

A group of people are gathered around a wooden table in a meeting. A laptop in the center displays a bar chart with several bars of varying heights. One person is pointing at the chart with a pen. There are notebooks, a coffee cup, and a smartphone on the table. The scene is dimly lit, suggesting an indoor office or meeting room.

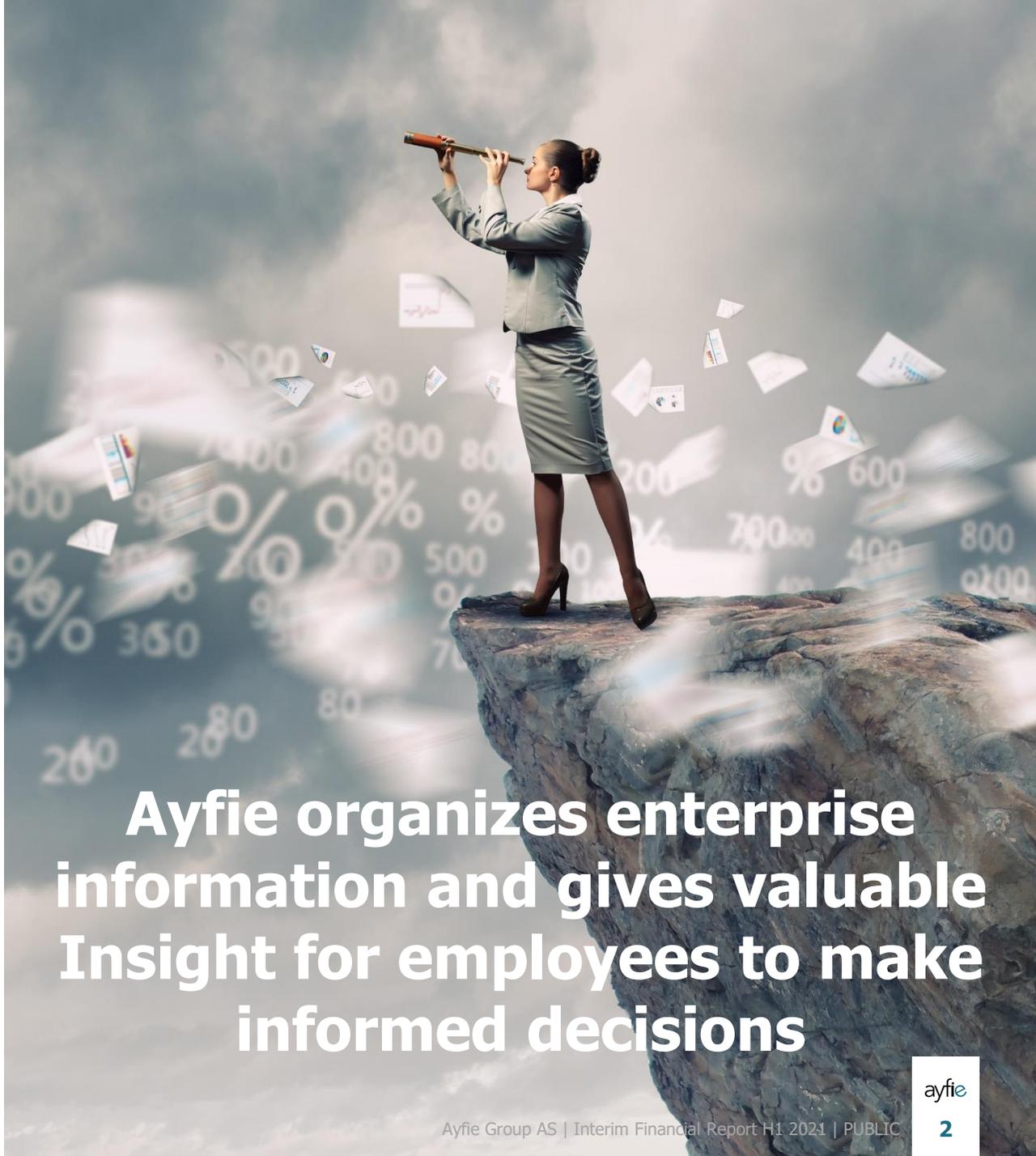
ayfie

Financial Report H1 2021

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This document contains the unaudited consolidated condensed first half year 2021 financial statements and notes for Ayfie Group AS.



Ayfie organizes enterprise information and gives valuable Insight for employees to make informed decisions

Ayfie Group in Brief

- Ayfie Group is an international provider of market-leading search and text analytics products that bring structure to unstructured data
- Ayfie's products combine linguistics-based natural language processing and modern machine learning to form a unique type of AI to efficiently identify critical insights, conduct smart search and power business intelligence solutions
- The products are ideal tools for getting Insights from hidden unstructured data within your organization, and compliance within finance, insurance and healthcare industries
- With proven products and a solid customer base in Nordics, Europa and to a certain extent in the US, Ayfie is well positioned for further expansion in the Nordics and Europe
- Ayfie is SaaS business model focusing and is well repositioned for growth



SKANSKA

BAHR



FENWICK
ELLIOTT

THOMMESSEN

IBDO

RO
SOMMERNES
ADVOKATFIRMA DA

Linklaters

Statkraft

S A N D S

SWECO

TOTAL

ayfie

Business Update and Outlook

Market

Ayfie is running a B2B SaaS business. The business model is based on subscriptions, with multiannual contracts.

Ayfie is placed in the market of Insight Engines. Ayfie believes this market will experience rapid growth as the amount of data, especially unstructured data, continues to increase exponentially - a view supported by current market trends and global surveys.

As the amount of data increases, there will also be a need for solutions that transform information into true knowledge and insight through AI and machine learning, like Ayfie's solutions. Growing compliance, data security and data breach concerns will further increase the market for Ayfie's solutions.

The legal, financial and construction sectors together with public services continue to represent major opportunities as they attempt to handle large amounts of unstructured data. Other sectors and businesses are about to face similar challenges as data within their respective areas continue to grow.

Ayfie believes the Group has the potential to become a major provider due to the nature of its technology and solutions: Firstly, Ayfie offers a text analytics solution capable of rapidly providing semantic understanding of words, phrases and their relations. Contrary to text analytics solutions based solely on machine learning, Ayfie's technology performs semantic analysis of phrases and expressions. Thus, on top of providing higher quality analysis, Ayfie's solution can analyze smaller amounts of text as there is no need for extensive amounts of data to trace patterns. Secondly, by combining its unique language-based text analytics layer with statistical analysis, machine learning and other advanced algorithms, Ayfie provides superior and faster processing solutions than its competitors. Lastly, the Ayfie solutions connects to a vast number of data systems thus being a better suit for a lot of customers than the competition.

Business Development

After refocusing our business to core products, and transfer of central research and development to Norway, Ayfie has through the first half year achieved better control and streamlined development activities. This again has given the chance to focus on strengthening our base platform as well as launching our next generation product Locator 3.0.

With functionality called "Act on data", Locator 3.0 places Ayfie well in the Insight Engine market. Ayfie gives the users opportunity to collaborate, and structure data as well as helping collecting the data for passing it on to others. This gives existing customers new opportunities, and great potential to broaden Ayfie's markets. An additional strength, is that Ayfie's product line is multilanguage enabled and does not need local implementation teams.

Organizational Development

After closing the transitional year 2020, with full revitalization of the business leading to a profitable first half year 2021, Ayfie is now strengthening the organization in the pivotal areas of product development and sales.

With 37,7 MNOK in cash, and more than 500+ customers, we look forward to an exciting second half year in further developing our business.

Ayfie is now a pure software company, with 91.6% recurring revenue of total revenue.

Outlook

Following the positive development and outlook, the company expects increased revenues and EBIT in the second half or 2021, compared to the first half of 2021.

Financial Highlights and Key Figures 1H 2021



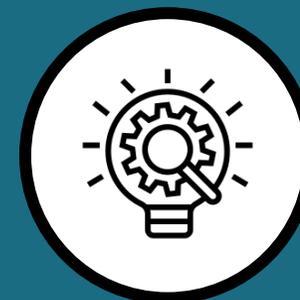
Revenue

17.9 MNOK



EBIT

Profit 2.1 MNOK



R&D

50% of employees
in R&D



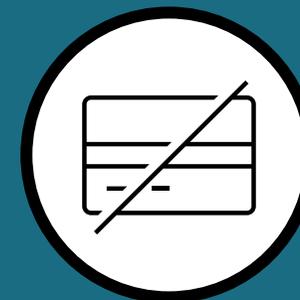
Cash position

37.7 MNOK



ARR

16.3 MNOK



No debt

Financial Review

Ayfie delivered profits in H1 2021 – and is now in the process of building a profitable highly scalable recurring revenue business.

Revenues

Ayfie operates a Software-as-a-Service (SaaS) business model securing multiannual subscription-contracted revenues. Typical SaaS customers are in verticals both in Privat and Public. We experience most activities in Public, Legal, Energy, Construction and other know-how-based entities that need efficient tools for handling unstructured data. In addition to recurring revenues, Ayfie has non-recurring revenue from professional services when onboarding new customers and from perpetual license sales through resellers.

H1 2021 revenue amounted to 17.9 MNOK (19.9¹ MNOK) million, where recurring revenue amounted to 16.4 MNOK (16.5 MNOK) and non-recurring revenue amounted to 1.5 MNOK (3.4 MNOK). Non-recurring revenue declined as there were lower onboarding activities and lower European partner sales due to COVID-19.

Recurring revenue remained stable throughout H1 2021, with gross margin of 94% which is in line with 2020.

Expenses

The reorganization of the Group, which entailed drastic measures, was finalized by the end of 2020. The reorganization did not significantly impact the revenue and explains why Ayfie has been profitable on a monthly basis.

H1 2021 personnel expenses amounted to 11.9 MNOK (37.3 MNOK). The number of employees and contract labour decreased from 87 on 31 March 2020 to 12 employees and 15 contract labour on 30 June 2021 .

Other operating expenses amounted to 2.1 MNOK in H1 2021 (9.2 MNOK), also impacted by the cost reduction completed during 2020

H1 2021 depreciation and amortization of 0.7 MNOK (2.1 MNOK) mainly constituted of depreciation related to right-of-use assets. Termination and renegotiation of leases in 2020 explains the reduction.

¹ All figures in brackets refer to the corresponding period last year

Financial Review (continued)

EBIT and Net profit/loss

H1 2021 EBIT amounted to 2.1 MNOK (negative 29.8 MNOK), and the period's net profit amounted to 2.0 MNOK (negative 33.0 MNOK)

Financial position

Total assets amounted to 68.9 MNOK (101.0 MNOK). The total non-current assets of 20.5 MNOK (21.5 MNOK) consisted mainly of right-of-use-assets related to an office lease in Oslo of 2.4 MNOK (7.4 MNOK), intangible assets of MNOK 2.2 (customer portfolio) (MNOK 13.4) and goodwill of MNOK 15.5 both from the acquisition of Haive AS in September 2020. Intangible assets (R&D) from H1 2020 was related to the inspector technology and written down by year end.

Current assets amounted to 48.8 MNOK (79.5 MNOK). Other current assets of 3.1 MNOK (55.7 MNOK) The balance for 30 June 2020 included 50 MNOK proceeds from the private placement that was received in early July 2020.

The end of H1 2021 equity amounted to 38.0 MNOK million (50.4 MNOK), and MNOK 35.1 at the end of 2020. Share capital and share premium increased by 11.4 MNOK through 1.4 MNOK conversion of the last part of a convertible loan and 10 MNOK related to the acquisition of Haive AS in the second half of 2020.

There were 110,906,774 shares at the end of H1 2021, each with a nominal value of NOK 1.

Ayfie's end of H1 2021 total liabilities amounted to 30.9 MNOK (50.6 MNOK).

- Non-current liabilities amounted to 2.0 MNOK (7.9 MNOK), and the total reduction of 5.9 MNOK was mainly due to debt-to-equity conversion of 1.4 MNOK, reduced lease liabilities of 3.2 MNOK and a reduction of 1.8 MNOK debt to related parties.
- Current liabilities of 28.9 MNOK (42.7 MNOK) consisted mainly of contracted liabilities 16.8 MNOK (14.7 MNOK) that were prepayments from customers and other current liabilities 7.4 MNOK (18.6 MNOK) The majority of the reduction of 11.2 MNOK is 10.5 MNOK final payment of debt to the seller of Language Tools GmbH (seller`s credit).

Cash flow

Ayfie had a negative cash flow from operations of 5.3 MNOK (negative 77 MNOK) in H1 2021. Cash flow from investing activities was negative 4.8 MNOK (negative 6 MNOK), there was no cash flow from financing activities (88.2 MNOK).

Consolidated Income Statement

NOK thousands	Notes	Unaudited H1 2021	Unaudited H1 2020	Audited FY 2020
Recurring revenue	4	16,361	16,543	34,417
Non-recurring revenue	4	1,493	3,404	6,527
Total revenue		17,854	19,946	40,944
Cost of sales		1,052	1,142	2,325
Gross profits		16,802	18,804	38,619
<i>Gross margin</i>		<i>94%</i>	<i>94%</i>	<i>94%</i>
Personnel expenses	5	11,889	37,331	61,966
Other operating expenses		2,108	9,154	19,357
EBITDA		2,806	-27,682	-42,704
Depreciation and amortization		660	2,152	17,215
Operating profit or loss		2,145	-29,834	-59,919
Finance income		11	24	1,750
Finance expenses		142	3,164	4,863
Profit or loss before tax		2,014	-32,975	-63,032
Income tax expenses	9	-	-	-
Net profit or loss for the year		2,014	-32,975	-63,032
Other comprehensive income				
Items that may subsequently be reclassified to profits or loss:				
Exchange differences on translation of foreign operations		-	-	-693
Total other comprehensive income		2,014	32,975	-693
Total comprehensive income		2,014	-32,975	-63,724

Consolidated Balance Statement

NOK thousands	Notes	Unaudited 30/06/2021	Unaudited 30/06/2020	Audited 31/12/2020
Assets				
Non-current assets				
Property, plant and equipment		371	683	344
Right-of-use assets		2,354	7,428	3,038
Intangible assets		2,223	13,392	2,394
Goodwill		15,540	-	15,540
Total non-current asset		20,488	21,504	21,316
Current assets				
Trade receivables		7,561	4,647	4,029
Other current assets	6	3,146	55,656	4,152
Cash and cash equivalents	6	37,714	19,230	47,885
Total current assets		48,820	79,533	56,066
Total assets		68,908	101,037	77,382

NOK thousands	Notes	Unaudited 30/06/2021	Unaudited 30/06/2020	Audited 31/12/2020
Equity and liabilities				
Equity				
Issued share capital		110,907	81,209	110,907
Non-registered share capital	7	-	25,000	-
Share premium		259,020	227,323	259,020
Non-registered share premium	7	-	25,000	-
Currency and other equity		9,389	4,940	8,494
Uncovered losses		-341,314	-313,039	-343,328
Total equity		38,002	50,434	35,093
Non-current liabilities				
Deferred tax liabilities		489	-	527
Non-current liabilities to related parties		-	1,825	-
Non-current leases liabilities		1,530	4,700	2,177
Convertible loan	8	-	1,395	-
Total non-current liabilities		2,019	7,919	2,704
Current liabilities				
Trade payables		2,706	2,444	1,293
Public duties		1,007	3,841	2,949
Current liabilities to related parties		-	-	-
Current lease liabilities		953	3,031	995
Contracted liabilities		16,803	14,738	17,036
Other current liabilities		7,419	18,631	17,311
Total current liabilities		28,887	42,684	39,584
Total liabilities		30,906	50,603	42,288
Total equity and liabilities		68,908	101,037	77,382

Consolidated Cash Flow Statement

NOK thousands	Note	Unaudited 30/06/2021	Unaudited 30/06/2020	Audited 31/12/2020
Profit/ loss before tax		2,014	-32,975	- 63,032
Adjustments to reconcile profit before tax to net cash flow:				
Depreciation and amortization		660	2,152	17,215
Leases interests		94	342	556
Net finance income and costs included in financing activities		-	2,555	2,479
Net foreign exchange differences		-77	-913	-3,502
Share based payments		973	-	1,023
Working capital adjustments:				
Change in trade receivables		-3,532	-1,719	-1,100
Change in other current assets	6	1,006	-42,045	9,459
Change in trade and other payables		-530	-4,203	- 6,249
Changes in provisions and other liabilities		-5,944	-220	4,095
Net cash flows from operating activities		-5,337	-77,026	-37,864
Purchase of property, plant and equipment		-73	-113	-61
Investment in tangible assets		-	-	- 423
Interests received		-	-	-
Deferred purchase consideration paid		-4,761	-5,883	-10,714
Purchase of shares in subsidiaries, net of cash acquired		-	-	-4,933
Net cash flow from investing activities		-4,834	-5,996	-16,131
Net proceeds from issuance of equity		-	93,247	92,869
Proceeds from/repayment of loan from shareholders		-	-	-
Proceeds from new convertible loan		-	-	-
Interest paid		-	-4,964	-4,984
Net cash flow from financing activities		-	88,283	87,885
Net change in cash and cash equivalents		-10,171	5,260	33,916
Cash and cash equivalents, BOP		47,886	13,970	13,970
Cash and cash equivalents, EOP		37,713	19,230	47,886

Notes to the Consolidated Interim Financial Statement

Note 1 – Corporate information

Ayfie Group AS (the “Company”) is a Norwegian private limited liability company. The shares of the Company were admitted to trading on Oslo Stock Exchange’s Merkur Market 7 July 2020 with the ticker AYFIE-ME.

The Company own 100 percent of the shares in Ayfie AS in Norway, Haive AS in Norway and Ayfie AB in Sweden.

The Company and its subsidiaries (together “Ayfie,” “Ayfie Group” or “Group”) is an international provider of market-leading search and text analytics products that bring structure to unstructured data. Ayfie’s products combine linguistics-based natural language processing and modern machine learning to form a unique type of AI to efficiently identify critical insights, conduct smart search and power business intelligence solutions. Ayfie’s proprietary technology is based on more than 30 years research and development.

Note 2 – Basis of preparation and statement

The condensed interim financial statements do not include all information and disclosures required in the annual financial statements and should be read in accordance with the Group’s Annual Report for 2020, which has been prepared according to IFRS as adopted by the EU.

The preparation of interim financial statements requires the Group to make certain estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated by the Company based on historical experience and other factors, including expectations of future events that are deemed to be reasonable under the circumstances.

Actual results may differ from these estimates. The most significant judgements used in preparing these interim financial statements and the key areas of estimation uncertainty are the same as those applied in the consolidated annual report for 2020.

These condensed consolidated interim financial statements for the first half year 2021 were approved by the Board of Directors and the CEO on 25 August 2021. The financial statements have not been subject to audit or review.

Note 3 – Significant accounting principles

The accounting policies applied in the preparation of the consolidated interim financial statements are consistent with those applied in the preparation of the annual IFRS financial statement for the year ended 31 December 2020, which are available on www.ayfie.com and upon request from the Company’s registered office at Karenslyst Allé 10, 0279 Oslo, Norway.

New standards, amendments to standards, and interpretations that have been published, but not effective as of 31 December 2020, have not been applied in preparing these condensed financial statements. The Group intends to adopt these standards, if applicable, when they become effective.

Notes (continued)

Note 4 – Revenue

Ayfie recognizes revenue according to the following revenue categories:

NOK thousands	Unaudited H1 2021	Unaudited H1 2020	Audited FY 2020
Subscription	14,509	14,776	30,796
Processing	-	60	70
Maintenance/Support	1,330	1,272	2,630
Retainer development service	522	434	921
Total recurring revenue	16,361	16,543	34,417
Perpetual (sales through resellers)	476	708	1,176
Professional service	1,017	2,696	5,351
Total non-recurring revenue	1,493	3,404	6,528
Total revenue	17,854	19,946	40,944

Note 5 – Personnel expenses

In H1 2021 personnel expenses amounted to NOK 11.9 million. There were no capitalization of R&D

Note 6 – Cash and cash equivalents

Proceeds from the MNOK 50 private placement 30 June 2020 was received in early July 2020.

Note 7 – Equity

The share issue related to the 30 June 2020 private placement, of 25,000,000 shares at NOK 2 per share with a nominal value of NOK 1 per share, was registered at the Norwegian Register of Business Enterprises 1 July 2020.

Note 8 – Convertible loan

The last MNOK 1.4 of the convertible loan was converted to equity in July-August 2020 and registered at the Norwegian Register of Business Enterprises 9 September 2020.

Note 9 – Taxes

The tax expense in the period is zero as ayfie does not recognize deferred tax assets on tax losses carried forward.

Note 10 – Alternative Performance Measures (APMs)

ayfie discloses APMs as a supplement to the financial statements prepared in accordance with IFRS as the Company believes that the APMs provide useful supplemental information to management, investors, equity analysts and other stakeholders. These measures are commonly used and are meant to provide an enhanced insight into the financial development of ayfie's business operations and to improve comparability between periods.

- Gross profits is operating revenue less cost of sales
- Gross margin is gross profit divided by total revenue
- EBITDA is short for Earnings Before Interest and other financial items, Taxes, Depreciation and Amortization
- EBIT is short for Earnings Before Interest and other financial items and Taxes

Responsibility Statement by the Board and CEO

The Board and CEO have considered and approved the condensed consolidated financial statements for the period 1 January to 30 June 2021. We confirm to the best of our knowledge that the condensed financial statements for the above-mentioned period:

- Has been prepared in accordance with IAS 34 (Interim Financial Reporting)
- Provide a true and fair view of the Group's assets, liabilities, financial position, and overall result for the period viewed in their entirety
- That the interim management report includes a fair review of any significant events that arose during the above-mentioned period and their effect on the financial report
- Provide a true picture of any significant related parties' transactions, principal risks and uncertainties faced by the Group

Oslo, 25 August 2021

Sign.

Lars Boilesen
Chairman of the Board

Sign.

Jan Christian Opsahl
Vice Chairman of the Board

Sign.

Øystein Stray Spetalen
Board member

Sign.

Martin Nes
Board member

Sign.

Lars Nilsen
Board member

Sign.

Jostein Devold
Board member

Sign.

Lasse Ruud
CEO

Top 20 Shareholders

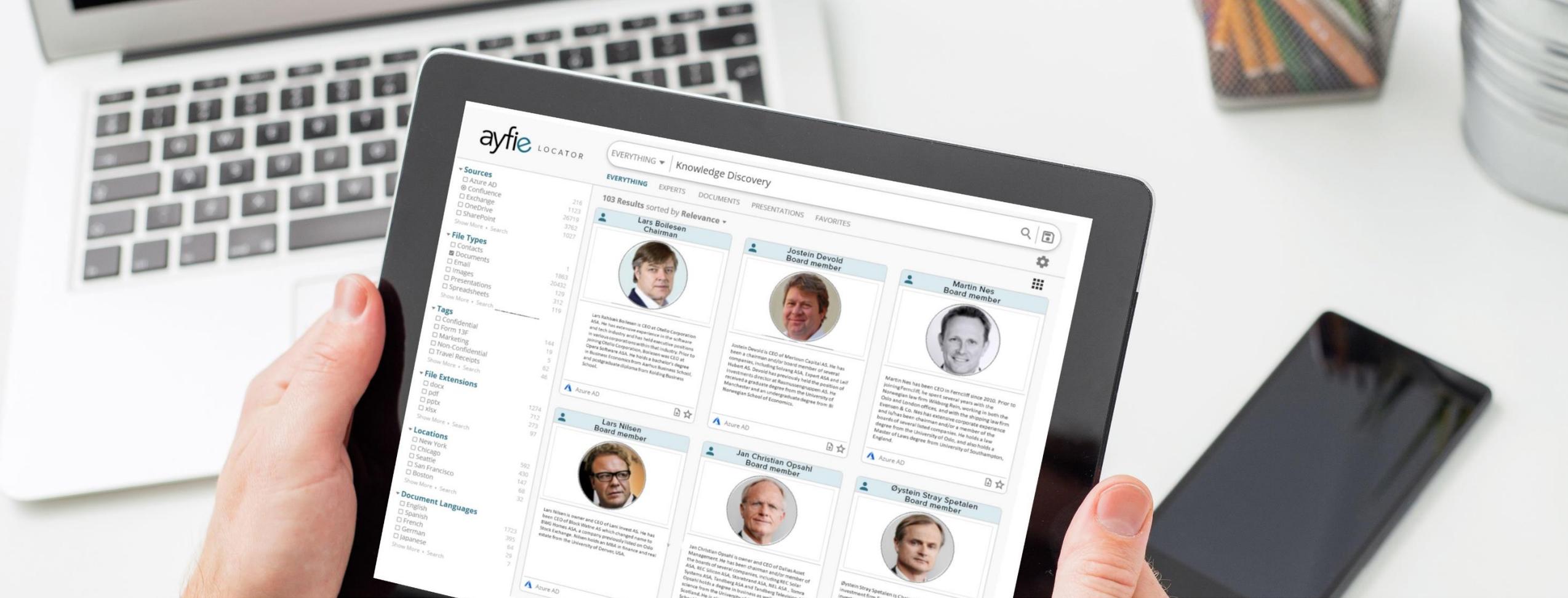
As of 23 August 2021

Shareholder	Shares	Ownership
1 TYCOON INDUSTRIER AS	17 573 117	15.84%
2 LANI INVEST AS	10 894 360	9.82%
3 DATUM AS	5 341 000	4.81%
4 DALLAS ASSET MANAGEMENT AS	5 273 160	4.75%
5 STAFF HOLDING AS	5 035 922	4.54%
6 MERTOUN CAPITAL AS	4 963 832	4.47%
7 LEIJO AS	3 116 372	2.80%
8 HØYLANDET BYGGUTLEIE AS	2 897 990	2.61%
9 PER-ERIK BURUD AS	2 636 777	2.37%
10 UFI AS	2 524 046	2.27%
11 K.A. FEM AS	2 500 000	2.25%
12 LEIF HÜBERT AS	2 356 252	2.12%
13 NIGA AS	2 325 682	2.09%
14 LAST INVEST AS	2 247 185	2.02%
15 CAMACA AS	1 889 991	1.70%
16 THABO ENERGY AS	1 672 346	1.50%
17 BRUSKELAND	1 601 060	1.44%
18 Delta Commerce AS	1 525 000	1.37%
19 ARCTIC SECURITIES AS	1 329 613	1.19%
20 MP PENSJON PK	1 300 000	1.17%
Sum top 20	79,003,705	71.23%
Other	31,903,070	28,77%
Total¹	110,906,775	100.0%

Comments

- There are 110,906,775 shares, each with a nominal value of NOK 1 .
- There are approximately 1,000 shareholders, up from approximately 260 prior to the Oslo Stock Exchange's Merkur Market listing 7 July 2020
- The board has in the extraordinary general meeting 4 May 2021, granted an authorization to increase the Company's share capital of up to approximately 50 percent of the Company's share capital.
- Board of directors control the following shareholdings:

Board member	Shares	Ownership
Øystein Stray Spetalen (TYCOON INDUSTRIER AS)	17,573,117	15.84%
Lars Nilsen (LANI INVEST AS)	10,894,360	9.81%
Jan Christian Opsahl (DALLAS ASSET MNG. AS)	5,273,160	4.75%
Jostein Devold (MERTOUN CAPITAL AS)	4,963,832	4.47%



Ayfie Group AS

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IR Contact

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