THIRD QUARTER REPORT **2016**

Deliver What People Want

Extraordinary Insights, Unforgettable Experiences

HIGHLIGHTS

- Cxense's personalization offering drives growth on new and existing customers
- Q3 2016 revenue from Data Management & Personalization Software was USD 4.3 million, up 90% year-over-year
- Closed 26 new contracts representing new Annualized Recurring Revenue (ARR) of USD 1.0 million in a seasonally weak quarter
- Lost ARR (churn) in the quarter down to USD -0.5 million, whereof only USD -0.15 million from Data Management & Personalization software
- Raised new equity of USD 21 million in Q2 and Q3 2016 to accelerate growth through investments in more sales and marketing resources
- Revamping North America sales organization and hired new SVP of sales
- EBITDA reflects investments in sales and marketing resources and hosting capacity increase

CEO comment

"Cxense experienced another strong quarter for our personalization offering. We help customers define and develop their digital opportunities. They see that we increase their revenues from digital channels, and respond by signing new contracts with us," said Ståle Bjørnstad, Cxense CEO. "While we are in the midst of a big shift, where consumption is going digital, the market for personalization is still in its infancy. That is why we raised additional growth capital of USD 21 million and are investing in sales and marketing. We are at the forefront and expect growth to continue. Our flexible technology platform and personalization offering is increasingly adopted by companies within the media, publishing and broadcasting verticals, as well as companies within new verticals."

Key figures

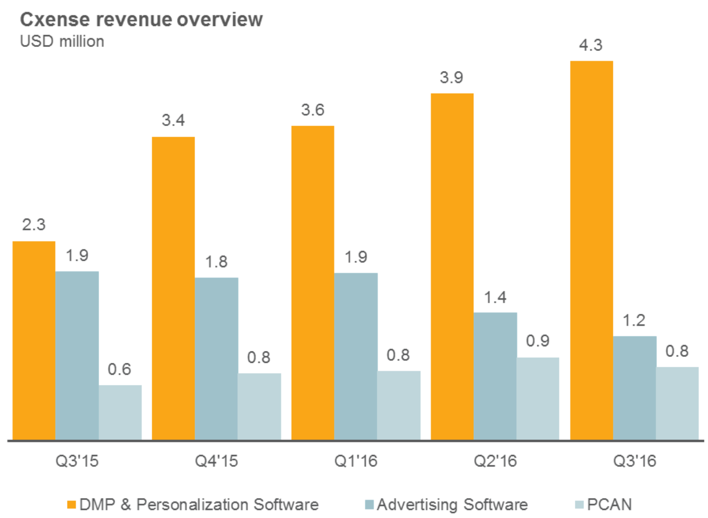
USD 1,000	**Q3 2015**	**Q4 2015**	**Q1 2016**	**Q2 2016**	**Q3 2016**	**Change y/y**
DMP & Personalization software	*2 263*	*3 444*	*3 566*	*3 933*	*4 295*	*90%*
Advertising software	*1 920*	*1 847*	*1 900*	*1 448*	*1 216*	*-37%*
SaaS segment	4 183	5 291	5 467	5 381	5 511	32%
PCAN segment	675	805	837	990	840	24%
Inter-segment elimination	(39)	(39)	(41)	(41)	(34)	
Revenues	**4 818**	**6 056**	**6 263**	**6 330**	**6 317**	31%
Gross profit	**3 646**	**4 686**	**4 717**	**4 594**	**4 394**	21%
Total gross margin	76 %	77 %	75 %	73 %	70 %	
Gross margin SaaS segment	83 %	85 %	83 %	82 %	77 %	
Gross margin PCAN segment	24 %	22 %	19 %	18 %	16 %	
OPEX	**5 779**	**6 093**	**6 689**	**5 904**	**6 266**	8%
Non-IFRS OPEX adjustments	(523)	95	(659)	(204)	(226)	
Estimated full effect of cost-reduction program			(525)			
OPEX adjusted	5 256	6 188	5 505	5 700	6 040	
EBITDA	**(2 134)**	**(1 407)**	**(1 972)**	**(1 310)**	**(1 873)**	-12%
EBITDA adjusted	(1 611)	(1 502)	(789)	(1 106)	(1 646)	

OPERATIONAL REVIEW

Cxense empowers publishers and e-commerce companies to apply advanced online personalization techniques through easy-to-use software. The software enables personalization of content, product promotions and advertising on customer sites and apps with measurable positive revenue impact.

Cxense experiences strong demand for its Data Management & Personalization software, which in Q3 2016 delivered 90% year-over-year growth driven by strong organic growth and acquisitions.

In the recent 6 month period from Q1 2016 to Q3 2016 the personalization software grew 19% organically from USD 3.6 million to 4.3 million (42% annualized growth). The annualized churn on the same portfolio in the same period was only 8%.



The Cxense software is chosen by its customers due to robust user tracking techniques, strong first- and third-party data capture capabilities and the deepest real-time audience user profiles in the market.

In Q3 2016, Aller Media, one of the Nordic region's largest publishers, signed up to use Cxense solutions for cross-publication content personalization to increase reader engagement and traffic.

The Wall Street Journal, the US-based financial news publisher, with 948,000 paying online subscribers[1], uses the Cxense technology to personalize their subscription promotions and to personalize content behind the paywall, thereby increasing their digital subscription revenue stream.

Lawson fresh, the Japanese online groceries company, uses the Cxense software for personalized product recommendations. The results are a 4x increase in click-through-rate and a 1.5x increase in conversion from click to purchase on recommended products.

The strong Personalization market trend has been underpinned by a recent eMarketer study[2]. Fifty-eight percent of the respondents are already using basic A/B testing techniques while the use of more advanced tech-savvy techniques, such as site personalization, are emerging. Only 22% of respondents are using site personalization while 56% are planning to use it. Fifty-nine percent see the lack of technology and data as the main reasons for not yet personalizing content.

In Q2 and Q3 2016, Cxense secured USD 21 million in new growth capital through a private placement and a subsequent offering to pursue organic growth within the personalization and data-management software market. As part of that strategy, Cxense in Q3 2016 started to strengthen its sales and marketing organization. As expected, this led to an associated increase in OPEX, which precedes the expected effect on conversion of leads to sales. Cxense will maintain a strict focus on cost, efficiency and overall profitability throughout this process.

Cxense closed 26 new recurring revenue contracts, of which 23 was for its personalization offering. Half of the contracts were upsell to existing customers. Japanese publisher Mainichi Shimbun was among the companies increasing the use of Cxense solutions during Q3 2016. The Guatemalan publisher Prensa Libre, Aller Media AS and e-payment service provider Worldline SA were among recent new clients.

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[1] News Corporation, annual report for the fiscal year ended June 2016, SEC Form 10-K.
[2] eMarketer, Personalization Roundup September 2016

In Q3 2016, new Annualized Recurring Revenue (ARR) was USD 1.0 million. This reflected a low level of new closed contracts in the period. Additional ARR effect of contracts closed until 16 November 2016 was USD 1.82 million.

The ARR of lost contracts (churn) amounted to USD 524 thousand, a significant improvement from USD 1.44 million in Q2 2016, and in line with the level in Q3 2015. 30% of the Q3 churn related to Data management & Personalization software while 70% related to Advertising software.

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.

Q3 2016 group revenue was USD 6.32 million, representing an increase of 31%, driven by both organic growth and acquisitions, compared to USD 4.82 million in the same quarter last year.

Q3 2016 OPEX increased by 22%, compared to Q2 2016, partly reflecting increased headcount as the company strengthened the sales and marketing team. OPEX and Cost of Sales were also impacted by salary increases, severance payments, hosting capacity increase and one-time transaction effects. Q3 2016 EBITDA was USD -1.87 million, compared to USD -2.1 in Q3 2015.

Finance income in Q3 2016 was USD 4.67 million, compared to USD 0.65 million in Q3 2015. The increase relates to reversal of the contingent earn-out consideration to the sellers of Maxifier of USD 4.7 million. The contingent consideration was booked as liabilities to the balance sheet and reversed in Q3 2016 as the earn-out conditions are no longer expected to be met. The result of the reversal is a positive net profit contribution of USD 4.7 million. See note 6 for more details. Net profit for Q3 2016 was 0.9 million compared to a net loss of 2.9 million in Q3 2015.

On 12 November 2016, 82.7% of the 475,000 warrants were exercised by the warrant holders in relation to the exercise of the Warrants subscribed for as part of the private placement and subsequent offering in September and October 2015. Each warrant gave the right to one Cxense share and the subscription price per share was NOK 130. The warrant exercise is estimated to give Cxense USD 6 million of additional equity funding.

FINANCIAL DEVELOPMENT SUMMARY

USD 1,000	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016
	IFRS	*IFRS*	*IFRS*	*IFRS*	*IFRS*	*IFRS*	*IFRS*	*IFRS*	*IFRS*
SaaS segment									
Revenues total	**3 530**	**3 591**	**3 301**	**2 954**	**4 183**	**5 291**	**5 467**	**5 381**	**5 511**
Cost of sales	666	565	532	664	700	780	908	967	1 252
Gross profit	**2 864**	**3 025**	**2 769**	**2 290**	**3 483**	**4 510**	**4 558**	**4 414**	**4 259**
Gross margin %	*81 %*	*84 %*	*84 %*	*78 %*	*83 %*	*85 %*	*83 %*	*82 %*	*77 %*
Personnel	4 034	4 487	2 802	3 063	3 834	3 904	4 657	3 675	4 141
Other OPEX	1 635	2 034	1 462	2 255	1 739	1 928	1 735	1 915	1 772
OPEX	**5 669**	**6 521**	**4 264**	**5 318**	**5 573**	**5 832**	**6 392**	**5 590**	**5 913**
EBITDA	(2 805)	(3 496)	(1 495)	(3 028)	(2 090)	(1 321)	(1 833)	(1 176)	(1 654)
NON-IFRS adjustment of OPEX level									
Share-based payment costs	137	136	121	93	156	144	171	56	149
Share-based social costs provision		76		10	(130)	9	37	54	
Salary and social restructuring provisions/costs		345		140	327		361		
Office moving and restructuring costs	57	68			126		45		
Extraordinary/special	50	496							
One-off provision for doubtful debt	(130)	210				16		55	
Transaction costs	(189)	(419)		658	195	166	45	81	78
R&D refund		(228)			(152)	(430)		(42)	
Total reported OPEX adjustment items	**(75)**	**684**	**121**	**901**	**523**	**(95)**	**659**	**204**	**226**
Estimated full effect of cost-reduction program		1 299	176				525		
OPEX adjusted	**5 744**	**4 538**	**3 967**	**4 417**	**5 050**	**5 927**	**5 208**	**5 386**	**5 686**
EBITDA Adjusted	**(2 880)**	**(1 512)**	**(1 199)**	**(2 126)**	**(1 568)**	**(1 416)**	**(649)**	**(972)**	**(1 428)**
Capitalized operating expense			(450)	(460)	(440)	(496)	(498)	(494)	(496)
EBITDA Adjusted with Capitalization add back	(2 880)	(1 512)	(1 649)	(2 587)	(2 007)	(1 912)	(1 147)	(1 466)	(1 924)
PCAN segment									
Revenues total	672	619	619	620	675	805	837	990	840
Cost of goods sold	509	474	472	484	512	629	679	810	705
Gross profit	**163**	**145**	**148**	**136**	**163**	**175**	**159**	**180**	**135**
Gross margin %	*24 %*	*23 %*	*24 %*	*22 %*	*24 %*	*22 %*	*19 %*	*18 %*	*16 %*
Personnel	154	146	116	131	136	176	200	218	168
Other OPEX	88	89	86	69	71	86	97	96	185
OPEX	**242**	**235**	**203**	**200**	**206**	**261**	**298**	**314**	**353**
EBITDA	**(79)**	**(89)**	**(55)**	**(65)**	**(44)**	**(86)**	**(139)**	**(134)**	**(219)**
GROUP									
Revenues, all segments	4 202	4 210	3 920	3 574	4 858	6 095	6 304	6 371	6 350
Intra-segment eliminations	(62)	(58)	(39)	(34)	(39)	(39)	(41)	(41)	(34)
Revenues consolidated	**4 140**	**4 152**	**3 881**	**3 540**	**4 818**	**6 056**	**6 263**	**6 330**	**6 317**
Gross profit	**3 036**	**3 170**	**2 916**	**2 426**	**3 645**	**4 686**	**4 717**	**4 594**	**4 394**
Gross margin %	*73 %*	*76 %*	*75 %*	*69 %*	*76 %*	*77 %*	*75 %*	*73 %*	*70 %*
OPEX	**5 911**	**6 756**	**4 466**	**5 518**	**5 779**	**6 093**	**6 689**	**5 904**	**6 266**
EBITDA	**(2 875)**	**(3 585)**	**(1 550)**	**(3 092)**	**(2 134)**	**(1 407)**	**(1 972)**	**(1 310)**	**(1 873)**
NON-IFRS adjustment of OPEX level									
Total reported OPEX adjustment items	(75)	684	121	901	523	(95)	659	204	226
Estimated full effect of cost-reduction program		1 299	176				525		
EBITDA Adjusted	**(2 950)**	**(1 602)**	**(1 253)**	**(2 191)**	**(1 611)**	**(1 502)**	**(789)**	**(1 106)**	**(1 646)**
Capitalized operating expense			(450)	(460)	(440)	(496)	(498)	(494)	(496)
EBITDA Adjusted with Capitalization add back	(2 950)	(1 602)	(1 703)	(2 651)	(2 051)	(1 998)	(1 286)	(1 600)	(2 142)

Revenue development breakdown

Annualized figures *USD 1,000*	**Q4 2015**	**Q1 2016**	**Q2 2016**	**Q3 2016**	**Acc. last 4 periods**
SaaS segment					
Revenue in previous quarter - annualized	16 732	21 162	21 866	21 525	16 732
New recurring license revenue effect	1 650	1 672	1 158	2 056	6 536
Acquired recurring license revenue	2 781	520	-	-	3 301
Churn effect	(489)	(648)	(1 438)	(524)	(3 098)
Change in service revenue and other variables	876	(892)	47	(832)	(801)
Currency effect	(388)	52	(109)	(180)	(625)
Revenue this quarter - annualized	21 162	21 866	21 525	22 045	22 045
Accumulated currency effect, reversed	388	336	445	625	625
Outbound revenue currency adjusted	21 550	22 202	21 970	22 670	22 670
Group					
Cxense SaaS segment revenue					22 045
PCAN segment - Q3 2016 reported					3 360
Intra-segment eliminations - Q3 2016 reported					(136)
Group reported revenue annualized					**25 269**
Q3 Group reported revenue (in the quarter)					*6 317*
Q3 run-rate adjustments					
Full effect of contracts closed until 16 November 2016 (SaaS segment)					1 817
Full effect of known churn until 16 November 2016 (SaaS segment)					(648)
Group run-rate revenue after adjustments					**26 438**
Whereof Q3 SaaS run-rate revenue after adjustments					23 214

FINANCIAL REVIEW

Q3 2016 group revenues amounted to USD 6.32 million, an increase of 31% compared to Q3 2015 revenues of USD 4.82 million, and little changed from Q2 2016 revenues of USD 6.33 million. The sequential development was a function of new software license revenues of USD 514 thousand, and change in service revenues and other variable revenues of USD -208 thousand. Churn was USD -131 thousand for the period, and currency effects of USD -45 thousand. The Publisher-Controlled Advertising Networks (PCAN) segment revenue decreased by USD 150 thousand from Q2 2016.

The Cxense group has two business segments: Cxense Software-as-a-Service (SaaS) and Cxense Publisher-Controlled Advertising Networks (PCAN). The Q3 2016 revenues from the SaaS segment were USD 5.51 million for external customers, and inter-segment revenues were USD 34 thousand. The SaaS segment revenues relate predominantly to sales of recurring software licenses and some implementation services.

Q3 2016 revenues from the PCAN segment amounted to USD 840 thousand, down 15% from Q2 2016, due to August being a low activity month due to summer holidays. The revenues represent sales of performance-based and programmatic online advertising.

The Q3 2016 group cost of sales amounted to USD 1.92 million, compared to USD 1.17 million in Q3 2015. The SaaS segment cost of sales for Q3 2016 was USD 1.25 million, while the PCAN segment was USD 0.71 million. Cost of sales within the SaaS segment predominantly relates to the hosting of the software applications used by the company’s customers. The company incurred higher hosting costs in Q3 2016 due to hosting capacity increase on leased capacity and a one-off related to the Ramp acquisition. Cxense is continuously working on optimizing the hosting of its software. 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 2016 gross margin for the SaaS segment was 77%, compared to 83% in Q3 2015 and 82% in Q2 2016. The Q3 2016 PCAN segment gross margin was 16%, compared to 24% in Q3 2015.

The Q3 2016 employee benefit expenses were USD 4.31 million, compared to USD 3.97 million in Q3 2015 and USD 3.89 million in Q2 2016. The sequential increase is a result of an increase in the number of employees over the period, salary increases, severance costs and higher share-based costs. Capitalization of employee benefit expenses related to software development activities amounted to USD 393 thousand in Q3 2016.

Other operating expenses amounted to USD 1.96 million in Q3 2016, compared to USD 1.81 million in Q3 2015.Most of the expenses relate to travel, marketing and contractors. USD 103 thousand in other operating expenses related to software development activities were capitalized.

The Q3 2016 EBITDA was USD -1.87 million, compared to USD -2.13 million in Q3 2015 and USD -1.31 million in Q2 2016.

Depreciation and amortization in Q3 2016 were USD 719 thousand, compared to USD 566 thousand in Q3 2015. The increase is mainly explained by amortization of intangible assets from the acquisitions of Ramp Media of USD 145 thousand in Q3 2016. Ramp was consolidated into the accounts per Q4 2015.

Finance income in Q3 2016 was USD 4.67 million, compared to USD 0.65 million in Q3 2015. The significant increase relates to reversal of the contingent earn-out consideration to the sellers of Maxifier of USD 4.7 million. The contingent consideration was booked as liabilities to the balance sheet and reversed in Q3 2016 as the earn-out conditions are no longer expected to be met. The result of the reversal is a positive net profit contribution of USD 4.7 million. See note 6 for more details. Finance expenses, mainly relating to disagio, amounted to USD 132 thousand in Q3 2016, compared to USD 122 thousand in Q3 2015.

The Q3 2016 estimated share of profit of investments in associated companies of USD -1.02 million relates to the investment in the associated company mporium Group plc, where Cxense holds a 21.3% stake. The mporium share of profit was included in the accounts from Q3 2015 following IFRS and the equity method for associated companies. The loss included is booked against the book value of the investment – reducing this book value accordingly.

Tax expense for Q3 2016 was USD 30 thousand, compared to a tax expense of USD 25 thousand in Q3 2015. In general, the income tax expense arises in the Cxense SaaS subsidiaries in USA, Japan and Australia that perform Sales & Marketing and Research & Development activities for the parent company, based on inter-company agreements (with arm’s-length pricing principles).

The group net profit amounted to USD 895 thousand in Q3 2016, compared to a net loss of USD 2.89 million in Q3 2015 and USD 2.5 million in Q2 2016. This represents a Q3 2016 profit of USD 0.0001 per share, compared to a loss of USD 0.0006 per share in Q3 2015.

Total assets at the end of Q3 2016 amounted to USD 56.0 million, compared to USD 26.7 million as at Q3 2015. The large total asset increase in the period relates mostly to the acquisition of Ramp as well as the June 2016 private placement. Total equity at the end of Q3 2016 was USD 47.2 million, compared to USD 13.9 million at the end of Q3 2015.

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

The Q3 2016 intangible assets of USD 12.6 million relate to the excess value from the Ramp Media acquisition of USD 5.7 million, Maxifier acquisition of USD 1.5 million, excess value from the Emediate acquisition of USD 2.3 million and capitalized R&D of USD 3.1 million. Cxense holds 21.3% of the shares in mporium Group plc, which is classified as an associated company.

Trade receivables were at USD 3.73 million (equal to 53 days of inventory) at the end of Q3 2016, compared to USD 3.45 million in Q2 2016, and compared to USD 2.71 million (50 days) at the end of Q3 2015. The increase from Q2 2016 to Q3 2016 reflects increased revenues from new customers acquired in Q2 2016. The SaaS segment trade receivables were at USD 3.06 million at the end of Q3 2016 (equal to 50 days of inventory) and the PCAN segment trade receivables amounted to USD 0.67 million (71 days).

The Q3 2016 cash position was USD 19.1 million, compared to USD 2.13 million at the end of Q3 2015 and USD 19.2 million in Q2 2016. The year-over-year change relates mainly to the private placement completed in June 2016.

Other long-term liabilities at the end of Q3 2016 were USD 0.8 million, compared to nil in Q3 2015. The increase relates to the long-term deferred acquisition consideration in relation to the Ramp Media acquisition. The Maxifier earn-out consideration was reviewed in Q3 2016 and is no longer recognized as liability.

Total current liabilities at the end of Q3 2016 were USD 7.26 million, compared to USD 11.3 million at Q3 2015. The decrease is mainly related to the Maxifier earn-out consideration that is no longer recognized as liability.

Net cash flow used in operating activities was USD 2.14 million in Q3 2016, compared to USD 3.0 million in Q3 2015. The Q3 2016 cash flow used in operating activities was USD 270 thousand higher than the Q3 2016 EBITDA. Trade receivables increased by USD 262 thousand. In the Q3 2016 cash flow statement Change in other accruals and non-current items was USD -5.4 million. USD -4.7 million of this relates to the contingent Maxifier consideration (Note 6).

Q3 2016 net cash flow from investments was USD -1.36 millon, compared to USD -254 thousand in Q3 2015. The increase was mainly explained by capitalization of R&D and the investment in mporium of USD 0.87 million made in Q3 2016 (note 5).

Net cash flow from financing activities was 3.44 million in Q3 2016 following a subsequent offering of 208,333 new shares completed in July, as well as receipt of proceeds from minority interests. Net cash flow from financing activities was nil in Q3 2015.

FINANCIAL STATEMENTS

Consolidated income statement – unaudited

USD 1,000	Note	Q3 ended 30 Sep 2016	Q3 ended 30 Sep 2015	YTD 30 Sept 2016	YTD 30 Sep 2015	Year ended 31 Dec 2015
Revenue		**6 317**	**4 818**	**18 910**	**12 240**	**18 296**
Operating expense						
Cost of goods sold		1 922	1 173	5 205	3 250	4 622
Employee benefit expense		4 309	3 970	13 060	10 082	14 162
Other operating expense		1 957	1 809	5 800	5 681	7 696
EBITDA		**(1 871)**	**(2 134)**	**(5 154)**	**(6 774)**	**(8 183)**
Depreciation & amortization expense		719	566	2 419	1 323	2 043
Net operating income/(loss)		**(2 590)**	**(2 700)**	**(7 573)**	**(8 097)**	**(10 226)**
Financial income and expense						
Finance income	6	4 664	645	4 745	756	1 111
Finance expense		(132)	(122)	(584)	(245)	(444)
Net financial income/(expense)		**4 531**	**523**	**4 161**	**511**	**667**
Share of profit of investments accounted for using the equity method		(1 016)	(692)	(1 308)	(692)	250
Net income/(loss) before taxes		**925**	**(2 869)**	**(4 720)**	**(8 279)**	**(9 309)**
Income tax expense		30	25	67	(1)	110
Total net income/(loss) for the period		**895**	**(2 894)**	**(4 786)**	**(8 278)**	**(9 419)**
Net income/(loss) attributable to:						
Owners of the Company		992	(2 870)	(4 550)	(8 197)	(9 280)
Non-controlling interests		(97)	(24)	(237)	(81)	(138)
Earnings per share:						
Basic and diluted		0,0001	(0,0006)	(0,0007)	(0,0019)	(0,0020)

Statement of comprehensive income

	Note	Q3 ended 30 Sep 2016	Q3 ended 30 Sep 2015	YTD 30 Sept 2016	YTD 30 Sep 2015	Year ended 31 Dec 2015
Net income/(loss) for the period		895	(2 894)	(4 786)	(8 278)	(9 419)
Other comprehensive income:						
- Currency translation differences	1	988	(842)	1 373	(1 139)	(790)
Total comprehensive income/(loss)		**1 883**	**(3 736)**	**(3 413)**	**(9 417)**	**(10 209)**
Total comprehensive income/(loss) attributable to:						
Owners of the Company		1 980	(3 712)	(3 176)	(9 336)	(10 071)
Non-controlling interests		(97)	(24)	(237)	(81)	(138)

Consolidated statement of financial position - unaudited

USD 1,000	Note	As at 30 SEP 2016	As at 30 Sep 2015	As at 31 Dec 2015
Assets				
Non-current assets				
Goodwill		14 364	9 329	14 365
Deferred tax asset		37	36	36
Intangible assets		12 636	7 215	13 181
Office machinery, equipment, etc.		242	690	419
Investments in associated companies		4 459	3 307	4 484
Other financial assets		403	268	241
Total non-current assets		**32 141**	**20 845**	**32 725**
Current assets				
Trade receivables		3 726	2 712	3 537
Other short-term assets		986	997	734
Cash and cash equivalents		19 102	2 131	5 829
Total current assets		**23 815**	**5 841**	**10 100**
Total assets		**55 956**	**26 686**	**42 825**
Equity and liabilities				
Equity				
Share capital	3	4 691	2 738	3 433
Own shares		-	-	-
Other paid-in capital		46 742	18 341	32 415
Currency translation differences		8 411	5 564	7 037
Retained earnings		(12 410)	(12 220)	(13 303)
Equity attributable to the holders of the Company		**47 434**	**14 424**	**29 583**
Non-controlling interest		(278)	(484)	(541)
Total equity		**47 156**	**13 940**	**29 042**
Liabilities				
Non-current liabilities				
Long-term interest bearing debt		-		
Deferred tax liabilities		744	1 417	1 060
Other long-term liabilities	6	801	-	2 656
Total non-current liabilities		**1 544**	**1 417**	**3 716**
Current liabilities				
Trade payables		1 403	1 524	1 381
Current taxes		133	123	179
Other short-term liabilities	6	5 720	9 681	8 508
Total current liabilities		**7 255**	**11 328**	**10 068**
Total liabilities		**8 800**	**12 745**	**13 784**
Total equity and liabilities		**55 956**	**26 686**	**42 825**

Consolidated statement of changes in equity – unaudited

USD 1,000	**Nominal share capital**	**Own shares**	**Other paid-in capital**	**Currency translation differences**	**Retained earnings**	**Attributable to owners of parent company**	**Non-controlling interest**	**Total equity**
Total equity as at 1 January 2015	**2 477**	**0**	**18 170**	**4 238**	**(15 097)**	**9 788**	**(403)**	**9 385**
Profit for the period					(9 280)	(9 280)	(138)	(9 419)
Other comprehensive income				(2 521)	1 730	(790)		(790)
Total comprehensive income/(loss) YTD 15	*0*	*0*	*0*	*(2 521)*	*(7 550)*	*(10 070)*	*(138)*	*(10 209)*
Reduction of paid-in capital	*0*	*0*	*0*	*0*	*0*	*0*	0	0
Transaction costs	*0*	*0*	*(1 400)*	*0*	*0*	(1 400)	0	(1 400)
Share-based payments	0	0	470	0	0	470	0	470
Increase in share capital	1 448	0	29 348	0	0	30 797	0	30 797
Purchase own shares	0	0	0	0	0	0	0	0
Reclassification of equity	0	0	(9 345)	0	9 345	0	0	0
Currency effects from translation of equity	(492)		(4 828)	5 320	0	0	0	0
Total equity as at 30 December 2015	**3 433**	**0**	**32 415**	**7 037**	**(13 303)**	**29 583**	**(541)**	**29 042**
Profit for the period					(4 550)	(4 550)	(237)	(4 786)
Other comprehensive income	0	0	0	5 478	(4 105)	1 373	0	1 373
Total comprehensive income/(loss) YTD 16	*0*	*0*	*0*	*5 478*	*(8 654)*	*(3 176)*	*(237)*	*(3 413)*
Reduction of paid-in capital	*0*	*0*	*0*	*0*	*0*	*0*	0	0
Transaction costs	*0*	*0*	*(820)*	*0*	*0*	(820)	0	(820)
Share-based payments	0	0	393	0	0	393	0	393
Increase in share capital	903	0	20 552	0	0	21 455	0	21 455
Purchase own shares	0	0	0	0	0	0	0	0
Reclassification of equity	0	0	(9 547)	0	9 547	0	0	0
Transactions with non-controlling interests	0	0	0	0	0	0	500	500
Currency effects from translation of equity	356	0	3 749	(4 105)	0	0	0	(0)
Total equity as at 30 September 2016	**4 691**	**0**	**46 742**	**8 411**	**(12 410)**	**47 434**	**(278)**	**47 156**

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	0	0	0	(2 531)	1 392	(1 139)	0	(1 139)
Total comprehensive income/(loss) YTD 15	*0*	*0*	*0*	*(2 531)*	*(6 805)*	*(9 336)*	*(81)*	*(9 417)*
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)	3 857	0	0	0	0
Total equity as at 30 September 2015	**2 738**	**0**	**18 341**	**5 564**	**(12 220)**	**14 424**	**(484)**	**13 940**

Consolidated statement of cash flow – unaudited

USD 1,000	Q3 ended 30 Sep 2016	Q3 ended 30 Sep 2015	YTD 30 Sep 2016	YTD 30 Sep 2015	Year ended 31 Dec 2015
Cash flow from operating activities					
Profit/(loss) after income tax (including disposal group)	895	(2 894)	(4 786)	(8 278)	(9 419)
Adjustments:					
Income tax payable	(100)	(104)	(317)	(168)	(185)
Share-based payments	149	156	376	370	514
Share of profit of investments accounted for using the equity method	1 016	692	1 308	692	(250)
Depreciation and amortization	719	566	2 419	1 323	2 043
Currency translation effects	784	(864)	855	(1 166)	(733)
Change in trade receivables	(262)	(191)	(190)	224	(601)
Change in trade payables	43	380	22	(2)	(144)
Change in other accrual and non-current items	(5 385)	(732)	(5 602)	(291)	(712)
Net cash flow from/(used in) operating activities	**(2 141)**	**(2 990)**	**(5 916)**	**(7 295)**	**(9 488)**
Cash flow from investing activities					
Investment in furniture, fixtures and office machines	5	(68)	22	(55)	(27)
Investment in intangible assets	(496)	(378)	(1 488)	(1 268)	(5 802)
Investment in associated companies	(873)	-	(873)	(760)	(760)
Investment in subsidiary	-	193		193	193
Net cash effects from disposal subsidiary					
Net cash flow from/(used in) investing activities	**(1 364)**	**(254)**	**(2 341)**	**(1 892)**	**(6 398)**
Cash flow from financing activities					
Net proceeds from share issues	2 938		21 028	8 490	18 886
Increase in long-term debt					
Proceeds from minority interest	500		500		
Net cash flow from/(used in) financing activities	**3 438**	**-**	**21 528**	**8 490**	**18 886**
Net increase/(decrease) in cash and cash equivalents	**(67)**	**(3 244)**	**13 272**	**(698)**	**3 000**
Cash and cash equivalents at the beginning of the period	19 169	5 376	5 829	2 828	2 828
Cash and cash equivalents at the end of the period	**19 102**	**2 131**	**19 102**	**2 131**	**5 829**

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 16 November 2016 after close of business on the Oslo Børs. The figures in the statements have not been audited.

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

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

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

Note 2: Segment information

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

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

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

Q3 ended 30 Sep 2016

USD 1,000	**Cxense SaaS**	**PCAN**	**Eliminations**	**Consolidated**
Revenue				
External customers	5 477	840	0	6 317
Inter-segment	34	0	(34)	0
Revenues total	**5 511**	**840**	**(34)**	**6 317**
Gross profit	**4 261**	**135**	**(0)**	**4 395**
EBITDA	**(1 652)**	**(219)**	**(0)**	**(1 871)**

Q3 ended 30 Sep 2015

USD 1,000	Cxense SaaS	PCAN	Eliminations	Consolidated
Revenue				
External customers	4 143	675	0	4 818
Inter-segment	39	0	(39)	0
Revenues total	**4 182**	**675**	**(39)**	**4 818**
Gross profit	**3 482**	**(793)**	**0**	**2 689**
EBITDA	**(2 090)**	**(44)**	**0**	**(2 134)**

YTD 30 Sep 2016

USD 1,000	Cxense SaaS	PCAN	Eliminations	Consolidated
Revenue				
External customers	16 243	2 667	0	18 910
Inter-segment	115	0	(115)	0
Revenues total	**16 359**	**2 667**	**(115)**	**18 910**
Gross profit	**13 232**	**473**	**0**	**13 706**
EBITDA	**(4 662)**	**(491)**	**0**	**(5 154)**
Total segment assets	**54 600**	**953**	**403**	**55 956**
Total segment liabilities	**7 715**	**1 225**	**(139)**	**8 800**

YTD 30 Sep 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**
Gross profit	**8 543**	**446**	**0**	**8 989**
EBITDA	**(6 611)**	**(163)**	**0**	**(6 775)**
Total segment assets	**25 714**	**704**	**268**	**26 686**
Total segment liabilities	**11 813**	**1 000**	**(68)**	**12 745**

Reconciliation	**Q3 ended 30 Sep 2016**	**Q3 ended 30 Sep 2015**	**YTD 30 Sep 2016**	**YTD 30 Sep 2015**	**Year ended 31 Dec 2015**
USD 1,000					
Total net income/(loss) for the period	**895**	**(2 894)**	**(4 786)**	**(8 278)**	**(9 417)**
Income tax	(30)	(25)	(67)	1	(110)
Net income/(loss) before taxes	**925**	**(2 869)**	**(4 720)**	**(8 279)**	**(9 308)**
Share of profit of investments accounted for using the equity method	1 016	692	1 308	692	(250)
Net financial (income)/expense	(4 531)	(523)	(4 161)	(511)	(667)
Depreciation & amortization expense	719	566	2 419	1 323	2 042
EBITDA	**(1 871)**	**(2 134)**	**(5 154)**	**(6 774)**	**(8 183)**

Note 3: Share capital

A subsequent offering of new shares was completed in July 2016 following an approval at the extraordinary general meeting (EGM) on 21 June 2016. A total of 208,333 new shares were offered and subscribed, providing gross proceeds of NOK 25 million at a share price of NOK 120. Following the subsequent offering, the total share capital is NOK 37,768,935 divided onto 7,553,787 shares, each at par value of NOK 5.00.

As of 30 September 2016, there were 475,000 warrants and 366,025 share options and subscription rights outstanding.

Note 4: Non-controlling interests

In Q3 2016, HIBU Argentina S.A. invested USD 500,000 in the Cxense ASA subsidiary Premium Audience Network, S.L. At the same time, Cxense ASA converted a debt of USD 650,000 to equity. After these transactions, the Cxense share in Premium Audience Network, S.L. is 53.81%.

Note 5: Capital contribution, mporium Group plc

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

Note 6: Financial liabilities

The Maxifier acquisition included contingent earn-out considerations to the sellers after 11, 12 and 24 months after closing. Following the purchase price allocation contingent considerations of USD 4.7 million was booked as liabilities. The conditions for the 11 and 12 was not met and consequently the consideration will not be made to the sellers. Further, the conditions for the earn-out 24 months after closing are expected not to be met. Consequently, all liabilities related to the contingent consideration from the Maxifier acquisition are removed from short and long-term liabilities and booked against financial income in Q3 2016.

In Q3 2015 the contingent considerations were classified as short term liabilities and was re-classified to both short and long-term liabilities in Q4 2015. Prior to the review of the contingent consideration, the short and long-term liabilities amounted to USD 2.8 and USD 1.9 million, respectively.

Note 7: Events after the reporting period

On 12 November 2016, 82.7% of the 475,000 warrants were exercised by the warrant holders in relation to the exercise of the Warrants subscribed for as part of the private placement and subsequent offering in September and October 2015.

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