



Q3
INTERIM REPORT

July - September 2019
TargetEveryone AB (publ) 556526-6748

Third quarter

- Net sales amounted to MSEK 2.5 (3.2)
- EBITDA amounted to MSEK -5.6 (-7.4)
- EBT amounted to MSEK -10.7 (-10.4)
- Earnings per share before dilutions amounted to SEK -0.08 (-0.23)
- Hosni Teque-Omeirat appointed as new CEO

First nine months

- Net sales amounted to MSEK 8.8 (16.8)
- EBITDA amounted to MSEK -22.0 (-15.7)
- EBT amounted to MSEK -37.7 (-27.2)
- Earnings per share before dilutions amounted to SEK -0.30 (-0.58)

Significant events after the reporting period

- Divestment of legacy business and established the new Norwegian subsidiary SpectrumOne AS



SPECTRUMONE

About TargetEveryone

TargetEveryone is a MARTECH company, enabling our clients to streamline their 1-1 digital marketing, content and experiences within one SasS online platform. Our unique solution makes marketers able to easily target exactly the customers they want, and communicate with them in the channels they prefer, to maximize ROI. Our clients can easily segment their customers based on CRM data, market data and transactional data. Further, they can use a campaign editor to quickly build campaigns, and distribute these through our multichannel distribution system either by Email, SMS or SMS landing pages. The customers are served with our new platform SpectrumOne, combining market analysis, customer segmentation and communication tools. The solution is based on big data to analyze and refine the customers behavior and demands. TargetEveryone's headquarter is in Oslo, with branch offices in Sweden, Holland and USA. TargetEveryone is listed on Nasdaq First North Growth Market in Stockholm and Merkur Market in Oslo.

www.targeteveryone.com / www.spectrumone.com

CEO statement

ONE

When entering the last quarter of the year, TargetEveryone is now ONE company. During my first months as new CEO of TargetEveryone, we successfully divested our legacy business as the first step to create a company with the ability to grow fast. We now have a company with one focus towards high-potential revenue streams combined with further cost cuts that makes the road to positive cash flow much shorter. We get frequent updates from the market that reminds us of how great the potential of our great product is, and I now look forward to a period of onboarding customers and building sustainable revenue!

One focus

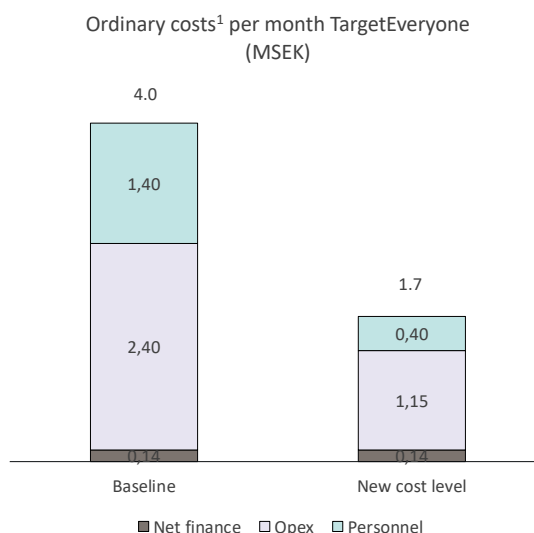
The divestment of our legacy business has made a huge positive impact on our ability to accelerate the SpectrumOne sales. Even though we tried to direct our full attention towards SpectrumOne, it quickly became clear to me that the legacy business was to resource intensive. If we should be able to commercialize SpectrumOne fast, we needed to have one focus. Fortunately, we came out with a great solution where our legacy customers will be taken care of by a new provider with their needs as core competence. This was very important to me, as my passion is sales and I always put the customers first.

The combination of the two brands TargetEveryone and SpectrumOne has also been confusing to the market and our potential customers. Our new Norwegian company, SpectrumOne AS, now carries the same name as our product, and we are now in the process of changing the name in Sweden.

Our organization now contains only highly skilled co-workers that have one focus – to sell SpectrumOne and make sure that new clients will get a great experience and significantly better knowledge about their markets and customers.

Positive cash flow is closer

Another positive consequence of our divestment is that we have been able to reduce our costs even further, as the complexity of our daily operations has decreased. We entered this year with an unacceptable cost level at approximately MSEK 4 per month. We will now enter next year with an ordinary fixed cost level that is reduced by almost 60 %.



1) Costs before capitalization. Temporary financial expenses and costs related to financing are not included. Baseline is December 2018

Being a significant shareholder myself, it is my clear opinion that our company needs to reach positive cash flow as soon as possible. These cost cuts have been vital steps towards this goal. Since the clear majority of the cost cuts has been

a consequence of reduced effort towards legacy business, our ability to deliver on SpectrumOne customers is intact.

Market tailwind

The Martech market is worth over € 125 billions and is growing by over 30% annually and SpectrumOne is perfectly positioned to take advantage of this development. With a transition from transactional sales to solution sales, we will enable ourselves to be a market leader in the Nordic market and an obvious player in the international arena. With these goals in mind, we have also adapted our business model to better suit our customers and created a partner program. The new business model is much more appetizing for our customers and our partner program ensures that we can accelerate our sales in a way we could never have done on our own.

I look forward to coming quarters where we can report larger customers, bigger deals and better profitability, hence making positive cash-flow possible.



Stockholm,
October 2019
Hosni Teque-Omeirat
CEO

OPERATIONS

CUSTOMERS AND NEW BUSINESSES

During the third quarter, the two Norwegian companies Fursetgruppen and Profilpartner were signed as new SpectrumOne customers. This gives a further proof of a broad category of industries that SpectrumOne is suited for.

The majority of the revenue from third quarter was generated by the legacy customers. The divestment of the legacy business releases further capacity to accelerate the sales of SpectrumOne.

REVENUE AND EARNINGS

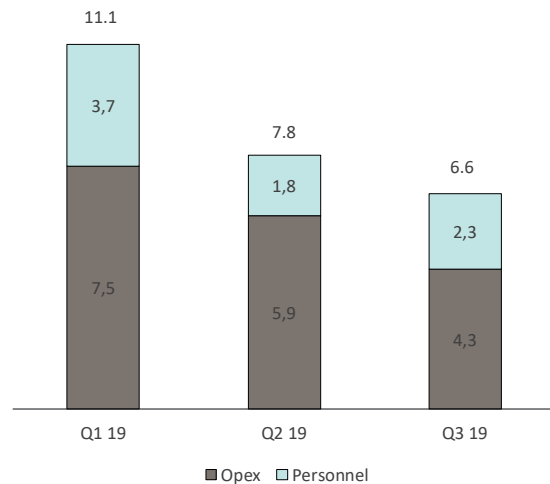
The consolidated income statement for the third quarter of 2019 comprises the parent company TargetEveryone AB and the subsidiaries TargetEveryone Sweden AB, VMSPay Sweden AB and TargetEveryone AS. The 30 % ownership of Cloud Explorers AS is also included in the results.

Third quarter

Net sales for the third quarter of the year amounted to SEK 2.5 (3.2) million, a decrease of SEK 0,6 million or 21 %. The reduced net sales are caused by ceased legacy customers. The gross profit amounted to SEK 1.1 (1.7) million for the consolidated operations, with a gross margin at 42 % (53 %).

Operating expenses excluding direct costs and depreciation amounted to SEK 6.6 (9.2) million. This is a reduction from SEK 7.8 in second quarter due to lower operating expenses. Third quarter includes significant personnel costs related to employees that have been laid off or have resigned. Further cost reductions were executed during third quarter to an accumulated level of approximately 60 % compare to the beginning of the year, when fully effectuated.

Costs TargetEveryone (MSEK)¹



¹) Includes extraordinary costs related to financing of approximately SEK 1.9 million in Q1, SEK 1.4 million in Q2 and SEK 0.4 million in Q3

Depreciation and amortizations amounts to SEK 4.4 (2.9) million including share of earnings from associated companies. This refers to intangible fixed assets that arose after acquisitions of the Norwegian companies TargetEveryone AS and Cloud Explorers AS, and capitalized development costs. The increase compare to last year is because SpectrumOne development costs started to depreciate in January. The running development costs are similar to third quarter last year.

Operating profit (EBIT) for the period amounted to SEK -10.0 (-10.3) million, and the operating margin is negative. Net financial items amounted to SEK -0.7 (-0.02) million and have increased due to the new convertible loan and bridge loan prior to the direct share issue. Earnings before tax for the period amounted to SEK -10.7 (-10.4) million. Earnings per share before and after dilution amounted to SEK -0.08 (-0.23).

In total, there has been extraordinary costs related to the financing process at approximately SEK 0.4 million in the second quarter.

First nine months

Net sales for the first nine months amounted to SEK 8.8 (16.8) million, a decrease of SEK 8.0 million. The gross profit was SEK 3.7 (8.4) million for the consolidated operations, with a gross margin at 41% (50%).

Operating expenses excluding direct costs and depreciation amounted to SEK 25.6 (24.1) million. The operating expenses are at approximately the same level, while the personnel costs are higher. Depreciation amounts to SEK 13.1 (7.6) million including share of earnings from associated companies. This primarily relates to intangible fixed assets arising after acquisitions of the Norwegian companies TargetEveryone AS and Cloud Explorers AS, and capitalized development costs. The depreciations have increase compare to last year because of reduced depreciation period for the intangible assets from TargetEveryone AS, and activated development costs in January.

Operating profit (EBIT) for the period amounted to SEK -35.1 (-23.3) million. Net financial items amounted to SEK -2.6 (-3.9) million. The Group is charged with interest expenses for convertible loans and short-term loans. Profit before tax for the period amounted to SEK -37.7 (-27.2) million. Earnings per share before and after dilution amounted to SEK -0.30 (-0.58).

CASH FLOW AND FINANCIAL POSITION

Third quarter

Cash flow from operating activities before changes in working capital amounted to SEK -6.3 (-7.4) million for the third quarter. Changes in working capital have affected cash flow by SEK -11.8 (-2.3) million, both because of increased receivables and reduced payables. Consequently, cash flow from operating activities after changes in working capital amounted to SEK -18.2 (-9.8) million. Investment activities had a cash flow effect of SEK -1.6 (0.0) million during

the period consisting of capitalized development costs from SpectrumOne. Cash flow from financing activities was SEK 18.6 (11.4) million from the right issue in June, which in total generated a cash flow effect at SEK -1.1 (1.5) million for the period.

First nine months

Cash flow from operating activities before changes in working capital amounted to SEK -24.8 (-16.8) million for the first nine months. Changes in working capital had a positive impact on cash flow of SEK -5.0 (4.2) million. Cash flow from operating activities after changes in working capital amounted to SEK -29.8 (-12.6) million. Investment activities affected cash flow negative during the period with SEK 6.1 (2.4) million due to investments in intangible assets. Financing activities amounted to SEK 32.1 (8.4) million are explained by issuance of a new convertible loan and the right issue completed in June. Consequently, the total cash flow for the period is SEK -3.9 (-6.6).

EQUITY AND SHARE

The average number of shares amounted to 119,825,907 (43,433,218) before and 119,825,907 (44,171,146) after dilution. The number of registered shares at the end of the quarter amounted to 119,825,907. During the third quarter, the share capital has been reduced by SEK 54.2 million to cover losses. A further SEK 32.5 million reduction of share capital has been made through provisions for free equity. This reduction has been recovered by the right issue in June and a bonus issue from unrestricted equity. The Group's equity decreased SEK 11.0 million in the third quarter. The company's equity ratio amounts to 55 (70) %.

Significant events after the reporting period

At October 3, the legacy business was sold through the divestment of TargetEveryone AS and TargetEveryone Sweden AB, while the customers, intellectual property rights and

employees related to SpectrumOne was kept in the Group through the Norwegian subsidiary SpectrumOne AS. The shares in TargetEveryone AS and TargetEveryone Sweden AB were sold for SEK 1.6 million. These two companies include the total book value of shares in subsidiaries stated in the balance sheet of TargetEveryone AB.

Investments

No material investments in tangible assets was made in the third quarter, except the investments described in the cash flow section.

Personnel

The number of employees at the end of the quarter amounted to 9 (39) persons, of which 2 persons receive compensation through invoicing from their own companies. The Swedish companies have 2 employees and the Norwegian has 7. Due to discontinuation of non-core activities that TargetEveryone no longer is committed to, three additional employees were laid off or resigned during the third quarter with effect from September to December.

Parent company

Parent company net revenue for the third quarter amounted to SEK 0.0 (0.0) million and other income to SEK 0.0 (0.0) million. Profit before tax for the period amounted to SEK -1.3 (-0.7) million.

Transactions with related parties

Fredric Forsman, chairman of the board, has during the quarter invoiced the Company for legal services amounting to SEK 0.36 million.

RISKS

Regarding risks, please refer to the Annual Report 2018.

ACCOUNTING POLICIES

From fiscal year 2014, the annual and consolidated financial statements are established by applying the Swedish Annual Accounts Act and the Swedish Accounting Standards Board BFAR 2012:1 Annual report and consolidated (K3).

AUDIT

This report has not been reviewed by an auditor.

ANNUAL REPORT

TargetEveryone AB's annual report has been available on the website - www.targeteveryone.com, from April 11, 2019.

UPCOMING REPORTS AND EVENTS

Interim Report Q4 2019, February 18, 2020

Stockholm October 2019

Fredric Forsman, chairman of the board
Erik Fagerlid, board member
Hosni Teque-Omeirat, board member

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INCOME STATEMENT - GROUP

SEK, thousands	Q3 19	Q3 18	YTD 19	YTD 18
Net revenue	2 517	3 168	8 801	16 782
Other income	-	-	-	2 164
Total revenue	2 517	3 168	8 801	18 946
Cost of services	-1 458	-1 488	-5 150	-10 508
Other external costs	-4 318	-5 391	-17 703	-14 950
Personnel costs	-2 360	-2 674	-7 926	-6 953
Depreciation and amortization	-3 792	-2 282	-11 332	-6 747
Other expenses	-	-1 060	-	-2 239
Share of earnings from associated companies	-571	-618	-1 790	-819
<i>Total operating expenses</i>	<i>-12 499</i>	<i>-13 513</i>	<i>-43 901</i>	<i>-42 216</i>
Operating profit	-9 982	-10 345	-35 100	-23 270
Interest income and similar items	57	216	195	494
Interest expenses and similar items	-769	-237	-2 775	-4 394
<i>Net financial</i>	<i>-712</i>	<i>-21</i>	<i>-2 580</i>	<i>-3 900</i>
Earnings before tax	-10 694	-10 366	-37 680	-27 170
Tax on profit	539	591	2 111	1 772
Earnings	-10 155	-9 776	-35 569	-25 398
Number of shares on average before dilution	119 825 907	43 433 218	119 825 907	43 433 218
Earnings per share, before dilution	-0,08	-0,23	-0,30	-0,58
Number of shares on average after dilution	119 825 907	44 171 146	119 825 907	44 171 146
Earnings per share, after dilution	-0,08	-0,22	-0,30	-0,57

BALANCE SHEET – GROUP

SEK, thousands	Sep 30, 2019	Sep 30, 2018	Dec 31, 2018
Fixed assets			
Intangible assets			
Capital expenditure for research and development	67 597	80 714	72 739
Total intangible assets	67 597	80 714	72 739
Tangible assets			
Equipment, tools and installations	120	310	258
Total tangible assets	120	310	258
Financial assets			
Shares in associated companies	7 649	11 252	9 440
Other financial assets	62	63	60
Total financial assets	7 712	11 315	9 500
Total fixed assets	75 429	92 339	82 497
Current assets			
Receivables			
Account receivables	1 948	3 381	2 456
Other receivables	3 340	18 820	1 775
Prepayments and accrued income	663	524	722
Total receivables	5 951	22 725	4 953
Cash and bank balance	692	2 449	4 580
Total current assets	6 643	25 174	9 533
TOTAL ASSETS	82 072	117 513	92 030

BALANCE SHEET - GROUP

SEK, thousands	Sep 30, 2019	Sep 30, 2018	Dec 31, 2018
Equity			
Share capital	54 188	108 377	108 377
Other capital contribution	100 303	106 001	105 609
Other equity	-109 587	-132 708	-155 325
Total equity	44 905	81 670	58 661
Provisions			
Deferred taxes	9 158	13 283	11 269
Total provisions	9 158	13 283	11 269
Liabilities			
Long-term liabilities			
Convertible loans	16 346	-	-
Other long-term liabilities	1 729	3 040	2 459
Total long-term liabilities	18 075	3 040	2 459
Short-term liabilities			
Bank overdraft	-	505	482
Account payables	3 836	3 804	4 736
Convertible loans	-	1 230	
Other current liabilities	4 619	11 345	11 904
Accrued expenses and deferred income	1 479	2 636	2 519
Total short-term liabilities	9 934	19 520	19 641
Total liabilities	28 009	22 560	22 100
TOTAL EQUITY AND LIABILITIES	82 072	117 513	92 030

SHAREHOLDER'S EQUITY - GROUP

Group	Share capital	Not registered share cap.	Other contributed capital	Currency translation reserve	Retained earnings	Total shareholder capital
Opening balance	108 377	26 255	100 679	5 837	-185 262	55 886
Jul 1, 2019						
Not registered capital	-	-26 255	-	-	-	-26 255
Translation difference	-	-	-1	-451	-	-452
Earnings	-	-	-	-	-10 155	-10 155
Equity reduction	-54 188	-	-375	-	80 443	25 880
Closing balance	54 189	-	100 303	5 386	-114 973	44 905
Sep 30, 2019						

Group	Share capital	Not registered share cap.	Other contributed capital	Currency translation reserve	Retained earnings	Total shareholder capital
Opening balance	106 308	-	105 209	2 224	-126 667	87 074
Jul 1, 2018						
New issue	2 069	-	899	-	-	2 968
Costs new issue	-	-	-107	-	-	-107
Translation difference	-	-	-	1 511	-	1 511
Earnings	-	-	-	-	-9 776	-9 776
Closing balance	108 377	-	106 001	3 735	-136 443	81 670
Sep 30, 2018						

SHAREHOLDER'S EQUITY – GROUP

Group	Share capital	Not registered share cap.	Other contributed capital	Currency translation reserve	Retained earnings	Total shareholder capital
Opening balance	108 377	-	105 609	4 367	-159 692	58 661
Jan 1, 2019						
Costs new issue	-	-	-6 157	-	-	-6 157
Convertible bonds, equity part	-	-	1 227	-	-	1 227
Translation difference	-	-	-1	1 019	-155	863
Earnings	-	-	-	-	-35 569	-35 569
Equity reduction	-54 188	-	-375	-	80 443	25 880
Closing balance	54 189	-	100 303	5 386	-114 972	44 906
Sep 30, 2019						

Group	Share capital	Not registered share cap.	Other contributed capital	Currency translation reserve	Retained earnings	Total shareholder capital
Opening balance	141 654	7 515	107 236	305	-206 202	50 508
Jan 1, 2018						
New issue	59 240	-7 575	10 426	-	-	62 091
Costs new issue	-	-	-9 021	-	-	-9 021
Translation difference	-	-	-2 640	3 526	2 640	3 526
Earnings	-	-	-	-	-22 974	-22 974
Equity reduction	-92 517	-	-	-	92 517	-
Closing balance	108 377	-60	106 001	3 831	-134 019	84 130
Sep 30, 2018						

CASH FLOW STATEMENT – GROUP

SEK, thousands	Q3 19	Q3 18	YTD 19	YTD 18
Cash flow from operating activities before working capital changes	-6 331	-7 446	-24 828	-16 805
Changes in working capital	-11 824	-2 309	-4 980	4 242
Cash flow from operating activities after working capital changes	-18 155	-9 755	-29 808	-12 563
Cash flow from investing activities	-1 558	-86	-6 139	-2 409
Cash flow from financing activities	18 573	11 366	32 059	8 394
Cash flow for the period	-1 140	1 525	-3 888	-6 578
Cash and cash equivalents at beginning	1 832	924	4 580	9 027
Cash and cash equivalents at end	692	2 449	692	2 449

INCOME STATEMENT – PARENT COMPANY

SEK, thousands	Q3 19	Q3 18	YTD 19	YTD 18
Net revenue	0	-	0	1 500
Other income	-	-	-	232
Total revenue	0	-	0	1 732
Other external costs	-1 205	-1 400	-7 295	-4 122
Personnel costs	-287	-	-287	-219
Other expenses	-	-388	-	-388
<i>Total operating expenses</i>	<i>-1 492</i>	<i>-1 788</i>	<i>-7 582</i>	<i>-4 729</i>
Operating profit	-1 492	-1 788	-7 582	-2 997
Share of earnings from associated companies	-	-155	-	1 926
Interest income and similar items	847	356	932	619
Interest expenses and similar items	-686	866	-2 589	-3 325
Unrealized loss	-	-	-	-
<i>Net financial</i>	<i>162</i>	<i>1 222</i>	<i>-1 656</i>	<i>-2 706</i>
Earnings before tax	-1 330	-721	-9 238	-3 777
Group contribution	-	-	-	-
Tax on profit	-	-	-	-
Earnings	-1 330	-721	-9 238	-3 777

BALANCE SHEET – PARENT COMPANY

SEK, thousands	Sep 30, 2019	Sep 30, 2018	Dec 31, 2018
Fixed assets			
Financial assets			
Shares in subsidiaries	60 931	65 941	60 931
Shares in associated companies	12 072	12 072	12 072
Total financial assets	73 003	78 013	73 003
Total fixed assets	73 003	78 013	73 003
Current assets			
Receivables			
Account receivables	135	135	135
Receivables from group companies	20 667	29 921	69
Other receivables	1 656	16 860	1 717
Prepayments and accrued income	480	439	571
Total receivables	22 938	47 355	2 492
Cash and bank balance	301	146	2 184
Total current assets	23 239	47 501	4 676
TOTAL ASSETS	96 242	125 514	77 679

BALANCE SHEET – PARENT COMPANY

SEK, thousands	Sep 30, 2019	Sep 30, 2018	Dec 31, 2018
Equity			
Restricted equity			
Share capital	54 188	108 377	108 377
Total restricted equity	54 188	108 380	108 380
Unrestricted equity			
Share premium reserve	105 912	105 998	105 606
Accumulated loss	-76 126	-100 075	-100 086
Earnings	-9 238	-3 777	-50 872
Total unrestricted equity	20 547	2 146	-45 352
Total equity	74 736	110 526	63 028
Liabilities			
Long-term liabilities			
Convertible loans	16 346	-	-
Total long-term liabilities	16 346	-	-
Short-term liabilities			
Account payables	697	810	2 451
Convertible loans	-	1 230	
Other current liabilities	3 472	11 384	11 146
Accrued expenses and deferred income	991	1 564	1 054
Total short-term liabilities	5 160	14 988	14 651
Total liabilities	21 506	14 988	14 651
TOTAL EQUITY AND LIABILITIES	96 242	125 514	77 679