



Financial Report H1 2023



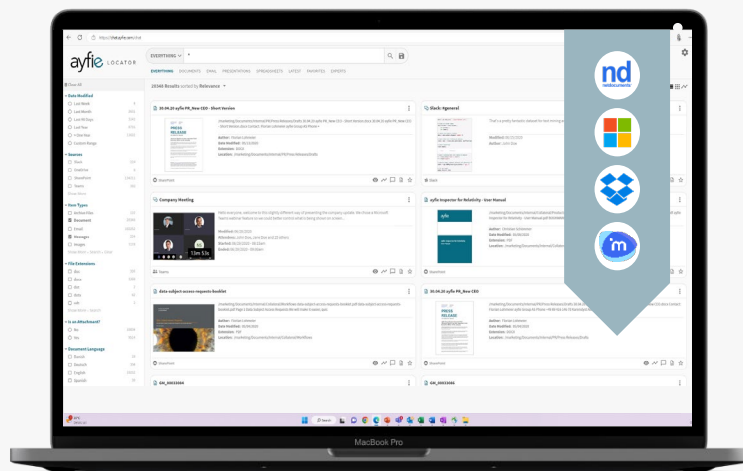
Ayfie in brief and 1H 2023 highlights

- Launched the industry's first integration of Generative AI (ChatGPT) with Enterprise Search, able to connect any source
- Ayfie combines advanced text analysis with corporate data using cutting-edge Generative AI. We're focused on revealing deep insights and improving business intelligence to boost efficiency and proactivity
- Our growth is supported by a trusted product range and our new user-friendly SaaS offering, ensuring good value and an easy-to-use experience
- Actively working with several law firms and financial institutions to introduce our innovative B2B solution
- Achieved a remarkable subsequent milestone by onboarding 25k registered users since launch in mid-July with consistent high performance and zero downtime
- Revenues of 10.9 MNOK and EBITDA of -11.5 MNOK, as the company invest and ramps up towards commercial launch

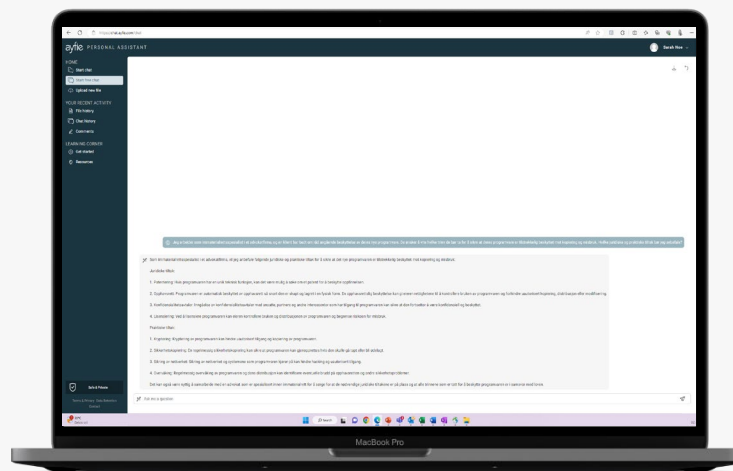


By combining our existing enterprise search platform with generative AI we unlock unprecedented value

CONNECTORS



Ayfie Enterprise Search Solution
Insight to all your unstructured data. Connect any source





Ayfie Personal Assistant
Chat with your document base – integrated with ChatGPT





**SYNERGY
UNLEASHED**


Business Update

 **AI-Driven Insights:** Ayfie provides unified access to all enterprise data, integrating with generative AI like ChatGPT. Users can ask detailed questions such as 'when does our office space contract expire?' or 'does our company health insurance cover dental check-ups?' and receive precise answers.

 **European Data Compliance & Security:** Operating from EU data centers, we prioritize GDPR compliance and offer hosting within a customer's own infrastructure for enhanced security.

 **Strategic Partnerships:** Ayfie collaborates with application providers, tapping into their user base to offer our services. We also leverage their sales teams in a profit-sharing model to expand our reach.

 **Market:** While Ayfie has a global reach, our primary focus is on the EU's SMEs landscape, encompassing over 25 million companies with 90+ million employees. Given that 35.4% of workers anticipate AI like ChatGPT to enhance their efficiency and productivity, we're targeting industries where generative AI will cause the most disruption.*


 **Competitive Edge:** Ayfie's unique integration capabilities, combined with top-tier data security and European compliance, distinguish us in the market.


*based on a study conducted by IU International University of Applied Sciences

Screenshot from Ayfie PA

Connecting ChatGPT with internal docs

Supported in most languages (inc Norwegian)


 Jeg er statsråd og lurer på om det er problematisk om jeg kjøper eller eier aksjer i Kongsberg Gruppen, når jeg senere skal delta i behandlingen av tildelingen av en kontrakt til Nammo der Kongsberg Gruppen er stor aksjonær?


 Som statsråd er det viktig å unngå situasjoner der det kan oppstå tvil om din objektivitet og upartiskhet i saksbehandlingen. Eierskap til aksjer i selskaper som kan ha direkte interesser i saker du behandler, vil i mange tilfeller kunne skape en slik tvil. I dette tilfellet vil Kongsberg Gruppens eierskap i Nammo kunne skape en interessekonflikt hvis du som statsråd skal behandle en sak om tildeling av kontrakt til Nammo.

Du bør derfor vurdere å overføre forvaltningen av aksjene til en uavhengig tredjepart eller selge aksjene. Du bør også søke råd om din habilitet i slike saker. Håndboken for politisk ledelse gir utfyllende regler om habilitet og interessekonflikter.

Det er også viktig å merke seg at du som statsråd har plikt til å registrere

dine økonomiske interesser, herunder aksjer, i Stortingets register for verv og økonomiske interesser. Du skal også opplyse om slike interesser i forbindelse med konkrete saker du behandler som statsråd.

 Hvilket dokument er dette svaret basert på? Og vil det hjelpe å f.eks. melde seg inhabil i selve behandlingen men bare nevne i forbifarten til en kollega som skal delta i møtet at Nammo ville være et godt valg?

 Dette svaret er basert på "Håndbok for politisk ledelse.docx".

Selv om du melder deg inhabil i behandlingen av saken, bør du unngå å påvirke beslutningsprosessen indirekte. Ethvert forsøk på å påvirke kolleger eller andre som skal delta i behandlingen av saken, kan bli oppfattet som en usaklig innflytelse og skape ny tvil om din upartiskhet. Det er viktig å bevare tilliten til at forvaltningens avgjørelser blir truffet på et saklig grunnlag og uten usaklig innflytelse. I tvilstilfeller anbefales det å søke råd fra embetsverket eller Lovavdelingen i Justis- og beredskapsdepartementet.

Financial Review

Ayfie invested in the new in Generativ AI product range in 1H 2023.

Revenues

Ayfie operates a combination of a Software-as-a-Service (SaaS) business model and “on prem” installation, 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 2023 revenue amounted to 10.9 MNOK (14.0¹ MNOK), where recurring revenue amounted to 10.3 MNOK (13.3 MNOK) and non-recurring revenue amounted to 0.6 MNOK (0.7 MNOK). Non-recurring revenue declined as there were less implementation activities.

Recurring revenue were somewhat reduced due to some changes in the customer base.

Expenses

H1 2023 personnel expenses reached 14.2 MNOK, up from 10.6 MNOK the previous year. While the employee count remained consistent with the prior year, there was a rise in contract labor due to both an increase in resources and price adjustments.

Other operating expenses amounted to 6.6 MNOK in H1 2023 (5.5 MNOK), due to further investment I future products.

H1 2023 depreciation and amortization of 0.5 MNOK (0,7 MNOK) mainly constituted of depreciation related to right-of-use assets.

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

Financial Review (continued)

EBIT and Net profit/loss

H1 2023 EBIT amounted to negative 11.5 MNOK (5.3 MNOK), and the period's net loss to 11.8 MNOK (5.5 MNOK)

Financial position

Total assets amounted to 16.0 MNOK (53.7 MNOK). The total non-current assets of 0.5 MNOK (19.0 MNOK) consisted mainly of right-of-use-assets related to an office lease in Oslo of 0.5 MNOK (1.4 MNOK).

Current assets amounted to 15.5 MNOK (34.7 MNOK). Other current assets of 3.9 MNOK (2.6 MNOK)

The end of H1 2023 equity amounted to 1.8 MNOK (37.9 MNOK), and MNOK 12.9 at the end of 2022.

There were 13 863 347 shares at the end of H1 2023, each with a nominal value of NOK 2.

Ayfie's end of H1 2023 total liabilities amounted to 14.2 MNOK (15.8 MNOK).

Non-current liabilities amounted to 0 MNOK (1.0 MNOK), and the total reduction of 1.0 MNOK was mainly due to reduced lease liabilities of 0.6 MNOK.

Current liabilities of 14.2 MNOK (14.8 MNOK) consisted mainly of contracted liabilities 7.7 MNOK (8.8 MNOK) that were prepayments from customers and other current liabilities 6.4 MNOK (6.0 MNOK).

Cash flow

Ayfie had a negative cash flow from operations of 10.1 MNOK (negative 5.4 MNOK) in H1 2023. There was no cash flow from investing activities (negative 4,8 MNOK). There was no cash flow from financing activities (similar H1 2022).

Consolidated Income Statement

NOK thousands	Notes	Unaudited H1 2023	Unaudited H1 2022	Audited FY 2022
Recurring revenue		10,319	13,355	25,006
Non-recurring revenue		556	666	708
Total revenue		10 875	14,021	25,714
Cost of sales		387	1,022	1,585
Gross profits		10,488	12,999	24,129
<i>Gross margin</i>		<i>96%</i>	<i>93%</i>	<i>95%</i>
Personnel expenses	4	14,181	10,646	24,502
Option program		708	1,488	2,286
Other operating expenses		6,592	5,470	10,148
EBITDA		-10,993	-4,605	-12,807
Depreciation, amortization and write-down		527	660	18,646
EBIT / Operating loss		-11,520	-5,265	-31,452
Finance income		65	69	381
Finance expenses		353	293	641
Profit or loss before tax		-11,808	-5,490	-31,711
Income tax expenses	5	-	-	-451
Net profit or loss for the year		-11,808	-5,490	-31,260
Other comprehensive income				
Items that may subsequently be reclassified to profits or loss:				
Exchange differences on translation of foreign operations		-	-	-
Total other comprehensive income		-	-	-
Total comprehensive income		-11,808	-5,490	-31,260

Consolidated Balance Statement

NOK thousands	Notes	Unaudited 30/06/2023	Unaudited 30/06/2022	Audited 31/12/2022
Assets				
Non-current assets				
Property, plant and equipment		50	162	106
Right-of-use assets		471	1,412	942
Intangible assets		-	1,881	-
Goodwill		-	15,540	-
Total non-current asset		520	18,995	1,048
Current assets				
Trade receivables		2,939	1,064	3,843
Other current assets	6	3,938	2,632	4,938
Cash and cash equivalents	6	8,621	31,016	18,722
Total current assets		15,498	34,712	27,504
Total assets		16,018	53,707	28,551

NOK thousands	Notes	Unaudited 30/06/2023	Unaudited 30/06/2022	Audited 31/12/2022
Equity and liabilities				
Equity				
Issued share capital		27,727	110,907	27,727
Share premium		-	-	-
Other capital reserves	7	7 676	6,170	6,968
Currency and other equity		5,841	5,841	5,841
Uncovered losses		-39,406	-85,009	-27,598
Total equity		1,837	37,909	12,938
Non-current liabilities				
Deferred tax liabilities		-	414	-
Non-current liabilities to related parties		-	-	-
Non-current leases liabilities		-	549	-
Convertible loan	8	-	-	-
Total non-current liabilities		-	963	-
Current liabilities				
Trade payables		1,961	2,421	2,983
Public duties		1,037	453	1,546
Current liabilities to related parties		-	-	-
Current lease liabilities		549	980	1,039
Contracted liabilities		7,741	8,765	7,359
Other current liabilities		2,893	2,216	2,686
Total current liabilities		14,181	14,835	15,613
Total liabilities		14,181	15,798	15,613
Total equity and liabilities		16,018	53,707	28,551

Consolidated Cash Flow Statement

NOK thousands	Note	Unaudited 30/06/2022	Unaudited 30/06/2022	Audited 31/12/2022
Profit/ loss before tax		-11,808	-5,490	-31,711
Adjustments to reconcile profit before tax to net cash flow:				
Depreciation, amortization and write-down		527	660	18,646
Leases interests		61	61	122
Net finance income and costs included in financing activities		-	-	-
Net foreign exchange differences				-
Share based payments		708	1,488	2,286
Working capital adjustments:				
Change in trade receivables		904	100	-2,679
Change in other current assets		1,000	953	-1,353
Change in trade and other payables		-1,531	-960	694
Changes in provisions and other liabilities		38	-2,184	-3,671
Net cash flows from operating activities		-10,101	-5,372	-17,666
Purchase of property, plant and equipment		-	-	-
Investment in tangible assets		-	-	-
Interests received		-	-	-
Deferred purchase consideration paid		-	-	-
Purchase of shares in subsidiaries, net of cash acquired		-	-	-
Net cash flow from investing activities		-	-	-
Net proceeds from issuance of equity		-	-	-
Proceeds from/repayment of loan from shareholders		-	-	-
Proceeds from new convertible loan		-	-	-
Interest paid		-	-	-
Net cash flow from financing activities		-	-	-
Net change in cash and cash equivalents		-10,101	-5,372	-17,666
Cash and cash equivalents, BOP		18,722	36,388	36,388
Cash and cash equivalents, EOP		8,621	31,016	18,722

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 Euronext Growth 7 July 2020 with the ticker AYFIE.

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

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 2022, 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 2022.

These condensed consolidated interim financial statements for the first half year 2023 were approved by the Board of Directors and the CEO on 29.08.2023. 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 2022, 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 2022, 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 5 – Personnel expenses

In H1 2023 personnel expenses amounted to NOK 14.9 million. There were no capitalization of R&D

Note 6 – Taxes

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

Note 7 – 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 2023. 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, 29 August 2023

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.
Herman Sjøberg
CEO

Top 20 Shareholders

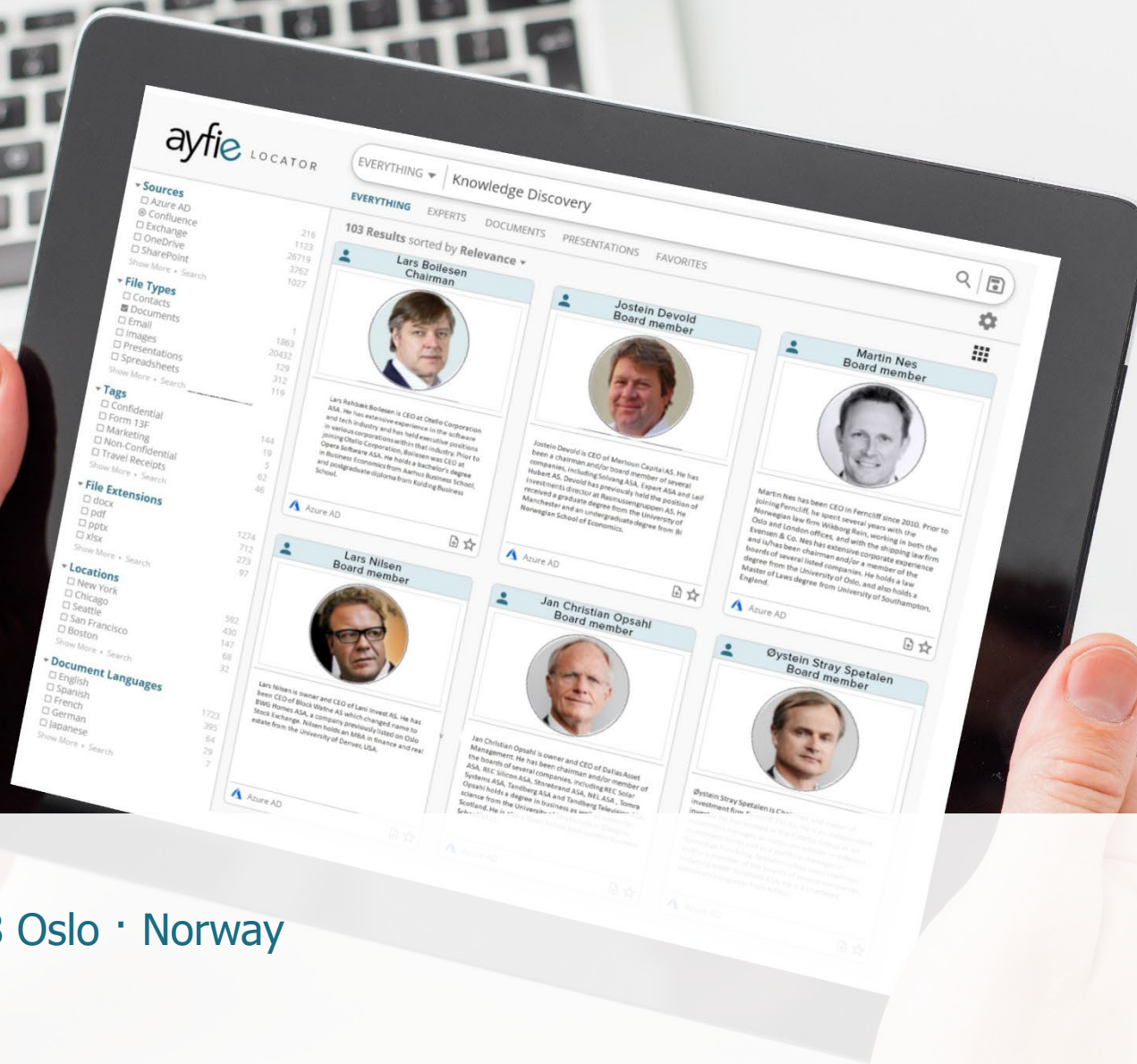
As of 21 August 2023

Shareholder	Shares	Ownership %
1 FERNCLIFF LISTED DAI AS	2 213 307	15,97
2 LANI INVEST AS	1 378 462	9,94
3 DALLAS ASSET MANAGEMENT AS	675 812	4,87
4 DATUM AS	667 625	4,82
5 STAFF HOLDING AS	620 999	4,48
6 MERTOUN CAPITAL AS	620 480	4,48
7 LEIJO AS	389 547	2,81
8 HØYLANDET BYGGUTLEIE AS	362 249	2,61
9 PER-ERIK BURUD AS	329 598	2,38
10 UFI AS	305 378	2,20
11 LEIF HÜBERT AS	294 532	2,12
12 NIGA AS	290 711	2,10
13 CAMACA AS	236 249	1,70
14 TERSUS AS	220 676	1,59
15 BRUSKELAND	200 258	1,44
16 SWEDBANK AS	200 000	1,44
17 NORDNET LIVSFORSIKRING AS	199 752	1,44
18 DELTA COMMERCE AS	190 625	1,38
19 MP PENSJON PK	162 500	1,17
20 MH CAPITAL AS	151 261	1,09
Sum top 20	9 710 021	70,03
Other	4 153 326	29,97
Total	13 863 347	100,00

Comments

- There are 13 863 347 shares, each with a nominal value of NOK 2.
- There are approximately 800 shareholders.
- The board has in the extraordinary general meeting 30 March 2023, 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 (FERNCLIFF LISTED DAI AS)	2 213 307	15,97
Lars Nilsen (LANI INVEST AS)	1 378 462	9,94
Jan Christian Opsahl (DALLAS ASSET MNG. AS)	675 812	4,87
Jostein Devold (MERTOUN CAPITAL AS)	620 480	4,48



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IR Contact

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