CXENSE
Deliver what people want

# SECOND QUARTER REPORT **2019**

# Highlights

- **Received offer from Piano (event after reporting period)**
    - Voluntary cash offer at NOK 16 per share
    - Unanimously recommended by BoD and management
    - Pre-accepted by 53% of outstanding shares, including shares of BoD and management

- **Continue executing on strategic plan**
    - Customer touchpoints and product development capacity to increase as new sales, customer success, engineering and data science resources are onboarded

- **Core DMP and Personalization revenue of USD 3.97 million in the quarter and USD 8.01 million in first half of 2019**
    - Up 2% and 4% compared to Q2 2018 and H1 2018, respectively
    - Down 2% sequentially partly due to reduced consulting revenue

- **Adjusted EBITDA of USD -1.16 million in Q2 2019 and USD -1.91 million in H1 2019, compared to USD -0.78 million and USD -0.98 million in Q2 2018 and H1 2018, respectively**

### CEO Comment

"Data is a critical factor as the world's publishers and media companies transform to digital business models. In particular, we see strong and growing interest from clients in using data to optimize subscription models which are becoming increasingly important. Being able to support publishers' digital transformation across subscriptions, advertising and the newsroom is a key strength of Cxense's solution. We have continued to execute on our strategic plan to improve growth, strengthening sales, customer success, engineering and data science."

Christian Printzell Halvorsen, CEO of Cxense.

### Key figures

| *USD 1,000* | **Q2 2018** | **Q3 2018** | **Q4 2018** | **Q1 2019** | **Q2 2019** | **H1 2018** | **H1 2019** |
|---|---|---|---|---|---|---|---|
| DMP & Intelligent personalization | 3,875 | 3,993 | 3,993 | 4,038 | 3,968 | 7,691 | 8,006 |
| SaaS Non-Core | 1,243 | 1,077 | 815 | 524 | 485 | 2,666 | 1,009 |
| **Revenues** | **5,118** | **5,070** | **4,808** | **4,562** | **4,453** | **10,357** | **9,013** |
| *Gross margin* | *79%* | *80%* | *79%* | *78%* | *76%* | *80%* | *77%* |
| OPEX | 4,544 | 5,230 | 5,334 | 4,458 | 4,706 | 9,206 | 9,164 |
| Non-IFRS OPEX adjustments | 259 | (723) | (174) | (172) | (151) | 44 | (323) |
| **OPEX adjusted** | **4,803** | **4,507** | **5,160** | **4,286** | **4,555** | **9,249** | **8,841** |
| EBITDA | (518) | (1,191) | (1,516) | (917) | (1,314) | (937) | (2,231) |
| **EBITDA adjusted** | **(777)** | **(468)** | **(1,342)** | **(744)** | **(1,164)** | **(981)** | **(1,908)** |

# OPERATIONAL REVIEW

Now more than ever before, publishers and brands want to build predictable, recurring revenue through subscriptions as well as a steadily growing advertising business. To do that, they'll have to deliver content and offers that speak to individuals, not audiences. Cxense helps 180 leading publishers and marketers across the globe do just that. Cxense Data Management Platform and Intelligent Personalization solutions harness the power of machine learning to help clients deliver a unique and relevant experience every time.

The Cxense platform first puts clients in control of their data, organizing it into user profiles and segments. Then propensity models and machine-learning intelligence are used to understand and predict customer behavior in real time. Once applied, Cxense's solutions can infer a customer's age, gender, and income bracket, along with associated interests and intent to purchase. The result is a set of very rich user profiles and a deep understanding of customers on an aggregate and individual basis.

Cxense powers article and product recommendations, subscription and membership optimization, data alliances, loyalty programs, targeted offers and many more in compliance with GDPR. By serving the right offer to the right customer at the right time, publishers and marketers can build loyalty and increase revenues from both subscriptions and advertising.

Cxense delivers its solution as a Software-as-a-Service model with a monthly license fee based on the volume of data processed. This enables clients to quickly get up and running without complex on-premise installations while establishing the foundation for a scalable, high-margin business model for the company.

Simply put: Cxense helps publishers and marketers unlock the power of their data to build personal, profitable relationships with their customers.

**Offer from Piano**

On 5 August 2019, The Board of Directors of Cxense announced an agreement with Piano Software, Inc. ("Piano") whereby a subsidiary of Piano, Piano Software B.V. (under incorporation) will make an offer to acquire all the shares of Cxense through a voluntary cash offer of NOK 16.00 per share.

The consideration offered will be NOK 16.00 in cash per Cxense share, which represents a premium of approximately 152% to the closing share price of Cxense on August 2nd, 2019. Furthermore, the Offer Price represents a premium of approximately 205% and 186% compared to the 30-day and 90-day volume weighted average share price of Cxense on the Oslo Stock Exchange for the period ending on August 2nd, 2019. The Offer Price values the total share capital of Cxense at approximately NOK 351 million.

The Board of Directors and management team of Cxense unanimously recommends the shareholders of Cxense to accept the offer.

**Operational developments**

Q2 2019 revenue for the core DMP with Intelligent Personalization SaaS business was USD 3.97 million, up 2% from the same period in 2018 and down 2% from the previous quarter.

The Company signed 16 new recurring revenue contracts in Q2 2019 for the core offering with Quarterly Recurring Revenue (QRR) effect of USD 172 thousand. Of the new QRR, USD 132 thousand came from new customers and USD 40 thousand from upsells to existing customers. Cxense had on average 10 effective sales quotas in the quarter, unchanged from Q1 2019.

New contracts signed in Q2 included the sale of Cxense Conversion Engine to the US based digital media company Penske Media Corporation, who will implement Cxense on several of its well-known brands such as Variety, Rolling Stone and Women's Wear Daily. Furthermore, a leading publisher in the Benelux countries signed an agreement to implement Cxense DMP as its unifying data management platform for all its digital properties.

In Q2 2019, Dow Jones & Company, Inc. (Dow Jones) renewed its agreement with Cxense for an additional two additional years, with an option to extend for a third year. Since the start of the partnership with Cxense in 2013, Dow Jones has successfully leveraged Cxense technology and know-how to grow digital revenue for its flagship publication, The Wall Street Journal. The renewal confirms the trust in the partnership as well as in Cxense technology and know-how.

Full QRR effect from loss of customers (i.e. where customers have served a formal notification of contract termination) in Q2 2019 was USD 190 thousand for the core business, of which USD 14 thousand was reductions on existing customers and USD 176 thousand was from lost customers. Net new QRR from new and lost contracts was USD -18 thousand in Q2 2019.

Cxense reiterates that 2019 is expected to be a transitional year with earnings negatively impacted by soft sales and high churn in the last quarters of 2018. Sales activities continue to reflect onboarding of new sales representatives.

Gross margin was 76% in the quarter down from 78% in Q1 2019, mainly as a result of reduced revenue combined with unchanged hosting capacity.

Q2 2019 OPEX was USD 4.71 million, compared to USD 4.46 million in Q1 2019 and 4.54 million in Q2 2018. The Company had 107 employees at the end Q2 2019, up from 104 at the end of Q1 2019.

Q2 2019 Group EBITDA was USD -1.31 million and -1.16 million when adjusting for share-based payments and transaction costs related to the Piano share offer. This was a decrease of USD -398 thousand compared to adjusted EBITDA in Q1 2019 primarily driven by increased operating expenses from write-downs of receivables, increased marketing spend and a correction to the booking of an onerous sub-lease contract.

The cash position at end of June 2019 was USD 8.03 million, down from USD 10.6 million at the end of March mainly resulting from negative EBITDA and working capital fluctuations.

**Acquisitions and divestitures**

On 12 April, Cxense announced the divestment of all shares in the majority owned subsidiary Premium Audience Network S.L. (L'Agora) to AdUX SA, a French digital marketing services company listed on Euronext Paris. The transaction represented the final sale of non-core assets by Cxense as part of the Company's strategic divestment process. The transaction was based on an initial price of EUR 190 thousand and a contingent price (earn-out) potentially payable in May 2020 capped at EUR 400 thousand. L'Agora is a digital advertising company based in Spain.

L'Agora was fully consolidated into Cxense financials, but booked separately under discontinued operations in the P&L and under assets and liabilities held for sale in the balance sheet (See note 5 for further details).

# FINANCIAL DEVELOPMENT SUMMARY

| *USD 1,000* | Q2 2017 *IFRS* | Q3 2017 *IFRS* | Q4 2017 *IFRS* | Q1 2018 *IFRS* | Q2 2018 *IFRS* | Q3 2018 *IFRS* | Q4 2018 *IFRS* | Q1 2019 *IFRS* | Q2 2019 *IFRS* |
|---|---|---|---|---|---|---|---|---|---|
| **SaaS segment** | | | | | | | | | |
| DMP with Intelligent Personalization (CORE) | 3,188 | 3,357 | 3,617 | 3,816 | 3,875 | 3,993 | 3,993 | 4,038 | 3,968 |
| Advertising (Non-core) | 861 | 678 | 525 | 436 | 364 | 355 | 226 | 28 | 18 |
| mporium (Non-core) | 131 | 146 | 141 | 147 | 77 | - | - | - | - |
| Video (Non-core) | 896 | 875 | 864 | 840 | 801 | 722 | 588 | 496 | 467 |
| **Revenues total** | **5,077** | **5,055** | **5,147** | **5,239** | **5,118** | **5,070** | **4,808** | **4,562** | **4,453** |
| Cost of sales | 1,321 | 1,146 | 1,005 | 997 | 1,091 | 1,031 | 990 | 1,020 | 1,062 |
| **Gross profit** | **3,756** | **3,909** | **4,143** | **4,242** | **4,027** | **4,039** | **3,818** | **3,542** | **3,391** |
| *Gross margin %* | *74%* | *77%* | *80%* | *81%* | *79%* | *80%* | *79%* | *78%* | *76%* |
| Personnel | 5,826 | 5,305 | 3,018 | 2,505 | 2,474 | 2,931 | 3,057 | 2,675 | 2,662 |
| Other OPEX | 2,284 | 2,170 | 2,056 | 2,156 | 2,070 | 2,299 | 2,277 | 1,783 | 2,044 |
| **OPEX** | **8,110** | **7,476** | **5,074** | **4,661** | **4,544** | **5,230** | **5,334** | **4,458** | **4,706** |
| **EBITDA** | **(4,354)** | **(3,567)** | **(931)** | **(420)** | **(518)** | **(1,191)** | **(1,516)** | **(917)** | **(1,314)** |
| **Non-IFRS adjustment of OPEX level** | | | | | | | | | |
| Share-based payment costs | 239 | (32) | (18) | (4) | 39 | 115 | 33 | 132 | 92 |
| Share-based social costs provision | | | | | | | | | |
| Commission accrual reversals | | | | | (343) | | | | |
| Restructuring costs and provisions | | 1,280 | 164 | | | 411 | 103 | 40 | |
| Office moving costs | 0 | 140 | 103 | | | 60 | | | |
| Extraordinary/special | 585 | 24 | 3 | | | | | | |
| One-off provision for doubtful debt | | | | 142 | (2) | 137 | | | |
| Transaction costs | 58 | 52 | 1 | 77 | 47 | | 38 | | 59 |
| R&D refund | | | | | | | | | |
| **Total reported OPEX adjustment items** | **882** | **1,464** | **253** | **215** | **(259)** | **723** | **174** | **172** | **151** |
| **OPEX adjusted** | **7,228** | **6,012** | **4,821** | **4,446** | **4,803** | **4,507** | **5,160** | **4,286** | **4,555** |
| **EBITDA adjusted** | **(3,472)** | **(2,103)** | **(678)** | **(204)** | **(777)** | **(468)** | **(1,342)** | **(744)** | **(1,164)** |
| Capitalized operating expense | (507) | (557) | (268) | (226) | (365) | (421) | (384) | (184) | (363) |
| EBITDA adjusted with capitalization add back | (3,980) | (2,660) | (946) | (431) | (1,142) | (889) | (1,726) | (929) | (1,526) |

## DMP and Personalization revenue development breakdown

| **Quarterly figures (unaudited)** | **Total revenue** | | | | | **DMP and personalization revenue** | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *USD 1,000* | **Q2 2018** | **Q3 2018** | **Q4 2018** | **Q1 2019** | **Q2 2019** | **Q2 2018** | **Q3 2018** | **Q4 2018** | **Q1 2019** | **Q2 2019** |
| Revenue in previous quarter | 5,239 | 5,118 | 5,070 | 4,808 | 4,562 | 3,816 | 3,875 | 3,993 | 3,993 | 4,038 |
| New recurring license revenue effect | 357 | 333 | 278 | 219 | 171 | 337 | 333 | 267 | 192 | 171 |
| Acquired recurring license revenue | 97 | 48 | - | - | - | 97 | 48 | - | - | - |
| Divested recurring license revenue | - | - | (35) | (131) | - | - | - | - | - | - |
| Churn effect | (429) | (315) | (378) | (557) | (152) | (262) | (138) | (213) | (344) | (139) |
| Change in service revenue | (33) | (27) | 61 | (37) | (37) | (50) | (10) | 53 | 26 | (37) |
| Change in other variables | (49) | (30) | (130) | 222 | (74) | (20) | (48) | (65) | 139 | (48) |
| Currency effect | (63) | (57) | (58) | 38 | (15) | (44) | (66) | (42) | 32 | (18) |
| Revenue this quarter | 5,118 | 5,070 | 4,808 | 4,562 | 4,456 | 3,875 | 3,993 | 3,993 | 4,038 | 3,968 |
| Accumulated currency effect, reversed | (86) | (29) | 29 | (9) | 6 | (67) | (1) | 41 | 9 | 27 |
| Outbound revenue currency adjusted | 5,033 | 5,041 | 4,838 | 4,554 | 4,462 | 3,807 | 3,992 | 4,034 | 4,047 | 3,995 |
| **Number of closed contracts in the quarter*** | **22** | **15** | **24** | **16** | **16** | **22** | **15** | **24** | **16** | **16** |
| Whereof new customers* | 12 | 6 | 8 | 6 | 7 | 12 | 6 | 8 | 6 | 7 |
| Whereof upsell* | 10 | 9 | 16 | 10 | 9 | 10 | 9 | 16 | 10 | 9 |
| Full QRR effect of contracts notified closed in the period | 316 | 229 | 247 | 130 | 172 | 316 | 229 | 247 | 130 | 172 |
| Full QRR effect of contracts notified lost in the period | (221) | (442) | (387) | (218) | (275) | (199) | (253) | (272) | (119) | (190) |
| **Net** | **95** | **(213)** | **(140)** | **(89)** | **(103)** | **117** | **(25)** | **(25)** | **11** | **(18)** |

*Service and consulting contracts removed from historical figures.

# FINANCIAL REVIEW

*The comments below are related to the development in 2019 compared to 2018. The comments made are based on accounting principles including IFRS 16 for 2019 and accounting principles excluding IFRS 16 for 2018*

**First quarter 2019**

Q2 2019 Group revenue was USD 4.45 million, compared to Q2 2018 revenue of USD 5.12 million and USD 4.56 million last quarter. Revenue for the core SaaS DMP and personalization business was USD 3.97 million in Q2 2019, while the non-core business had revenue of 482 thousand. DMP and personalization revenue increased 2% from Q2 2018 and decreased 2% from Q1 2019.

Cost of sales was USD 1.06 million in Q1 2019, in line with USD 1.09 million in the same quarter last year and USD 1.02 million in the previous quarter. SaaS segment cost of sales relates mainly to hosting of the software applications used by the Company's customers. The Q2 2019 gross margin was 76%, compared to 79% in Q2 2018 and 78% Q1 2019. The gross margin decrease is mainly a result of reduced revenue combined with unchanged hosting capacity.

Employee benefit expense was USD 2.66 million, up from USD 2.47 million in Q2 2018 and in line with Q1 2019 at USD 2.68 million. Capitalization of employee benefit expenses related to software development activities amounted to USD 380 thousand in Q2 2019.

Other operating expenses amounted to USD 2.04 million in Q2 2019, compared to USD 2.07 million in Q2 2018 and USD 1.78 million last quarter. The increase in other operating expenses since last quarter relates mainly to write-downs of receivables, increased marketing spend and a correction to the booking of an onerous sub-lease contract. Capitalized other operating expenses related to software development activities of USD 18 thousand were reversed in the quarter, giving a total capitalization of R&D expenses of USD 363 thousand in Q2 2019.

Q2 2019 EBITDA was USD -1.31 million, compared to USD -0.52 million in Q2 2018 and USD -0.92 million in Q1 2019.

Depreciation and amortization amounted to USD 0.81 million, compared to USD 0.57 in Q2 2018 and USD 0.93 million in Q1 2019. Depreciation and amortization relate mainly to intangible assets from acquired companies and from previous years' capitalized R&D expenses.

Net financial expense was USD 122 thousand in Q2 2019 compared to USD 87 thousand in Q2 2018 and USD 292 thousand in Q1 2019. Finance income and expenses mainly relate to interest income and cost and currency gains and losses.

The Q2 2019 share of profit from investments in associated companies was USD -8 thousand, compared to USD -86 thousand in Q2 2018 and USD -68 thousand in Q1 2019. The share of profit from investments in associated companies relates to the investment in Maxifier where Cxense holds a stake 30%.

Net gain from discontinued operations was USD 508 thousand in Q2 2019 related to Cxense's divestment of L'Agora, compared to a net loss of USD 23 thousand in Q2 2018 and a net loss of 21 thousand in Q1 2019. The historical losses from discontinued operations also relates to Cxense's previous ownership in L'Agora.

The Group net loss amounted to USD 1.81 million in Q2 2019, compared to a net loss of USD 4.77 million in Q2 2018 and 2.27 million in Q1 2019. This represents a Q2 2019 loss of USD 0.0001 per share, compared to USD 0.0005 last year, at an increased number of shares following the rights issue in Q1 2019.

Total assets at the end of June 2019 amounted to USD 26.9 million, compared to USD 30.5 million as at the end of March 2019. The decrease in total assets was primarily a result of decreasing assets held for sale following the L'Agora divestment. Total equity at the end of Q2 2019 was USD 18.0 million, compared to USD 19.6 million at the end of Q1 2019.

Goodwill of USD 5.93 million at 30 June 2019 relates to the subsidiaries Cxense Finland (Enreach) and Maxifier Development. The goodwill is allocated to the SaaS segment. Intangible assets of USD 4.56 million mainly relates to capitalized R&D and intangible assets.

Following implementation of IFRS 16 the Company had rights of use assets of USD 2.79 million at the end of Q2 2019. Included under liabilities were long-term leases of USD 2.55 million and short-term leases of USD 0.96 million.

Trade receivables were USD 1.82 million at the end of Q2 2019, compared to USD 1.97 million at the end of Q1 2019.

The Q2 2019 cash position was USD 8.03 million, compared to USD 4.09 million at the end of Q2 2018 and USD 10.6 million at the end of Q1 2019. The decrease in cash from Q1 2019 was mainly due to negative EBITDA and working capital fluctuations.

Non-current liabilities at the end of Q2 2019 were USD 3.99 million, compared to USD 4.37 million at the end of Q1 2019.

Net cash flow used in operating activities was USD 1.93 million in Q2 2019, compared to USD 3.29 million used in Q2 2018 and USD 1.53 million in Q1 2019. The Q2 2019 negative cash flow from operating activities was USD 613 thousand higher than the Q2 2019 EBITDA, mainly explained by working capital fluctuations and capitalized R&D expenses.

Q2 2019 net cash flow used in investing activities was USD 573 thousand, of which USD 363 thousand were related to capitalized R&D. Net cash flow used in investment activities in Q1 2019 was USD 206 thousand. Net cash flow used in financing activities was 285 thousand, compared to positive cash flow from financing activities of USD 9.54 million in Q1 2019 when Cxense raised net proceeds of 9.88 million in a rights issue.

**First half 2019**

H1 2019 group revenue amounted to USD 9.01 million, compared to H1 2018 revenues of USD 10.4 million. Revenue for the core SaaS segment was USD 8.01 million, compared to USD 7.69 million in H1 2018.

The H1 2019 group cost of sales amounted to USD 2.08 million and employee benefit expense was USD 5.34 million, compared to USD 2.09 million and USD 4.98 million respectively in H1 2018. Other operating expenses amounted to USD 3.83 million in H1 2019, compared to USD 4.23 million in H1 2018. Most of the other operating expenses are related to travel, marketing and external consulting (audit, legal and other).

The H1 2019 EBITDA was USD -2.23 million, compared to USD -0.94 million in H1 2018.

Depreciation and amortization were USD 1.75 million, compared to USD 1.03 million in H1 2018. Impairment of intangible assets amounted to nil in H1 2019, compared to 3.56 million in H1 2018. Net financial expense was USD 414 thousand in H1 2019, compared to net expense of USD 257 thousand in H1 2018. Finance income is largely related to interest earned on bank deposits, while finance expense mostly relates to interest payments on loans in Cxense Finland and currency fluctuations.

The H1 2019 share of profit of investments in associated companies was USD -76 thousand and related to the remaining 30% ownership in Maxifier. The H1 2018 share of profit of investments in associated companies was USD -430 thousand and related to investments in Repknight.

Tax cost for H1 2019 was USD 94 thousand, compared to a tax cost of USD 105 thousand in H1 2018. In general, the income tax expense arises in the Cxense SaaS subsidiaries in USA, Japan and Russia that perform sales, marketing and R&D activities for the parent company based on inter-company agreements (with arm's-length pricing principles). The H1 2019 income from discontinued operations amounted to USD 487 thousand, compared to a loss of USD 145 thousand in H1 2018.

The group net loss amounted to USD 4.07 million in H1 2019, compared to USD 6.46 million in H1 2018. This represents a H1 2019 loss of USD 0.0002 per share, compared to a loss of USD 0.0007 per share in H1 2018.

Net cash flow used in operating activities was USD 3.45 million in H1 2019, compared to USD 5.63 million in H1 2018. Net cash flow used for investments was USD 779 thousand, compared to USD 485 thousand used in H1 2018. In H1 2019, Cxense executed a fully underwritten rights issue raising gross proceeds of approximately USD 10 million. Consequently, net cash flow from financing activities was USD 9.26 million in H1 2019, compared to nil in H1 2018.

*The Group adopted IFRS 16 retrospectively from 1 January 2019. Comparable figures for the 2018 reporting period have not been restated. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening balance sheet on 1 January 2019. On adoption of IFRS 16, the group recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. (See note 2 for further details)*

# CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated income statement – unaudited

| *USD 1,000* | Note | Q2 ended 30 June 2019 | Q2 ended 30 June 2018 | YTD 30 June 2019 | YTD 30 June 2018 | Year ended 31 Dec 2018 |
|---|---|---|---|---|---|---|
| **Revenue** | 3 | **4,453** | **5,118** | **9,014** | **10,357** | **20,235** |
| ***Operating expense*** | | | | | | |
| Cost of sale | | 1,062 | 1,091 | 2,082 | 2,088 | 4,110 |
| Employee benefit expense | | 2,662 | 2,474 | 5,337 | 4,979 | 10,966 |
| Other operating expenses | | 2,044 | 2,071 | 3,827 | 4,227 | 8,804 |
| **EBITDA** | | **(1,314)** | **(518)** | **(2,231)** | **(937)** | **(3,644)** |
| Depreciation and amortization expense | | 813 | 572 | 1,746 | 1,031 | 2,434 |
| Impairment of assets | | 0 | 3,559 | 0 | 3,559 | 3,592 |
| Other losses (gains) | | (0) | 0 | (0) | 0 | 1,526 |
| **Net operating income/(loss)** | | **(2,127)** | **(4,649)** | **(3,977)** | **(5,527)** | **(11,196)** |
| ***Financial income and expense*** | | | | | | |
| Finance income | | 55 | 75 | 184 | 126 | 781 |
| Finance expense | | (177) | (162) | (598) | (383) | (564) |
| **Net financial income/(expense)** | | **(122)** | **(87)** | **(414)** | **(257)** | **217** |
| Share of profit from associated companies | | (8) | (86) | (76) | (430) | (419) |
| Impairment of associated company | | 0 | | 0 | 0 | 0 |
| **Net loss before taxes** | | **(2,257)** | **(4,821)** | **(4,466)** | **(6,213)** | **(11,398)** |
| Income tax expense | | 59 | (79) | 94 | 105 | 33 |
| **Net income/(loss) for the period from continuing operations** | | **(2,316)** | **(4,743)** | **(4,560)** | **(6,319)** | **(11,432)** |
| Net income/(loss) for the period from discontinuing operations | | 508 | (23) | 487 | (145) | (284) |
| **Total net loss for the period from total operations** | | **(1,808)** | **(4,766)** | **(4,073)** | **(6,464)** | **(11,716)** |
| **Net loss attributable to:** | | | | | | |
| Owners of the Company | | (1,808) | (4,752) | (4,064) | (6,390) | (11,571) |
| Non-controlling interests | | 0 | (15) | (10) | (74) | (145) |
| **Earnings per share:** | | | | | | |
| **From continuing operations** | | | | | | |
| Basic | | (0.0001) | (0.0005) | (0.0003) | (0.0007) | (0.0012) |
| Diluted | | (0.0001) | (0.0005) | (0.0003) | (0.0007) | (0.0012) |
| **From total operations** | | | | | | |
| Basic | | (0.0001) | (0.0005) | (0.0002) | (0.0007) | (0.0013) |
| Diluted | | (0.0001) | (0.0005) | (0.0002) | (0.0007) | (0.0013) |
| **Statement of comprehensive income** | | | | | | |
| Net loss for the period | | (1,808) | (4,766) | (4,073) | (6,464) | (11,716) |
| *Other comprehensive income:* | | | | | | |
| *Items that might be subsequent reclassified to net income (loss):* | | | | | | |
| - Currency translation differences | | 135 | (356) | 180 | 188 | (377) |
| - Amount reclassified from Other comprehensive income to Income Statement at disposal | | (87) | | (87) | 0 | 851 |
| **Total comprehensive loss** | | **(1,759)** | **(5,122)** | **(3,980)** | **(6,276)** | **(11,242)** |
| **Total comprehensive income/(loss) attributable to:** | | | | | | |
| Owners of the Company | | (1,759) | (5,107) | (3,971) | (6,202) | (11,158) |
| Non-controlling interests | | 0 | (15) | (10) | (74) | (84) |

## Consolidated statement of financial position – unaudited

| *USD 1,000* | **Note** | **As at 30 June 2019** | **As at 30 June 2018** | **As at 31 Dec 2018** |
|---|---|---|---|---|
| **Assets** | | | | |
| ***Non-current assets*** | | | | |
| Goodwill | | 5,928 | 5,829 | 5,935 |
| Deferred tax asset | | - | 5 | - |
| Intangible assets | | 4,557 | 4,142 | 5,269 |
| Office machinery, equipment, etc. | | 1,030 | 899 | 1,010 |
| Rights of use assets | 2 | 2,789 | - | - |
| Investments in associated companies | | 0 | - | 74 |
| Other financial assets | | 1,280 | 861 | 670 |
| **Total non-current assets** | | **15,584** | **11,736** | **12,957** |
| ***Current assets*** | | | | |
| Trade receivables | | 1,823 | 3,530 | 2,094 |
| Other short-term assets | | 1,430 | 1,435 | 1,533 |
| Cash and cash equivalents | | 8,035 | 4,091 | 3,009 |
| **Total current assets** | | **11,287** | **9,056** | **6,636** |
| Assets classified as "held for sale" | | - | 2,890 | 588 |
| **Total assets** | | **26,871** | **23,683** | **20,181** |
| **Equity and liabilities** | | | | |
| ***Equity*** | | | | |
| Share capital | 4 | 12,882 | 5,566 | 5,231 |
| Other paid-in capital | 4 | 8,301 | 20,122 | 19,079 |
| Currency translation differences | | 8,080 | 7,678 | 7,933 |
| Currency translation on assets held for sale | | - | 84 | 53 |
| Retained earnings | | (11,287) | (16,283) | (19,897) |
| **Equity attributable to the holders of the Company** | | **17,975** | **17,167** | **12,399** |
| Non-controlling interest | 5 | - | (808) | (819) |
| **Total equity** | | **17,975** | **16,359** | **11,580** |
| ***Liabilities*** | | | | |
| ***Non-current liabilities*** | | | | |
| Long-term interest bearing debt | | 918 | 1,025 | 923 |
| Long-term Lease liabilities | 2 | 2,550 | - | - |
| Deferred tax liabilities | | 329 | 409 | 366 |
| Other provisions | | 53 | 51 | 205 |
| Other long-term liabilities | | 138 | 249 | 144 |
| **Total non-current liabilities** | | **3,986** | **1,734** | **1,638** |
| ***Current liabilities*** | | | | |
| Short-term interest bearing debt | | 61 | - | 200 |
| Short-term lease liabilities | 2 | 959 | - | - |
| Trade payables | | 902 | 969 | 1,436 |
| Current taxes | | 89 | 159 | 133 |
| Other short-term liabilities | | 2,899 | 3,167 | 4,143 |
| **Total current liabilities** | | **4,910** | **4,295** | **5,912** |
| Liabilities related to assets "held for sale" | | - | 1,294 | 1,051 |
| **Total liabilities** | | **8,896** | **7,324** | **8,601** |
| **Total equity and liabilities** | | **26,871** | **23,683** | **20,181** |

## Consolidated statement of changes in equity – unaudited

| *USD 1,000* | Nominal share capital | Own shares | Other paid-in capital | Currency translation differences | Currency translation on assets held for sale | Retained earnings | Attributable to owners of parent company | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| Total equity as at 1 January 2018 | **5,459** | **(0)** | **49,012** | **7,539** | **35** | **(39,554)** | **22,490** | **(735)** | **21,755** |
| Profit for the period | | | | | | (11,571) | (11,571) | (145) | (11,716) |
| Other comprehensive income | 0 | 0 | 0 | (3,551) | 18 | 3,094 | (438) | 61 | (377) |
| Amount reclassified from Other comprehensive income to Income Statement at disposal | 0 | 0 | 0 | 851 | 0 | 0 | 851 | 0 | 851 |
| Total comprehensive income/(loss) 2018 | 0 | 0 | 0 | (2,700) | 18 | (8,476) | (11,158) | (84) | (11,242) |
| Reduction of paid-in capital | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transaction costs related to capital increases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Share-based payments | 0 | 0 | 172 | 0 | 0 | 0 | 172 | 0 | 172 |
| Increase in share capital | 81 | 0 | 814 | 0 | 0 | 0 | 895 | 0 | 895 |
| Reclassification of equity | 0 | 0 | (28,133) | 0 | 0 | 28,133 | 0 | 0 | 0 |
| Purchase of own shares | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Distribution of own shares. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sale of own shares | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transactions with non-controlling interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Currency effects from translation of equity | (310) | 0 | (2,785) | 3,094 | 0 | 0 | 0 | | 0 |
| Recycling of OCI on sale and held for sale OCI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total equity as at 31 December 2018** | **5,231** | **(0)** | **19,079** | **7,933** | **53** | **(19,897)** | **12,399** | **(819)** | **11,580** |
| Profit for the period | | | | | | (4,064) | (4,064) | (10) | (4,073) |
| Other comprehensive income | 0 | 0 | 0 | 667 | 30 | (517) | 180 | 0 | 180 |
| Amount reclassified from Other comprehensive income to Income Statement at disposal | 0 | 0 | 0 | (87) | 0 | 0 | (87) | 0 | (87) |
| *Total comprehensive income/(loss) YTD 18* | *0* | *0* | *0* | *580* | *30* | *(4,580)* | *(3,971)* | *(10)* | *(3,980)* |
| Reduction of paid-in capital | *0* | *0* | *0* | *0* | *0* | *0* | *0* | 0 | 0 |
| Transaction costs related to capital increases | *0* | *0* | *(660)* | *0* | *0* | *0* | (660) | 0 | (660) |
| Share-based payments | 0 | 0 | 226 | 0 | 0 | 0 | 226 | 0 | 226 |
| Increase in share capital | 7,523 | 0 | 3,009 | 0 | 0 | 0 | 10,532 | 0 | 10,532 |
| Reclassification of equity | 0 | 0 | (13,742) | 0 | 0 | 13,742 | 0 | 0 | 0 |
| Purchase of own shares | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Distribution of own shares. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sale of own shares | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transactions with non-controlling interests | 0 | 0 | 0 | 0 | 0 | (552) | (552) | 829 | 277 |
| Currency effects from translation of equity | 128 | 0 | 389 | (517) | 0 | 0 | 0 | | 0 |
| Recycling of OCI on sale and held for sale OCI | 0 | 0 | 0 | 83 | (83) | 0 | 0 | 0 | 0 |
| **Total equity as at 30 June 2019** | **12,882** | **(0)** | **8,301** | **8,079** | **0** | **(11,287)** | **17,975** | **0.000** | **17,975** |

## Consolidated statement of cash flow – unaudited*

| *USD 1,000* | Note | Q2 ended 30 June 2019 | Q2 ended 30 june 2018 | YTD 30 June 2019 | YTD 30 June 2018 | Year ended 31 Dec 2018 |
|---|---|---|---|---|---|---|
| **Cash flow from operating activities** | | | | | | |
| Profit/(loss) after income tax (including disposal group) | | (1,808) | (4,766) | (4,073) | (6,464) | (11,716) |
| *Adjustments:* | | | | | | |
| Changes in tax related accruals | | (25) | (404) | (129) | (407) | (365) |
| Paid taxes | | | | | | (87) |
| Share-based payments | | 92 | 68 | 224 | 35 | 183 |
| Share of profit from associated companies, incl impairments | | 8 | 86 | 76 | 430 | 419 |
| Depreciation. Amortization and impairments | | 813 | 4,117 | 1,746 | 4,590 | 6,026 |
| Loss on sale of subsidiaries and other shares | | (508) | | (508) | | 1,523 |
| Currency translation effects | | 1 | (368) | 374 | 185 | (713) |
| Change in trade receivables | | 144 | (62) | 272 | (854) | 410 |
| Change in trade payables | | (717) | (208) | (533) | (528) | (38) |
| Change in other accrual and non-current items | | 75 | (1,755) | (900) | (2,612) | (1,067) |
| **Net cash flow from/(used in) operating activities** | | **(1,927)** | **(3,292)** | **(3,454)** | **(5,625)** | **(5,425)** |
| **Cash flow from investing activities** | | | | | | |
| Investment in furniture, fixtures and office machines | | (214) | (104) | (235) | (142) | (364) |
| Investment in intangible assets | | (363) | (365) | (547) | (591) | (1,397) |
| Proceeds from sublease | | 134 | | 134 | | |
| Sale of subsidiary | | (129) | | (129) | 250 | 114 |
| **Net cash flow from/(used in) investing activities** | | **(573)** | **(471)** | **(779)** | **(485)** | **(1,649)** |
| **Cash flow from financing activities** | | | | | | |
| Net proceeds from share issues | | (4) | | 9,872 | | |
| Payments related to lease liability | | (234) | | (468) | | |
| Net change in debt | | (47) | | (145) | | (120) |
| **Net cash flow from/(used in) financing activities** | | **(285)** | **-** | **9,259** | | **(120)** |
| **Net increase/(decrease) in cash and cash equivalents** | | **(2,785)** | **(3,762)** | **5,026** | **(6,109)** | **(7,194)** |
| Cash and cash equivalents at the beginning of the period | | 10,559 | 7,742 | 3,009 | 10,247 | 10,247 |
| Changes in cash classified as asset held for sale | | 261 | 112 | | (46) | (44) |
| **Cash and cash equivalents at the end of the period** | | **8,035** | **4,091** | **8,035** | **4,091** | **3,009** |

*) The cash flow statement is presented including the discontinued operation PCAN.

# NOTES

### 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 20 August 2019, after close of business on the Oslo Stock Exchange. The figures in the statements have not been audited.

The interim condensed consolidated financial statements for the first half year 2019, ending 30 June 2019, 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 2018 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 2018, except for IFRS 16 implemented as of 1 January 2019 as described below.

### Note 2: Transition to IFRS 16 Leases

The group has adopted IFRS 16 retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the group recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 8.86%.

| USD 1,000 | | **1 January 2019** |
|---|---|---|
| **Lease obligation according to IAS 17** | | **3,025** |
| Leases below 12 months | | (438) |
| Low value leases | | (32) |
| Adjustments related to option extension and termination clauses | | 2,256 |
| Effect of discounting | | (1,100) |
| Total IFRS 16 implementation effect | | 3,711 |
| Of which | | |
| | Short-term lease liability | 925 |
| | Long-term lease liability | 2,786 |

Right-of use assets were measured at the amount equal to the lease liability and adjusted by the amount of provision of onerous contracts and any prepaid or accrued lease payments as recognized in the balance sheet as at 31 December 2018. Subleases are regarded as financial leases and are derecognized from right of use asset and recognized as a financial asset.

Right of use assets relates to properties as follows:

| USD 1,000 | **30 June 2019** | **1 January 2019** |
|---|---|---|
| Right of use assets - properties | 2,789 | 2,936 |

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Right-of-use assets – increase by USD 2,936 thousand
- Other financial assets (sublease) – increase by USD 730 thousand
- Other short-term assets (prepayments) – decrease by USD 84 thousand
- Lease liabilities – increase by USD 3,711 thousand.
- Other short-term liabilities decrease by USD 129 thousand

Implementation of IFRS 16 resulted in USD 312 thousand lower operating expense, increased depreciations by USD 242 thousand, increased finance income of 30 thousand and increased finance cost by 151 thousand in the first half year of 2019.

The Group has made the following accounting policy choices:

- Leases with a lease term of 12 months or shorter are not capitalized (short-term leases).
- Low-value leases, meaning mainly leased office equipment, are not capitalized.
- Fixed non-lease components embedded in the lease contract are separated and hence not recognized as lease liabilities and right-of-use assets.
- Right-of-use assets and lease liabilities are presented separately in the statement of financial position.

**Summary of new accounting policies**

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Sublease – income where the Group is a lessor

Lease income from finance leases where the group is a lessor is recognized as a financial asset in the balance sheet. Per 31 December 2018, The Group had a long-term sublease, which was recognized net as part of a provision for an onerous contract related to a leased item. At the implementation of IFRS 16 the provision for the onerous contract was recognized as an impairment of the right of use asset. The right of use asset was fully subleased and consequently it was derecognized as a right of use asset and recognized as a financial asset. The related financial income is recognized using a constant periodic rate of return.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The Group remeasures the lease liability upon the occurrence of certain events (e.g. a change in the lease term, or a change in future lease payments resulting from a change in an index or rate used to determine those payments). Generally, the amount of remeasurement of the lease liability is recognized as an adjustment to the right-of-use asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Incremental borrowing rate

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. To arrive at the incremental borrowing rate the Group applies the respective country's (economic environment) risk free rate for the term corresponding to the lease term, adjusted for own credit risk.

Significant judgement in determining the lease term of contracts with renewal options
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised. The Group applies judgement in evaluating whether it is reasonably certain to exercise an option to renew a lease contract, considering all relevant factors that create an economic incentive for the Group to exercise the renewal or not exercise an option to terminate.

**Note 3: Segment information and disaggregation of revenue**

The Group has only one reporting segment: Cxense SaaS, which sells Software-as-a-Service applications based on a real-time data engine for analysis of content, user context, and behavior. The data engine is fully integrated with a range of software applications that can be used by companies to personalize their sites and apps. The result is increasing engagement, conversions and revenue.

Based on the above, Cxense has decided not to include segment information as this would only state the same financials already presented in the income statement and balance sheet.

The Group's revenue is in total related to the Cxense SaaS segment and is disaggregated as follows:

| | Q2 ended 30 June 2019 | | | | | |
|---|---|---|---|---|---|---|
| *USD 1,000* | **EMEA** | **Japan** | **LatAm** | **NorthAm** | **APAC** | **Total** |
| *DMP & Personalization (core)* | 1,204 | 1,302 | 408 | 374 | 509 | 3,796 |
| *Other (non-core)* | 17 | - | - | 467 | - | 484 |
| Revenue from license | 1,221 | 1,302 | 408 | 840 | 509 | 4,280 |
| *DMP & Personalization (core)* | 11 | 25 | 4 | - | 13 | 52 |
| *Other (non-core)* | - | - | - | - | - | - |
| Revenue from onboarding | 11 | 25 | 4 | - | 13 | 52 |
| *DMP & Personalization (core)* | 17 | 34 | 2 | 67 | - | 120 |
| *Other (non-core)* | - | - | - | - | - | - |
| Revenue from consulting services | 17 | 34 | 2 | 67 | - | 120 |
| **Revenue from contracts with customers** | **1,248** | **1,362** | **414** | **908** | **521** | **4,453** |
| *Of which DMP & Personalization (Core)* | *1,231* | *1,362* | *414* | *441* | *521* | *3,969* |
| *Of which other (non-core)* | *17* | *-* | *-* | *467* | *-* | *484* |

| | Q2 ended 30 June 2018 | | | | | |
|---|---|---|---|---|---|---|
| *USD 1,000* | **EMEA** | **Japan** | **LatAm** | **NorthAm** | **APAC** | **Total** |
| *DMP & Personalization (core)* | 1,205 | 1,144 | 395 | 564 | 429 | 3,737 |
| *Other (non-core)* | 339 | (0) | 24 | 807 | - | 1,169 |
| Revenue from license | 1,544 | 1,144 | 419 | 1,371 | 429 | 4,906 |
| *DMP & Personalization (core)* | 8 | 11 | 1 | 5 | - | 25 |
| *Other (non-core)* | 2 | - | - | 3 | - | 4 |
| Revenue from onboarding | 10 | 11 | 1 | 7 | - | 29 |
| *DMP & Personalization (core)* | 16 | 29 | 1 | 68 | - | 113 |
| *Other (non-core)* | - | - | - | 69 | - | 69 |
| Revenue from consulting services | 16 | 29 | 1 | 137 | - | 182 |
| **Revenue from contracts with customers** | **1,569** | **1,184** | **420** | **1,516** | **429** | **5,118** |
| *Of which DMP & Personalization (Core)* | *1,229* | *1,184* | *396* | *637* | *429* | *3,875* |
| *Of which other (non-core)* | *341* | *(0)* | *24* | *879* | *-* | *1,243* |

| | YTD ended 30 June 2019 | | | | | |
|---|---|---|---|---|---|---|
| *USD 1,000* | **EMEA** | **Japan** | **LatAm** | **NorthAm** | **APAC** | **Total** |
| *DMP & Personalization (core)* | 2,454 | 2,610 | 776 | 776 | 1,010 | 7,625 |
| *Other (non-core)* | 45 | - | - | 963 | - | 1,008 |
| Revenue from license | 2,499 | 2,610 | 776 | 1,738 | 1,010 | 8,633 |
| *DMP & Personalization (core)* | 22 | 47 | 7 | - | 25 | 100 |
| *Other (non-core)* | - | - | - | - | - | - |
| Revenue from onboarding | 22 | 47 | 7 | - | 25 | 100 |
| *DMP & Personalization (core)* | 74 | 62 | 2 | 142 | - | 280 |
| *Other (non-core)* | - | - | - | - | - | - |
| Revenue from consulting services | 74 | 62 | 2 | 142 | - | 280 |
| **Revenue from contracts with customers** | **2,594** | **2,720** | **785** | **1,881** | **1,034** | **9,013** |
| *Of which DMP & Personalization (Core)* | *2,549* | *2,720* | *785* | *918* | *1,034* | *8,006* |
| *Of which other (non-core)* | *45* | *-* | *-* | *963* | *-* | *1,008* |

| | YTD ended 30 June 2018 | | | | | |
|---|---|---|---|---|---|---|
| *USD 1,000* | **EMEA** | **Japan** | **LatAm** | **NorthAm** | **APAC** | **Total** |
| *DMP & Personalization (core)* | 2,346 | 2,355 | 748 | 1,113 | 800 | 7,362 |
| *Other (non-core)* | 757 | 1 | 48 | 1,733 | - | 2,538 |
| Revenue from license | 3,103 | 2,356 | 796 | 2,846 | 800 | 9,900 |
| *DMP & Personalization (core)* | 25 | (9) | 1 | 13 | - | 30 |
| *Other (non-core)* | 2 | - | - | 3 | - | 4 |
| Revenue from onboarding | 27 | (9) | 1 | 15 | - | 34 |
| *DMP & Personalization (core)* | 71 | 71 | 5 | 152 | 1 | 299 |
| *Other (non-core)* | - | - | - | 123 | - | 123 |
| Revenue from consulting services | 71 | 71 | 5 | 275 | 1 | 422 |
| **Revenue from contracts with customers** | **3,200** | **2,418** | **801** | **3,137** | **801** | **10,357** |
| *Of which DMP & Personalization (Core)* | *2,442* | *2,417* | *753* | *1,278* | *801* | *7,691* |
| *Of which other (non-core)* | *759* | *1* | *48* | *1,859* | *-* | *2,666* |

### Note 4: Share capital

At 30 June 2019 the share capital was NOK 109,732,595 divided into 21,946,519 shares, each with a nominal value of NOK 5.00. There are 722,875 share options and subscription rights outstanding in the Company at end of Q2 2019.

### Note 5: Sale of discontinued operations

Cxense has sold all shares in the majority owned subsidiary Premium Audience Network S.L. (L'Agora) to AdUX SA. The transaction was completed on 5 April 2019. The subsidiary was reported as discontinued operations.

The transaction is based on an initial purchase price of EUR 190 thousand and a contingent price (earn-out) potentially payable in May 2020 capped at EUR 400 thousand. Prior to the transaction, during the first quarter, the shareholder loans previously given to L'Agora were converted into shares, bringing Cxense's ownership of L'Agora from 53.8% to 81.9%.

A net gain of USD 515 thousand was recognized as net income from discontinuing operations.

### Note 6: Events after the reporting period

At 5 august 2019, The Board of Directors of Cxense ASA announced an agreement with Piano Software, Inc. ("Piano") whereby a subsidiary of Piano, Piano Software B.V. (under incorporation) will offer to acquire all of the shares of Cxense through a voluntary cash offer of NOK 16.00 per share. The Board of Directors of Cxense unanimously recommends the shareholders of Cxense to accept the offer.

# 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 2019 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, 21 August 2018

Lars Thoresen
(Chairman)

Liza Benson
(Board member)

Ingeborg Hegstad
(Board member)

Martin Moran
(Board member)

Azeem Azhar
(Board member)

Christian Printzell Halvorsen
(CEO)

# DEFINITIONS

**Alternative Performance Measures**

Cxense's financial information is prepared in accordance with International Financial Reporting Standards (IFRS). In addition, the company presents alternative performance measures (APM). The APMs are regularly reviewed by management, and their aim is to enhance stakeholders' understanding of the company's performance. APMs are calculated consistently over time and are based on financial data presented in accordance with IFRS and other operational data, as described in the table below. The alternative performance measures presented may be determined or calculated differently by other companies.

| | |
|---|---|
| QRR | Quarterly Recurring Revenue (QRR) is the quarterly value of a recurring revenue contract. As an example, a recurring revenue contract with a revenue of USD 10 thousand per month has QRR of USD 30 thousand (10 thousand *3) |
| Closed New ARR | The sum of all ARR for all contracts closed in a certain financial period |
| Lost ARR (churn) | The sum of all ARR for all contracts lost in a certain financial period |
| Net New ARR | New ARR – Lost ARR (Churn) |
| EBITDA | Earnings before interest, taxes, depreciation and amortization. EBITDA corresponds to the "operating income before depreciation, amortization and impairment" in the consolidated income statement |
| OPEX | Operational Expenditure as presented according to IFRS |
| Non-IFRS OPEX adjustments | OPEX elements shown separately for the purpose of excluding them from OPEX |
| OPEX adjusted | OPEX + non-IFRS OPEX adjustments |
| EBITDA Adjusted | EBITDA calculated using OPEX adjusted instead of OPEX |
| Capitalized R&D | Capitalized software development cost as per IFRS |
| EBITDA adjusted with capitalization add back | EBITDA adjusted before capitalized R&D |
| Gross margin | Gross profit in percent of revenue |
| EBITDA margin | EBITDA in percent of revenue |
| Annualized underlying organic growth | Net new ARR from the quarter / quarterly SaaS segment revenue |
| Sales quota equivalent | A sales quota equivalent is 100% of a one sales quota. A sales rep has 100% of a sales quota. Sales Managers, Customer Success Managers and other individuals within the sales organization may have 75% or less sales quotas. |
| Days sales outstanding | Trade receivables divided by daily sales revenue (annual revenue / 365) |