



Q2

INTERIM REPORT

January - June 2017

TargetEveryone AB (publ)
556526-6748

TargetEveryone
1 to 1 marketing

/ Second quarter

- ➡ Net sales amounted to SEK 28.5 (23.7) million
- ➡ Profit before depreciation amounted to SEK 2.3 (-5.3) million
- ➡ Operating profit amounted to SEK -2.8 (-10.2) million
- ➡ Profit before tax amounted to SEK -5.5 (-11.0) million
- ➡ Earnings per share before dilutions amounted to SEK -0.15 (-0.37)
- ➡ Term sheet signed with Link Mobility for acquisition of Vianett AS

/ First six months

- ➡ Net sales amounted to SEK 57.6 (47.2) million
- ➡ Profit before depreciation amounted to SEK 4.3 (-8.5) million
- ➡ Operating profit amounted to SEK -5.7 (-18.1) million
- ➡ Profit before tax amounted to SEK -11.3 (-20.4) million
- ➡ Earnings per share before dilutions amounted to SEK -0.33 (-0.67)

/ Significant events after the reporting period

- ➡ On 16th August, the sale of the Norwegian subsidiary ViaNett to Link Mobility was completed. Preliminary purchase price amounted to NOK 87.2 million, of which 99.88% refers to TargetEveryone's holdings.

/ About TargetEveryone

TargetEveryone helps companies at a strategic level to establish an effective digital 1 to 1 marketing in a cost-effective manner. The 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 CLX, Link Mobility, Nespresso, Norwegian, Vita, Circle K and Biltema.

www.targeteveryone.com

CEO statement

Cash-rich and more focused

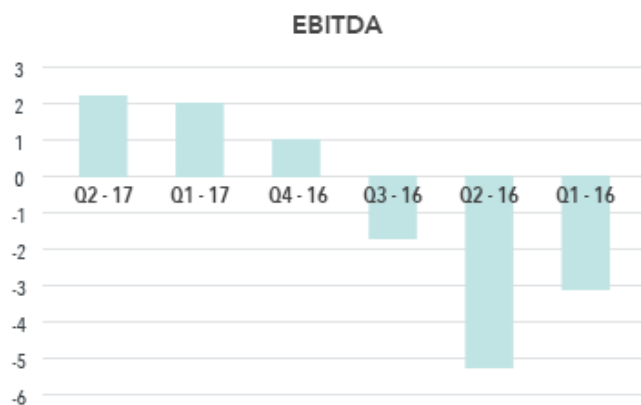
- creates conditions for growth

The sale of ViaNett to Link Mobility has re-drawn our map and opened new doors. With a pile of cash, we get the opportunity to take our experience from Norwegian customers into the world and execute our global strategy in a market that is growing ever faster.

Q2 outcome

Sales for the second quarter amounted to SEK 28.5 million, which is an increase of SEK 4.8 million compared to the same period last year. EBITDA amounted to SEK 2.3 million, which is a significant improvement compared to the corresponding period in 2016 when EBITDA amounted to SEK -5.3 million.

This is the third quarter in a row that we have delivered positive results and it is the effect of the turn-around carried out during 2016.



Sales of ViaNett

When Link Mobility first contacted us, we had mixed feelings about a sale of ViaNett. Still there was no doubt to finalize the deal.

After the sale, we got a well-stocked cash box and we can therefore expand globally in a more aggressive way.

At the same time, we get a more focused business.

Switching up

There is a radical change on the advertising market mainly due to that the amount of available and communicated data is currently increasing explosively.

This opens for insight driven market products where the selection of giant data volumes takes place quickly and the decision bases get a completely different precision than ever before.

In this segment, TargetEveryone sees its future and where we will compete for the billions of

dollars still going to traditional marketing accounts.

TargetEveryone has successfully built up the Norwegian market in recent years. We have signed contract with one of the largest operators in the world, Telenor, and we have established a network of partners in the advertising and media industry.

These are resellers for TargetEveryone and with their help, we have doubled our revenue in the first half year.

During the quarter, we have hired a country manager for Sweden and also signed a contract with a very attractive partner in Portugal. Previously, we have partners in Holland, the US and the Caribbean.

We now take our knowledge from the Norwegian market into the world and establish ourselves as an international player.

During the fall, we will present several interesting business and collaborations where a breakthrough in Africa is high on the agenda. This investment is possible as we now have cash available.

Forecast 2017

The sale of ViaNett will affect our existing forecast for 2017.

We will reduce our revenues and increase our capital gains. Exactly how this will affect our business, we do not know right now, but we expect to publish new figures for the whole of 2017 within a couple of weeks and also present a more aggressive strategy for the future.

Finally, I would like to take this opportunity to thank all employees and colleagues who have worked hard and contributed to our result. Thanks! Without your efforts, we had not reached this far.



STOCKHOLM, AUGUST 2017
BJØRN FORSLUND, CEO

Operations

CUSTOMERS AND NEW BUSINESSES

During the second quarter, a large part of the organization has been involved in completing the sale of the Norwegian subsidiary ViaNett. The buyer, Link Mobility, has done a thorough due diligence that engaged a large part of the Norwegian organization. Also, the final negotiations have taken focus from sales, especially from management.

As a consequence, several major licensing transactions have shifted over the quarter, resulting in lower gross margin than in the first quarter of the year. In Portugal, a license and partnership agreement has been signed. The agreement provides an exclusive right to customize, use, distribute and support TargetEveryone's services in Portugal as well as a limited right to use the names and trademarks of TargetEveryone.

Growth was still good during the second quarter. The number of SMS sent increases with the same frequency as before and there are no signs of slowing down. By 2016, there were sent 41% more SMS than in 2015, and during the second quarter of 2017, the increase continued.

REVENUE AND EARNINGS

The consolidated income statement for the second quarter of 2017 comprises the parent company TargetEveryone AB and the subsidiaries VMSPay Sweden AB, TargetEveryone Sweden AB, Norway TargetEveryone AS, ViaNett AS, Sendega AS, SmartSMS AS and Indian TargetEveryone IT Ltd.

Second quarter

Net sales for the second quarter of the year amounted to SEK 28.5 (23.7) million, an increase of SEK 4.8 million or 21%. The sales increase is primarily due to increased license revenue in both TargetEveryone and ViaNett. The number of SMS sent has

also increased and contributed to higher sales.

The gross margin amounted to 28.6 (28.3) % for the consolidated operations. Increased sales of TargetEveryone's services are expected to contribute to an improved gross margin. During the first quarter a number of major license agreements were signed. In the second quarter, a large part of the organization has focused on the sale of ViaNett, and the contracting of most transactions has shifted over the quarterly limit. This explains the lower gross margin in the second quarter compared with the first year, as well as in comparison with the last quarter of 2016.

Operating expenses excluding direct costs and depreciation amounted to SEK 5.8 (12.1) million. The effects of the restructuring program implemented in 2016 have given full effect in 2017.

Depreciation amounts to SEK 5.1 (4.8) million and primarily refers to intangible fixed assets that arose after acquisitions of the Norwegian companies ViaNett, Sendega and TargetEveryone AS.

Operating profit for the period amounted to SEK -2.7 (-10.2) million. The operating margin is negative. The result is an improvement over the corresponding period of the previous year and a consequence of increased sales and reduced operational costs.

Net financial items amounted to SEK -2.7 (-0.8) million. The Group is charged with interest expenses for convertible loans and short-term loans.

Profit before tax for the period amounted to SEK -5.5 (-11.0) million.

Earnings per share before dilution amounted to SEK -0.15 (-0.37). After dilution, earnings per share amounted to SEK -0.10 (-0.31).

First six months

Net sales for the first six months of the year amounted



➤➤ to SEK 57.6 (47.2) million, an increase of SEK 10.4 million or 22%.

The sales increase is primarily due to increased license revenue in both TargetEveryone and ViaNett. The number of SMS sent has also increased and contributed to higher sales.

The gross margin was 31.9 (29.3)% for the consolidated operations. Increased sales of TargetEveryone's services are expected to contribute to an improved gross margin. During the first quarter a number of major license agreements were signed which contributed to a high gross margin compared with the same period last year.

Operating expenses excluding direct costs and depreciation amounted to SEK 13.9 (22.6) million. The effects of the restructuring program implemented in 2016 have given full effect in 2017.

Depreciation amounts to SEK 10.0 (9.6) million and primarily relates to intangible fixed assets arising after acquisitions of the Norwegian companies ViaNett, Sendega and TargetEveryone AS.

Operating profit for the period amounted to SEK -5.7 (-18.1) million. The operating margin is negative. The result is an improvement over the corresponding period of the previous year and a consequence of increased sales and reduced operational costs.

Net financial items amounted to SEK -5.6 (-2.3) million. The Group is charged with interest expenses for convertible loans and short-term loans.

Profit before tax for the period amounted to SEK -11.3 (-20.4) million.

Earnings per share before dilution amounted to SEK -0.33 (-0.67). After dilution, earnings per share amounted to SEK -0.23 (-0.55).

CASH FLOW AND FINANCIAL POSITION

Second quarter

Cash flow from operating activities before changes in working capital amounted to SEK 2.3 (-4.2) million for the second quarter.

Changes in working capital have affected cash flow negatively by SEK -5.8 (-2.7) million. This is primarily the increase in accounts receivable and prepaid expenses during the quarter, which has a negative effect on cash flow.

Cash flow from operating activities after changes in working capital amounted to SEK -3.5 (-6.9) million.

Investment activities have not affected cash flow during the period, 0 (0) million.

Financing activities totaled SEK 3.4 (1.4) million for the second quarter. During the quarter, new short-term loans have been received and old short-term loans have been amortized, which net amounted to SEK 3.0 million. Liabilities from acquisitions have been amortized by SEK 1.1 million. Interest expenses are managed as part of the financing activities and not as part of the ongoing business.

First six months

Cash flow from operating activities before changes in working capital amounted to SEK 4.3 (-8.5) million for the first six months of the year.

Changes in working capital have had a negative impact on cash flow of SEK -8.7 (1.1) million. This is primarily the increase in accounts receivable and prepaid expenses during the period that have had a negative effect on cash flow.

Cash flow from operating activities after changes in working capital amounted to SEK -4.4 (-7.5) million.

Investment activities have not affected cash flow during the period, 0 (0) million.

Financing activities amount to SEK 1.6 (6.2) million for the first six months of the year. During the period new short-term loans have been obtained and old short-term loans have been amortized. Liabilities from acquisitions have been amortized by SEK 2.2 million. Interest expenses are managed as part of the financing activities and not as part of the ongoing business.

EQUITY AND SHARE

For the second 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.

The company's equity ratio amounts to 24.4 (36.4) %. The Group's equity is more than half consumed. However, the parent company is intact.

Significant events after the reporting period

On August 15, the sale of the Norwegian subsidiary ViaNett to Link Mobility was completed. The purchase price amounted to NOK 87.2 million, of which 99.88% refers to TargetEveryone's holdings. Payment is made by equal shares of cash, shares in Link Mobility and sales promissory note.

Link Mobility ASA is traded on the Oslo Stock Exchange.

➤➤ Investment

In the first 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 42 (45) persons, of which 6 persons receive compensation through invoicing from their own companies. The Swedish companies have 6 employees, the Norwegian 11 and the Indian company have 25 people.

Parent Company

Parent company sales for the second quarter amounted to SEK 0 (0) million and other income to SEK 0 (0.2) million. Profit before tax for the period amounted to SEK -4.1 (-6.0) million.

Transactions with related parties

During the period, purchases were made by the Norwegian company XiB Group AS amounting to SEK 0.1 million. The company is owned by Björn Forslund, CEO of the TargetEveryone Group.

RISKS

Regarding risks, please refer to the Annual Report 2016.

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 2nd June, 2017.

UPCOMING REPORTS

Interim Report January – September 2017
14 November, 2017
Year End Report - 2017
13 February, 2018

Stockholm August 2017

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INCOME STATEMENT GROUP

SEK, thousands	2017-Apr-01 -2017-Jun-30	2016-Apr-01 -2016-Jun-30	2017-Jan-01 -2017-Jun-30	2016-Jan-01 -2016-Jun-30	2016-Jan-01 -2016-Dec-31
Net Sales	28,506	23,656	57,634	47,223	101,941
Other incomes	31	160	94	376	3,891
Total income	28,537	23,816	57,728	47,599	105,832
Direct costs	-20,364	-16,958	-39,261	-33,394	-72,411
Other external costs	-2,668	-5,601	-6,962	-10,197	-26,453
Personnel costs	-3,088	-4,280	-6,972	-8,691	-16,011
Depreciation and amortization	-5,064	-4,848	-10,009	-9,570	-20,478
Other expenses	-122	-96	-207	-104	-272
<i>Total operating expenses</i>	<i>-31,306</i>	<i>-31,783</i>	<i>-63,411</i>	<i>-61,956</i>	<i>-135,625</i>
Operating profit before Items affecting comparability	-2,769	-7,967	-5,683	-14,357	-29,793
Items affecting comparability	-	-2,221	-	-3,736	-
Operating profit after Items affecting comparability	-2,769	-10,188	-5,683	-18,093	-29,793
Interest income and similar items	203	20	293	32	1,494
Interest expenses and similar items	-2,891	-819	-5,940	-2,366	-7,098
<i>Financial</i>	<i>-2,688</i>	<i>-799</i>	<i>-5,647</i>	<i>-2,334</i>	<i>-5,604</i>
Profit before tax	-5,457	-10,987	-11,330	-20,427	-35,397
Tax on profit	1,255	1,254	2,509	2,509	6,023
PROFIT FOR THE YEAR	-4,202	-9,733	-8,821	-17,918	-29,374
Net profit attributable to parent company shareholders	-4,137	-9,634	-9,223	-17,296	-28,526
Net profit attributable to minority interests	-65	-101	402	-624	-848
Profit for the year	-4,202	-9,735	-8,821	-17,920	-29,374
Number of shares, average before dilution	28,330,799	27,118,458	28,330,799	27,118,458	27,118,458
Number of shares, average after dilution	41,352,329	35,501,193	41,352,329	35,501,193	38,751,193
Earnings per share before dilution, SEK	-0.15	-0.38	-0.31	-0.70	-1.14
Earnings per share after dilution, SEK	-0.10	-0.31	-0.21	-0.57	-0.92



BALANCE SHEET GROUP

SEK, thousands	2017-Jun-30	2017-Mar-31	2016-Dec-31	2016-Sep-30	2016-Jun-30
ASSETS					
<i>Fixed assets</i>					
<i>Intangible assets</i>					
Capitalized expenditures for research and development	149,490	154,596	159,350	164,231	168,931
Goodwill	-	329	544	732	939
	149,490	154,925	159,894	164,963	169,870
<i>Tangible assets</i>					
Equipment, tools and installations	-	47	94	133	411
	-	47	94	133	411
<i>Financial assets</i>					
Financial investments	-	-	-	-	500
Deferred taxes	692	631	639	610	611
Other long-term receivables	254	262	265	177	177
	946	893	904	787	1,288
Total	150,436	155,865	160,892	165,883	171,569
<i>Current assets</i>					
<i>Receivables</i>					
Account receivables	28,177	22,631	21,634	12,102	13,078
Other receivables	5,599	5,095	3,625	5,027	5,468
Prepayments and accrued income	5,207	2,700	611	1,280	745
	38,983	30,426	25,870	18,409	19,291
Cash and bank balance	2,998	3,111	5,770	3,528	3,358
Total	41,981	33,537	31,640	21,937	22,649
TOTAL ASSETS	192,417	189,402	192,532	187,820	194,218





BALANCE SHEET GROUP

SEK, thousands	2017-Jun-30	2017-Mar-31	2016-Dec-31	2016-Sep-30	2016-Jun-30
EQUITY and LIABILITIES					
<i>Equity</i>					
Share capital	141,654	141,654	135,592	135,592	135,592
Other capital contribution	113,569	113,569	113,557	108,265	108,265
Other equity	-209,951	-206,610	-194,376	-190,532	-183,345
	45,272	48,613	54,773	53,325	60,512
Minority interest in equity	1,660	1,722	1,708	9,991	10,131
Total equity	46,932	50,335	56,481	63,316	70,643
<i>Provisions</i>					
Deferred taxes	34,447	35,701	36,955	39,353	40,607
Liability acquisitions	-	-	-	11,178	11,621
	34,447	42,490	36,955	50,531	52,228
<i>Liabilities</i>					
<i>Long-term liabilities</i>					
Convertible loans	-	36,629	33,953	31,814	31,814
Liability acquisitions	5,538	6,789	8,019	-	-
Other long-term liabilities	3,636	4,165	4,216	4,261	4,033
	9,174	40,794	46,188	36,075	35,847
<i>Short-term liabilities</i>					
Bank overdrafts	1,504	741	502	2,237	537
Account payables	31,645	26,490	26,094	16,684	11,940
Convertible loan	37,459	-	-	-	-
Other current liabilities	25,440	22,880	22,526	14,027	15,164
Accrued expenses and deferred income	5,816	5,672	3,786	4,950	7,859
	101,864	55,783	52,908	37,898	35,500
Total liabilities	111,038	96,577	99,096	73,973	71,347
TOTAL EQUITY and LIABILITIES	192,417	189,402	192,532	187,820	194,218



SHAREHOLDERS' EQUITY GROUP

Group	Share capital	Other contributed capital	Currency Translation-reserve	Retained earnings	Total	Minority interest	Total shareholders capital
Opening balance as on 1/4 - 2017	141,654	113,569	-3,065	-203,545	48,613	1,722	50,335
Translation diff			442		442	358	800
Change in non-controlling interests				354	354	-354	0
Net income				-4,137	-4,137	-66	-4,203
Closing balance as on 30/6 - 2017	141,654	113,569	-2,623	-207,328	45,272	1,660	46,932

Group	Share capital	Other contributed capital	Currency Translation-reserve	Retained earnings	Total	Minority interest	Total shareholders capital
Opening balance as on 1/4 - 2016	122,005	108,238	827	-163,852	67,218	26,753	93,971
Right issue	13,587	27			13,614		13,614
Translation diff			-29		-29	50	21
Change in non-controlling interest				-10,657	-10,657	-16,571	-27,228
Net income				-9,634	-9,634	-101	-9,735
Closing balance as on 30/6 - 2016	135,592	108,265	798	-184,143	60,512	10,131	70,643



Group	Share capital	Other contributed capital	Currency Translation-reserve	Retained earnings	Total	Minority interest	Total shareholders capital
Opening balance as on 31/12 - 2016	135,592	113,557	-2,860	-191,516	54,773	1,708	56,481
Translation diff			237		237	-95	142
Bonus issue	6,062	12		-6,943	-869		-869
Change in non-controlling interest				354	354	-354	0
Net income				-9,223	-9,223	401	-8,822
Closing balance as on 30/6 - 2017	141,654	113,569	-2,623	-207,328	45,272	1,660	46,932

Group	Share capital	Unregistered capital	Other contributed capital	Currency Translation-reserve	Retained earnings	Total	Minority interest	Total shareholders capital
Opening balance as on 31/12 - 2015	120,228	1,781	109,610	356	-156,190	75,785	26,444	102,229
Right issue	15,364	-1,781	31			13,614		13,614
Cost new issue			-1,376			-1,376		-1,376
Translation diff				442		442	882	1,324
Change in non-controlling interest					-10,657	-10,657	-16,571	-27,228
Net income					-17,296	-17,296	-624	-17,920
Closing balance as on 30/6 - 2016	135,592	0	108,265	798	-184,143	60,512	10,131	70,643





CASH FLOW STATEMENT GROUP

SEK, thousands	2017-Apr-01 -2017-Jun-30	2016-Apr-01 -2016-Jun-30	2017-Jan-01 -2017-Jun-30	2016-Jan-01 -2016-Jun-30	2016-Jan-01 -2016-Dec-31
Cash flow from operating activities before working capital changes	2,295	-4,157	4,326	-8,524	-9,379
Changes in working capital	-5,787	-2,726	-8,747	1,059	1,249
Cash flow from operating activities after working capital changes	-3,492	-6,883	-4,421	-7,465	-8,130
Cash flow from investing activities	-	-	-	-	574
Cash flow from financing activities	3,378	1,438	1,649	6,231	8,734
Cash flow for the period	-113	-5,445	-2,772	-1,234	1,178
Cash and cash equivalents at beginning	3,111	8,803	5,770	4,592	4,592
Cash and cash equivalents at the end	2,998	3,358	2,998	3,358	5,770





INCOME STATEMENT PARENT COMPANY

SEK, thousands	2017-Apr-01 -2017-Jun-30	2016-Apr-01 -2016-Jun-30	2017-Jan-01 -2017-Jun-30	2016-Jan-01 -2016-Jun-30	2016-Jan-01 -2016-Dec-31
Net Sales	-	-	-	-	5,658
Other income	-	159	63	375	1,102
Total income	-	159	63	375	6,760
Direct costs	-	18	-	-	-
Other external costs	-1,458	-3,650	-3,718	-6,097	-12,134
Personnel costs	-	-1,077	-	-1,525	-1,491
Other expenses	-91	-12	-98	-17	-264
<i>Total operating expenses</i>	<i>-1,549</i>	<i>-4,721</i>	<i>-3,816</i>	<i>-7,639</i>	<i>-13,889</i>
Operating profit	-1,549	-4,562	-3,753	-7,264	-7,129
Interest income and similar items	81	-	81	-	143
Interest expenses and similar items	-2,668	-1,404	-5,591	-2,067	-6,463
<i>Financial</i>	<i>-2,587</i>	<i>-1,404</i>	<i>-5,510</i>	<i>-2,067</i>	<i>-6,320</i>
Profit before tax	-4,136	-5,966	-9,263	-9,331	-13,449
Group contribution	-	-	-	-	-2,000
Tax on profit	-	-	-	-	-
PROFIT FOR THE YEAR	-4,136	-5,966	-9,263	-9,331	-15,449



BALANCE SHEET PARENT COMPANY

SEK, thousands	2017-Jun-30	2017-Mar-31	2016-Dec-31	2016-Sep-30	2016-Jun-30
ASSETS					
<i>Fixed assets</i>					
Financial assets					
Shares in subsidiaries	167,057	166,837	166,837	135,900	135,900
Financial investments	-	-	-	-	500
Total fixed assets	167,057	166,837	166,837	135,900	136,400
<i>Current assets</i>					
Receivables					
Account receivables	0	19	19	19	771
Receivables from group companies	575	0	894	15,124	15,381
Other receivables	2,430	1,661	828	972	1,592
Prepayments and accrued income	1,451	461	134	14	28
	4,456	2,141	1,874	16,129	17,772
Cash and bank balance	820	11	353	11	11
Total current assets	5,276	2,152	2,228	16,140	17,783
TOTAL ASSETS	172,333	168,989	169,065	152,040	154,183

BALANCE SHEET PARENT COMPANY

SEK, thousands	2017-Jun-30	2017-Mar-31	2016-Dec-31	2016-Sep-30	2016-Jun-30
EQUITY and LIABILITIES					
<i>Equity</i>					
Restricted equity					
Share capital	141,654	141,654	135,592	135,592	135,592
Statutory reserve	3	3	3	3	3
	141,657	141,657	135,595	135,595	135,595
Unrestricted equity					
Share premium reserve	110,926	110,926	110,914	105,624	105,624
Accumulated loss	-139,088	-139,088	-116,696	-123,640	-123,640
Profit for the year	-9,263	-5,127	-15,449	-12,109	-9,331
	-37,424	-33,288	-21,230	-30,125	-27,347
Total equity	104,233	108,369	114,365	105,470	108,248
<i>Liabilities</i>					
Long-term liabilities					
Convertible loan	-	36,629	33,953	31,814	31,814
Other long-term liabilities	-	-	-	-	72
	-	36,629	33,953	31,814	31,886
Short-term liabilities					
Bank overdrafts	-	295	-	103	251
Leverantörsskulder	2,456	2,323	3,530	2,907	2,309
Convertible loan	37,459	-	-	-	-
Liabilities from group	4,497	1,918	-	-	-
Other current liabilities	20,973	17,890	15,456	10,850	9,673
Accrued expenses and deferred income	2,715	1,565	1,761	896	1,816
	68,100	23,991	20,747	14,756	14,049
Total liabilities	68,100	60,620	54,700	46,570	45,935
TOTAL EQUITY AND LIABILITIES	172,333	168,989	169,065	152,040	154,183