)	(440)
EBITDA Adjusted with Capitalization add back	(1 565)	(2 199)	(1 793)	(2 903)	(2 880)	(1 512)	(1 649)	(2 587)	(2 007)
PCAN segment									
Revenues total	**685**	**634**	**672**	**750**	**672**	**619**	**619**	**620**	**675**
Cost of Goods Sold	523	450	502	560	509	474	472	484	512
Gross profit	**162**	**184**	**170**	**190**	**163**	**145**	**148**	**136**	**163**
Gross margin %	*24 %*	*29 %*	*25 %*	*25 %*	*24 %*	*23 %*	*24 %*	*24 %*	*24 %*
Personnel	109	107	145	157	154	146	116	131	136
Other OPEX	35	78	84	76	88	89	86	69	71
OPEX	**144**	**185**	**229**	**233**	**242**	**235**	**203**	**200**	**206**
EBITDA	**18**	**(1)**	**(59)**	**(43)**	**(79)**	**(89)**	**(55)**	**(65)**	**(44)**
Group									
Revenues all segments	1 775	3 284	4 240	4 193	4 202	4 210	3 920	3 574	4 858
Intra-segment eliminations	(67)	(72)	(66)	(78)	(62)	(58)	(39)	(34)	(39)
Revenues consolidated	**1 708**	**3 212**	**4 174**	**4 115**	**4 140**	**4 152**	**3 881**	**3 540**	**4 818**
EBITDA	**(1 547)**	**(2 636)**	**(1 852)**	**(4 793)**	**(2 875)**	**(3 585)**	**(1 550)**	**(3 092)**	**(2 134)**
NON-IFRS adjustment of OPEX level:									
Total reported OPEX adjustment items		**436**		**1 847**	**(75)**	**684**	**121**	**901**	**523**
Estimated full effect of cost-reduction program						1 299	176		
EBITDA Adjusted	**(1 547)**	**(2 200)**	**(1 852)**	**(2 946)**	**(2 950)**	**(1 602)**	**(1 253)**	**(2 191)**	**(1 611)**
Capitalized operating expense							(450)	(460)	(440)
EBITDA Adjusted with Capitalization add back	(1 547)	(2 200)	(1 852)	(2 946)	(2 950)	(1 602)	(1 703)	(2 651)	(2 051)

Financial review

Q3 2015 Group revenues amounted to USD 4.82 million, an increase of 16 percent, compared to Q3 2014 revenues of USD 4.14 million, and an increase of 36 percent from Q2 2015 revenues of USD 3.54 million. The sequential increase is driven by new software license- and service revenues of USD 610 thousand, contribution from Maxifier of USD 712 thousand, and change in service revenues and other variable revenues of USD 92 thousand. These more than offset the negative effect from churn of USD -130 thousand for the period and currency effects of USD -55 thousand. The PCAN segment revenue increased by USD 55 thousand from Q2 2015.

The Cxense Group has two business segments: *Cxense Software-as-a-Service* (SaaS) and *Cxense Publisher Controlled Advertising Networks* (PCAN). The Q3 2015 revenues from the SaaS segment were USD 4.18 million for external customers, and inter-segment revenues was USD 39 thousand. The SaaS segment revenues relate predominantly to sales of recurring software licenses and some implementation services. Revenues from the PCAN segment, up 9 percent sequentially, at USD 0.68 million represents sales of online advertising.

The Q3 2015 Group cost of sales amounted to USD 1.17 million, compared to USD 1.11 million in Q3 2014. The SaaS segment cost of sales for Q3 2015 was USD 0.70 million, while the PCAN segment was USD 0.51 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 Q3 2015 gross margin for the SaaS segment was 83%, compared to 81% in Q3 2014 and 78% in Q2 2015. The Q3 2015 PCAN segment gross margin was 24%, in line with Q3 2014.

The Q3 2015 employee benefit expenses were USD 3.97 million, compared to USD 4.19 million in Q3 2014. Cost reductions relative to Q3 2014 relate to the streamlining of the organization in Q4 2014, accrual for R&D funds relating to personnel costs for the first three quarters of USD -0.15 million, as well as the capitalization of employee benefit expenses related to software development activities of USD 0.31 million in Q3 2015. A change in estimated share-based social cost provision resulted in an adjustment of USD -0.13 million in Q3 2015.

Other operating expenses amounted to USD 1.81 million in Q3 2015, compared to USD 1.72 million in Q2 2014. The majority of the expenses relate to travel, marketing and external consulting. USD 0.13 million in other operating expenses were capitalized related to software development activities. Cxense started capitalizing personnel benefit expenses and other operating expenses related to software development activities from Q1 2015 as the R&D department expanded and was organized with more separable tasks and deliverables.

The Q3 2015 EBITDA was USD -2.13 million, compared to USD -2.88 million in Q3 2014 and USD -3.09 million in Q2 2015.

Depreciation and amortization in Q3 2015 was USD 0.57 million, compared to USD 0.34 million in Q3 2014. This increase in depreciation and amortization is attributable to depreciation of hosting cost investments in the second half of 2014 and amortization of intangible assets from the acquisition of Maxifier of USD 0.10 million in Q3 2015

Finance income in Q3 2015 was USD 645 thousand, relating to a currency gain from Maxifier of USD 0.48 million and to interest earned on bank deposits. The currency gain from Maxifier relates to currency movement on intercompany positions within the Maxifier group. Following the acquisition Cxense has initiated a process to convert these intercompany positions to equity and going forward these movements will be reported in the comprehensive income. Finance income in Q3 2014 was USD 146 thousand. Finance expenses, mostly relating to currency expenses, amounted to USD 122 thousand in Q3 2015 and USD 72 thousand in Q2 2014.

The Q3 2015 share of profit of investments in associated companies of USD -692 thousand relates to the investment in the associated company mporium plc, where Cxense holds a 23.2% stake. The mporium share of profit was included in the accounts for the frst time in 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.

Income tax expense for Q3 2015 was USD 25 thousand, compared to USD -62 thousand in Q3 2014. 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 2.89 million in Q3 2015, compared to USD 3.08 million in Q3 2014 and USD 3.50 million in Q2 2015. This represents a Q3 2015 loss of USD 0.0006 per share, compared to a loss of USD 0.0008 per share in Q3 2014.

Total assets at the end of Q3 2015 amounted to USD 26.7 million, compared to USD 19.7 million as at Q3 2014, and USD 15.6 million at the end of Q4 2014. Total equity at the end of Q3 2015 was USD 13.9 million, compared to USD 14.2 million at the end of Q3 2104.

The Goodwill of USD 9.3 million relates to the acquisitions of Maxifier and Emediate, of USD 5.5 million and 3.8 million, respectively. For details on the Maxifier purchase price allocation see note 8 on Business Combinations.

The Q3 2015 intangible assets of USD 7.2 million relates to the excess value from the Maxifier acquisition of USD 2.7 million, excess value from the Emediate acquisition of USD 3.5 million and capitalized R&D of USD 1.1 million. In Q3 2014, Cxense invested USD 0.29 million in owned hosting infrastructure with an estimated monthly savings, compared to the leased solution being replaced, of USD 32 thousand from Q4 2014. Cxense holds 23.2% of the shares in mporium group plc, which is classified as an associated company.

Trade receivables were at USD 2.71 million (equal to 50 days of inventory[1]) at the end of Q3 2015 compared to USD 1.74 in Q2 2015 and compared to USD 2.72 million (59 days) at the end of Q3 2014. The increase from Q2 2015 to Q3 2015 relates to the Maxifier acquisition and revenue growth.

The Q3 2015 cash position amounted to USD 2.13 million, compared to USD 5.52 million at the end of Q3 2014 and USD 2.83 million at the end of Q4 2014. On 8 September 2015, Cxense completed a successful Private Placement, raising USD 9.6 million (NOK 80 million) at NOK 100 per share. In addition, a Subsequent Offering was completed on 5 November 2015, raising an additional USD 1.8 million (NOK 15 million) also at NOK 100 per share. For every two shares subscribed for and allocated in the subsequent offering, one warrant was issued free of charge. Each warrant entitles the holder to demand the issuance of one Cxense share at an issue price of NOK 130 per share. The warrant expiries on 12 November 2016; however, it may not be exercised until the one-year anniversary of the resolution passed by the EGM and then only so long as the holder, during the one-year period, has not sold or otherwise disposed over the shares to which the warrant is attached. A total of 475,000 warrants were issued as a result of the private placement and the subsequent offering.

Total current liabilities at the end of Q3 2015 were USD 11.33 million, compared to USD 4.89 million at Q3 2014. The increase mainly relates to the mporium transaction, which had prepaid software license revenues of USD 1.29 million as at 30 September 2015, and the deferred acquisition consideration of USD 4.7 million in relation to the Maxifier acquisition. The deferred acquisition consideration of Maxifier is an estimated value based on certain assumptions related to the revenue growth dependent earn-out clauses of the share purchase agreement. The deferred consideration is payable in Cxense shares. See note 8 and stock exchange notices from June 1 and July 3 2015 for more details.

Due to the acquisition of Maxifier, the cash flow effects deviated from the changes in current assets and liabilities. The ingoing balances from Maxifier are incorporated as per 1 July 2015, hence the real cash flow effects from operations are reflected in the cash flow statement. Net cash flow used in operating activities was USD 2.99 million in Q3 2015, compared to USD 5.06 million in Q3 2014. The Q3 2015 cash flow used in operating activities was higher than the Q3 2015 EBITDA. This is explained by accrued transaction costs at the end of Q2 2015 paid in Q3 2015. Trade receivables increased by USD 191 thousand due to higher sales during Q3 2015. Still, it was more than offset by a USD 380 thousand increase in trade payables. Currency translation effects affected negatively on Q3 2015 cash flow from operations.

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[1] Days = Receivables / Quarterly revenues * 90 days

Q3 2015 net cash flow from investments was USD .254 thousand comprising an investment of USD -378 thousand in capitalized R&D costs and the effect of adding the Maxifier cash position of USD 193 thousand as well as some investments in hosting equipment and other fixtures. This compares to cash flow from investments of USD 326 thousand in Q3 2014, when the majority related to a larger hosting investment.

Net cash flow from financing activities was nil in Q3 2015, compared to USD -338 thousand in Q3 2014 as the company raised new equity.

Consolidated income statement (unaudited)

USD 1,000	**Note**	**Q3 ended 30 Sep 2015**	**Q3 ended 30 Sep 2014**	**YTD 2015**	**YTD 2014**	**2014**
Continuing operations:						
Revenue	3	4 818	4 142	12 240	12 429	16 580
Operating expense						
Cost of goods sold	3	1 173	1 114	3 250	3 321	4 301
Employee benefit expense		3 970	4 188	10 082	11 406	16 039
Depreciation & Amortization expense		566	335	1 323	968	1 333
Other operating expense		1 809	1 722	5 681	7 230	9 352
Total operating expense		**7 518**	**7 359**	**20 337**	**22 925**	**31 026**
Net operating income/(loss)		**(2 700)**	**(3 217)**	**(8 097)**	**(10 497)**	**(14 446)**
Financial income and expense						
Finance income		645	146	756	222	541
Finance expense		(122)	(72)	(245)	(152)	(382)
Net financial income/(expense)		**523**	**74**	**511**	**70**	**159**
Share of profit of investments accounted for using the equity method		(692)		(692)		
Net income/(loss) before taxes		**(2 869)**	**(3 143)**	**(8 279)**	**(10 426)**	**(14 287)**
Income tax expense		25	(62)	(1)	(155)	110
Total net income/(loss) for the period		**(2 894)**	**(3 081)**	**(8 278)**	**(10 271)**	**(14 397)**
Net income/(loss) attributable to:						
Owners of the Company		(2 870)	(3 043)	(8 197)	(10 183)	(14 266)
Non-controlling interests		(24)	(37)	(81)	(88)	(131)
Earnings per share:						
Basic and diluted		(0,0006)	(0,0008)	(0,0019)	(0,0030)	(0,0041)

Statement of comprehensive income

Net income/(loss) for the period	(2 894)	(3 081)	(8 278)	(10 271)	(14 397)
Other comprehensive income:					
- Currency translation differences	861	594	1 326	753	3 473
Total comprehensive income/(loss)	**(2 033)**	**(2 487)**	**(6 952)**	**(9 519)**	**(10 923)**
Total comprehensive income/(loss) attributable to:					
Owners of the Company	(2 010)	(2 421)	(6 871)	(9 430)	(10 793)
Non-controlling interests	(24)	(66)	(81)	(88)	(131)

Consolidated Statement of Financial Position

USD 1,000	Note	As at 30 Sep 2015	As at 30 Sep 2014	As at 31 Dec 2014
Assets				
Non-current assets				
Goodwill	9	9 329	3 807	3 807
Deferred tax asset		36	10	35
Intangible assets	8	7 215	4 778	4 309
Office machinery, equipment, etc.		690	561	483
Investments in associated companies		3 307		-
Other financial assets		268	79	197
Total non-current assets		**20 845**	**9 235**	**8 829**
Current assets				
Trade receivables		2 712	2 716	2 150
Other short-term assets		997	2 201	1 827
Cash and cash equivalents		2 131	5 524	2 828
Total current assets		**5 841**	**10 441**	**6 805**
Assets classified as "held for sale"		0	0	0
Total assets		**26 686**	**19 676**	**15 635**
Equity and liabilities				
Equity				
Share capital	4	2 738	2 853	2 477
Own shares		-	-	-
Other paid in capital		18 341	21 186	18 170
Currency translation differences		5 564	1 517	4 238
Retained earnings		(12 220)	(10 976)	(15 097)
Equity attributable to the holders of the Company		**14 424**	**14 580**	**9 788**
Non-controlling interest		(484)	(360)	(403)
Total equity		**13 940**	**14 219**	**9 385**
Liabilities				
Non-current liabilities				
Deferred tax liabilities	8	1 417	562	480
Total non-current liabilities		**1 417**	**562**	**480**
Current liabilities				
Trade payables		1 524	1 191	1 454
Current taxes		123	99	119
Other short-term liabilities	5	9 681	3 604	4 196
Total current liabilities		**11 328**	**4 894**	**5 770**
Liabilities related to assets "held for sale"		0		0
Total liabilities		**12 745**	**5 457**	**6 250**
Total equity and liabilities		**26 686**	**19 676**	**15 635**

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					(8 197)	(8 197)	(81)	(8 278)
Other comprehensive income				1 326		1 326		1 326
Total comprehensive income/(loss) YTD 15	*0*	*0*	*0*	*1 326*	*(8 197)*	*(6 871)*	*(81)*	(6 952)
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	344	0	0	344	0	344
Increase in share capital	633	0	13 682	0	0	14 316	0	14 316
Purchase own shares	0	0	0	0	0	0	0	0
Reclassification of equity	0	0	(9 683)	0	9 683	0	0	0
Currency effects from translation of equity	(372)	0	(3 485)	0	1 392	(2 465)	0	(2 465)
Total equity as at 30 September 2015	**2 738**	**0**	**18 341**	**5 564**	**(12 220)**	**14 424**	**(484)**	**13 940**

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 2014	**2 713**	**(56)**	**22 913**	**764**	**(9 179)**	**17 154**	**(272)**	**16 882**
Profit for the period					(10 183)	(10 183)	(88)	(10 271)
Other comprehensive income				753		753		753
Total comprehensive income/(loss) YTD 14	*0*	*0*	*0*	*753*	*(10 183)*	*(9 430)*	*(88)*	(9 519)
Reduction of paid-in capital	*0*	*0*	*0*	*0*	*0*	*0*	0	0
Transaction costs	*0*	*0*	*0*	*0*	*0*	*0*	0	0
Share-based payments	0	0	333	0	0	333	0	333
Increase in share capital	292	0	6 961	0	0	7 253	0	7 253
Purchase own shares	0	56	0	0	0	56	0	56
Reclassification of equity	0	0	(7 890)	0	7 890	0	0	0
Currency effects from translation of equity	(152)	0	(1 130)	0	496	(786)	0	(786)
Total equity as at 30 September 2014	**2 853**	**0**	**21 187**	**1 517**	**(10 976)**	**14 579**	**(360)**	**14 219**

Consolidated Statement of Cash Flow

USD 1,000	Note	Q3 ended 30 Sept 2015	Q3 ended 30 Sept 2014	YTD 2015	YTD 2014	Year Ended 31 Dec 2014
Cash flow from operating activities						
Profit/(loss) before income tax (including disposal group)		(2 894)	(3 009)	(8 278)	(10 271)	(14 397)
Adjustments:						
Income tax payable		(104)	(66)	(168)	(66)	(173)
Share-based payments		156	137	370	351	487
Share of profit of investments accounted for using the equity method		692		692		
Depreciation and amortization		566	335	1 323	969	1 334
Currency translation effects		(864)	17	(1 166)	107	(870)
Change in trade receivables		(191)	(500)	224	284	850
Change in trade payables		380	(650)	(2)	(742)	(479)
Change in other accrual and non-current items		(732)	(1 321)	(291)	(710)	223
Net cash flow from/(used in) operating activities		**(2 990)**	**(5 059)**	**(7 295)**	**(10 080)**	**(13 024)**
Cash flow from investing activities						
Investment in furniture, fixtures and office machines		(68)	(331)	(55)	(393)	(399)
Investment in intangible assets		(378)		(1 268)		
Investment in associated companies			5	(760)	(100)	(112)
Investment in subsidiary (1)		193		193		
Net cash effects from disposal subsidiary						
Net cash flow from/(used in) investing activities		**(254)**	**(326)**	**(1 892)**	**(494)**	**(512)**
Cash flow from financing activities						
Net proceeds from share issues			(338)	8 490	7 253	7 521
Proceeds from minority interest						
Net cash flow from/(used in) financing activities			**(338)**	**8 490**	**7 253**	**7 521**
Net increase/(decrease) in cash and cash equivalents		**(3 244)**	**(5 722)**	**(698)**	**(3 320)**	**(6 016)**
Cash and cash equivalents at the beginning of the period		5 376	11 245	2 828	8 843	8 843
Cash and cash equivalents at the end of the period		**2 131**	**5 523**	**2 131**	**5 524**	**2 828**

(1) Since the acquisition of Maxifier was settled in Cxense shares, Maxifier provided the Group cash of USD 193 thousand

Note) Due to the acquisition of Maxifier, the cash flow effects deviates from the changes in current assets and liabilities. The ingoing balances from Maxifier are incorporated as per 1 July 2015, hence the real cash flow effects from operations are reflected in the cash flow statement.

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. The Group is a global technology company that delivers innovative and intuitive products that help companies build unique online experiences. Cxense ASA is listed on the Oslo Stock Exchange with ticker symbol CXENSE.

The company's Board of Directors approved the financial statements on 19 November 2015 after close of business on the Oslo Stock Exchange.

Note 2: Basis of preparation and accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

The quarterly report is prepared in accordance with IAS 34 Interim Financial Reporting and International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and all interpretations from the Financial Reporting Interpretations Committee (IFRIC), which has been endorsed by the EU commission for adoption within the EU. The quarterly report is prepared using the same principles as those used for the 2014 annual report.

The quarterly report is unaudited.

The going concern assumption has been applied when preparing this interim financial report.

The preparation of the consolidated interim financial statements, in accordance with IFRS and applying the chosen accounting policies, requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on a continuous basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. When preparing these consolidated interim financial statements, the significant judgments made by management, in applying the Group's accounting policies and the key sources of estimation uncertainty, were the same as those that applied to the consolidated financial statements as of the period ended 31 December 2014.

There have not been any changes or transactions with any related parties that significantly impact the Group's financial position or results for the period.

Note 3: 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.

Segment performance is evaluated by the management based on operating profit or loss and is measured consistently with operating profit in the financial statements. Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

YTD 2015

USD 1,000	Cxense SaaS	PCAN	Eliminations	Consolidated
Revenue				
External customers	10 326	1 914	0	12 240
Inter-segment	112	0	(112)	0
Revenues total	**10 438**	**1 914**	**(112)**	**12 240**
Cost of goods sold	1 894	1 468	(112)	3 251
Gross profit	**8 543**	**446**	**(0)**	**8 989**
Employee benefit expense	9 699	383	0	10 082
Depreciation & Amortization expenses	1 322	1	0	1 323
Other operating expense	5 455	226	0	5 681
EBIT	**(7 933)**	**(164)**	**(0)**	**(8 098)**
Share of profit of investm. accounted for using equity method	(692)			(692)
Net finance income/(expense)	511	0	0	511
Income tax income/(expense)	1	0	0	1
Total net income/(loss) for the period	**(8 114)**	**(164)**	**(0)**	**(8 279)**

Balance sheet information YTD 2015

USD 1,000	Cxense SaaS	PCAN	Eliminations and unallocated	Consolidated
Segment assets:				
Non-current assets	20 548	29	268	20 845
Current assets				
- Trade receivables	2 137	575		2 712
- Other short term-assets	1 031	(34)	0	997
- Cash and cash equivalents	1 997	134		2 131
Total segment assets	**25 714**	**704**	**268**	**26 686**
Segment liabilities:				
Non-current liabilities	1 417	0	0	1 417
Current liabilities	10 396	1 000	(68)	11 328
Total segment liabilities	**11 813**	**1 000**	**(68)**	**12 745**

YTD 2014				
USD 1,000	**SaaS**	**PCAN**	**Eliminations**	**Consolidated**
Revenue				
External customers	10 335	2 094	0	12 429
Inter-segment	206	0	(206)	0
Revenues total	**10 540**	**2 094**	**(206)**	**12 429**
Cost of goods sold	1 956	1 571	(207)	3 321
Gross profit	**8 585**	**523**	**1**	**9 109**
Employee benefit expense	10 950	456	0	11 406
Depreciation & Amortization expenses	963	6	0	968
Other operating expense	6 982	248	0	7 230
EBIT	**(10 310)**	**(187)**	**1**	**(10 497)**
Net finance income/(expense)	70	0	0	70
Income tax income/(expense)	155	0	0	155
Total net income/(loss) for the period	**(10 085)**	**(187)**	**1**	**(10 270)**

Balance sheet information YTD 2014				
USD 1,000	**Cxense SaaS**	**PCAN**	**Eliminations and unallocated**	**Consolidated**
Segment assets:				
Non-current assets	9 128	28	79	9 235
Current assets				
- Trade receivables	2 395	321		2 716
- Other short-term assets	2 110	91	0	2 201
- Cash and cash equivalents	5 392	131		5 524
Total segment assets	**19 025**	**571**	**79**	**19 676**
Segment liabilities:				
Non-current liabilities	562	0	0	562
Current liabilities	3 998	916	(20)	4 894
Total segment liabilities	**4 560**	**916**	**(20)**	**5 457**

Geographic information

Revenues from external customers:	**YTD 2015**	**YTD 2014**	**2 014**
EMEA	8 337	10 133	13 423
Americas	2 706	1 280	1 774
Pacific	1 198	1 016	1 383
Total revenue from external customers	**12 240**	**12 429**	**16 580**

The revenue information above is based on the location of the entity generating the revenue and includes sales generated by discontinued operations. Revenues from discontinued operations is included and has solely been booked to the EMEA segment in the table above.

Information about major customers

The Company does not have single customers that generate 10% or more of the entity's total revenue.

Note 4: Share capital and shareholder information

	Number of shares	Share capital NOK	Share capital USD 1,000
Balance at 30 September 2014	3 681 717	18 408 585	2 853
Issued during the year	0	0	0
Currency effects from translation of equity			(376)
Balance at 31 December 2014	3 681 717	18 408 585	2 477
Issued during the year	974 362	4 871 810	633
Currency effects from translation of equity			(372)
Balance as at 30 September 2015	4 656 079	23 280 395	2 738

Issue of shares:

On 2 July 2015, the Cxense Board of Directors, pursuant to an authorization from the Extraordinary General Meeting (EGM) in Cxense ASA on 22 June 2015, resolved a share issue of a total of 223,185 shares to the selling shareholders of Maxifier Ltd.

Warrants:

With reference to the Company's stock exchange announcement on 6 July 2015, where the Board of Directors informed that it would propose to an EGM to extend the term of Warrants A and B (issued in July 2014), the Board of Directors on 7 September 2015 resolved that it will not submit any such proposal to the EGM. As of 30 September 2015, there are 0 outstanding warrants to shareholders in Cxense ASA.

Share options and subscription rights:

As of 30 September 2015, there were 259,850 outstanding share options and subscription rights to Cxense employees.

Note 5: Other short-term liabilities

USD 1,000	YTD 2015	YTD 2014	2014
Public duties payables	229	142	551
Prepayments from customers (1)	1 563	135	87
Accrued expenses	1 342	1 170	1 196
Salary-related provisions	961	753	999
Other current liabilities (2)	5 585	1 405	1 363
Total other short-term liabilities	**9 681**	**3 604**	**4 196**

(1) Prepayments from customers have increased significantly in 2015 as a result of the mporium transaction, which had prepaid software license revenues of USD 1.29 million as at 30 September 2015.

(2) The deferred Maxifier transaction consideration is estimated to USD 4.7 million and is recognized as other current liabilities. The estimate is based on certain Maxifier revenue growth assumptions that might trigger the transaction earn out mechanism. The eventual deferred consideration will be settled by issuing Cxense shares. The deferred consideration is capped at USD 10.6 million. (See Note 8 and stock exchange notices from June 1 and July 3 2015 for further details.)

Note 6: Related-party disclosure

Balances and transactions between the Company and its subsidiaries, which are related parties to the Company, have been eliminated on consolidation and are not disclosed in this note. The group does not have other transactions with related parties, except for remuneration to management, than disclosed below:

USD 1,000

Sale of services to	Description of services	YTD 2015	YTD 2014	2014
mporium group plc	License	223	0	0

USD 1,000

Purchase of services from	Description of services	YTD 2015	YTD 2014	2014
Advokatfirma Ræder (1)	Legal services	625	555	672
Theoline AS (2)	Consulting services	-	49	64

(1) The Chairman of the Board in Cxense ASA is a partner in Advokatfirma Ræder.

(2) Stig Eide Sivertsen, Board member until 12 May 2015, is the owner of Theoline AS.

USD 1,000

Balances with related parties	Balance type	YTD 2015	YTD 2014	2014
Advokatfirma Ræder	Other Short-term Liabilties	501	25	125
Theoline AS	Trade payables	0	0	0

Note 7: Subsidiaries

Name of subsidiary	Principal activity according to segment	Place of incorporation	Portion of ownership and voting power
Cxense Ltd.	Cxense SaaS	Australia	100 %
Cxense Co., Ltd.	Cxense SaaS	Japan	100 %
Cxense Inc. NV Holdings	Cxense SaaS	USA	100 %
Cxense, Inc.	Cxense SaaS	USA	100 %
Emediate Aps	Cxense SaaS	Copenhagen	100 %
Emseas Teknik AB (Emediate Sweden)	Cxense SaaS	Sweden	100 %
Maxifier Ltd.	Cxense SaaS	UK	100 %
Maxifier Inc.	Cxense SaaS	USA	100 %
Maxifier KK	Cxense SaaS	Japan	100 %
Maxifier Development	Cxense SaaS	Russia	100 %
Premium Audience Network, s.l.u.	PCAN	Spain	51 %

Note 8: Business combinations

On 2 July 2015, the Group acquired 100% of the share capital of Maxifier Limited, a group that visualizes and optimizes their customers' direct-sold advertising campaigns. The transaction consideration is Cxense shares and includes a performance-based earn-out structure. The total purchase price, including deferred considerations, is estimated at USD 7.9 million. Details of net assets acquired and goodwill are as follows:

USD 1,000	**On acquisition**
Purchase consideration:	
- Shares issued	3 197
- Deferred consideration	4 722
Total purchase consideration	**7 919**
Fair value of assets acquired (see below)	2 397
Goodwill	**5 522**

The above goodwill is attributable to the complementation of the Maxifier online advertising Optimization with Cxense data-driven products, which focus on personalizing and optimizing. The acquisition enhances Cxense's offering to clients in the online media and advertising sector with Maxifier's products.

The assets and liabilities arising from the acquisition, provisionally determined, are as follows:

USD 1,000	**Fair value**
Customer relationships	2 458
Trade and other receivables	860
Property, plant and equipment	343
Technology	312
Cash and cash equivalents	193
Trade and other payables	(71)
Other current liabilities	(593)
Deferred tax liabilities	(1 105)
Net assets acquired	**2 397**

Note 9: Goodwill

USD 1,000	**YTD 2015**	**YTD 2014**	**2014**
Emediate	3 807	3 807	3 807
Maxifier	5 522		
Total Goodwill	**9 329**	**3 807**	**3 807**

Note 10: Investments in associated companies

Set out below are the associates of the group as at 30 September 2015, which, in the opinion of the Directors, are material to the Group. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the group; the country of incorporation or registration is also their principal place of business.

Name of entity	**Place of business/ country of incorporation**	**% of ownership interest**	**Nature of relationship**	**Measurement method**
mporium group plc	United Kingdom	23.2	Note 1	Equity

Note 1: mporium group plc provides online merchants and leading brands with a complete suite of mobile commerce solutions. Cxense has entered into an OEM agreement with mporium group plc, which empowers mporium group plc to significantly upgrade their mobile commerce solutions.

In Q2 2015, Cxense ASA acquired 23.5% of the voting rights in mporium group plc. Cxense ASA has entered into a service agreement with mporium group plc, and Cxense will deliver services to mporium group plc over a period of 36 months.Revenue from this service agreement, recognized in the consolidated income statement for the period, amount to USD 50 thousand per month. A loss of USD 692 thousand has been recognized in the consolidated income statement as Cxense's share of profit for mporium in Q3 2015 and YTD 2015

As at 30 September 2015, the fair value of the group's interest in mporium group plc, which is listed on the London Stock Exchange, was USD 7.78 million and the carrying amount of the Group's interest was USD 3.31 million.

Note 11: Events after the reporting period

Since 30 September 2015 and until the date of these financial statements, the board of directors is not aware of any matter or circumstance not otherwise dealt with in this report which has significantly or may significantly affect the operations of the Consolidated Entity with the exception of the following:

On 8 September 2015, the board of directors of Cxense announced that a private placement was successfully subscribed, raising NOK 80 million in gross proceeds through the subscription of 800 000 shares, each share at a subscription price of NOK 100. Each investor allocated new shares in the private placement, was granted one non-transferrable warrant for every two new shares allocated in the placement. Each warrant gives the holder, subject to certain conditions being fulfilled, inter alia, the allocated new shares not being sold in a 12-month period starting from the EGM, the right to subscribe for one additional new share in Cxense at a subscription price of NOK 130. The warrants will be exercisable no earlier than 12 months following the date of the EGM, and must be exercised no later than 12 months and 30 calendar days following the date of the EGM. A total of 400 000 warrants were issued in connection with the private placement.

Pursuant to an authorization from the Extraordinary General Meeting in Cxense ASA on 22 June 2015, the Board of Directors of the Company on October 8 2015 resolved an issuance of 6,842 new shares to the former shareholders of Maxifier Ltd in connection with the Share Purchase Agreement announced by Cxense on 1 June 2015 and completed on 2 July 2015. The share issue settled the closing account dependent purchase price adjustment mechanism agreed in the Share Purchase Agreement.

On 22 October 2015, the board of directors resolved to proceed with a subsequent offering of up to 150 000 shares, at a subscription price of NOK 100 per share (equal to the subscription price in the private placement). For every two shares subscribed for and allocated in the subsequent offering, one warrant was issued free of charge. Each warrant entitles the holder to demand the issuance of one Cxense share. The warrant expiries on 12 November 2016; however, it may not be exercised until the one-year anniversary of the resolution passed by the EGM and then only so long as the holder, during the one-year period, has not sold or otherwise disposed over the shares to which the warrant is attached. In connection with the subsequent offering, a total of 75,000 warrants was issued.

On 22 October 2015, the group acquired Ramp Holdings Inc.'s media business. The acquisition consideration was USD 4.5 million in cash, subject to certain adjustments, and USD 5.5 million in Cxense shares. The company issued 435 550 shares at a subscription price of NOK 103.44 each upon closing. The transaction includes two revenue growth-dependent earn-out payments settled in Cxense shares 12 and 24 months after closing. The total purchase price, including deferred considerations, is estimated at USD 13.6 million.

Following the private placement, subsequent offering and issue of shares as part of the consideration for the Ramp transaction, the company's total share capital as of 17 November 2015 is NOK 30 242 355 divided into 6 048 471 ordinary shares, each share having a par value of NOK 5. In addition there are 475 000 warrants outstanding exercisable at NOK 130 per share

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