FOURTH QUARTER REPORT 2017

Highlights

- **Growth improvement in core DMP and Personalization segment**
    - 18% YoY and 7.8% sequentially
    - 21.5% growth from 2016FY to 2017FY
    - 26 new contracts of which 58% upsell

- **On track for Q1 2018 target EBITDA USD -0.5 million**
    - Q4 2017 adjusted EBITDA loss of USD -0.7 million
    - 80% gross margin, an improvement of 6 p.p. versus 5 p.p. target

- **Two non-core divestments completed, two ongoing**
    - Mporium and Emediate sold for USD 4.6 million
    - Maxifier and Ramp on track for H1 2018 completion

- **Financial runway beyond break-even with USD 10.2 million cash position**

- **LOI signed to acquire small, complementary DMP company**
    - Will increase competitive strength through new tech capabilities
    - Ongoing partnership with multiple proven customer cases
    - Adding 10% core revenue for less than 5% dilution (payment in shares)

Key figures

USD 1,000	Q4 2016	Q3 2017	Q4 2017	2016	2017
Data Management & Intelligent personalization	3 066	3 357	3 617	10 943	13 292
SaaS Non-Core	2 588	1 698	1 530	11 069	7 197
Revenues	**5 654**	**5 055**	**5 147**	**22 013**	**20 488**
OPEX	6 832	7 476	5 074	24 727	27 150
Non-IFRS OPEX adjustments	(397)	(1 464)	(253)	(2 011)	(2 956)
OPEX adjusted	**6 435**	**6 012**	**4 821**	**22 716**	**24 194**
EBITDA	(2 374)	(3 567)	(931)	(7 035)	(11 494)
EBITDA adjusted	**(1 977)**	**(2 103)**	**(678)**	**(5 024)**	**(8 538)**

OPERATIONAL REVIEW

Cxense helps 170 publishers and marketers in Europe, Asia, North and South America monetize their raw data. Cxense's leading Data Management Platform (DMP) with Intelligent Personalization, provides companies with unprecedented insight to their individual users and customers, and enables them to action this insight in real-time across all marketing and sales channels. Benefits include increased digital revenue and user loyalty.

The Cxense DMP and Personalization software is powered by the Real Time Data Engine (RTE) which assigns a specific profile to each individual user. As users interact with content, their interest profiles are adaptively updated by algorithms that take into account all pertinent information about the consumed content and how deeply it was consumed. This data enables computer models to predict several various relevant user properties.

Cxense is devoted to being leaders in delivering data management and personalization software that helps customers monetize their online properties by providing superior experiences for end-users. As consumers and online content is constantly evolving, Cxense is committed to continuously invest in research and development to be in the forefront of the evolution.

DMP and Intelligent Personalization refocus implemented

By end of Q4 2017, Cxense had implemented the right-sizing phase of the refocusing initiated in Q3 2017 to drive revenue growth and improve profitability. The company completed the divestment of the non-core assets mporium Plc and Emediate Aps., which contributed to a strengthened financial position by year-end.

The company is on track to achieve the targeted Q1 2018 EBITDA loss of USD 0.5 million as a result of improved gross margin, reduced OPEX and continued revenue growth. Following the corporate right-sizing, Cxense had 116[1] full-time employees (FTE) at 31 December, down from 138 at the end of Q3 2017 and 188 at the end Q2 2017. A total of 22 of the FTEs were related non-core business that will be divested. Cxense has established an agile organization with an experienced sales desk, supported by a streamlined R&D organization and professional services team.

The hosting-cost reduction initiative launched in Q2 2017 continued to yield improvements. Gross margin for the SaaS segment was 80% in Q4 2017, up from 77% in the previous quarter and 74% for the Q2 2017 baseline, thereby exceeding the target of a 5 percentage-point improvement. The initiative includes a co-location project in the US, hosting supplier change in Japan and software code improvement initiatives.

The new strategic focus is expected to improve DMP & Personalization software development output, give Cxense a clearer market positioning and pave the way for significantly more efficient operations. The CEO continued to execute on the mandate to sharpen the Cxense technology vision and refine the go-to-market strategy. Recruitment processes were initiated to add new management capabilities within the key categories of technology, product and sales.

Additionally, Cxense has signed a letter of intent to acquire a small company with technology that is complementary to the Cxense DMP. The undisclosed company has Quarterly Recurring Revenue of USD 0.35 million, representing a potential 10.4% addition to the Cxense core revenue base. In 2017, the companies jointly signed 10 customers that purchase software from both Cxense and the target company. It is expected that an acquisition will improve Cxense's competitive strength and growth potential, as well as providing cost synergies.

The contemplated transaction is based on an enterprise value of USD 2.3 million at closing with two attached earn-outs of USD 1.25 million each, which are due at a Cxense share price of NOK 80 and NOK 120, respectively. Cxense contemplates to finance the transaction with USD 0.84 - 1.42 of government issued debt at attractive terms and the rest in Cxense shares. Cxense shareholder dilution (based on a Cxense share price of NOK 50) will be 1.6-2.6% at closing and 3.9-4.9% including earn outs. Seller will have a 6-12 month lock-up on transaction proceeds paid in Cxense shares.

The sale of Maxifier did not conclude as expected in Q4 2017, and the process continues into 2018. Cxense targets completing the divestments of Maxifier and the video business in H1 2018, and will update on the progress of asset disposals and organizational changes in due course.

In Q4 2017, the Publisher-Controlled Advertising Networks (PCAN) segment was classified as discontinued operations and the assets as held for sale. As a result, the PCAN segment is reported as net result from discontinued operations. Full-year and comparable quarterly figures have been restated accordingly.

[1] Excluding 6 outbound employees.

Emediate was included in the reported figures through November. The final settlement of the sale is expected to yield about USD 300 thousand in cash in Q1 2018. mporium will continue to contribute license revenue of about USD 0.1 million per quarter until Q2 2018 as the ongoing license agreement was not affected by the sale of mporium shares.

Building new partnerships

On 18 December, Cxense announced a partnership with Dow Jones to develop and market products based on Cxense's software to The Wall Street Journal's biggest advertisers. The partnership follows the success in subscriber conversion with WSJ.com's award-winning dynamic paywall powered by Cxense.

The Wall Street Journal will leverage Cxense's DMP and personalization solution, to personalize custom content, as well as advertisements both on WSJ.com and clients' web sites, opening up for use cases where marketers utilize publisher controlled data. A six-month joint development and commercialization project has commenced.

Continued growth for DMP with Intelligent Personalization

In Q4 2017, the core operations had revenue of USD 3.62 million, up 18% from the same period in 2016 and up 7.8% from 3Q 2017. The annualized revenue run-rate based on the customer portfolio as of Q4 2017 was USD 14.5 million, up from USD 13.4 million at the end of Q3 2017.

The DMP and Personalization offering continued to build its market position, signing several recent key customer wins such Dun&Bradstreet, Fusion Media Group, Interactive One, Univision, Credit Saison and Nippon. In Q4 2017, Cxense signed 26 new recurring revenue contracts for the core offering, of which 58% were up-sell to existing customers experiencing tangible ROI from using Cxense’s solutions. Cxense had 170 DMP and Personalization customers as of end Q4 2017.

Cxense signed additional four contracts for non-core solutions in the quarter, including an agreement with Dow Jones for Cxense Maxifier advertising optimization software.

New Quarterly Recurring Revenue (QRR) signed in the quarter was USD 366 thousand, up from USD 282 thousand Q3 2017, for the core offering. The increase in new QRR was achieved while the company restructuring continued to affect account management and administrative work load, and reflected high sales efficiency for the 11 FTE sales representatives for the quarter. New churn registered in the quarter was USD 187 thousand.

Q4 2017 Group revenue was USD 5.15 million, down 9% from Q4 2016, driven by non-core business churn, and little changed from Q3 2017. Underlying OPEX continued to decline as expected due to streamlining of the organization. The impact was partly offset by one-off provisions and costs related to the restructuring booked in the quarter. The Q4 2017 EBITDA was USD -931 thousand, compared to USD -2.37 million in Q4 2016 and USD -3.57 million in Q3 2017. The Q4 2017 group adjusted EBITDA was USD -678 thousand, compared to USD -1.98 million in Q4 2016.

Fully funded growth strategy through private placement and divestment of non-core assets

The cash position at end of December 2017 was USD 10.2 million following the successful sale of the shares in mporium plc. for USD 3.75 million. This represents solid funding for the company’s growth strategy focusing on DMP with Intelligent Personalization.

The Software-as-a-Service (SaaS) revenue model

Cxense’s 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.

FINANCIAL DEVELOPMENT SUMMARY

USD 1,000	**Q4 2015**	**Q1 2016**	**Q2 2016**	**Q3 2016**	**Q4 2016**	**Q1 2017**	**Q2 2017**	**Q3 2017**	**Q4 2017**
	IFRS	*IFRS*	*IFRS*	*IFRS*	*IFRS*	*IFRS*	*IFRS*	*IFRS*	*IFRS*
SaaS segment									
DMP with Intelligent Personalization	2 335	2 429	2 518	2 930	3 066	3 130	3 188	3 357	3 617
Advertising	1 847	1 900	1 448	1 216	1 159	911	861	678	525
mporium	142	136	185	141	132	136	131	146	141
Video	967	1 001	1 230	1 224	1 297	1 033	896	875	864
Revenues total	**5 291**	**5 467**	**5 381**	**5 511**	**5 654**	**5 209**	**5 077**	**5 055**	**5 147**
Cost of sales	780	908	967	1 252	1 195	1 361	1 321	1 146	1 005
Gross profit	**4 510**	**4 558**	**4 414**	**4 259**	**4 460**	**3 848**	**3 756**	**3 909**	**4 143**
Gross margin %	*85 %*	*83 %*	*82 %*	*77 %*	*79 %*	*74 %*	*74 %*	*77 %*	*80 %*
Personnel	3 904	4 657	3 675	4 141	4 574	4 402	5 826	5 305	3 018
Other OPEX	1 928	1 735	1 915	1 772	2 258	2 088	2 284	2 170	2 056
OPEX	**5 832**	**6 392**	**5 590**	**5 913**	**6 832**	**6 490**	**8 110**	**7 476**	**5 074**
EBITDA	(1 321)	(1 833)	(1 176)	(1 654)	(2 374)	(2 642)	(4 354)	(3 567)	(931)
Non-IFRS adjustment of OPEX level									
Share-based payment costs	144	171	56	149	191	244	239	(32)	(18)
Share-based social costs provision	9	37	54						
Salary and social restructuring provisions/costs		361						1 280	164
Office moving and restructuring costs		45			210	(21)	0	140	103
Extraordinary/special						32	585	24	3
One-off provision for doubtful debt	16		55		84				
Transaction costs	166	45	81	78	79	103	58	52	1
R&D refund	(430)		(42)		(167)				
Total reported OPEX adjustment items	**(95)**	**659**	**204**	**226**	**397**	**358**	**882**	**1 464**	**253**
Estimated full effect of cost-reduction program		525							
OPEX adjusted	**5 927**	**5 208**	**5 386**	**5 686**	**6 435**	**6 132**	**7 228**	**6 012**	**4 821**
EBITDA adjusted	**(1 416)**	**(649)**	**(972)**	**(1 428)**	**(1 977)**	**(2 284)**	**(3 472)**	**(2 103)**	**(678)**
Capitalized operating expense	(496)	(498)	(494)	(496)	(891)	(507)	(507)	(557)	(268)
EBITDA adjusted with capitalization add back	(1 912)	(1 147)	(1 466)	(1 924)	(2 868)	(2 791)	(3 980)	(2 660)	(946)

DMP and Personalization revenue development breakdown

Quarterly figures (unaudited) *USD 1,000*	**Q4 2016**	**Q1 2017**	**Q2 2017**	**Q3 2017**	**Q4 2017**	**Q4 2016**	**Q1 2017**	**Q2 2017**	**Q3 2017**	**Q4 2017**
Revenue in previous quarter	5 511	5 654	5 209	5 077	5 055	2 930	3 066	3 130	3 188	3 357
New recurring license revenue effect	373	469	275	243	468	292	440	275	235	408
Acquired recurring license revenue	-	-	-	-	-	-	-	-	-	
Divested recurring license revenue	-	-	-	-	(93)	-	-	-	-	-
Churn effect	(131)	(691)	(385)	(333)	(240)	(59)	(207)	(150)	(206)	(182)
Change in service revenue	(70)	40	(49)	97	(102)	(48)	81	(45)	111	(89)
Change in other variables	74	(214)	(25)	(121)	69	23	(185)	(62)	(56)	106
Currency effect	(103)	(49)	52	92	(10)	(72)	(65)	40	85	17
Revenue this quarter	5 654	5 209	5 077	5 055	5 147	3 066	3 130	3 188	3 357	3 617
Accumulated currency effect, reversed		49	(3)	(95)	(85)		65	25	(60)	(77)
Outbound revenue currency adjusted	5 654	5 258	5 074	4 960	5 062	3 066	3 195	3 213	3 297	3 540
Q4 run-rate adjustments										
Full effect of contracts closed until 5 February 2018 (Core)										353
Full effect of know n churn until 5 February (Core)										(226)
DMP & Personalization run-rate revenue after adjustments										**3 744**
Number of closed contracts in the quarter	**39**	**30**	**25**	**29**	**30**	**37**	**30**	**23**	**26**	**26**
Whereof new customers	22	18	17	19	11	20	18	17	18	11
Whereof upsell	17	12	8	10	19	17	12	6	8	15
Full QRR effect of contracts notified closed in the period	535	428	274	306	429	506	428	272	282	366
Full QRR effect of contracts notified lost in the period	(183)	(635)	(399)	(215)	(221)	(101)	(279)	(170)	(92)	(187)
Net	**352**	**(208)**	**(126)**	**91**	**208**	**406**	**149**	**102**	**191**	**179**

FINANCIAL REVIEW

Cxense used to have two business segments. However, in Q4 2017, the Cxense group classified the activities contained in the Publisher-Controlled Advertising Networks (PCAN) segment as “held for sale” and “discontinued operations”. Net contribution from PCAN is reported on a separate line and not included in revenue or EBITDA. Comparable figures and segment tables have been restated accordingly. *Full-year and comparable quarterly figures have been restated accordingly.*

Thus, the Cxense group has one business segment: Cxense Software-as-a-Service (SaaS). The SaaS segment revenues relate predominantly to sales of recurring software licenses as well as some implementation services.

Q4 2017 group revenue was USD 5.15 million, a decrease of 9% from Q4 2016 revenues of USD 5.66 million, and up 2% from Q3 2017 revenues of USD 5.06 million. USD 3.62 million of the USD 5.15 million of Q4 2017 revenue came from the core SaaS business while USD 1.53 million came from non-core business. The core business grew 7.9% sequentially from Q3 2017 and 18% Y/Y compared to Q4 2017. The non-core business is being divested.

The sequential consolidated development was a function of new software license revenues of USD 468 thousand, divested recurring license revenue of -93 thousand, and change in service revenues and other variable revenues of USD -33 thousand Currency effects amounted USD -10 thousand while churn was USD 240 thousand for the period.

The Q4 2017 group cost of sales was USD 1.0 million, compared to USD 1.2 million in Q4 2016. Cost of sales within the SaaS segment predominantly relates to the hosting of the software applications used by the company’s customers. The Q4 2017 gross margin was 80%, compared to 79% in Q4 2016 and 77% in Q3 2017. The sequential gross margin improvement is mainly due to an increase of hosting capacity on co-location solutions which are less expensive than leased platforms, and optimization of software code for delivery of features with high hosting cost.

The Q4 2017 employee benefit expenses were USD 3.02 million, compared to USD 4.57 million in Q4 2016 and USD 5.31 million in Q3 2017. Included in Q4 2017 were USD 164 thousand of costs and provisions related to the ongoing restructuring of the company. The sequential decline in employee benefit costs reflect a restructuring related headcount reduction to 116[2] full-time employees (FTE) as of 31 December 2017, compared with 138 FTE at 30 September and 188 FTE at 30 June 2017. Capitalization of employee benefit expenses related to software development activities amounted to USD 350 thousand in Q4 2017.

Other operating expenses amounted to USD 2.06 million in Q4 2017, compared to USD 2.26 million in Q4 2016. Most of the expenses relate to premises, travel, marketing, consulting services and contractors. This included USD 103 thousand of restructuring and office moving costs in Q4 2017, while USD -82 thousand in other operating expenses were related to capitalized software development activities in the quarter. The negative capitalization of R&D development is due to a reclassification of capitalized cost from other operating expenses to employee benefit expenses.

The Q4 2017 EBITDA was USD -931 thousand, compared to USD -2.37 million in Q4 2016 and USD -3.57 million in Q3 2017.

Depreciation and amortization in Q4 2017 were USD 697 thousand, compared to USD 1.11 million in Q4 2016. Impairment of assets amounted to USD 5.48 million in Q4 2017. The impairments were mainly related to a fair value assessment of Video and adjustment of the Emediate carrying amount of USD USD 5.1 million and USD 311 thousand, respectively. In addition, a loss on the sale of Emediate of USD 345 thousand is recognized as a result of reclassification from other comprehensive income to the income statement at disposal.

Finance income from interest income and currency gains were USD 170 thousand in Q4 2017, compared to USD 959 thousand in Q4 2016. Financial expenses, mainly related to disagio, was USD 381 thousand in Q4 2017, compared to USD 284 thousand in Q4 2016.

The Q4 2017 estimated share of profit from investments in associated companies was USD 210 thousand, compared to USD 103 thousand in Q4 2016, and relates to the investment in RepKnight where Cxense holds a 17.7% stake as well as a 21.2% mporium stake sold during Q4 2017. The mporium sale affected the Q4 2017 investment in associated companies positively with USD 474 thousand as a result of recycling of previously accumulated other comprehensive income. The RepKnight share of profit are included in the accounts, in accordance with IFRS and the equity method for associated companies. The profit/loss included is booked against

[2] Excluding 6 outbound employees

the book value of the investments, increasing/reducing the book value accordingly. The Q4 2017 impairment of associated company was mainly relating to impairment of Repknight of USD 2.41 million.

The Q4 2017 net loss from discontinued operations was USD 153 thousand, compared to a loss of USD 217 thousand in Q4 2016.

The group net loss amounted to USD 10.25 million in Q4 2017, compared to a net income of USD 3.63 million in Q4 2016. This represents a Q4 2017 loss of USD 0.0011 per share, compared to loss of USD 0.0005 per share in Q4 2016.

Total assets at the end of Q4 2017 amounted to USD 30.4 million, compared to USD 57.7 million as at the end of Q4 2016. The decrease in total assets in the period was mainly related to impairments of assets in relation to the restructuring. Total equity at the end of Q4 2017 was USD 21.8 million, compared to USD 48.2 million at the end of Q4 2016.

Goodwill of USD 4.81 million at 31 December 2017 relates to goodwill from the acquisition of Maxifier that will remain after divesture.

The Q4 2017 intangible assets of USD 2.32 million mainly relates to capitalized R&D. The investment in associated company of USD 476 is relating to the investment in Repknight.

In Q4 2017, the PCAN segment was qualified as a held for sale asset. As a consequence, the related assets and liabilities were included in the classified as held for sale assets and liabilities in the balance sheet.

Trade receivables were USD 2.44 million (equal to 43 days of inventory[3]) at the end of Q4 2017, compared with USD 3.63 million (58 days) at the end of Q4 2016. The significant drop in inventory days relates to the PCAN segment being presented as assets held for sale in Q4 2017.

The Q4 2017 cash position was USD 10.2 million, compared to USD 22 million at the end of Q4 2016. The year-over-year change relates mainly to the effect of cash used to finance operations and investments over the period, partly offset by the issue of new shares in Q3 2017 and proceeds from divestments in Q4 2017.

Other long-term liabilities at the end of Q4 2017 were USD 27 thousand, compared to USD 44 thousand in Q4 2016.

Total current liabilities at the end of Q4 2017 were USD 6.65 million, compared to USD 8.44 million at the end of Q4 2016.

Net cash flow used in operating activities was USD 1.37 million in Q4 2017, compared to USD 2.32 million in Q4 2016. The Q4 2017 cash flow used in operating activities was USD 443 thousand million higher than the Q4 2017 EBITDA, mainly explained by capitalized R&D, restructuring cost and increased trade receivables.

Q4 2017 net cash flow from investing activities was USD 3.17 million after receiving payment for the shares in mporium and Emediate realized in the quarter, compared to USD 879 thousand used in Q4 2016. Net cash flow from financing activities was -185 thousand in Q4 2017, compared to proceeds of USD 6.06 million in Q4 2016 following issue of new shares after exercise of a warrant program.

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[3] 1 day = receivables / quarterly revenues * 90 days

FINANCIAL STATEMENTS

Consolidated income statement – unaudited

USD 1,000	Note	Q4 ended 30 Dec 2017	Q4 ended 30 Dec 2016 (restated)	YTD 31 Dec 2017	Year ended 31 Dec 2016 (restated)
Revenue	2	**5 147**	**5 655**	**20 488**	**22 013**
Operating expense					
Cost of goods sold		1 005	1 196	4 833	4 321
Employee benefit expense		3 018	4 574	18 551	17 048
Other operating expenses		2 057	2 258	8 600	7 679
EBITDA		**(931)**	**(2 373)**	**(11 494)**	**(7 035)**
Depreciation and amortization expense		697	1 114	3 712	3 530
Impairment of assets	3	5 484	337	11 105	337
Gain/loss on sale of subsidiaries	4	345	0	345	0
Net operating income/(loss)		**(7 458)**	**(3 824)**	**(26 657)**	**(10 902)**
Financial income and expense					
Finance income		170	959	418	5 704
Finance expense		(381)	(284)	(653)	(866)
Net financial income/(expense)		**(211)**	**675**	**(235)**	**4 838**
Share of profit from associated companies	1	210	103	(1 392)	(1 204)
Impairment of associated company	5	(2 465)	0	(3 152)	0
Net loss before taxes		**(9 924)**	**(3 046)**	**(31 436)**	**(7 268)**
Income tax expense		172	365	298	432
Net income/(loss) for the period from continuing operations		**(10 096)**	**(3 411)**	**(31 734)**	**(7 700)**
Net income/(loss) for the period from discontinuing operations		(153)	(217)	(750)	(713)
Total net loss for the period from total operations		**(10 249)**	**(3 628)**	**(32 484)**	**(8 413)**
Net loss attributable to:					
Owners of the Company		(10 174)	(3 525)	(32 128)	(8 075)
Non-controlling interests		(74)	(101)	(356)	(338)
Earnings per share:					
From continuing operations					
Basic and diluted		(0.0011)	(0.0004)	(0.0038)	(0.0011)
From total operations					
Basic and diluted		(0.0011)	(0.0005)	(0.0039)	(0.0012)
Statement of comprehensive income					
Net loss for the period		(10 249)	895	(32 484)	(8 413)
Other comprehensive income:					
- Currency translation differences		(61)	988	885	(220)
- Amount reclassified from Other comprehensive income to Income Statement at disposal		(129)		(129)	
Total comprehensive loss		**(10 439)**	**1 883**	**(31 728)**	**(8 633)**
Total comprehensive income/(loss) attributable to:					
Owners of the Company		(10 364)	1 980	(31 372)	(8 295)
Non-controlling interests		(74)	(97)	(356)	(338)

Consolidated statement of financial position – unaudited

USD 1,000	Note	As at 31 Dec 2017	As at 31 Dec 2016
Assets			
Non-current assets			
Goodwill		4 809	14 364
Deferred tax asset		16	15
Intangible assets		2 324	11 832
Office machinery, equipment, etc.		1 058	218
Investments in associated companies		476	4 267
Other financial assets		854	388
Total non-current assets		**9 536**	**31 084**
Current assets			
Trade receivables		2 438	3 632
Other short-term assets		1 672	1 023
Cash and cash equivalents		10 247	21 960
Total current assets		**14 357**	**26 615**
Assets classified as "held for sale"	3	6 484	0
Total assets		**30 378**	**57 699**
Equity and liabilities			
Equity			
Share capital	6	5 459	4 616
Other paid-in capital		49 012	49 665
Currency translation differences		7 539	6 818
Currency translation on assets held for sale		35	-
Accumulated losses		(39 523)	(12 472)
Equity attributable to the holders of the Company		**22 521**	**48 627**
Non-controlling interest		(735)	(379)
Total equity		**21 787**	**48 248**
Liabilities			
Non-current liabilities			
Deferred tax liabilities		0	783
Other provisions		127	183
Other long-term liabilities		27	44
Total non-current liabilities		**154**	**1 010**
Current liabilities			
Trade payables		1 112	1 764
Current taxes		192	210
Other short-term liabilities		5 347	6 467
Total current liabilities		**6 652**	**8 441**
Liabilities related to assets "held for sale"	3	1 785	0
Total liabilities		**8 591**	**9 451**
Total equity and liabilities		**30 378**	**57 699**

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 2016	**3 433**	**0**	**32 415**	**7 037**	**0**	**(13 303)**	**29 583**	**(541)**	**29 042**
Profit for the period					0	(8 074)	(8 074)	(338)	(8 412)
Other comprehensive income	0	0	0	(207)	0	(13)	(220)	0	(220)
Total comprehensive income/(loss) 2016	*0*	*0*	*0*	*(207)*	*0*	*(8 087)*	*(8 294)*	*(338)*	*(8 632)*
Reduction of paid-in capital	0	0	0	0	0	0	0	0	0
Transaction costs	0	0	(822)	0	0	0	(822)	0	(823)
Share-based payments	0	0	553	0	0	0	553	0	552
Increase in share capital	1 141	0	26 468	0	0	0	27 609	0	27 609
Reclassification of equity	0	0	(8 918)	0	0	8 918	0	0	0
Transactions with non-controlling interests	0	0	0	0	0	0	0	500	500
Currency effects from translation of equity	43	0	(30)	(13)	0	0	0	0	(0)
Total equity as at 31 December 2016	**4 617**	**0**	**49 666**	**6 818**	**0**	**(12 472)**	**48 627**	**(379)**	**48 248**
Profit for the period						(32 128)	(32 128)	(356)	(32 484)
Other comprehensive income	0	0	0	3 379	0	(2 495)	885	0	885
Amount reclassified from Other comprehensive income to Income Statement at disposal	0	0	0	(129)	0	0	(129)	0	(129)
Total comprehensive income/(loss) YTD 17	*0*	*0*	*0*	*3 251*	*0*	*(34 623)*	*(31 372)*	*(356)*	*(31 728)*
Reduction of paid-in capital	*0*	*0*	*0*	*0*	*0*	*0*	*0*	0	0
Transaction costs	*0*	*0*	*(320)*	*0*	*0*	*0*	(320)	0	(320)
Share-based payments	0	0	436	0	0	0	436	0	435
Increase in share capital	642	0	4 492	0	0	0	5 134	0	5 134
Reclassification of equity	0	0	(7 572)	0	0	7 572	0	0	0
Purchase of own shares	0	(16)	(269)	0	0	0	(285)	0	(285)
Distribution of own shares.	0	15	280	0	0	0	296	0	296
Sale of own shares	0	0	6	0	0	0	6	0	6
Transactions with non-controlling interests	0	0	0	0	0	0	0	0	0
Currency effects from translation of equity	201	(0)	2 294	(2 495)	0	0	0		0
Recycling of OCI on sale and held for sale OCI	0	0	0	(35)	35	0	0	0	0
Total equity as at 31 December 2017	**5 459**	**(0)**	**49 012**	**7 539**	**35**	**(39 523)**	**22 521**	**(735)**	**21 787**

Consolidated statement of cash flow – unaudited*

USD 1,000	Note	Q4 ended 31 Dec 2017	Q4 ended 31 Dec 2016	Year ended 31 Dec 2017	Year ended 31 Dec 2016
Cash flow from operating activities					
Profit/(loss) after income tax (including disposal group)		(10 248)	(3 626)	(32 484)	(8 412)
Adjustments:					
Income tax payable		(100)	62	(569)	(255)
Share-based payments		(18)	191	432	567
Share of profit from associated companies, incl impairments		2 254	(103)	4 543	1 204
Depreciation. Amortization and impairments	3,4	6 247	1 417	14 855	3 836
Loss on sale of subsidiaries		345		345	
Currency translation effects		480	(1 234)	1 153	(379)
Change in trade receivables		(363)	94	(111)	(96)
Change in trade payables		291	361	81	382
Change in other accrual and non-current items		(263)	517	(962)	(5 086)
Net cash flow from/(used in) operating activities		**(1 374)**	**(2 322)**	**(12 717)**	**(8 238)**
Cash flow from investing activities					
Investment in furniture, fixtures and office machines		(430)	12	(1 187)	34
Investment in intangible assets		(268)	(891)	(1 839)	(2 379)
Investment in associated companies				(4 577)	(873)
Sale of associated company	4	3 712		3 712	
Sale of subsidiary		159		159	
Net cash flow from/(used in) investing activities		**3 172**	**(879)**	**(3 733)**	**(3 219)**
Cash flow from financing activities					
Net proceeds from share issues		(185)	6 059	4 598	27 087
Proceeds from borrowings				248	
Proceeds from minority interest					500
Net cash flow from/(used in) financing activities		**(185)**	**6 059**	**4 846**	**27 587**
Net increase/(decrease) in cash and cash equivalents		**1 613**	**2 858**	**(11 604)**	**16 130**
Cash and cash equivalents at the beginning of the period		8 743	19 102	21 960	5 829
Cash classified as asset held for sale		(110)		(110)	
Cash and cash equivalents at the end of the period		**10 246**	**21 960**	**10 246**	**21 960**

*) 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 15 February 2018, 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 year 2017, ending 31 December 2017, 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 RepKnight share of profit is estimated based on the latest management report available.

Note 2: Segment information

For management purposes, the group has been organized into business units based on its products and services, and had 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.

In Q4 2017, the PCAN segment was classified as discontinued operations. As a consequence, PCAN is reported at one line only in net income. Cxense SaaS therefore represents the only reported segment. Comparable figures are restated.

Based on the above, Cxense has decided not to include segment information from Q4 2017 as this would only state the same financials already presented in the income statement and balance sheet.

Note 3: Held for sale and discontinued operations

In the statement of financial position as of 31 December 2017 the following non-core assets or disposal groups (included in the SaaS segment) were classified as held for sale;

Maxifier, a fully owned subsidiary of Cxense, was classified as held for sale in Q3 2017. The disposal did not occur as anticipated in Q4 2017. Hence, Cxense is actively continuing searching for potential buyers and disposal is expected to occur in 1H 2018. The disposal will be an asset carve-out (i.e. IPR, customer contracts and R&D resources). The disposal group is measured at the lowest of carrying amount and fair value.

Video (previously Ramp) was acquired by Cxense in 2015 as an asset purchase. The management intend to sell the technology and the customer base, and are actively seeking potential buyers. From Q4 2017, the assets were classified as held for sale and measured at the lowest of carrying amount and fair value. This led to the recognition of an impairment of USD 5.1 million.

PCAN, previously recognized as a separate reporting segment, was classified held for sale and discontinued operations in Q4 2017. Net contribution from PCAN is reported on a separate line and not included in revenue or

EBITDA. Comparable figures and segment tables have been restated accordingly. PCAN is measured at the lowest of its carrying amount and fair value. No impairment was recognized in the quarter.

USD 1,000	**Asset held for sale**	**Liabilities held for sale**
PAN	849	1 326
Technology and customerbase in Maxifier	1 903	458
Video Ramp	3 732	
Total	**6 484**	**1 784**

Note 4: Sale of operations

Emediate Aps, a 100% owned subsidiary of Cxense ASA with approximately 70 customers, was sold on 14 December 2017. Before the transaction, the disposal group was re-measured and an additional impairment of USD 430 thousand was recognized in Q4 2017, in addition to the USD 4,298 thousand impairment recognized in Q3 2017. In Q4 2017, an additional loss of USD 345 thousand was recognized from the sale, due to the recycling of previously recognized translation differences in the equity (from other comprehensive income).

Cxense owned 113,123,403 shares in mporium, representing 21.2% of the outstanding shares. mporium was recognized as an associated company. On 2 November 2017, the Cxense completed the sale of all its shares in mporium group plc at net proceeds of USD 3.75 million. In addition to the impairment made in Q3 2017, a gain of USD 474 thousand was recognized in Q4 2017, due to recycling of previously recognized translation differences in the equity (from other comprehensive income).

Note 5: Impairment of Repknight

On 14 February 2017, Cxense invested GBP 3 million in cash for a 30% stake in RepKnight. Cxense holds 135,978 shares in RepKnight after the transaction. On 27 November 2017, Repknight resolved to issue new shares in a rights issue, with an allotment to Cxense of 138,978 shares at a price per share of GBP2.21 per share. Cxense did not participate in the rights issue. Following the rights issue, Cxense holds 135,978 shares out of the total outstanding shares in Repknight of 769,188, representing 17.7% of the shares. Based on the fair value of Repknight, an impairment of USD 2.4 million was recognized in Q4 2017.

Note 6: Share capital

On 7 November 2016, the Cxense board resolved to issue 272,500 subscription rights (SRs) to employees. The grant was made under the company's 2017 incentive subscription rights plan which was adopted by the annual general meeting on 10 May 2017. The exercise price of the SRs is NOK 39.23 per share. The issued SRs vest over 4 years by 25% on each anniversary from the date of the grant and expire on 10 May 2022. The grant was subject to the employees accepting that share options and SRs issued prior to this issue were deleted, in total 113,325 SRs and 9,200 share options.

As of 31 December 2017, there were 8,958,012 shares and 411,255 share options and SRs outstanding.

Note 7: Events after the reporting period

In the period between 31 December 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.

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).
Contracts notified closed	The sum of all recurring revenue for all contracts closed in a certain financial period
Contracts notified lost	The sum of all recurring revenue for all contracts lost in a certain financial period
Recognized new QRR/New recurring license effect	The effect of all new recurring revenue recognized in a financial period
Churn effect	The sum of all lost recurring revenue recognized in a certain financial period
Net new QRR	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.