

## CYREN Reports Fourth Quarter and Full Year 2014 Results

### 2015 To Build On Record Q4 2014 Bookings

MCLEAN, Va., Feb. 24, 2015 /PRNewswire/ -- CYREN (NASDAQ: CYRN), a global provider of cloud-based cybersecurity solutions, today announced its fourth quarter and full year 2014 financial results for the period ending December 31, 2014.



CYREN closed out the fourth quarter by continuing to execute on the plans it laid out at the beginning of 2014. It was a transformative year, as the company successfully rebranded and launched CYREN as a provider of cybersecurity technology and cyber intelligence solutions, released its cloud-based security as a service WebSecurity platform and generated traction through its new channel sales and direct sales efforts.

"Record fourth quarter bookings, an expanded global partner network and significant new customer acquisitions are strong examples of the increased demand we're seeing in the market," said Lior Samuelson, CEO and Chairman of the Board at CYREN. "Our focus on introducing our new direct sales strategy and expanding our service offerings will enable us to drive growth in 2015."

### Fourth Quarter & Full Year 2014 Financial Highlights:

- Revenues in accordance with U.S. Generally Accepted Accounting Principles (US GAAP) totaled \$7.8 million for the fourth quarter of 2014 compared to \$8.2 million in the fourth quarter of 2013. Full year 2014 revenues totaled \$31.9 million as compared to \$32.2 million in 2013.
- Non-GAAP revenues totaled \$7.9 million for the fourth quarter of 2014 compared to \$8.4 million in the fourth quarter of 2013. Full year 2014 non-GAAP revenues totaled \$32.1 million compared to \$32.8 million in 2013. The difference between non-GAAP and GAAP revenue is derived from the fact that deferred revenues consolidated from acquired companies are recorded based on fair value rather than book value for GAAP purposes.
- GAAP net loss for the fourth quarter of 2014 was \$2.2 million compared to a net loss of \$7.0 million in the fourth quarter of 2013. Full year 2014 GAAP net loss totaled \$7.0 million compared to a GAAP net loss of \$9.9 million in 2013.
- GAAP loss per basic and diluted share for the fourth quarter of 2014 was \$0.07, compared to a loss of \$0.26 in the fourth quarter of 2013. Full year 2014 GAAP loss per basic share and diluted share was \$0.25 compared to a loss of \$0.38 in 2013.
- Non-GAAP net loss for the fourth quarter 2014 was \$1.4 million compared to a loss of \$1.9 million in the fourth quarter of 2013. Full year 2014 non-GAAP net loss totaled \$4.5 million compared to a loss of \$1.3 million in 2013.
- Non-GAAP loss per basic and diluted share for the fourth quarter 2014 was \$0.04, compared to a loss of \$0.07 in fourth quarter of 2013. Full year 2014 non-GAAP loss per basic share was \$0.16 compared to non-GAAP net loss per diluted share of \$0.05 in 2013.
- Cash used by operating activities during the quarter was \$1.5 million.
- Cash as of December 31, 2014 was \$11.1 million, compared to \$13.1 million as of September 30, 2014. In addition, the company had drawn \$4.8 million under its \$7.5 million credit facility.

Operating expenses for the quarter included several one-time items affecting GAAP and non-GAAP results. These items included a bad debt expense of \$0.3 million and a provision for gross receipts taxes of \$0.2 million. These G&A expenses had a negative impact on the quarterly profitability, but should not be considered as ongoing expenses when looking forward into 2015.

For information regarding the non-GAAP financial measures discussed in this release, please see "Use of Non-GAAP Financial Information" and "Reconciliation of Selected GAAP Measures to Non GAAP Measures."

### Business Highlights:

- CYREN delivered record bookings in the fourth quarter of 2014, driven by increasing sales traction with Cyber Intelligence solutions and several new large multi-year contracts, including a high-profile joint venture in Europe.
- The flagship CYREN WebSecurity platform added thousands of users, achieved through multiple customer wins in UK,

- India, Germany, USA , and France. Notable wins included the company's first enterprise deployment at a UK trade union.
- CYREN continued to add key distribution partners for CYREN WebSecurity such as ALSO Holding, an information and communications technology provider in Germany. CYREN WebSecurity will be added to the ALSO CHOICE Cloud Marketplace, which joins SYNnex's CLOUDSolV solutions marketplace as the second CYREN partner to offer CWS through its online reseller network for selling cloud solutions.
  - The company's cloud-based CYREN WebSecurity solution was named a bronze winner in the Best New Product of the Year - Enterprise category at the Best in Biz Awards 2014, an independent business awards program judged by members of the press and industry analysts.
  - Bangcle, the world's largest mobile application security provider, employed CYREN to offer its 500 million customers two mobile security solutions, CYREN Embedded Antivirus and CYREN Mobile Security for Android, representing the expansion of CYREN's global footprint and commitment to its international partner network.

### **Use of Non-GAAP Measures**

Non-GAAP financial measures consist of GAAP financial measures adjusted to exclude: stock-based compensation expenses, amortization and impairment of acquired intangible assets, executive termination costs, deferred taxes and deferred revenues related to acquisitions, acquisition related costs, one-time settlement agreements, reorganization expenses and adjustments to earn-out obligations. The purpose of such adjustments is to give an indication of the company's performance exclusive of non-cash charges and other items that are considered by management to be outside of the company's core operating results. The company's non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures, and should be read only in conjunction with the company's consolidated financial statements prepared in accordance with GAAP.

Company management regularly uses supplemental non-GAAP financial measures internally to understand, manage and evaluate the business and make operating decisions.

These non-GAAP measures are among the primary factors management uses in planning for and forecasting future periods. The company believes this adjustment is useful to investors as a measure of the ongoing performance of the business. The company believes these non-GAAP financial measures provide consistent and comparable measures to help investors understand the company's current and future operating cash flow performance. These non-GAAP financial measures may differ materially from the non-GAAP financial measures used by other companies. Reconciliation between results on a GAAP and non-GAAP basis is provided in a table immediately following the Consolidated Statements of Income. The presentation of this non-GAAP financial information is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. Management uses both GAAP and non-GAAP measures when evaluating the business internally and therefore felt it important to make these non-GAAP adjustments available to investors.

### **Financial Results Conference Call**

The company has scheduled a conference call later today, February 24, 2015, at 10 a.m. Eastern Time (5 p.m. Israel Time) to discuss its fourth quarter and full year 2014 results.

To participate, please call one of the following teleconferencing numbers by dialing in at least 10 minutes before the conference call commences. If you are unable to connect using the toll-free numbers, please try the international dial-in number.

**US Dial-in Number:** 1-877-440-5804  
**Israel Dial-in Number:** 1-80-925-8243  
**International Dial-in Number:** 1-719-325-4801

The call will be simultaneously webcast live on the investor relations section of CYREN's website at <http://www.cyren.com/ir.html>.

For those unable to listen to the live call, a webcast replay of the call will be available from the day after the call in the investor relations section of CYREN's corporate website.

### **About CYREN**

CYREN is a leading provider of cloud-based cybersecurity solutions that deliver uncompromising protection through the application of global cyber intelligence. Regardless of the device or its location, CYREN web, email, and anti-malware services deliver powerful protection in both embedded and Security as a Service (SecaaS) deployment options. Organizations rely on CYREN's mass-scale threat detection and proactive security analytics to protect against malware and identify advanced threats. The CYREN GlobalView™ Cloud Platform employs patented Recurrent Pattern Detection™ technology to protect more than 550 million users in 190 countries through 500,000 global points of presence. CYREN is traded on the NASDAQ Capital Market and the Tel Aviv Stock Exchange (TASE) under the trading symbol "CYRN." Visit the CYREN GlobalView Security Center or go to [www.CYREN.com](http://www.CYREN.com).

Blog: [blog.cyren.com](http://blog.cyren.com)  
Facebook: [www.facebook.com/CyrenWeb](http://www.facebook.com/CyrenWeb)  
LinkedIn: [www.linkedin.com/company/cyren](http://www.linkedin.com/company/cyren)  
Twitter: [twitter.com/CyrenInc](http://twitter.com/CyrenInc)

*This press release contains forward-looking statements, including projections about the company's business, within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. For example, statements in the future tense, and statements including words such as "expect," "plan," "estimate," "anticipate," or "believe" are forward-looking statements. These statements are based on information available at the time of the press release and the company assumes no obligation to update any of them. The statements in this press release are not guarantees of future performance and actual results could differ materially from current expectations as a result of numerous factors, including business conditions and growth or deterioration in the internet security market, technological developments, products offered by competitors, availability of qualified staff, and technological difficulties and resource constraints encountered in developing new products, as well as those risks described in the company's Annual Reports on Form 20-F, reports on Form 6-K and prospectus supplement dated July 24, 2014 and prospectus dated July 3, 2014 filed pursuant to Rule 424(b)(2), which are available through [www.sec.gov](http://www.sec.gov).*

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**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands of U.S. dollars, except per share amounts)

|                  | Three months ended |           | Twelve months ended |          |
|------------------|--------------------|-----------|---------------------|----------|
|                  | December 31        |           | December 31         |          |
|                  | 2014               | 2013      | 2014                | 2013     |
|                  | Unaudited          | Unaudited | Unaudited           | Audited  |
| Revenues         | \$ 7,842           | \$ 8,249  | \$ 31,925           | \$32,248 |
| Cost of revenues | 1,999              | 2,012     | 8,123               | 7,695    |
| Gross profit     | 5,843              | 6,237     | 23,802              | 24,553   |

Operating expenses:

|  |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|
| Research and development, net                  | 2,824             | 2,663             | 11,222            | 9,270             |
| Sales and marketing                            | 2,852             | 2,926             | 11,802            | 10,278            |
| General and administrative                     | 2,274             | 3,797             | 8,047             | 10,388            |
| Adjustment of earn-out obligation              | (43)              | (3,276)           | (744)             | (3,276)           |
| Total operating expenses                       | 7,907             | 6,110             | 30,327            | 26,660            |
| Operating income (loss)                        | (2,064)           | 127               | (6,525)           | (2,107)           |
| Other income (expense)                         | (13)              | -                 | 187               | -                 |
| Loss from sale of investment in affiliate      | -                 | (1,289)           | -                 | (1,289)           |
| Financial expense, net                         | (162)             | (390)             | (874)             | (1,255)           |
| Net loss before taxes                          | (2,239)           | (1,552)           | (7,212)           | (4,651)           |
| Tax benefit (expense)                          | 83                | (5,401)           | 196               | (5,220)           |
| <b>Net loss</b>                                | <b>\$ (2,156)</b> | <b>\$ (6,953)</b> | <b>\$ (7,016)</b> | <b>\$ (9,871)</b> |
| Loss per share - basic                         | \$ (0.07)         | \$ (0.26)         | \$ (0.25)         | \$ (0.38)         |
| Loss per share - diluted                       | \$ (0.07)         | \$ (0.26)         | \$ (0.25)         | \$ (0.38)         |
| Weighted average number of shares outstanding: |                   |                   |                   |                   |
| Basic  | 31,371            | 26,471            | 28,598            | 26,231            |
| Diluted  | 31,371            | 26,471            | 28,598            | 26,231            |

Certain financial statement data for prior periods has been reclassified to conform to current year financial statement presentation.

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#### RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES

(in thousands of U.S.dollars, except per share amounts)

|  | Three months ended |                   | Twelve months ended |                   |
|--|--------------------|-------------------|---------------------|-------------------|
|  | December 31        |                   | December 31         |                   |
|  | 2014               | 2013              | 2014                | 2013              |
|  | Unaudited          | Unaudited         | Unaudited           | Audited           |
| GAAP operating income (loss)           | \$ (2,064)         | \$ 127            | \$ (6,525)          | \$ (2,107)        |
| Stock-based compensation (1)           | 265                | 338               | 1,220               | 1,344             |
| Other acquisition related costs (2)    | -                  | -                 | -                   | 142               |
| Amortization of intangible assets (3)  | 409                | 448               | 1,736               | 1,755             |
| Adjustment to earn-out liabilities (4) | (43)               | (3,276)           | (744)               | (3,279)           |
| Executive terminations (6)             | -                  | -                 | 208                 | 165               |
| Adjustment to deferred revenues (7)    | 48                 | 116               | 202                 | 528               |
| Settlement agreements (8)              | 128                | -                 | 128                 | 91                |
| Reorganization expenses (9)            | -                  | 219               | 75                  | 316               |
| Non-GAAP operating loss                | <u>\$ (1,257)</u>  | <u>\$ (2,028)</u> | <u>\$ (3,700)</u>   | <u>\$ (1,045)</u> |
| GAAP net loss                          | \$ (2,156)         | \$ (6,953)        | \$ (7,016)          | \$ (9,871)        |

|   |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|
| Stock-based compensation (1)  | 265               | 338               | 1,220             | 1,344             |
| Other acquisition related costs (2)                                   | -                 | -                 | -                 | 142               |
| Amortization of intangible assets (3)                                 | 409               | 448               | 1,736             | 1,755             |
| Adjustment to earn-out liabilities (4)                                | 4                 | (3,100)           | (445)             | (2,398)           |
| Income taxes (5)  | (95)              | 5,756             | (412)             | 5,292             |
| Executive terminations (6)  | -                 | -                 | 208               | 165               |
| Adjustment to deferred revenues (7)                                   | 48                | 116               | 202               | 528               |
| Settlement agreements (8)   | 128               | -                 | (72)              | 91                |
| Reorganization expenses (9)   | -                 | 219               | 75                | 316               |
| Investment impairment (10)  | -                 | 1,289             | -                 | 1,289             |
| Non-GAAP net loss   | <u>\$ (1,397)</u> | <u>\$ (1,887)</u> | <u>\$ (4,504)</u> | <u>\$ (1,347)</u> |
| GAAP loss per share (diluted)   | (0.07)            | (0.26)            | (0.25)            | (0.38)            |
| Stock-based compensation (1)  | 0.01              | 0.01              | 0.04              | 0.05              |
| Other acquisition related costs (2)                                   | 0.00              | 0.00              | 0.00              | 0.01              |
| Amortization of intangible assets (3)                                 | 0.01              | 0.02              | 0.06              | 0.07              |
| Adjustment to earn-out liabilities (4)                                | 0.00              | (0.12)            | (0.02)            | (0.09)            |
| Income taxes (5)  | (0.00)            | 0.22              | (0.01)            | 0.20              |
| Executive terminations (6)  | 0.00              | 0.00              | 0.01              | 0.01              |
| Adjustment to deferred revenues (7)                                   | 0.00              | 0.00              | 0.01              | 0.02              |
| Settlement agreements (8)   | 0.01              | 0.00              | (0.00)            | 0.00              |
| Reorganization expenses (9)   | 0.00              | 0.01              | 0.00              | 0.01              |
| Investment impairment (10)  | 0.00              | 0.05              | 0.00              | 0.05              |
| Non-GAAP loss per share (diluted)                                     | <u>(0.04)</u>     | <u>(0.07)</u>     | <u>(0.16)</u>     | <u>(0.05)</u>     |
| Numbers of shares used in computing non-GAAP loss per share (diluted) | <u>31,371</u>     | <u>26,471</u>     | <u>28,598</u>     | <u>26,231</u>     |
| <b><u>(1) Stock-based compensation</u></b>                            |                   |                   |                   |                   |
| Cost of revenues  | \$ 15             | \$ 12             | \$ 55             | \$ 50             |
| Research and development  | 63                | 79                | 292               | 267               |
| Sales and marketing   | 76                | 78                | 292               | 264               |
| General and administrative  | 111               | 169               | 581               | 763               |
|   | <u>\$ 265</u>     | <u>\$ 338</u>     | <u>\$ 1,220</u>   | <u>\$ 1,344</u>   |
| <b><u>(2) Other acquisition related costs</u></b>                     |                   |                   |                   |                   |
| General and administrative  | \$ -              | \$ -              | \$ -              | \$ 142            |
|   | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ 142</u>     |
| <b><u>(3) Amortization of intangible assets</u></b>                   |                   |                   |                   |                   |
| Cost of revenues  | \$ 202            | \$ 209            | \$ 846            | \$ 773            |
| Sales and marketing   | 207               | 239               | 890               | 982               |
|   | <u>\$ 409</u>     | <u>\$ 448</u>     | <u>\$ 1,736</u>   | <u>\$ 1,755</u>   |
| <b><u>(4) Adjustment to earn-out liabilities</u></b>                  |                   |                   |                   |                   |
| General and administrative  | \$ (43)           | \$ (3,276)        | \$ (744)          | \$ (3,279)        |
| Financial expenses, net   | 47                | 176               | 299               | 881               |
|   | <u>\$ 4</u>       | <u>\$ (3,100)</u> | <u>\$ (445)</u>   | <u>\$ (2,398)</u> |
| <b><u>(5) Income taxes</u></b>  |                   |                   |                   |                   |
| Deferred tax asset - tax benefit                                      | \$ (95)           | \$ 5,756          | \$ (412)          | \$ 5,292          |
|   | <u>\$ (95)</u>    | <u>\$ 5,756</u>   | <u>\$ (412)</u>   | <u>\$ 5,292</u>   |
| <b><u>(6) Executive terminations</u></b>                              |                   |                   |                   |                   |
| General and administrative  | \$ -              | \$ -              | \$ 208            | \$ 165            |
|   | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ 208</u>     | <u>\$ 165</u>     |
| <b><u>(7) Adjustment to deferred revenues</u></b>                     |                   |                   |                   |                   |
| Revenues  | \$ 48             | \$ 116            | \$ 202            | \$ 528            |
|   | <u>\$ 48</u>      | <u>\$ 116</u>     | <u>\$ 202</u>     | <u>\$ 528</u>     |
| <b><u>(8) Settlement agreements</u></b>                               |                   |                   |                   |                   |
| General and administrative  | \$ 128            | \$ -              | \$ 128            | \$ 91             |

|   |               |                 |                |                 |
|---|---------------|-----------------|----------------|-----------------|
| Other income                              | -             | -               | (200)          | -               |
|   | <u>\$ 128</u> | <u>\$ -</u>     | <u>\$ (72)</u> | <u>\$ 91</u>    |
| <b><u>(9) Reorganization expenses</u></b> |               |                 |                |                 |
| General and administrative                | \$ -          | \$ 219          | \$ 75          | \$ 316          |
|   | <u>\$ -</u>   | <u>\$ 219</u>   | <u>\$ 75</u>   | <u>\$ 316</u>   |
| <b><u>(10) Investment impairment</u></b>  |               |                 |                |                 |
| Financial expenses, net                   | \$ -          | \$ 1,289        | \$ -           | \$ 1,289        |
|   | <u>\$ -</u>   | <u>\$ 1,289</u> | <u>\$ -</u>    | <u>\$ 1,289</u> |

**CYREN LTD.**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

(in thousands of U.S. dollars)

|  | <u>December 31</u> | <u>December 31</u> |
|--|--------------------|--------------------|
|  | <u>2014</u>        | <u>2013</u>        |
|  | Unaudited          | Audited            |
| <b>Assets</b>                          |                    |                    |
| Current Assets:                        |                    |                    |
| Cash and cash equivalents              | \$ 11,063          | \$ 3,757           |
| Trade receivables, net                 | 4,444              | 5,178              |
| Deferred tax assets                    | -                  | 48                 |
| Prepaid expenses and other receivables | 1,019              | 1,988              |
| Total current assets                   | <u>16,526</u>      | <u>10,971</u>      |
| Lease deposits                         | 70                 | 74                 |
| Deferred tax assets                    | 13                 | -                  |
| Severance pay fund                     | 594                | 819                |
| Property and equipment, net            | 2,401              | 2,674              |
| Goodwill and intangible assets, net    | 31,869             | 36,395             |
| Total long-term assets                 | <u>34,947</u>      | <u>39,962</u>      |
| Total assets                           | <u>\$ 51,473</u>   | <u>\$ 50,933</u>   |

**Liabilities and Shareholders' Equity**

|  |               |               |
|--|---------------|---------------|
| Current Liabilities:                   |               |               |
| Credit line                            | \$ 4,900      | \$ 3,245      |
| Trade payables                         | 646           | 859           |
| Employees and payroll accruals         | 2,359         | 3,102         |
| Deferred tax liability                 | 120           | -             |
| Accrued expenses and other liabilities | 1,394         | 1,366         |
| Earn-out consideration                 | 2,269         | 1,428         |
| Deferred revenues                      | 4,097         | 4,499         |
| Total current liabilities              | <u>15,785</u> | <u>14,499</u> |
| Deferred revenues                      | 1,042         | 1,646         |
| Deferred tax liability                 | 1,984         | 2,749         |
| Earn-out consideration                 | 837           | 2,857         |
| Accrued severance pay                  | 666           | 873           |
| Other liabilities                      | 100           | -             |
| Total long-term liabilities            | <u>4,629</u>  | <u>8,125</u>  |

|  |                  |                  |
|--|------------------|------------------|
| Shareholders' equity                       | 31,059           | 28,309           |
| Total liabilities and shareholders' equity | <u>\$ 51,473</u> | <u>\$ 50,933</u> |

**CYREN LTD.**

**CONDENSED CONSOLIDATED CASH FLOW DATA**

(in thousands of U.S. dollars)

|  | <b>Three months ended</b> |                 | <b>Twelve months ended</b> |                 |
|--|---------------------------|-----------------|----------------------------|-----------------|
|  | <b>December 31</b>        |                 | <b>December 31</b>         |                 |
|  | <b>2014</b>               | <b>2013</b>     | <b>2014</b>                | <b>2013</b>     |
|  | Unaudited                 | Unaudited       | Unaudited                  | Audited         |
| <b>Cash flows from operating activities:</b>   |                           |                 |                            |                 |
| Net loss   | \$ (2,156)                | \$ (6,953)      | \$ (7,016)                 | \$(9,871)       |
| <u>Adjustments to reconcile net loss to net cash provided by (used in) operating activities:</u> |                           |                 |                            |                 |
| Loss on disposal of property and equipment   | 16                        | 18              | 15                         | 18              |
| Depreciation   | 330                       | 278             | 1,285                      | 1,136           |
| Stock-based compensation   | 265                       | 341             | 1,220                      | 1,344           |
| Amortization of intangible assets  | 409                       | 448             | 1,736                      | 1,755           |
| Accrued interest, accretion of discount and exchange rate differences on credit line             | 22                        | (24)            | 124                        | 84              |
| Accretion and change in fair value of earn-out consideration, net                                | 4                         | (3,100)         | (445)                      | (2,398)         |
| Loss from sale of investment in affiliate  | -                         | 1,289           | -                          | 1,289           |
| <u>Changes in assets and liabilities:</u>  |                           |                 |                            |                 |
| Trade receivables  | (315)                     | 667             | 866                        | 868             |
| Deferred taxes   | (134)                     | 5,444           | (318)                      | 4,980           |
| Prepaid expenses and other receivables   | 363                       | 424             | 839                        | (511)           |
| Trade payables   | (150)                     | 70              | (542)                      | (248)           |
| Employees and payroll accruals, accrued expenses and other liabilities                           | 213                       | 1,074           | (496)                      | 595             |
| Deferred revenues  | (516)                     | (154)           | (1,047)                    | 1,180           |
| Accrued severance pay, net   | 1                         | (46)            | 18                         | (105)           |
| Other long-term liabilities  | 100                       | -               | 100                        | -               |
| <b>Net cash provided by (used in) operating activities</b>                                       | <b>(1,548)</b>            | <b>(224)</b>    | <b>(3,661)</b>             | <b>116</b>      |
| <b>Cash flows from investing activities:</b>   |                           |                 |                            |                 |
| Change in long-term lease deposits   | 4                         | 9               | 1                          | (17)            |
| Proceeds from sale of fixed assets   | 9                         | -               | 9                          | 4               |
| Proceeds from sale of investment in affiliates   | -                         | 194             | -                          | 194             |
| Investment in affiliates   | -                         | -               | -                          | (80)            |
| Purchase of property and equipment   | (68)                      | (397)           | (771)                      | (2,053)         |
| <b>Net cash used in investing activities</b>   | <b>(55)</b>               | <b>(194)</b>    | <b>(761)</b>               | <b>(1,952)</b>  |
| <b>Cash flows from financing activities:</b>   |                           |                 |                            |                 |
| Proceeds from capital issuance, net  | -                         | -               | 10,239                     | -               |
| Proceeds from bank loans and credit lines  | 4,800                     | 3,160           | 6,800                      | 6,165           |
| Repayment of bank loans  | (5,270)                   | (3,004)         | (5,270)                    | (3,004)         |
| Payment of earn-out consideration  | -                         | -               | (351)                      | (3,994)         |
| Proceeds from options exercised  | 53                        | 25              | 384                        | 1,241           |
| <b>Net cash provided by (used in) financing activities</b>                                       | <b>(417)</b>              | <b>181</b>      | <b>11,802</b>              | <b>408</b>      |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>                              | <b>(11)</b>               | <b>22</b>       | <b>(74)</b>                | <b>48</b>       |
| <b>Increase (decrease) in cash and cash equivalents</b>  | <b>(2,031)</b>            | <b>(215)</b>    | <b>7,306</b>               | <b>(1,380)</b>  |
| <b>Cash and cash equivalents at the beginning of the period</b>                                  | <b>13,094</b>             | <b>3,972</b>    | <b>3,757</b>               | <b>5,137</b>    |
| <b>Cash and cash equivalents at the end of the period</b>  | <b>\$ 11,063</b>          | <b>\$ 3,757</b> | <b>\$ 11,063</b>           | <b>\$ 3,757</b> |

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