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Avenue

Q1

INTERIM REPORT

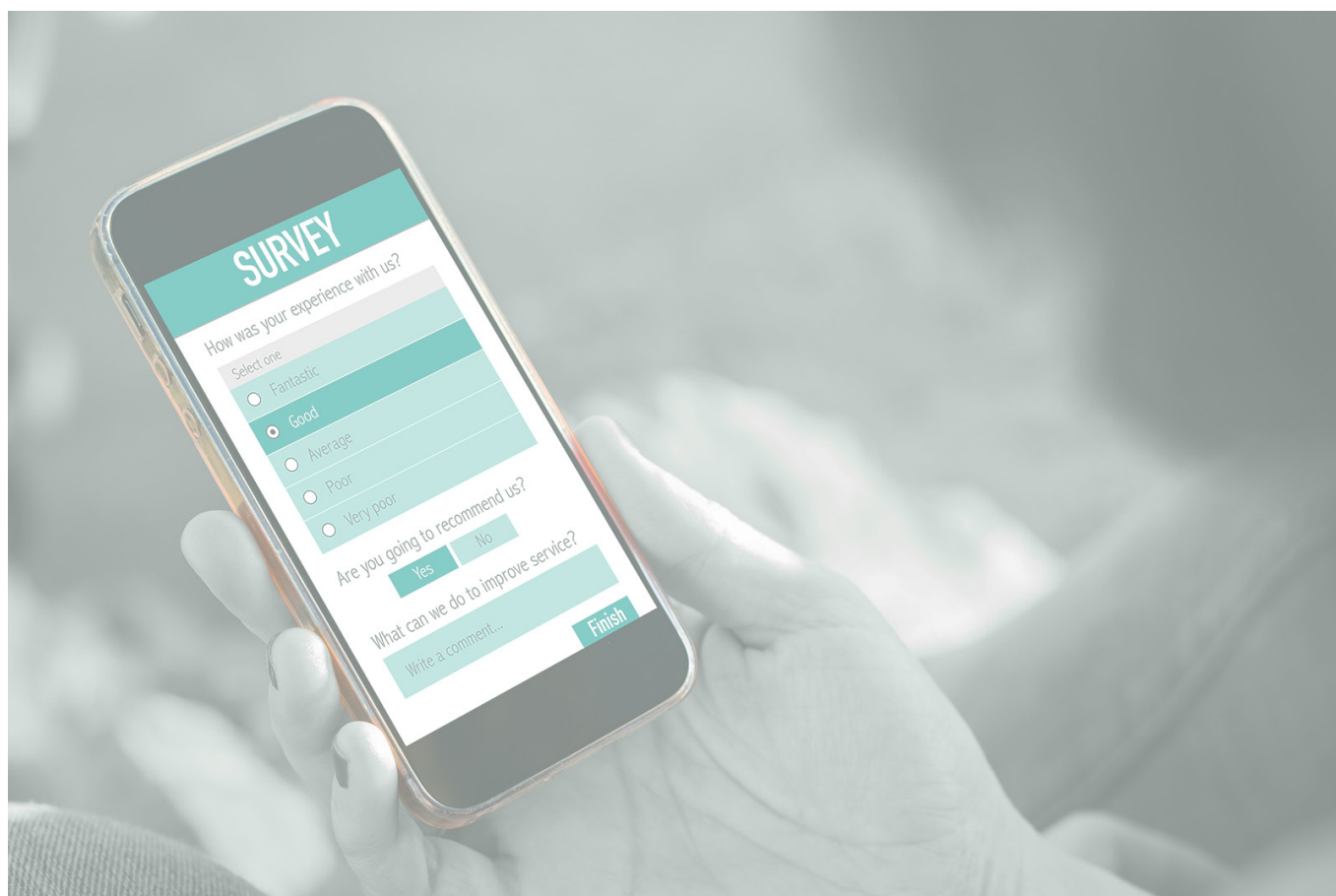
January - March 2017

For TargetEveryone AB (publ)
556526-6748

TargetEveryone
1 to 1 marketing

/ First quarter

- ➡ Net sales amounted to SEK 29.1 (23.6) million
- ➡ EBITDA amounted to SEK 2.0 (-3.2) million
- ➡ Operating profit amounted to SEK -2.9 (-7.9) million
- ➡ Profit before tax amounted to SEK -5.9 (-9.4) million
- ➡ Earnings per share before dilution amounted to SEK -0.16 (-0.34)



/ About TargetEveryone

TargetEveryone helps companies at a strategic level to establish an effective digital 1 to 1 marketing in a cost-effective manner. The entire service is offered as a cloud service, where activation of customers occurs instantaneously and no installation required on the client side. TargetEveryone has over 2,000 customers in more than 100 countries and strong growth as marketing expenses are being transferred from traditional media to digital media. Customers include Nespresso, Norwegian, Vita, Circle K and Biltema.

www.targeteveryone.com

CEO statement

Wind in the sails

- and we will not slow down

Demand has continued to increase during the first months of the year and we welcome new customers to our 1 to 1 marketing service. Quickly built campaigns with customer segmentation are giving effective and relevant customer communications directly to the mobile.

We are convinced that this way of communicating is here to stay.

Telenor

This is also recognized by our partner, Telenor, who particularly appreciates the extensive functionality and simplicity of our product. Our cooperation with Telenor has been deepened and we are now certified for the billing system, Odin, used by Telenor and a majority of the telecom industry.

Presently, Telenor is establishing a market plan and preparing internal training as well as getting ready to sell and market our services. In the first quarter, one of this year's most important business was won together with Telenor when we signed Coop Norway.

Our cooperation with Telenor started in Norway and the plan is to continue in the other twelve countries where Telenor is established.

New markets and customers

For TargetEveryone, the US venture has been a significant project during the quarter. The US market is still in the start-up phase, and our American partners are now making the final adjustments needed to roll out our services.

Our partner in Central America has begun delivering our product to well-known brands like Pizza Hut, KFC and Denny's. We are excited to see what is to come now as they get up to speed.

We can also see that the Dutch market is growing and, in addition, we notice growing demand from other markets. We expect to close deals in new countries in the near future. It is satisfying to see that our partner strategy begins to bear fruit.

Breakthrough in Norway

Increased customer growth and strengthened market penetration have made clear impacts in our revenues in Norway. Throughout 2016, the revenues for TargetEveryone's service amounted in total to around SEK 3 million in Norway. During the last quarter, we have already signed contracts

which for the full year 2017 is expected to result in revenues of SEK 15 million. Nothing indicates that sales will slow down in the coming quarters.

Examples of new customers that have been added are Avinor, Til Bords, Care Norge, Kolonial.no and Hypermat

EBITDA

The first quarter resulted in an EBITDA profit of SEK 2 million. It is our best quarter ever.

A summary of our last six quarters can be found in the table below.

(SEK million)	Q1-17	Q4-16	Q3-16	Q2-16	Q1-16	Q4-15
Net Sales	29.1	32.0	22.8	23.7	23.6	24.9
Direct costs	-18.9	-22.3	-16.1	-17.0	-16.4	-16.9
Gross profit	10.2	9.7	6.6	6.7	7.1	7.9
Operating expenses	-8.2	-8.7	-8.5	-12.0	-10.3	-14.6
EBITDA	2.0	0.9	-1.9	-5.3	-3.2	-6.7

Our hard work on improving profitability and reducing costs has paid off. Fewer employees can deliver the same services as before, despite a strong customer inflow. Today we have a more collaborative organization, working towards clearer and well-established goals.

The gross margin has strengthened from 30% to 35% and the main reason is increased license revenues from TargetEveryone's services.

Forecast 2017

Me and my management are confident about our forecast for the full year. We are fully focused on continuing to build on the success in Norway as well as expanding the business internationally. Our EBITDA target of SEK 15 million for the full year remains unchanged.



STOCKHOLM MAY 2017
BJÖRN FORSLUND, CEO

Operations

CUSTOMERS AND NEW BUSINESS

The main focus during the first quarter been on the international expansion. A broad delegation participated in the technology exhibition in Barcelona and we received excellent exposure and a large number of leads. The demand for our services is, as noted earlier, very high.

Also during the first quarter growth has been excellent. The number of SMS sent increases with the same pace as before without any tendency of slowing down. In 2016, we sent 41% more text messages than in 2015, and during the first quarter 2017 the expansion continued. During March, we hit all-time high and then increased the number of SMS sent by 54% compared to the same month last year.

Our market shares in the Norwegian market increased by 2.9%. The market grew by 16% and we believe that the market in other Western countries is growing at the same rate.

REVENUES AND EARNINGS

Consolidated income statement for the first quarter of 2017 include the parent company TargetEveryone AB and subsidiaries VMSPay Sweden AB, TargetEveryone Sweden AB, Norwegian TargetEveryone AS, ViaNett AS, Sendega AS, SmartSMS AS and India TargetEveryone IT Ltd.

First quarter

Net sales for the first quarter amounted to SEK 29.1 (23.6) million, an increase of SEK 5.6 million or 24%. The increased revenues are derived primarily from higher license revenues in both TargetEveryone and ViaNett. The number of SMS sent has increased and amounted to higher net sales.

Gross margin amounted to 35 (30%) of the consolidated operations. The higher margin is derived primarily

from stronger license sales from TargetEveryone compared to the same period last year. Compared to Q3 and Q4 2016, gross margin increased from 29% for Q3 and from 30% for Q4.

Operating expenses excluding direct costs and depreciation amounted to SEK 8.2 (10.5) million. The effects of the turnaround implemented in 2016 have full effect from early 2017.

Depreciation amounted to SEK 4.9 (4.7) million and relate primarily to intangible assets incurred after the acquisition of the Norwegian companies ViaNett AS, Sendega AS and TargetEveryone AS.

Operating profit for the period amounted to SEK -2.9 (-7.9) million. The operating margin is negative. The result is an improvement compared to the corresponding period last year and a consequence of increased sales and lower operating expenses, especially personnel costs.

Net financial items amounted to SEK -3.0 (-1.5) million. The group is charged primarily of interest expense for convertible bonds and short-term loans.

Profit before tax amounted to SEK -5.9 (-9.4) million.

Earnings per share before dilution amounted to SEK -0.16 (-0.34). Diluted earnings per share amounted to SEK -0.11 (-0.30).

CASH FLOW AND FINANCIAL POSITION

First quarter

Cash flow from operating activities before change in working capital was SEK 2.0 (-4.4) million for the first quarter.

Changes in working capital affected cash flow negatively by SEK -3.0 (3.8) million. It is



➤➤ primarily the increase in the operation's accounts receivables in the quarter that reduced cash flow.

Cash flow from operations after changes in working capital amounted to SEK 0.9 (-0.6) million.

Investing has not affected the cash flow during the period, SEK 0 (0) million.

Financing amounted to SEK -1.7 (4.8) million for the first quarter. Liabilities from acquisitions have been amortized by 1.1 million. Interest expenses are managed as part of the financing activities and not as part of the ongoing business.

EQUITY AND SHARE

For the first quarter of 2017 the average number of shares amounted to 28,027,714 before and 40,702,045 after dilution. The number of registered shares at the end of the quarter amounted to 28,330,799.

During the quarter, a further new issue and new convertibles were registered.

The company's equity ratio amounted to 26.6 (45.8) %. The group's equity is more than half consumed. Parent's equity is intact.

Events after the end of the quarter

No significant events occurred after the quarter end.

Investments

In the fourth quarter, no investments in tangible assets was made, SEK 0 (0) million.

Personnel

The number of employees at the end of the quarter amounted to 41 (45) persons, of which six persons receive compensation through invoicing from their own companies. The Swedish companies have 5 employees, the Norwegian 11 and the Indian company 25 people.

Parent Company

The parent company's net sales during the fourth quarter amounted to SEK 0 (0) million and other income SEK 0.1 (0.2) million. Profit before tax amounted to SEK -5.1 (-2.6) million.

Transactions with related parties

During the period, operating hours billed as salary from XiB Group AS, with SEK 0.1 million. The company is owned by Björn Forslund, CEO at TargetEveryone.

RISKS

Regarding risks, please refer to the Annual Report 2015.

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 BFNAR 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 26 April, 2016.

UPCOMING REPORTS

Annual General Meeting 2017

16 June 2017

Interim Report January – June 2017

23 August 2017

Stockholm May 2017

Björn Forslund

CEO

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INCOME STATEMENTS GROUP

SEK, thousands	2017-Jan-01 -2017-Mar-31	2016-Jan-01 -2016-Mar-31	2016-Jan-01 -2016-Dec-31
Net Sales	29,128	23,567	101,941
Other incomes	63	216	3,891
Total income	29,191	23,783	105,832
Direct costs	-18,897	-16,436	-72,411
Other external costs	-4,294	-6,111	-26,453
Personnel costs	-3,884	-4,411	-16,011
Depreciation and amortization	-4,945	-4,722	-20,478
Other expenses	-85	-8	-272
<i>Total operating expenses</i>	<i>-32,105</i>	<i>-31,688</i>	<i>-135,625</i>
Operating profit	-2,914	-7,905	-29,793
Interest income and similar items	90	12	1,494
Interest expense and similar items	-3,049	-1,547	-7,098
<i>Financial</i>	<i>-2,959</i>	<i>-1,535</i>	<i>-5,604</i>
Profit before tax	-5,873	-9,440	-35,397
Tax on profit	1,254	1,255	6,023
PROFIT FOR THE YEAR	-4,619	-8,185	-29,374
Net profit attributable to parent company shareholders	-5,086	-7,662	-28,526
Net profit attributable to minority interests	467	-523	-848
Profit for the year	-4,619	-8,185	-29,374
Number of shares, average before dilution	28,330,799	24,401,081	27,118,458
Number of shares, average after dilution	41,352,329	27,151,081	38,751,193
Earnings per share before dilution, SEK	-0.16	-0.34	-1.14
Earnings per share after dilution, SEK	-0.11	-0.30	-0.92



BALANCE SHEET GROUP

SEK, thousands	2017-Mar-31	2016-Dec-31	2016-Sep-30	2016-Jun-30	2016-Mar-31
ASSETS					
<i>Fixed assets</i>					
<i>Intangible assets</i>					
Capitalized expenditures for research and development	154,596	159,350	164,231	168,931	173,542
Goodwill	329	544	732	939	1,152
	154,925	159,894	164,963	169,870	174,694
<i>Tangible assets</i>					
Equipment, tools and installations	47	94	133	411	463
	47	94	133	411	463
<i>Financial assets</i>					
Financial investments	-	-	-	500	500
Deferred taxes	631	639	610	611	594
Other long-term receivables	262	265	177	177	243
	893	904	787	1,288	1,337
<i>Total fixed assets</i>	155,865	160,892	165,883	171,569	176,494
<i>Current assets</i>					
<i>Receivables</i>					
Accounts receivables	22,631	21,634	12,102	13,078	12,598
Other receivables	5,095	3,625	5,027	5,468	6,317
Prepayments and accrued income	2,700	611	1,280	745	1,086
	30,426	25,870	18,409	19,291	20,001
Cash and bank balance	3,111	5,770	3,528	3,528	8,803
<i>Total current assets</i>	33,537	31,640	21,937	22,649	28,804
TOTAL ASSETS	189,402	192,532	187,820	194,218	205,298





BALANCE SHEET GROUP

SEK, thousands	2017-Mar-31	2016-Dec-31	2016-Sep-30	2016-Jun-30	2016-Mar-31
EQUITY AND LIABILITIES					
<i>Equity</i>					
Share capital	141,654	135,592	135,592	135,592	122,005
Other capital contribution	113,569	113,557	108,265	108,265	108,238
Other equity	-206,610	-194,376	-190,532	-183,345	-163,025
	48,613	54,773	53,325	60,512	67,218
Minority interest in equity	1,722	1,708	9,991	10,131	26,753
Total equity	50,335	56,481	63,316	70,643	93,971
<i>Provisions</i>					
Deferred taxes	35,701	36,955	39,353	40,607	41,862
Liability acquisitions	-	-	11,178	11,621	12,733
	35,701	36,955	50,531	52,228	54,595
<i>Liabilities</i>					
<i>Long-term liabilities</i>					
Convertible loans	36,629	33,953	31,814	31,814	8,500
Liability acquisitions	6,789	8,019	-	-	-
Other long-term liabilities	4,165	4,216	4,261	4,033	3,992
	47,583	46,188	36,075	35,847	12,492
<i>Short-term liabilities</i>					
Bank overdraft	741	502	2,237	537	436
Account payables	26,490	26,094	16,684	11,940	17,751
Other current liabilities	22,880	22,526	14,027	15,164	18,373
Accrued expenses and deferred income	5,672	3,786	4,950	7,859	7,680
	55,783	52,908	37,898	35,500	44,240
Total liabilities	96,577	91,077	73,973	71,347	56,732
TOTAL EQUITY AND LIABILITIES	189,402	192,532	187,820	194,218	205,298



SHAREHOLDERS' EQUITY GROUP

Group	Share Capital	Not register capital	Contributed share capital	Currency translation	Retained earnings	Total	Minority interest	Total shareholder equity
Amount at beginning 2016 Dec 31	135,592	0	113,557	-2,860	-191,516	54,773	1,708	56,481
Translation difference				-205		-205	-453	-658
Fund issue	6,062		12		-6,943	-869		-869
Net income					-5,086	-5,086	467	-4,619
Amount at end 2017 Mar 31	141,654	0	113,569	-3,065	-203,545	48,613	1,722	50,335

Group	Share capital	Not register capital	Contributed share capital	Currency translation	Retained earnings	Total	Minority interest	Total shareholder equity
Amount at beginning 2015 Dec 31	120,228	1,781	109,610	356	-156,190	75,785	26,444	102,229
New issue	1,777		4			1,781		1,781
Not registered capital		-1,781				-1,781		-1,781
Cost new issue			-1,376			-1,376		-1,376
Translation difference				471		471	832	1,303
Net income					-7,662	-7,662	-523	-8,185
Amount at end 2016 Mar 31	122,005	0	108,238	827	-163,852	67,218	26,753	93,971



CASH FLOW STATEMENT GROUP

SEK, thousands	2017-Jan-01 -2017-Mar-31	2016-Jan-01 -2016-Mar-31	2016-Jan-01 -2016-Dec-31
Cash flow from operating activities before working capital	2,031	-4,367	-9,379
Changes in working capital	-2,960	3,785	1,249
Cash flow from operations after working capital	-929	-582	-8,130
Cash flow from investing activities	0	0	574
Cash flow from financing activities	-1,730	4,793	8,734
Cash flow for the period	-2,659	4,211	1,178
Cash and cash equivalents at beginning	5,770	4,592	4,592
Cash and cash equivalent at end	3,111	8,803	5,770





INCOME STATEMENT PARENT COMPANY

SEK, thousands	2017-Jan-01 -2017-Mar-31	2016-Jan-01 -2016-Mar-31	2016-Jan-01 -2016-Dec-31
Net Sales	0	0	5,658
Other income	63	216	1,102
Total income	63	216	6,760
Direct costs	0	-18	0
Other external costs	-1,888	-1,697	-12,134
Personnel costs	-372	-448	-1,491
Other expenses	-7	-5	-264
<i>Total operating expenses</i>	<i>-2,267</i>	<i>-2,168</i>	<i>-13,889</i>
Operating profit	-2,204	-1,952	-7,129
Interest income and similar items	0	0	143
Interest expenses and similar items	-2,923	-663	-6,463
<i>Financial</i>	<i>-2,923</i>	<i>-663</i>	<i>-6,320</i>
Profit before tax	-5,127	-2,615	-13,449
Group contribution	0	0	-2,000
Tax on profit	0	0	0
PROFIT FOR THE YEAR	-5,127	-2,615	-15,449



BALANCE SHEET PARENT COMPANY

SEK, thousands	2017-Mar-31	2016-Dec-31	2016-Sep-30	2016-Jun-30	2016-Mar-31
ASSETS					
<i>Fixed assets</i>					
<i>Financial assets</i>					
Shares in subsidiaries	166,837	166,837	135,900	135,900	110,096
Financial investments	0	0	0	500	1,600
Total fixed assets	166,837	166,837	135,900	136,400	111,696
<i>Current assets</i>					
<i>Receivables</i>					
Account receivables	19	19	19	771	148
Receivables from group companies	0	894	15,124	15,381	6,633
Other receivables	1,661	828	972	1,592	429
Prepayments and accrued income	461	134	14	28	507
	2,141	1,874	16,129	17,772	7,717
Cash and bank balance	11	353	11	11	11
Total current assets	2,152	2,228	16,140	17,783	7,728
TOTAL ASSETS	168,989	169,065	152,040	154,183	119,424

BALANCE SHEET PARENT COMPANY

SEK, thousands	2017-Mar-31	2016-Dec-31	2016-Sep-30	2016-Jun-30	2016-Mar-31
EQUITY AND LIABILITIES					
<i>Equity</i>					
Restricted equity					
Share capital	141,654	135,592	135,592	135,592	78,419
Not registered capital	-	-	-	-	26,125
Statutory reserve	3	3	3	3	3
	141,657	135,595	135,595	135,595	104,547
Unrestricted equity					
Share premium reserve	110,926	110,914	105,624	105,624	106,909
Accumulated loss	-139,088	-116,696	-123,640	-123,640	-105,947
Profit for the year	-5,127	-15,449	-12,109	-9,331	-9,767
	-33,288	-21,230	-30,125	-27,347	-8,805
Total equity	108,369	114,365	105,470	108,248	95,742
<i>Liabilities</i>					
Long-term liabilities					
Convertible loan	36,629	33,953	31,814	31,814	-
Other long-term liabilities	-	-	-	72	6,870
	36,629	33,953	31,814	31,886	6,870
Short-term liabilities					
Bank overdrafts	295	-	103	251	730
Accounts payables	2,323	3,530	2,907	2,309	3,503
Liabilities from group	1,918	-	-	-	-
Other current liabilities	17,890	15,456	10,850	9,673	10,362
Accrued expenses and deferred income	1,565	1,761	896	1,816	2,217
	23,991	20,747	14,756	14,049	16,812
Total liabilities	60,620	54,700	46,570	45,935	23,682
TOTAL EQUITY AND LIABILITIES	168,989	169,065	152,040	154,183	119,424