



FIRST QUARTER REPORT 2017



Highlights

- Data management and personalization revenue of USD 4.3 million, up 21% year-over-year
- High Q1 churn driven by one large acquired video customer and continued decline of advertising portfolio
- Q1 2017 group revenue of USD 5.9 million, down 5.5% year-over-year due to churn
- EBITDA reflects continued investments in growth
- Strategic investments in partners mporium and RepKnight to strengthen Cxense's offering, distribution and sales
- Ramp-up of sales team in North America on track – reflected in growing lead pipeline

CEO comment

"Cxense's potential is significant and we will capture it. We have a unique technology addressing a large and growing market and we experience increasing recognition in the marketplace. The churn in the first quarter doesn't change this. Some churn is legacy contracts, and some is a natural part of the business. The company has been through a major shift. Today we are a software-as-a-service company with an organization focused on data management and personalization. Our expanding sales team will leverage our quality penetration in the media industry when we increase sales and distribution moving forward. We see a record lead pipeline of sales opportunities and I expect that the second quarter 2017 and onwards will demonstrate the strength of Cxense and our software"

Key figures

<i>USD 1,000</i>	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Change y/y
Group revenues	6 263	6 330	6 317	6 562	5 918	-6 %
Data Management & Personalization software	3 566	3 933	4 295	4 495	4 299	21 %
Advertising software	1 900	1 448	1 216	1 159	911	-52 %
PCAN segment	837	990	840	938	733	-12 %
Gross profit	4 717	4 594	4 394	4 575	3 937	
EBITDA	(1 972)	(1 310)	(1 873)	(2 629)	(2 911)	
EBITDA adjusted	(789)	(1 106)	(1 646)	(2 232)	(2 552)	

OPERATIONAL REVIEW

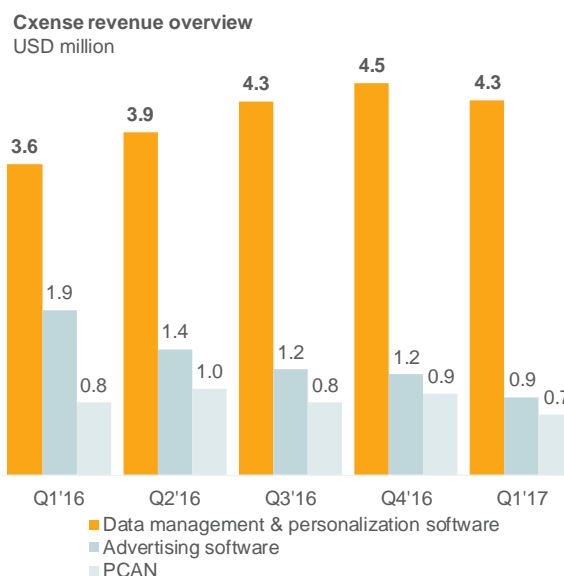
The Cxense software enables publishers and e-commerce companies to personalize their online sites and apps. A personalized website presents users with content, advertising and promotions tailored to their interests, as opposed to a traditional site, where everyone sees the same version of the site. The result is increased engagement, conversion rates and revenue.

Data management and personalization software

Q1 2017 data management and personalization software revenue was USD 4.3 million, representing 21% organic growth from Q1 2016. All new contracts signed in Q1 2017 were within this segment.

In Q1 2017, Cxense closed 30 new contracts for its data management and personalization software with full Quarterly Recurring Revenue (QRR) effect of USD 429 thousand. Lost QRR from contract churn was USD -425 thousand, an unusually high number for the segment. USD -0.2 million of the churn was related to the loss of one video personalization customer in North America. The churn had effect early in the quarter, while closed revenue came in late, which led to a sequential revenue decline from Q4 2016 to Q1 2017.

At the end of Q1 2017 Cxense had 26 sales quotas measured at full capacity. As there were several new hires, the average number of efficient sales quotas for the quarter was 19. Sales efficiency for the quarter, measured as closed new QRR per sales quota, was USD 23 thousand, compared to USD 30 thousand in Q4 2016. While Cxense continuously work on improving sales efficiency, there will be quarterly variations. Cxense targets to increase the sales organization to 30 efficient sales quotas by early Q3 2017. Based on the sales efficiency of Q1 2017 and Q4 2016, 30 quotas have the potential to deliver USD 690-900 thousand of new QRR per quarter, a significant increase compared to sales performance in recent quarters.



The strengthened sales organization has led to a significant expansion of the company's lead pipeline, and a pickup in rate of conversions from leads to sales is expected from late Q2 and onwards.

Cxense experiences strong demand for its data management and personalization software from both publishers and e-commerce companies. These applications are built on a data engine where deep user and content profiles, real-time actionability and robust integration APIs are clear differentiators vs. competitors. Online business is growing fast, along with adoption of advanced personalization technology. Cxense has 73 R&D resources working on developing, operating and maintaining our software and new features are released each quarter.

Advertising software

Cxense decided in Q1 2016 to close down its R&D effort within advertising, and to stop marketing of the service. The churn experienced through 2016 has been significant within the area and advertising software revenue is expected to churn to a minimal level in the course of 2017. Advertising software revenue for Q1 2017 was USD 0.9 million, down 52% from Q1 2016. In Q1 2017 churn was USD -267 thousand and there was no new contracts from advertising. The advertising software market is characterized by fierce competition from Google and Appnexus adservers, and products are mature. Publishers typically chose one of the larger standard adservers, and then integrate programmatic tools and data management platforms, to build a strong holistic platform. The Cxense DMP is well integrated with the largest adservers, and Cxense has chosen an adserver-agnostic approach going forward.

Investment in associated companies

In February, Cxense announced a technology licensing agreement with RepKnight, a UK-based developer of social media analytics technology. Cxense invested GBP 3 million in cash for a 30% stake in RepKnight, providing the company with growth capital and strengthening the strategic partnership. RepKnight provides insight from Twitter to Cxense, and by adding real-time social media analytics to their websites, Cxense clients will gain additional insight into social media reach and impressions. The combined solution allows content publishers and e-commerce sites to improve customer engagement, increase site traffic, deliver more relevant personalization, and drive conversions.

On 21 March 2017, Cxense invested GBP 0.65 million in mporium Group plc through a private placement to strengthen mporium's balance sheet and growth capacity. Cxense holds 113,123,403 shares in mporium, equal to 21.16% of the shares. After the transaction, Cxense has a weighted average subscription price of 2.9 pence per mporium share, compared to a closing price on 31 March of 14.25 pence per share. Cxense and mporium are developing a tailor-made, one-stop-shop offering for international advertising agencies. By identifying "micro moments" (signals from TV and other data feeds that indicate that consumers are interested in a specific piece of advertising), mporium is able to drive quality traffic, which Cxense picks up to direct to a transaction.

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

Q1 2017 group revenue was USD 5.92 million, representing a decrease of 5.5% from USD 6.26 million in the same quarter last year. Q1 2017 OPEX was USD 6.85 million. While down from USD 7.2 million in Q4 2016 including year-end bonuses, the OPEX level reflected an increased headcount, as the company strengthened the sales and marketing team. More sales resources in the SaaS segment will increase the loss in the short run, but will ultimately lead to strengthened sales output and growth towards profitability. Q1 2017 EBITDA was USD -2.92 million, compared to USD -1.97 million in Q1 2016.

FINANCIAL DEVELOPMENT SUMMARY

<i>USD 1,000</i>	<i>Q1 2015</i>	<i>Q2 2015</i>	<i>Q3 2015</i>	<i>Q4 2015</i>	<i>Q1 2016</i>	<i>Q2 2016</i>	<i>Q3 2016</i>	<i>Q4 2016</i>	<i>Q1 2017</i>
<i>USD 1,000</i>	<i>Q1 2015</i>	<i>Q2 2015</i>	<i>Q3 2015</i>	<i>Q4 2015</i>	<i>Q1 2016</i>	<i>Q2 2016</i>	<i>Q3 2016</i>	<i>Q4 2016</i>	<i>Q1 2017</i>
	<i>IFRS</i>	<i>IFRS</i>	<i>IFRS</i>	<i>IFRS</i>	<i>IFRS</i>	<i>IFRS</i>	<i>IFRS</i>	<i>IFRS</i>	<i>IFRS</i>
SaaS segment									
Revenues total	3 301	2 954	4 183	5 291	5 467	5 381	5 511	5 654	5 209
Cost of sales	532	664	700	780	908	967	1 252	1 195	1 361
Gross profit	2 769	2 290	3 483	4 510	4 558	4 414	4 259	4 460	3 848
<i>Gross margin %</i>	<i>84 %</i>	<i>78 %</i>	<i>83 %</i>	<i>85 %</i>	<i>83 %</i>	<i>82 %</i>	<i>77 %</i>	<i>79 %</i>	<i>74 %</i>
Personnel	2 802	3 063	3 834	3 904	4 657	3 675	4 141	4 574	4 402
Other OPEX	1 462	2 255	1 739	1 928	1 735	1 915	1 772	2 258	2 088
OPEX	4 264	5 318	5 573	5 832	6 392	5 590	5 913	6 832	6 490
EBITDA	(1 495)	(3 028)	(2 090)	(1 321)	(1 833)	(1 176)	(1 654)	(2 374)	(2 642)
Non-IFRS adjustment of OPEX level									
Share-based payment costs	121	93	156	144	171	56	149	191	244
Share-based social costs provision		10	(130)	9	37	54			
Salary and social restructuring provisions/costs		140	327		361				
Office moving and restructuring costs			126		45			210	(21)
Extraordinary/special									32
One-off provision for doubtful debt				16		55		84	
Transaction costs		658	195	166	45	81	78	79	103
R&D refund			(152)	(430)		(42)		(167)	
Total reported OPEX adjustment items	121	901	523	(95)	659	204	226	397	358
Estimated full effect of cost-reduction program	176				525				
OPEX adjusted	3 967	4 417	5 050	5 927	5 208	5 386	5 686	6 435	6 132
EBITDA adjusted	(1 199)	(2 126)	(1 568)	(1 416)	(649)	(972)	(1 428)	(1 977)	(2 284)
Capitalized operating expense	(450)	(460)	(440)	(496)	(498)	(494)	(496)	(891)	(507)
EBITDA adjusted with capitalization add back	(1 649)	(2 587)	(2 007)	(1 912)	(1 147)	(1 466)	(1 924)	(2 868)	(2 791)
PCAN segment									
Revenues total	619	620	675	805	837	990	840	938	733
Cost of goods sold	472	484	512	629	679	810	705	824	643
Gross profit	148	136	163	175	159	180	135	115	90
<i>Gross margin %</i>	<i>24 %</i>	<i>22 %</i>	<i>24 %</i>	<i>22 %</i>	<i>19 %</i>	<i>18 %</i>	<i>16 %</i>	<i>12 %</i>	<i>12 %</i>
Personnel	116	131	136	176	200	218	168	153	184
Other OPEX	86	69	71	86	97	96	185	219	174
OPEX	203	200	206	261	298	314	353	371	358
EBITDA	(55)	(65)	(44)	(86)	(139)	(134)	(219)	(257)	(268)
GROUP									
Revenues, all segments	3 920	3 574	4 858	6 095	6 304	6 371	6 350	6 593	5 942
Intra-segment eliminations	(39)	(34)	(39)	(39)	(41)	(41)	(34)	(30)	(24)
Revenues consolidated	3 881	3 540	4 818	6 056	6 263	6 330	6 317	6 562	5 918
Gross profit	2 916	2 426	3 645	4 686	4 717	4 594	4 394	4 575	3 937
<i>Gross margin %</i>	<i>75 %</i>	<i>69 %</i>	<i>76 %</i>	<i>77 %</i>	<i>75 %</i>	<i>73 %</i>	<i>70 %</i>	<i>70 %</i>	<i>67 %</i>
OPEX	4 466	5 518	5 779	6 093	6 689	5 904	6 266	7 204	6 848
EBITDA	(1 550)	(3 092)	(2 134)	(1 407)	(1 972)	(1 310)	(1 873)	(2 629)	(2 911)

Revenue development breakdown**

Quarterly figures					Acc. last 4
<i>USD 1,000</i>	Q2 2016	Q3 2016	Q4 2016*	Q1 2016	periods
SaaS segment					
Revenue in previous quarter	5 467	5 381	5 511	5 654	5 467
New recurring license revenue effect	290	514	373	469	1 646
Acquired recurring license revenue	-	-	-	-	-
Churn effect	-359	-131	-131	-691	(1 312)
Change in service revenue and other variables	12	-208	4	-174	(366)
Currency effect	-27	-45	-103	-49	(224)
Revenue this quarter	5 381	5 511	5 654	5 209	5 209
Accumulated currency effect, reversed	27	72	175	224	224
Outbound revenue currency adjusted	5 408	5 583	5 830	5 434	5 434
Group					
Cxense SaaS segment revenue					5 209
PCAN segment - Q1 2017 reported					733
Intra-segment eliminations - Q1 2017 reported					(24)
Group reported revenue					5 918
Q1 run-rate adjustments					
Full effect of contracts closed until 3 May 2017 (SaaS segment)					293
Full effect of known churn until 3 May 2017 (SaaS segment)					(258)
Group run-rate revenue after adjustments					5 954
Whereof Q1 SaaS run-rate revenue after adjustments					5 245

*In this Q1 2017 report there has been done a reclassification between Change in service revenue and other variables and Currency effect in the Q4 2016 numbers in the table above as compared to what was presented in the Q4 2016 report. Q4 2016 currency effects have been changed from the Q4 2016 report, resulting in a change from USD 2 thousand (USD 8 thousand annualized) reported in Q4 2016 to USD -103 thousand (USD -412 thousand). The change has resulted in an increase in change in service revenue and other variables from USD 98 thousand (USD -392 thousand) to USD 4 thousand (USD 17 thousand), due to reclassification of one-off items.

**The revenue development breakdown has historically been presented with annualized figures. From Q1 2017, this has been changed to show quarterly figures in order to present figures that are easier to tie in to the quarterly numbers presented throughout the report. The annualized figures can be calculated by multiplying the quarterly figures by 4.

FINANCIAL REVIEW

Q1 2017 group revenues amounted to USD 5.92 million, a decrease of 5.5% from Q1 2016 revenues of USD 6.26 million, and down 9.8% from Q4 2016 revenues of USD 6.56 million. The Cxense group has two business segments: Cxense Software-as-a-Service (SaaS) and Cxense Publisher-Controlled Advertising Networks (PCAN).

The SaaS segment revenues relate predominantly to sales of recurring software licenses and some implementation services. The Q1 2017 revenues from the SaaS segment were USD 5.21 million, including inter-segment revenues of USD 24 thousand, compared to USD 5.43 million in Q1 2016 and 5.65 in Q4 2016. The sequential development was a function of new software license revenues of USD 469 thousand, and change in service revenues and other variable revenues of USD -174 thousand. Churn was USD -691 thousand for the period, and currency effects amounted to USD -49 thousand.

Q1 2017 revenues from the PCAN segment amounted to USD 733 thousand, down 12% from Q1 2016. The revenues represent sales of performance-based and programmatic online advertising.

The Q1 2017 group cost of sales amounted to USD 1.98 million, compared to USD 1.55 million in Q1 2016. Cost of sales for Q1 2017 was USD 1.36 million for the SaaS segment, and USD 643 thousand for the PCAN segment.

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 Q1 2017 gross margin for the SaaS segment was 74%, compared to 83% in Q1 2016 and 79% in Q4 2016. The gross margin reduction is mainly driven by an increase of hosting capacity on fully leased platforms which is a more expensive option than co-location solutions, as well as increasing sales of certain data management features currently operated with lower than average gross margin. Cxense has ongoing projects to move hosting capacity from leased to co-location solutions as well as optimizing the software code for delivery of features with above average cost.

The Q1 2017 employee benefit expenses were USD 4.59 million, compared to USD 4.86 million in Q1 2016 and USD 4.73 million in Q4 2016. Capitalization of employee benefit expenses related to software development activities amounted to USD 386 thousand in Q1 2017.

Other operating expenses amounted to USD 2.26 million in Q1 2017, compared to USD 1.83 million in Q1 2016. Most of the expenses relate to premises, travel, marketing, consulting services and contractors. USD 122 thousand in other operating expenses related to software development activities were capitalized in Q1 2017.

The Q1 2017 EBITDA was USD -2.91 million, compared to USD -1.97 million in Q1 2016 and USD -2.63 million in Q4 2016.

Depreciation and amortization in Q1 2017 were USD 983 thousand, compared to USD 865 thousand in Q1 2016.

Finance income from interest income and currency gains was USD 145 thousand in Q1 2017, compared to USD 22 thousand in Q1 2016. Financial expenses, mainly relating to disagio, amounted to USD 69 thousand in Q1 2017, compared to USD 193 thousand in Q1 2016.

The Q1 2017 estimated share of profit from investments in associated companies was USD -375 thousand, compared to USD 149 thousand in Q1 2016, and relates to the investment in the associated company mporium Group plc, where Cxense holds a 21.16% stake, and RepKnight where Cxense holds a 30% stake. The mporium and RepKnight shares of profit are included in the accounts, in accordance with IFRS and the equity method for associated companies. The loss included is booked against the book value of the investments – reducing the book value accordingly.

The tax expense for Q1 2017 was USD 85 thousand, compared to USD 27 thousand in Q4 2015. In general, the income tax expense arises in the Cxense SaaS subsidiaries 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 4.28 million in Q1 2017, compared to USD 3.19 million in Q1 2016 and USD 4.12 million in Q4 2016. This represents a Q1 2017 loss of USD 0.0005 per share, compared to a loss of USD 0.0005 per share in Q1 2016.

Total assets at the end of Q1 2017 amounted to USD 52.4 million, compared to USD 40.4 million as at the end of Q1 2016. The increase in total assets in the period relates mostly to the June 2016 private placement and the exercise of warrants to subscribe for new shares in Q4 2016. Total equity at the end of Q1 2017 was USD 44.3 million, compared to USD 27.0 million at the end of Q1 2016.

Goodwill of USD 14.4 million at 31 March 2017 was related to the acquisitions of Emediate, Maxifier and Ramp Media, at USD 3.8 million, USD 5.9 million and USD 4.7 million, respectively.

The Q1 2017 intangible assets of USD 11.4 million relate to excess value from the Ramp Media acquisition of USD 5.1 million, the Maxifier acquisition of USD 1.3 million, and the Emediate acquisition of USD 1.8 million, and capitalized R&D of USD 3.2 million. Cxense has significant shareholdings in mporium Group and RepKnight, both of which are classified as associated companies.

Trade receivables were USD 3.05 million (equal to 46 days of inventory¹) at the end of Q1 2017, compared to USD 3.63 million (50 days) at the end of Q4 2016, and USD 3.73 million (54 days) at the end of Q1 2016. The SaaS segment trade receivables were USD 2.25 million at the end of Q1 2017 (equal to 39 days of inventory) and the PCAN segment trade receivables amounted to USD 0.50 million (61 days).

The Q1 2017 cash position was USD 12.8 million, compared to USD 3.07 million at the end of Q1 2016. The year-over-year change relates mainly to the effect of the June private placement and warrants exercised in Q4 2016, net of cash used to finance operations and investments over the period.

Other long-term liabilities at the end of Q1 2017 were USD 199 thousand, compared to USD 2.7 million in Q1 2016. The decrease relates to the removal of long-term contingent considerations for Maxifier of USD 1.9 million in Q3 2016, and for Ramp Media of USD 0.74 million in Q4 2016.

Total current liabilities at the end of Q1 2017 were USD 7.02 million, compared to USD 9.74 million at the end of Q1 2016. The decrease relates predominantly to the removal in Q3 2016 of the short-term contingent consideration for Maxifier of USD 2.8 million.

Net cash flow used in operating activities was USD 4.0 million in Q1 2017, compared to USD 2.24 million in Q1 2016. The Q1 2017 cash flow used in operating activities was USD 1.1 million lower than the Q1 2017 EBITDA, mainly reflecting payments of accruals made at year-end 2016.

Q1 2017 net cash flow used in investing activities was USD 5.16 million, compared to USD 0.52 million used in Q1 2016. The increase reflected investments made in RepKnight and mporium in Q1 2017, of USD 3.73 million and USD 0.85 million respectively.

Net cash flow from financing activities was nil in Q1 2017, on par with Q1 2016.

¹ 1 day = receivables / quarterly revenues * 90 days

FINANCIAL STATEMENTS

Consolidated income statement – unaudited

<i>USD 1,000</i>	Note	Q1 ended 31 Mar 2017	Q1 ended 31 Mar 2016	Year ended 31 Dec 2016
Revenue	2	5 918	6 263	25 472
Operating expense				
Cost of goods sold		1 981	1 546	7 192
Employee benefit expense		4 586	4 857	17 787
Other operating expenses		2 262	1 832	8 276
EBITDA		(2 911)	(1 973)	(7 783)
Depreciation & amortization expense		983	865	3 836
Net operating income/(loss)		(3 894)	(2 838)	(11 619)
Financial income and expense				
Finance income		145	22	5 704
Finance expense		(69)	(193)	(862)
Net financial income/(expense)		76	(171)	4 842
Share of profit from associated companies	1, 4	(375)	(149)	(1 204)
Net loss before taxes		(4 193)	(3 158)	(7 981)
Income tax expense		85	27	432
Total net loss for the period		(4 278)	(3 185)	(8 412)
Net loss attributable to:				
Owners of the Company		(4 151)	(3 113)	(8 074)
Non-controlling interests		(126)	(72)	(338)
Earnings per share:				
Basic and diluted		(0.0005)	(0.0005)	(0.0012)
Statement of comprehensive income				
Net loss for the period		(4 278)	(3 185)	(8 412)
<i>Other comprehensive income:</i>				
- Currency translation differences		138	524	(220)
Total comprehensive loss		(4 140)	(2 661)	(8 632)
Total comprehensive income/(loss) attributable to:				
Owners of the Company		(4 013)	(2 589)	(8 294)
Non-controlling interests		(126)	(72)	(338)

Consolidated statement of financial position – unaudited

<i>USD 1,000</i>	Note	As at 31 Mar 2017	As at 31 Mar 2016	As at 31 Dec 2016
Assets				
Non-current assets				
Goodwill		14 364	14 364	14 364
Deferred tax asset		15	37	15
Intangible assets		11 426	13 061	11 832
Office machinery, equipment, etc.		280	314	218
Investments in associated companies	4	8 391	4 620	4 267
Other financial assets		646	251	388
Total non-current assets		35 121	32 647	31 084
Current assets				
Trade receivables		3 046	3 725	3 632
Other short-term assets		1 382	989	1 023
Cash and cash equivalents		12 805	3 072	21 960
Total current assets		17 233	7 786	26 615
Total assets		52 354	40 433	57 699
Equity and liabilities				
Equity				
Share capital	3	4 640	3 684	4 616
Own shares		-	-	-
Other paid-in capital		42 909	25 888	49 665
Currency translation differences		6 954	7 561	6 818
Accumulated losses		(9 659)	(9 484)	(12 472)
Equity attributable to the holders of the Company		44 843	27 648	48 627
Non-controlling interest		(505)	(613)	(379)
Total equity		44 338	27 035	48 248
Liabilities				
Non-current liabilities				
Deferred tax liabilities		674	968	783
Other provisions		121		183
Other long-term liabilities		199	2 688	44
Total non-current liabilities		994	3 657	1 010
Current liabilities				
Trade payables		1 403	1 463	1 764
Current taxes		178	109	210
Other short-term liabilities		5 441	8 170	6 467
Total current liabilities		7 022	9 742	8 441
Total liabilities		8 016	13 398	9 451
Total equity and liabilities		52 354	40 433	57 699

Consolidated statement of changes in equity – unaudited

	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
<i>USD 1,000</i>								
Total equity as at 1 January 2016	3 433	0	32 415	7 037	(13 303)	29 583	(541)	29 042
Profit for the period					(8 566)	(8 566)	(338)	(8 904)
Other comprehensive income	0	0	0	(195)	(13)	(207)	0	(207)
<i>Total comprehensive income/(loss) 2016</i>	0	0	0	(207)	(8 087)	(8 294)	(338)	(8 632)
Reduction of paid-in capital	0	0	0	0	0	0	0	0
Transaction costs	0	0	(822)	0	0	(822)	0	(823)
Share-based payments	0	0	553	0	0	553	0	552
Increase in share capital	1 141	0	26 468	0	0	27 609	0	27 609
Reclassification of equity	0	0	(8 918)	0	8 918	0	0	0
Transactions with non-controlling interests	0	0	0	0	0	0	500	500
Currency effects from translation of equity	43	0	(30)	(13)	0	0	0	(0)
Total equity as at 31 December 2016	4 617	0	49 666	6 818	(12 472)	48 627	(379)	48 248
Profit for the period					(4 151)	(4 151)	(126)	(4 278)
Other comprehensive income	0	0	0	418	(280)	138	0	138
<i>Total comprehensive income/(loss) YTD 16</i>	0	0	0	418	(4 432)	(4 013)	(126)	(4 140)
Reduction of paid-in capital	0	0	0	0	0	0	0	0
Transaction costs	0	0	(6)	0	0	(6)	0	(6)
Share-based payments	0	0	237	0	0	237	0	236
Increase in share capital	0	0	0	0	0	0	0	0
Reclassification of equity	0	0	(7 245)	0	7 245	0	0	0
Transactions with non-controlling interests	0	0	0	0	0	0	0	0
Currency effects from translation of equity	24	0	257	(280)	0	0	0	(0)
Total equity as at 31 March 2017	4 640	0	42 909	6 954	(9 659)	44 843	(505)	44 338
<i>USD 1,000</i>								
Total equity as at 1 January 2016	3 433	0	32 415	7 037	(13 303)	29 583	(541)	29 042
Profit for the period					(3 113)	(3 113)	(72)	(3 185)
Other comprehensive income				2 889	(2 365)	524		524
<i>Total comprehensive income/(loss) YTD 2016</i>	0	0	0	2 889	(5 478)	(2 589)	(72)	(2 661)
Reduction of paid-in capital	0	0	0	0	0	0	0	0
Transaction costs	0	0	(46)	0	0	(46)	0	(46)
Share-based payments	0	0	179	0	0	179	0	179
Increase in share capital	25	0	496	0	0	521	0	521
Purchase own shares	0	0	0	0	0	0	0	0
Reclassification of equity	0	0	(9 296)	0	9 296	0	0	0
Currency effects from translation of equity	226	0	2 139	(2 365)	0	0	0	0
Total equity as at 31 Mar 2016	3 684	0	25 888	7 561	(9 484)	27 648	(613)	27 035

Consolidated statement of cash flow – unaudited

<i>USD 1,000</i>	Note	Q1 ended 31 Mar 2017	Q1 ended 31 Mar 2016	Year ended 31 Dec 2016
Cash flow from operating activities				
Profit/(loss) after income tax (including disposal group)		(4 278)	(3 185)	(8 412)
<i>Adjustments:</i>				
Income tax payable		(110)	(93)	(255)
Share-based payments		242	171	567
Share of profit of investments accounted for using the equity method		375	149	1 204
Depreciation and amortization		983	865	3 836
Currency translation effects		210	243	(379)
Change in trade receivables		587	(188)	(96)
Change in trade payables		(361)	82	382
Change in other accrual and non-current items		(1 644)	(286)	(5 086)
Net cash flow from/(used in) operating activities		(3 995)	(2 241)	(8 238)
Cash flow from investing activities				
Investment in furniture, fixtures and office machines		(76)	(20)	34
Investment in intangible assets		(507)	(496)	(2 379)
Investment in associated companies	4	(4 577)		(873)
Investment in subsidiary		-		
Net cash flow from/(used in) investing activities		(5 160)	(516)	(3 219)
Cash flow from financing activities				
Net proceeds from share issues		-		27 087
Proceeds from minority interest		-		500
Net cash flow from/(used in) financing activities			-	27 587
Net increase/(decrease) in cash and cash equivalents		(9 155)	(2 757)	16 130
Cash and cash equivalents at the beginning of the period		21 960	5 829	5 829
Cash and cash equivalents at the end of the period		12 805	3 072	21 960

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 9 May 2017, 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 quarter 2017, ending 31 March 2016, were prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the group's 2016 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 2016. For information about the standards and interpretations effective from 1 January 2017, please refer to Note 2 in the group's 2016 annual report. The standards and interpretations effective from 1 January 2017 do not have a significant impact on the group's consolidated interim financial statements.

The mporium Group plc share of profit is estimated based on the latest interim financials made publicly available by mporium. The RepKnight share of profit is estimated based on the latest management report available.

Note 2: Segment information

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

- Cxense SaaS, which sells Software-as-a-Service applications based on 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.
- PCAN (Publisher-Controlled Advertising Networks), which sells online advertising on the sites of various publishers, and distributes and shares the advertising revenues generated in the network with publishers.

There have been no changes to the grouping of segments compared to the 2016 annual report. EBITDA is defined as segment profit/loss.

Q1 ended 31 Mar 2017				
<i>USD 1,000</i>	Cxense SaaS	PCAN	Eliminations	Consolidated
Revenue				
External customers	5 185	733	0	5 918
Inter-segment	24	0	(24)	0
Revenues total	5 209	733	(24)	5 918
Gross profit	3 847	90	0	3 938
EBITDA	(2 643)	(268)	0	(2 911)
Total segment assets	51 360	890	104	52 354
Total segment liabilities	6 839	1 807	(629)	8 016

Q1 ended 31 Mar 2016				
	Cxense SaaS	PCAN	Eliminations	Consolidated
Revenue				
External customers	5 425	837	0	6 263
Inter-segment	41	0	(41)	0
Revenues total	5 467	837	(41)	6 263
Gross profit	4 557	159	0	4 717
Total segment assets	39 447	735	251	40 433
Total segment liabilities	12 196	1 274	(72)	13 398
Full year 2016				
<i>USD 1,000</i>				
	Cxense SaaS	PCAN	Eliminations	Consolidated
Revenue				
External customers	21 867	3 605	0	25 472
Inter-segment	146	0	(146)	0
Revenues total	22 013	3 605	(146)	25 472
Gross profit	17 692	588	0	18 281
EBITDA	(7 035)	(748)		(7 783)
Total segment assets	56 647	826	226	57 699
Total segment liabilities	8 253	1 457	(259)	9 451
Reconciliation				
<i>USD 1,000</i>				
Total net income/(loss) for the period		(4 278)	(3 185)	(8 412)
Income tax		(85)	(27)	(432)
Net income/(loss) before taxes		(4 193)	(3 158)	(7 981)
for using the equity method		375	149	1 204
Net financial (income)/expense		(76)	171	(4 842)
Depreciation & amortization expense		983	865	3 836
EBITDA		(2 911)	(1 973)	(7 783)

Note 3: Share capital

On 6 January 2017, a share capital increase pertaining to an issue of 11,125 shares was registered with the Norwegian Register of Business Enterprises. The shares were issued to employees and former employees that had exercised share options and subscription rights (SRs) as announced by the company on 14 December 2016.

Share options and subscription rights:

On 21 February 2017, the board of directors of Cxense ASA resolved to issue 2,000 SRs to employees in the company. The grant was made under the company's 2016 incentive subscription rights plan, as resolved at the annual general meeting on 12 May 2016. The exercise price of the SRs is NOK 126.85 per share. The issued SRs vest over 4 years by 25% on each anniversary from the date of the grant. The SRs expire on 12 May 2021.

As of 31 March 2017, there were 7,958,012 shares and 340,250 share options and subscription rights outstanding.

Note 4: Investments

On 10 February 2017, Cxense announced that the company had signed a technology licensing agreement with RepKnight, a UK-based developer of social media analytics technology. On 14 February 2017, Cxense invested GBP 3 million in cash for a 30% stake in RepKnight, providing the company with growth capital and strengthening the strategic partnership. Cxense holds 135,978 shares in RepKnight after the transaction.

On 21 March 2017, Cxense invested GBP 0.65 million in mporium Group plc through a private placement to strengthen mporium's balance sheet and growth capacity. Cxense holds 113,123,403 shares in mporium, equal to 21.16% of the shares after the transaction. The weighted average subscription price is 2.9 pence per mporium share, compared to a closing price on 31 March of 14.25 pence per share.

Note 5: Events after the reporting period

In the period between 31 March 2017 and 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 that has significantly affected, or may significantly affect, the operations of the group.

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

DEFINITIONS

Alternative performance measures

Cxense' 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.

MRR	Monthly Recurring Revenue is the monthly value of a recurring revenue contract
QRR	Quarterly Recurring Revenue (QRR) is the quarterly full value of a recurring revenue contract. As an example, a recurring revenue contract with USD 10 000 of revenue per month has QRR of USD 30,000 (10,000 *3).
ARR	Annualized Recurring Revenue (ARR) is the annualized value of a recurring revenue contract. As an example, a recurring revenue contract with USD 10 000 of revenue per month has ARR of USD 120,000 (10,000 *12).
Closed new QRR	The sum of all QRR for all contracts closed in a certain financial period
Recognized new QRR	The effect of all new recurring revenue recognized in a financial period
Lost QRR (churn)	The sum of all lost recurring revenue recognized in a certain financial period
Net new QRR	Recognized new QRR – lost QRR (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 on the basis of OPEX adjusted instead of OPEX
Capitalized R&D	Capitalized software development cost as per IFRS
EBITDA with capitalization add back	EBITDA adjusted before capitalized R&D
Annualized underlying organic growth	Net new ARR from the quarter / quarterly SaaS segment revenue
Sales quota equivalent	A sales quota equivalent is 100% of 1 sales quota. A sales rep has 100% of a sales quota, while Sales Managers, Customer Success Managers and other members of the sales organization may have sales quotas of 75% or less.