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edgewise

**2017**

## INTERIM REPORT APRIL-JUNE 2017

APRIL-JUNE 2017

**SEK 40.2  
MILLION**  
NET SALES

NET SALES  
**-21.8%**

**SEK 12.9  
MILLION**  
OPERATING PROFIT

JANUARY-JUNE 2017

**SEK 108.9  
MILLION**  
NET SALES

NET SALES  
**-5.3%**

**SEK 0.1 MILLION**  
OPERATING PROFIT

# 2017

## INTERIM REPORT APRIL-JUNE 2017

*"The second quarter turned out to be a weak period but included a number of customer and product successes"*

Joachim Roos, CEO  
Edgeware

### SECOND QUARTER OF 2017: (APRIL-JUNE)

- Net sales of SEK 40.2 million (51.5), a decrease of 21.8 percent.
- Gross profit of SEK 28.4 million (33.8), corresponding to a gross margin of 70.5 percent (65.6).
- EBIT of SEK -12.9 million (-3.9), corresponding to an EBIT margin of -32.1 percent (-7.6).
- Adjusted EBIT of SEK -12.9 million (-0.6), corresponding to an operating margin of -32.1 percent (-1.2).
- Result for the period of SEK -10.2 million (-2.2).
- Cash flow from operating activities of SEK -9.1 million (12.0).
- Before/after dilution, earnings per share for the period of SEK -0.3 per share (-0.1)

### FIRST HALF OF 2017: (JANUARY-JUNE)

- Net sales of SEK 108.9 million (115.0), down 5.3 percent.
- Gross profit of MSEK 80.8 million (79.9), corresponding to a gross margin of 74.1 percent (69.5).
- EBIT of SEK 0.1 million (6.7), corresponding to an EBIT margin of 0.1 percent (5.8).
- Adjusted EBIT of SEK 0.1 million (11.5), corresponding to an operating margin of 0.1 percent (10.0).
- Profit for the period of SEK 0.2 million (6.2).
- Cash flow from operating activities of SEK -4.4 million (10.1).
- Before/after dilution, earnings per share for the period of SEK 0.0 (0.3).

### SIGNIFICANT EVENTS IN THE SECOND QUARTER AND AFTER THE REPORTING PERIOD

- The annual general meeting was held on 12 April 2017.
- Preliminary second-quarter results published on 10 July 2017.
- Edgeware acquired the trademark for the name Edgeware, a national trademark in the UK, and one for the EU, whereby Edgeware now owns the Edgeware trademark throughout the EU.

(SEK million unless otherwise indicated)	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	2016 Jan-Dec
Net sales	40.2	51.5	108.9	115.0	252.3
Gross profit	28.4	33.8	80.8	79.9	175.6
Gross margin (%)	70.5%	65.6%	74.1%	69.5%	69.6%
Operating profit/loss (EBIT)	-12.9	-3.9	0.1	6.7	19.1
EBIT margin (%)	-32.1%	-7.6%	0.1%	5.8%	7.6%
Profit/loss for the period	-10.2	-2.2	0.2	6.2	15.7
Adjusted EBIT	-12.9	-0.6	0.1	11.5	34.3
Adjusted EBIT margin (%)	-32.1%	-1.2%	0.1%	10.0%	13.6%
Cash flow from operating activities	-9.1	12.0	-4.4	10.1	45.1
No. of employees at period end *	104	96	104	96	92
Earnings per share before dilution	-0.3	-0.1	0.0	0.3	0.6
Earnings per share after dilution	N/A	N/A	0.0	0.3	0.6

\*Included in the number of employees at 30 June 2017 are 16 (9) employees hired through Business Sweden and 9 (7) consultants with employment-like agreements.

## COMMENTS BY THE CEO

As communicated on 10 July, sales and earnings during the second quarter were weaker than expected. However, a number of customer and product successes were achieved.

The decrease in sales was due mainly to three factors. Firstly, Edgeware sells its products and services to telco and service providers, whose recurring purchases can and will vary from quarter to quarter. During the second quarter, we received fewer orders from these customers compared with the corresponding quarter of 2016. Secondly, we were unable to fully deliver a major order for our new flagship product, the 4080 TV server, which targets the growing customer category of content providers and TV companies. This was because production at the contract supplier that is our production partner is in the start-up phase. Thirdly, the second quarter tends to be seasonally weak and, this year, there was a lack of major TV events, such as the Summer Olympic Games or the European Football Championship, which have driven demand in previous years. This resulted in a lower-than-expected order intake.

The gross margin improved during the quarter compared with the same quarter in 2016 and was 70.5 percent (65.6). During the first half of 2017, the gross margin was 74.1 percent (69.5). When existing customers demand capacity increases, we can scale up capacity by, for example, selling additional software licenses, without this requiring delivery of tangible hardware systems.

### Strategic customer successes and continued expansion

Factors underlying the stronger gross margin include the company's single largest delivery of the analytical software TV Analytics to one of our major customers in the Benelux area. This is an order that reflects growing interest in measuring, monitoring and analysing streaming, to be able to further develop and improve the services sold to consumers.



During the second quarter, a strategically important transaction was completed with an Eastern European satellite operator. This is an unusually large initial order that bears witness to the interest in building own streaming solutions. This particular customer category of content providers and TV companies contributed to a significant share of sales in the second quarter.

The planned global recruitment of sales and customer service staff continued according to the previously communicated plan for contributing to Edgeware's continued expansion in priority markets.

### Edgeware's trademark

During the quarter, Edgeware also reached a settlement on the previously reported trademark conflict with a British company. Under the settlement, Edgeware acquired the ownership rights to a national British registered trademark and a separate EU trademark for the name EDGEWARE.

### Positive market outlook

Although we are not satisfied with our sales and earnings during the second quarter, we firmly believe in our business model and the prospect of our market.

There is strong demand for Edgeware's products and services from telco and cable operators, as well as content providers, throughout the world. The market outlook remains favourable in all of the markets served by Edgeware.

**Joachim Roos**  
CEO, Edgeware

### About Edgeware

Edgeware offers leading operators and content providers the solutions to deliver modern TV services on a huge scale and at a low cost. Edgeware's unique technology gives control and insight back to the content provider with an outstanding viewing experience. In recent years, Edgeware has experienced rapid growth, reaching sales of SEK 252 million in 2016. Edgeware is headquartered in Stockholm, Sweden, with a subsidiary in the US and offices in Hong Kong and Mexico. Edgeware also has sales and technical sales support staff in several locations in Europe, Asia and North and Latin America. For more information, visit <https://corporate.edgeware.tv/>.

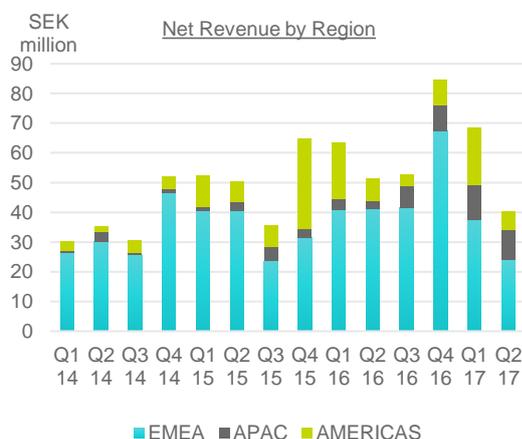
## SECOND QUARTER: 1 APRIL 2017–30 JUNE 2017

### Net sales

The Group's net sales in the second quarter totalled SEK 40.2 million (51.5), down 21.8 percent year-on-year. The decline in net sales in comparable currencies was 26.7 percent. Net sales in EMEA (Europe, the Middle East and Africa) declined to SEK 24.0 million (39.2), while net sales for AMERICAS (North and South America) increased to SEK 6.2 million (9.5). In APAC (Asia-Pacific), net sales rose to SEK 10.0 million (2.8).

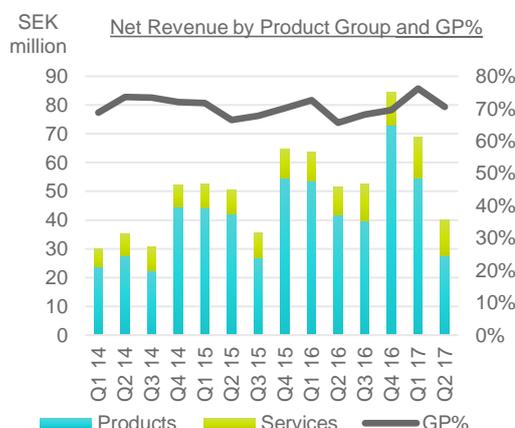
The decrease in net sales in EMEA and AMERICAS was mainly due to fewer recurring purchases among the regions' telco and service providers compared with the same quarter in 2016. This was partly because 2016 was positively impacted by the European Football Championships and the summer Olympic Games, both of which fuelled customer demand during the first two quarters of the year.

The strong increase in APAC was attributable to the customer categories of content providers and TV companies, which are continuing to expand their services. Edgeware also experienced strong demand from this customer category in EMEA during the quarter and the company secured a significant order from an Eastern European operator. The EMEA region accounted for 59.7 percent (76.1) of the Group's sales in the second quarter, AMERICAS for 15.4 percent (18.5) and APAC for 24.9 percent (5.4).



Of net sales in the second quarter, the Products business stream (hardware, software and licenses) accounted for 68.2 percent (81.5), while the remaining 31.8 percent (18.5) was in Services (maintenance, support and other services). Recurring support revenue from existing customers amounted to SEK 11.5 million (7.5), corresponding to 90.1 percent (79.0) of Services' net sales. Since support contracts extend over one to five years, this part of Edgeware's income is not subject to the same seasonal variations as sales of products and

instead shows relatively steady growth, with underlying system installations at Edgeware's customers.



### Results

Gross profit in the second quarter was SEK 28.4 million (33.8), a year-on-year decline of SEK 5.4 million, and the gross margin was 70.5 percent, compared with 65.6 percent in the corresponding quarter of 2016. The improved gross margin during the quarter was attributable in part to a higher share of software; for example, Edgeware's largest order to date was received for the analytical software TV Analytics.

Operating expenses amounted to SEK 41.3 million (37.7), up SEK 3.6 million year-on-year. The cost increase is a result of the long-term plan of advancing positions in sales and support in all regions. During the quarter, the company's central support functions were also strengthened, and the research and development function had a higher proportion of consultants on hand.

Development expenses of SEK 3.2 million (2.3) were capitalised in the second quarter, accounting for 17.8 percent (15.2) of the company's total R&D expenses. At the same time, amortisation of previously capitalised development expenses rose to SEK 2.1 million (1.8). This amortisation is component of the company's cost of goods sold and thus impacts Edgeware's gross profit. On the whole, the net of the period's capitalised expenses after amortisation had a positive impact of SEK 1.1 million (0.5) on operating profit.

EBITDA was SEK -9.9 million (-1.4). Adjusted EBITDA, adjusted for nonrecurring items related to the IPO, was SEK -9.9 million (1.9).

EBIT for the quarter amounted to SEK -12.9 million (-3.9), a year-on-year decline of MSEK 9.0. This EBIT corresponds to an EBIT margin of -32.1 percent (-7.6). Adjusted EBIT, adjusted for items affecting comparability related to the 2016 IPO, was SEK -12.9 million (-0.6), equal to an adjusted EBIT margin of -32.1 percent (-1.2).

Net financial items for the period amounted to income of SEK 0.1 million (income: 1.5) and comprised FX effects on bank balances and a revaluation of inter-company transactions.

The net result for the quarter was SEK -10.2 million (-2.2), a year-on-year decline of SEK 8.0 million.

### Financial position

The comparison figures under financial position pertain to December 2016. The equity/assets ratio was 79.5 percent (75.5) on 30 June 2017 and equity amounted to SEK 236.0 million (234.1).

Total assets on 30 June 2017 amounted to SEK 296.9 million (309.9). At the end of the period, inventories were SEK 10.2 million (6.1) and capitalised development expenses SEK 17.6 million (14.7). Inventories rose because the figure for 31 December 2016 was impacted by considerable deliveries of hardware to customers at the end of the preceding year, and due to the recognition of impairment losses on the old hardware generation, which reduced the value of inventories.

In line with the hedging policy adopted by the Board, Edgeware implemented its first hedge during the quarter. According to the policy, orders invoiced in EUR or MXN with an order value exceeding MSEK 2 and with payment terms of 60 days or more are hedged to reduce the currency risk. Hedged receivables and currency future contracts are measured at fair value on every reporting date, with the change in value recognised in profit/loss, whereby hedge accounting is not applied.

Equity rose MSEK 2.9 during the second quarter, due to tax calculated on the anticipated deductibility on IPO expenses recognised through equity in the 2016 accounts. This tax effect is an adjustment deriving from the 2017 tax year.

At the end of the period, the Group's cash and bank balances totalled SEK 180.6 million (194.6).

### Liquidity and cash flows

Cash flow from operating activities amounted to SEK -9.1 million (12.0). The year-on-year decline was mainly due to weaker EBIT.

Cash flow from investing activities amounted to SEK -4.9 million (-3.5), due to the capitalisation of development work as well as investments in tangible non-current assets.

Cash flow for the period was SEK -14.0 million (9.2).

### Parent company

The parent company's net sales in the second quarter amounted to SEK 39.3 million (50.3) and the result for the period was SEK -10.5 million (-

0.1). Since the Group's business and net sales are predominantly generated in the parent company, reference is made to the Group for additional comments in the quarterly report.

### Significant events in and after the quarter

- The annual general meeting was held on 12 April 2017. The current articles of association are available on Edgeware's website: <https://corporate.edgeware.tv/>.
- Edgeware acquired the trademark for the name Edgeware, a national trademark in the UK, and one for the EU, whereby Edgeware now owns the Edgeware trademark throughout the EU.
- The new product Edge Repackager was well received at the Broadcast Asia trade fair.
- The company's single largest delivery to date of the analytical software TV Analytics was delivered to one of Edgeware's major customers in the Benelux area.
- A large order was received for the new flagship product, the 4080 TV server, from one of Edgeware's content and TV company customers.
- A strategically important transaction with an Eastern European satellite operator resulted in an unusually large initial order that bears witness to the interest in building own streaming solutions, known as TV-CDN.
- Preliminary second-quarter results were published on 10 July 2017.

### Outlook

The Board adopted new targets for the company's sales growth and EBIT margin in October 2016. The outlook for the markets served by the company is adjudged as continued positive. The policy of not issuing a forecast stands firm.

### Financial objectives

Edgeware has the following financial objectives:

- To achieve organic annual sales growth exceeding 20%.
- To achieve a long-term operating margin (EBIT margin) exceeding 15%.
- Edgeware's capital structure is to enable a high degree of financial flexibility and allow for acquisitions. The target for net indebtedness is that it will amount to a maximum of two times EBITDA for the most recent 12-month period.
- Since Edgeware's cash flow in coming years should finance the continued development, expansion and opportunities to acquire, no dividend will be paid.

For more information, please visit:  
<https://corporate.edgeware.tv/>

## Net sales

The Group's net sales in the first half of 2017 totalled SEK 108.9 million (115.0), down 5.3 percent year-on-year. Net sales in EMEA (Europe, the Middle East and Africa) declined to SEK 61.4 million (79.7) while net sales for AMERICAS (North and South America) decreased to SEK 25.6 million (28.7). In APAC (Asia-Pacific), net sales rose to SEK 21.9 million (6.6). In comparable currencies, the decline in consolidated net sales was 8.7 percent.

The lower net sales in the first half of the year mainly derived from fewer orders from existing customers in EMEA and AMERICAS. In APAC, however, net sales rose due to high demand from the customer category of content providers and TV companies.

EMEA accounted for 56.4 percent (69.3) of the Group's net sales in the first half of 2017, AMERICAS for 23.5 percent (25.0) and APAC for 20.1 percent (5.7). The largest customer accounted for 15.5 percent (33.6) of total net sales, the three largest for 39.3 percent (54.4) and the five largest for 52.5 percent (63.6).

The reduced customer concentration and increased sales in the APAC region provide increased stability to the business, as well as both reduced dependence on the recurring purchases of individual customers and reduced dependence on the performance of an individual market.

During the first half of 2017, the customer category of content providers and TV companies performed particularly well and a number of new customers were added. However, recurring business from telco and cable operators showed a year-on-year decline.

Of total net sales in the first half of 2017, the Products business stream (hardware, software and licenses) accounted for 75.3 percent (83.0), while the remaining 24.7 percent (17.0) was in Services (maintenance, support and other services). Recurring support revenue from existing customers amounted to SEK 21.6 million (16.4), corresponding to 80.5 percent (83.3) of Services' net sales.

## Profit

Gross profit in the first half of 2017 was SEK 80.8 million (79.9), up SEK 0.9 million year-on-year, and the gross margin was 74.1 percent (69.5). The improved gross margin was attributable to a combination of a higher share of customers purchasing licenses for increased capacity in their distribution networks, successes with the analytical software TV Analytics and improved margins in our service business.

Operating expenses totalled SEK 80.7 million, up SEK 7.5 million year-on-year. The increase was due to higher research and development (R&D)

expenses, following the recruitment of more employees and consultants in this function. For example, Edgeware started two development teams in Vietnam in 2016. Higher costs were also noted for sales and market, due to an increase in employees in this function, which is a feature of the expansion plan presented in connection with the IPO.

During the first half of 2017, development expenses of SEK 6.8 million (4.1) were capitalised, accounting for 18.9 percent (13.5) of total R&D expenses. At the same time, amortisation of previously capitalised development expenses rose to SEK 4.0 million (3.0) in the first half of the year. This amortisation is a component of the company's cost of goods sold and thus impacts Edgeware's gross profit, while development expenses, and capitalisation of these expenses, comprise a component of the company's operating expenses. In total, this had a favourable impact of SEK 2.9 million (1.0) on EBITDA.

EBITDA was SEK 5.8 million (11.3), up SEK 5.5 million year-on-year. Adjusted EBITDA, adjusted for nonrecurring items related to the IPO, was SEK 5.8 million (16.1).

EBIT for the first half of 2017 amounted to SEK 0.1 million (6.7), a year-on-year increase of SEK 6.6 million. Adjusted for nonrecurring items related to IPO preparations, adjusted EBIT was SEK 0.1 million (11.5). Adjusted for items affecting comparability, EBIT corresponded to an adjusted EBIT margin of 0.1 percent (10.0).

Net profit for the first half of 2017 amounted to SEK 0.2 million (6.2), a year-on-year decline of SEK 6.0 million. The effective tax rate increased because subsidiaries that do not capitalise deferred tax assets posted losses in the first half of 2016 while reporting a profit in the first half of 2017.

## Financial position

The comparison figures under financial position pertain to December 2016. The equity/assets ratio was 79.5 percent (75.5) on 30 June 2017 and equity amounted to SEK 236.0 million (234.1).

Total assets on 30 June 2017 amounted to SEK 296.9 million (309.9). At the end of the period, inventories totalled SEK 10.2 million (6.1) and capitalised development expenses SEK 17.6 million (14.7). The increase in inventories was due to the figure for 31 December 2016 being impacted by considerable deliveries of hardware to customers at the end of the preceding year, and to the recognition of impairment losses on the old hardware generation, which reduced the value of inventories.

## Liquidity and cash flows

Cash flow from operating activities amounted to SEK -4.4 million (10.1). The year-on-year decline resulted

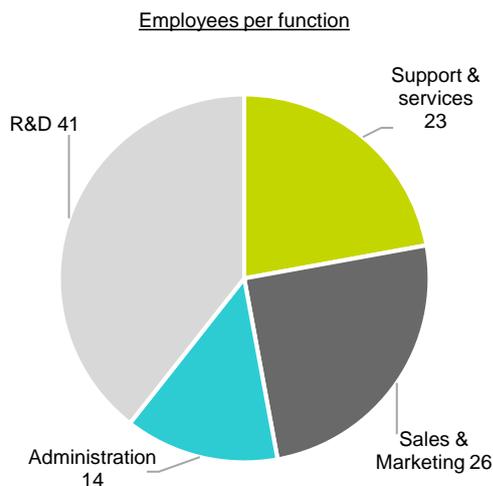
from a combination of weaker EBIT and a rise in tied-up working capital, primarily from higher inventories. Cash flow from investing activities was SEK -9.5 million (-5.9), due to the capitalisation of development work, acquisition of trademarks and investments in tangible non-current assets. Cash flow for the first half of 2017 amounted to SEK -13.9 million (4.9). At the end of the period, the Group's cash and bank balances totalled SEK 180.6 million (27.3).

### Parent company

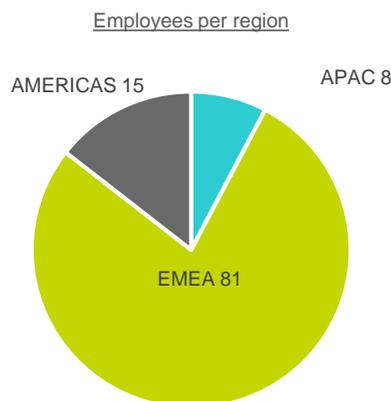
Parent company net sales in the first half of 2017 were SEK 107.8 million (113.4) and the result for the period MSEK -2.1 (10.3). Since the Group's business and net sales is predominantly generated in the parent company, reference is made to the Group for additional comments in the quarterly report.

### Employees

The Group had 104 (96) employees at period-end, a year-on-year increase of eight employees. The number of employees in R&D is 41 (43), service and support 23 (21), sales and marketing 26 (22) and administration 14 (10). Also included in the number of employees at 30 June are 16 (9) employees hired through Business Sweden and 9 (7) consultants with employment-like agreements.



At the end of the period, there were 67 (67) employees in Sweden, 14 (13) in EMEA, 8 (5) in APAC and 15 (11) in AMERICAS.



### Risks and uncertainties

Edgware's operations, sales and results are affected by a number of internal and external risk factors. The company has a continuous process to identify and assess how each risk should be managed. The main risks facing the company are delivery risk, technical development risk and financial risk.

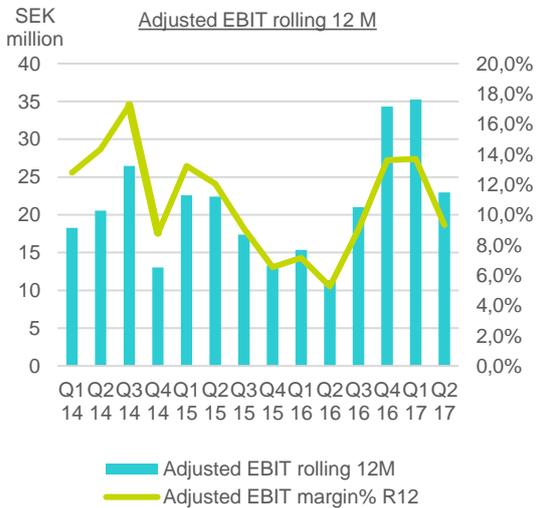
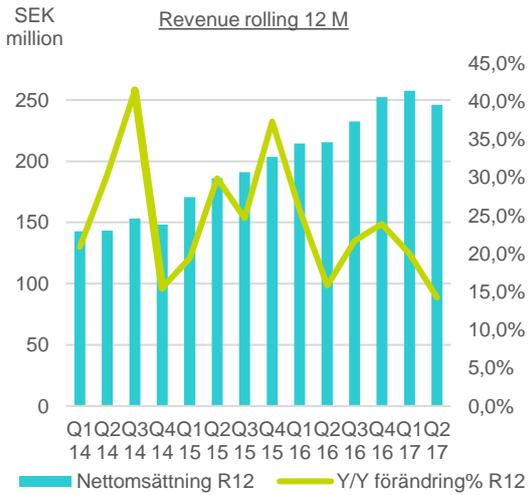
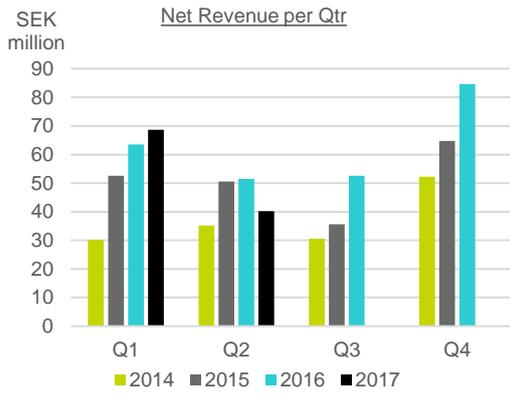
The first currency hedge of a major transaction was implemented during the quarter, which will reduce Edgware's transaction exposure in EUR and MXN.

No significant risks and uncertainties beyond those described in the 2016 annual report arose during the first half of 2017.

### Seasonal variations

Over the past two calendar years, the seasonal variations between quarters have been fairly similar. Net sales have normally been highest in the fourth quarter, followed by the first quarter, while the second and third quarters normally have the lowest net sales, which is consistent with Edgware's market and the seasonal variations that come from having a majority of customers in EMEA.

To illuminate long-term growth and to reduce the quarterly variations, Edgware also measures its net sales and profitability on a 12-month rolling basis. For the most recent 12-month period, the year-on-year rise in net sales has been 14.3% and the operating margin 9.3 percent.



## EDGEWARE'S SHARE

During the second quarter, the share price varied between SEK 35.5 and SEK 44.0. The closing price on the last day of trading in June 2017 was SEK 42.6. Edgeware's market capitalisation on 30 June 2017 was SEK 1,279.8 million. The number of Edgeware shareholders on 30 June 2017 was 2,681. Foreign shareholders accounted for some 20.8 percent of the voting rights. As per 30 June 2017, Edgeware's share capital amounted to SEK 1,502,150.40, represented by 30,043,008 shares, of which Class C shares accounted for 100 percent.

## LIST OF OWNERS

OWNERS	NUMBER OF SHARES	SHARES AND VOTING RIGHTS, %
1. Amadeus	6,937,694	23.1%
2. Creandum	5,635,486	18.8%
3. Swedbank Robur Funds	2 600 000	8.7%
4. Nordnet Pensionsförsäkring	1,710,838	5.7%
5. Catella Funds	1,672,440	5.6%
6. Martin Gren	1,249,739	4.2%
7. ÖstVäst Capital Management	1,034,482	3.4%
8. AMF Försäkring & Fonder	1,000,000	3.3%
9. Öhman Funds	556,053	1.9%
10. Lukas Holm Invest AB	518,249	1.7%
11. Kalle Henriksson Invest AB	518,226	1.7%
12. Joachim Roos Invest AB	518,226	1.7%
13. Handelsbanken Funds	500,000	1.7%
14. Cliens Funds	452,031	1.5%
<b>Total 14 largest shareholders</b>	<b>24,903,464</b>	<b>82.9%</b>
Others	5,139,544	17.1%
<b>Total</b>	<b>30,043,008</b>	<b>100%</b>

Source: Modular Finance 170630

## SHARE CAPITAL TREND

See also Note 3

TIME	EVENT	CHANGE IN NUMBER OF SHARES	NUMBER OF SHARES AFTER THE TRANSACTION	CHANGE IN SHARE CAPITAL	TOTAL SHARE CAPITAL
1 Jan 2013		-	649,171	-	649,171.00
14 Jul 2016	New share issue	500	649,671	500.00	649,671.00
14 Jul 2016	Issue against set off Share subscription due to warrants	30,221	679,892	30,221.00	679,892.00
14 Jul 2016		7,679	687,571	7,679.00	687,571.00
14 Jul 2016	New share issue	1,000	688,571	1,000.00	688,571.00
23 Nov 2016	New share issue	266	688,837	266.00	688,837.00
23 Nov 2016	Share split	13,087,903	13,776,740	-	688,837.00
9 Dec 2016	Share conversion	-	13,776,740	-	688,837.00
9 Dec 2016	Bonus issue	11,093,855	24,870,595	554,692.75	1,243,529.75
15 Dec 2016	New share issue	5,172,413	30,043,008	258,620.65	1,502,150.40

## CONSOLIDATED INCOME STATEMENT

	2017 APR-JUN Q2	2016 APR-JUN Q2	2017 JAN-JUN H1	2016 JAN-JUN H1	2016 JAN-DEC FULL-YEAR
(AMOUNTS IN SEK MILLION)					
Net sales	40.2	51.5	108.9	115.0	252.3
Cost of goods sold	-11.8	-17.7	-28.1	-35.1	-76.7
<b>Gross profit</b>	<b>28.4</b>	<b>33.8</b>	<b>80.8</b>	<b>79.9</b>	<b>175.6</b>
Selling expenses	-15.0	-13.6	-30.9	-27.1	-58.6
Administrative expenses	-10.7	-10.5	-19.9	-18.6	-45.3
Research and development expenses	-14.9	-12.9	-29.4	-26.0	-51.9
Other operating income/expenses	-0.7	-0.7	-0.5	-1.5	-0.7
<b>Operating profit/loss (EBIT)</b>	<b>-12.9</b>	<b>-3.9</b>	<b>0.1</b>	<b>6.7</b>	<b>19.1</b>
<b>Financial items</b>					
Financial income	0.2	2.2	0.3	2.6	5.2
Financial expense	-0.1	-0.7	-0.5	-0.8	-2.0
<b>Pre-tax profit/loss</b>	<b>-12.8</b>	<b>-2.4</b>	<b>-0.1</b>	<b>8.5</b>	<b>22.3</b>
Tax	2.6	0.2	0.3	-2.3	-6.6
<b>Profit/loss for the period</b>	<b>-10.2</b>	<b>-2.2</b>	<b>0.2</b>	<b>6.2</b>	<b>15.7</b>
<b>Attributable to:</b>					
Owners of the parent	-10.2	-2.2	0.2	6.2	15.7
Earnings per share before dilution, SEK Note 6	-0.3	-0.1	0.0	0.3	0.6
Earnings per share after dilution, SEK Note 6	N/A	N/A	0.0	0.3	0.6

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>-10.2</b>	<b>-2.2</b>	<b>0.2</b>	<b>6.2</b>	<b>15.7</b>
<b>Other comprehensive income</b>					
Items that can be reversed to profit or loss:					
Exchange-rate differences when translating foreign operations	-1.1	0.7	-1.2	-0.9	-0.1
Other comprehensive income, net after tax	-1.1	0.7	-1.2	-0.9	-0.1
<b>Comprehensive income/loss for the period</b>	<b>-11.3</b>	<b>-1.5</b>	<b>-1.0</b>	<b>5.3</b>	<b>15.6</b>
<b>Attributable to:</b>					
Owners of the parent	-11.3	-1.5	-1.0	5.3	15.6

## CONSOLIDATED BALANCE SHEET

(SEK MILLION)	30 June 2017	30 June 2016	31 Dec 2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Capitalised expenditure on development work	17.6	13.6	14.7
Trademarks	0.8	-	-
<b>Property, plant and equipment</b>			
Equipment	4.5	4.2	4.4
<b>Financial non-current assets</b>			
Other non-current assets	3.5	3.6	3.6
<b>Deferred tax assets</b>	<b>14.9</b>	<b>15.7</b>	<b>11.7</b>
<b>Total non-current assets</b>	<b>41.3</b>	<b>37.1</b>	<b>34.4</b>
<b>Current assets</b>			
Inventories	10.2	14.0	6.1
Trade accounts receivable	53.0	40.0	66.5
Other receivables	2.6	2.0	2.5
Prepaid expenses and accrued income	9.1	13.1	5.8
Current investments	75.1	-	-
Cash and cash equivalents	105.6	27.3	194.6
<b>Total current assets</b>	<b>255.6</b>	<b>96.4</b>	<b>275.5</b>
<b>TOTAL</b>	<b>296.9</b>	<b>133.5</b>	<b>309.9</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1.5	0.6	1.5
Other paid-in capital	234.3	94.8	231.4
Translation reserve	-3.9	-3.4	-2.7
Retained earnings including profit for the period	4.1	-5.7	3.9
<b>Equity attributable to owners of the parent</b>	<b>236.0</b>	<b>86.3</b>	<b>234.1</b>
<b>Total equity</b>	<b>236.0</b>	<b>86.3</b>	<b>234.1</b>
<b>Provisions</b>			
Other provisions	0.3	0.5	0.6
<b>Total provisions</b>	<b>0.3</b>	<b>0.5</b>	<b>0.6</b>
<b>Current liabilities</b>			
Trade accounts payable	14.2	9.9	16.9
Current tax liabilities	0.6	0.4	0.7
Other current liabilities	1.4	1.7	2.3
Accrued expenses and deferred income	44.4	34.7	55.3
<b>Total current liabilities</b>	<b>60.6</b>	<b>46.7</b>	<b>75.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>296.9</b>	<b>133.5</b>	<b>309.9</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(AMOUNTS IN SEK MILLION)	30 June 2017	30 June 2016
<b>Opening balance, equity (1 Jan 2017)</b>	<b>234.1</b>	<b>68.3</b>
Profit for the year	0.2	6.2
Other comprehensive income	-1.2	-0.9
<b>Total comprehensive income</b>	<b>-1.0</b>	<b>5.3</b>
<b>Transactions with owners:</b>		
New share issue	-	12.7
Tax on issuance costs	2.9	
<b>Total transactions with owners</b>	<b>-</b>	<b>12.7</b>
<b>Closing balance, equity</b>	<b>236.0</b>	<b>86.3</b>

In the closing accounts for 2016, expenses related to the IPO that were recognised through equity were incorrectly shown as being non tax deductible. Accordingly, equity for the second quarter has been increased by MSEK 2.9, corresponding to the positive tax effect of these expenses deriving from the 2017 tax year.

## CONSOLIDATED STATEMENT OF CASH FLOWS

	2017	2016	2017	2016	2016
(AMOUNTS IN SEK MILLION)	APR-JUN Q2	APR-JUN Q2	JAN-JUN H1	JAN-JUN H1	JAN-DEC FULL-YEAR
<b>Operating activities</b>					
Operating income	-12.9	-3.9	0.1	6.7	19.1
Adjustments for non-cash items:					
Depreciation/amortisation	3.0	2.6	5.7	4.5	9.9
Revised assessment of provision for guarantee reserve	-0.2	0.0	-0.3	-0.0	0.1
Exchange rate differences	-1.2	0.7	-1.3	0.9	1.7
Received interest	0.1	-	0.1	-	-
Paid interest	-0.0	-0.0	-0.0	-0.0	-
<b>Cash flow from operating activities before changes in working capital</b>	<b>-11.2</b>	<b>-0.6</b>	<b>4.3</b>	<b>12.1</b>	<b>30.8</b>
<b>Cash flow from changes in working capital</b>					
Decrease/Increase in inventories	-2.0	0.5	-4.1	-0.3	7.6
Decrease/Increase in accounts receivable	12.3	32.4	13.5	15.6	-10.6
Decrease/Increase in other current receivables	-1.8	-8.4	-3.5	-8.9	-0.7
Decrease/Increase in trade payables	-0.0	-6.9	-2.7	1.5	8.5
Decrease/Increase in other current liabilities	-6.4	-5.0	-11.9	-9.9	9.5
<b>Cash flow from operating activities</b>	<b>-9.1</b>	<b>12.0</b>	<b>-4.4</b>	<b>10.1</b>	<b>45.1</b>
<b>Investing activities</b>					
Acquisition of intangible non-current assets	-4.1	-2.3	-7.7	-4.1	-8.8
Acquisition of tangible non-current assets	-0.8	-1.2	-1.8	-1.8	-3.6
<b>Cash flow from investing activities</b>	<b>-4.9</b>	<b>-3.5</b>	<b>-9.5</b>	<b>-5.9</b>	<b>-12.4</b>
<b>Financing activities</b>					
New share issue	-	0.7	-	0.7	151.1
Issuance costs	-	-	-	-	-13.0
Warrants	-	-	-	-	0.5
<b>Cash flow from financing activities</b>	<b>-</b>	<b>0.7</b>	<b>-</b>	<b>0.7</b>	<b>138.6</b>
<b>Cash flow for the period</b>	<b>-14.0</b>	<b>9.2</b>	<b>-13.9</b>	<b>4.9</b>	<b>171.3</b>
<b>Cash and bank balances at the beginning of the period</b>	<b>194.5</b>	<b>16.7</b>	<b>194.6</b>	<b>21.1</b>	<b>21.1</b>
<b>Exchange-rate differences in cash and cash equivalents</b>	<b>0.1</b>	<b>1.4</b>	<b>-0.1</b>	<b>1.3</b>	<b>2.2</b>
<b>Cash and bank balances at the end of the period</b>	<b>180.6</b>	<b>27.3</b>	<b>180.6</b>	<b>27.3</b>	<b>194.6</b>

## KEY FINANCIAL FIGURES

	2017 JAN-MAR	2017 APR-JUN	2016 JAN-MAR	2016 APR-JUN	2016 JUL-SEP	2016 OCT-DEC	2016 JAN-DEC
	Q1	Q2	Q1	Q2	Q3	Q4	FULL-YEAR
<b>Net sales by region</b>							
EMEA	37.4	24.0	40.5	39.2	41.5	67.5	188.8
AMERICAS	19.4	6.2	19.2	9.5	4.0	8.7	41.4
APAC	11.9	10.0	3.9	2.8	7.1	8.4	22.1
<b>Net sales</b>	<b>68.7</b>	<b>40.2</b>	<b>63.6</b>	<b>51.5</b>	<b>52.6</b>	<b>84.6</b>	<b>252.3</b>
<b>Net sales by sales category</b>							
Products	54.6	27.4	53.5	41.9	39.8	72.9	208.2
Services	14.1	12.8	10.1	9.6	12.8	11.7	44.1
<b>Net sales</b>	<b>68.7</b>	<b>40.2</b>	<b>63.6</b>	<b>51.5</b>	<b>52.6</b>	<b>84.6</b>	<b>252.3</b>
Gross income	52.4	28.4	46.1	33.8	35.9	59.8	175.6
Gross margin, %	76.2%	70.5%	72.6%	65.6%	68.2%	70.7%	69.6%
Operating expenses	-39.4	-41.3	-35.5	-37.3	-33.5	-49.8	-156.5
Operating expenses/Net sales, %	-57.4%	-102.6%	-55.8%	-72.4%	-63.6%	-58.9%	-62.0%
EBIT **)	13.0	-12.9	10.6	-3.9	2.4	10.0	19.1
EBIT margin, %	18.9%	-32.1%	16.7%	-7.6%	4.6%	11.8%	7.6%
EBITDA **)	15.7	-9.9	12.7	-1.4	4.8	12.9	29.0
EBITDA margin (%) **)	22.8%	-24.6%	19.9%	-2.7%	9.2%	15.2%	11.5%
Adjusted EBIT **)	13.0	-12.9	12.1	-0.6	4.9	17.9	34.3
Adjusted EBIT margin (%) **)	18.9%	-32.1%	19.1%	-1.2%	9.3%	21.1%	13.6%
Adjusted EBITDA **)	15.7	-9.9	14.2	1.9	7.3	20.8	44.2
Adjusted EBITDA margin (%) **)	22.8%	-24.6%	22.2%	3.8%	13.9%	24.5%	17.5%
Profit/loss for the period after tax	10.3	-10.2	8.3	-2.2	2.2	7.4	15.7
Net margin, profit for the period, %	15.0%	-25.2%	13.1%	-4.3%	4.2%	8.8%	6.2%
Total assets	311.9	296.9	146.2	133.5	138.7	309.9	309.9
Equity assignable to the parent company's shareholders	244.4	236.0	87.1	86.3	89.4	234.1	234.1
Equity/assets ratio, % **)	78.4%	79.5%	59.5%	64.7%	64.5%	75.5%	75.5%
Return on equity (ROE) **)	4.3%	-4.2%	10.7%	-2.5%	2.5%	4.6%	10.4%
Equity per share, before dilution	8.1	7.9	3.6	3.5	3.6	9.1	9.4
Equity per share, after dilution	8.1	7.9	3.6	3.5	3.6	9.1	9.4
Average number of shares before dilution	30,043,008	30,043,008	24,077,275	24,688,987	24,865,275	25,776,932	24,854,312
Average number of shares after dilution	30,043,008	30,043,008	24,230,644	24,688,987	24,865,275	25,776,932	24,854,312
Earnings/loss per share before dilution (Note 6)	0.3	-0.3	0.3	-0.1	0.1	0.3	0.6
Earnings/loss per share, after dilution (Note 6)	0.3	N/A	0.3	N/A	0.1	0.3	0.6
Cash flow from operating activities	4.7	-9.1	-2.0	12.0	-2.7	38.0	45.1
No. of employees at the end of the period*	100	104	96	96	92	92	92
Of whom, women	11	11	13	13	13	11	11

Included in the number of employees at 30 June are 16 (9) employees hired through Business Sweden and 9 (7) consultants with employment-like agreements.  
\*\*) Financial measures not defined according to IFRS. Definitions of these measurements are presented on pages 15-16

## Definitions

**EMEA** (Europe, Middle Europe and Africa).

**APAC** Asia and Pacific region.

**AMERICAS** (North and South America).

**Gross profit** Net sales less cost of goods sold.

**Gross margin** Gross profit as a percentage of net sales.

**Operating income EBIT** Operating income before financial items and taxes.

**Operating margin % (EBIT %)** Operating profit before financial items and tax in relation to net sales.

**EBITDA** Operating income before depreciation/amortisation and impairment losses.

**EBITDA margin** EBITDA as a percentage of net sales.

**Return on equity (ROE)** Profit for the period as a percentage of adjusted equity (equity plus the equity portion of untaxed reserves).

**Equity/assets ratio** Adjusted equity in relation to total assets.

**Number of shares after dilution** has been restated to account for new share issues and the historical effect of warrants.

**Earnings per share** Profit for the period in relation to number of shares.

**Equity per share** Equity in relation to number of shares.

## Financial measures not defined according to IFRS

The company presents certain financial measures in the interim report that are not defined according to IFRS. The company is of the opinion that these measures provide valuable additional information for investors and the company's management, as they facilitate an evaluation of the company's presentation. Since not all companies calculate financial measures in the same way, these measures are not always comparable to those used by other companies. Consequently, these financial measures should not be regarded as a substitute for the measures defined according to IFRS. The tables below present the measures not defined according to IFRS and a reconciliation of the two sets of measures.

### EBITDA and Adjusted EBITDA

The company has chosen to report the key ratio EBITDA, since it shows the underlying result adjusted for the effect of depreciation/amortisation, which provides a more comparable profit measure over time, since depreciation/amortisation refers to historical investments. The company has also chosen to report the key ratio Adjusted EBITDA to show the underlying result adjusted for the nonrecurring expenses that arose in connection with the preparations for the IPO. Expenses related to IPO preparations include expenses for the transition to IFRS reporting, internal risk projects, IR expenses, additional examination expenses from auditors, exchange auditors' examination expenses, attorneys' expenses to qualify the company for a stock market listing, Nasdaq expenses, recruiting expenses for IR and new board members.

	2017	2017	2016	2016	2016	2016	2016
(AMOUNTS IN SEK MILLION)	JAN-MAR	APR-JUN	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-DEC
	Q1	Q2	Q1	Q2	Q3	Q4	FULL-YEAR
<b>EBITDA bridge</b>							
Operating income	13.0	-12.9	10.6	-3.9	2.4	10.0	19.1
Amortisation of capitalised development expenses	-1.9	-2.1	-1.3	-1.8	-1.6	-1.9	-6.6
Other depreciation/amortisation	-0.8	-0.9	-0.8	-0.7	-0.8	-1.0	-3.3
<b>EBITDA</b>	<b>15.7</b>	<b>-9.9</b>	<b>12.7</b>	<b>-1.4</b>	<b>4.8</b>	<b>12.9</b>	<b>29.0</b>
EBITDA margin (%)	22.8%	-24.6%	19.9%	-2.7%	9.2%	15.2%	11.5%
<b>Items affecting comparability</b>							
IPO-related expenses	-	-	1.5	3.3	2.5	7.9	15.2
<b>Adjusted EBITDA</b>	<b>15.7</b>	<b>-9.9</b>	<b>14.2</b>	<b>1.9</b>	<b>7.3</b>	<b>20.8</b>	<b>44.2</b>
Adjusted EBITDA margin (%)	22.8%	-24.6%	22.2%	3.8%	13.9%	24.5%	17.5%

## Operating income (EBIT) and Adjusted EBIT

The company has chosen to report the key performance measure Adjusted EBIT, since it shows the underlying earnings adjusted for nonrecurring expenses that arose in connection with preparations for the IPO, which provides a more comparable profit measure over time. Expenses related to IPO preparations include expenses for the transition to IFRS reporting, internal risk projects, IR expenses, additional examination expenses from auditors, exchange auditors' examination expenses, attorneys' expenses to qualify the company for a stock market listing, Nasdaq expenses, recruiting expenses for IR and new board members.

	2017	2017	2016	2016	2016	2016	2016
(AMOUNTS IN SEK MILLION)	JAN-MAR	APR-JUN	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-DEC
	Q1	Q2	Q1	Q2	Q3	Q4	FULL-YEAR
<b>EBIT bridge</b>							
Operating profit/loss	13.0	-12.9	10.6	-3.9	2.4	10.0	19.1
<b>Items affecting comparability</b>							
Expenses related to IPO preparations	-	-	1.5	3.3	2.5	7.9	15.2
<b>Adjusted EBIT</b>	<b>13.0</b>	<b>-12.9</b>	<b>12.1</b>	<b>-0.6</b>	<b>4.9</b>	<b>17.9</b>	<b>34.3</b>
<b>Adjusted EBIT margin (%)</b>	<b>18.9%</b>	<b>-32.1%</b>	<b>19.1%</b>	<b>-1.2%</b>	<b>9.3%</b>	<b>21.1%</b>	<b>13.6%</b>
<b>Equity/assets ratio</b>							

The company has chosen to report the key ratio adjusted Equity/assets ratio, since it shows the company's long-term solvency.

	2017	2017	2016	2016	2016	2016	2016
(AMOUNTS IN SEK MILLION)	JAN-MAR	APR-JUN	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-DEC
	Q1	Q2	Q1	Q2	Q3	Q4	FULL-YEAR
Total assets	311.9	296.9	146.2	133.5	138.7	309.9	309.9
Equity	244.4	236.0	87.1	86.3	89.4	234.1	234.1
<b>Equity/assets ratio (%)</b>	<b>78.4%</b>	<b>79.5%</b>	<b>59.5%</b>	<b>64.7%</b>	<b>64.5%</b>	<b>75.5%</b>	<b>75.5%</b>

## Return on equity (ROE)

The company has chosen to report the key ratio Return on equity (ROE), since it shows how effectively the company uses its assets to generate profits.

	2017	2017	2016	2016	2016	2016	2016
(AMOUNTS IN SEK MILLION)	JAN-MAR	APR-JUN	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-DEC
	Q1	Q2	Q1	Q2	Q3	Q4	FULL-YEAR
Equity	244.4	236.0	87.1	86.3	89.4	234.1	234.1
Average adjusted equity	239.3	240.2	77.7	86.7	87.9	161.8	151.2
Profit/loss for the period	10.3	-10.2	8.3	-2.2	2.2	7.4	15.7
<b>Return on equity (ROE)</b>	<b>4.3%</b>	<b>-4.2%</b>	<b>10.7%</b>	<b>-2.5%</b>	<b>2.5%</b>	<b>4.6%</b>	<b>10.4%</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Accounting policies

The Group applies the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU. The Group also applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups. This report has been prepared in accordance with IAS 34 Interim Financial Reporting and in compliance with the applicable provisions in the Swedish Annual Accounts Act. Disclosures according to IAS 34 Interim Financial Reporting are provided in the notes and elsewhere in this interim report.

The parent company applies RFR 2 Accounting for Legal Entities as well as the Swedish Annual Accounts Act.

New and amended IFRSs and interpretations that apply for the 2017 financial year have not had a material impact on the consolidated financial statements.

The Group and the parent company have applied the same accounting principles and measurement methods as used in the preparation of the most recent annual report.

### 2. Estimates and judgments

Preparation of the report requires management to make judgments and estimates, and to make assumptions that affect the application of the accounting policies and the recognised amounts for assets, liabilities, revenue and expenses. Actual outcomes may deviate from these estimates and judgments.

### 3. Share capital

At the end of the period, there were 30,043,008 shares (30,043,008) with a quota value of SEK 0.05. The share capital at period-end was SEK 1,502,150.40 (1,502,150.40).

### 4. Transactions with related parties

A three-year long-term incentive programme for five senior executives, but not the CEO, was launched on 28 November 2016 and comprises 130,000 warrants. Transfers were effected at market value, calculated according to Black and Scholes, and each warrant confers entitlement to subscription of one new share. The subscription price corresponds to

120% of the offering price in connection with the company's listing on Nasdaq Stockholm, equal to an exercise price of SEK 34.80.

### 5. Segment information

Business streams are reported in compliance with the internal reports submitted to the highest executive decision-maker.

Because the Group's regions and the business areas utilise the same sales, development and administrative resources, the company's expenses are distributed by allocating them proportionately. The same applies to assets and liabilities. Group management does not feel that an allocation of income statement and balance sheet items would provide a fairer view of operations and therefore follows results for the Group as a whole. Accordingly, the Group has not identified any business streams.

The Group's net sales are monitored by region - EMEA, APAC and AMERICAS - based on two operating sectors: Products and Services.

The outcomes by region and operating sector consist of the sum of invoices for products and services sold by various parts of the Group. These are not, however, reflected in separate income statements and balance sheets.

**NOTE 6****EARNINGS PER SHARE**

The following amounts for profits and weighted average number of ordinary shares have been used in calculating earnings per share before dilution:

	2017 APR-JUN	2016 APR-JUN	2017 JAN-JUN	2016 JAN-JUN	2016 JAN-DEC
<b>EARNINGS PER SHARE BEFORE DILUTION</b>	<b>Q2</b>	<b>Q2</b>	<b>H1</b>	<b>H1</b>	<b>FULL-YEAR</b>
Profit/loss for the period attributable to owners of the parent, MSEK	-10.2	-2.2	0.2	6.2	15.7
Average number of outstanding ordinary shares, before dilution	30,043,008	24,688,987	30,043,008	24,107,861	24,854,312
<b>Earnings/loss per share before dilution, SEK</b>	<b>-0.3</b>	<b>-0.1</b>	<b>0.0</b>	<b>0.3</b>	<b>0.6</b>

The following amounts for profits and weighted average number of ordinary shares have been used in calculating earnings per share after dilution:

	2017 APR-JUN	2016 APR-JUN	2017 JAN-JUN	2016 JAN-JUN	2016 JAN-DEC
<b>EARNINGS PER SHARE AFTER DILUTION</b>	<b>Q2</b>	<b>Q2</b>	<b>H1</b>	<b>H1</b>	<b>FULL-YEAR</b>
Profit/loss for the period attributable to owners of the parent, MSEK	-10.2	-2.2	0.2	6.2	15.7
Average number of outstanding ordinary shares, before dilution	30,043,008	24,688,987	30,043,008	24,107,861	24,854,312
Warrants	-	-	13,397	19,649	-
Weighted average number of ordinary shares outstanding, after dilution	-	-	30,056,405	24,127,510	24,854,312
<b>Earnings per share after dilution, SEK</b>	<b>N/A</b>	<b>N/A</b>	<b>0.0</b>	<b>0.3</b>	<b>0.6</b>

No dilution effect arose due to the loss reported for the period.

## CONDENSED PARENT COMPANY INCOME STATEMENT

	2017	2016	2017	2016	2016
(SEK MILLION)	APR-JUN	APR-JUN	JAN-JUN	JAN-JUN	JAN-DEC
	Q2	Q2	H1	H1	FULL-YEAR
Net sales	39.3	50.3	107.8	113.4	249.5
Cost of goods sold	-11.3	-17.0	-27.0	-34.3	-74.8
<b>Gross profit</b>	<b>28.0</b>	<b>33.3</b>	<b>80.8</b>	<b>79.1</b>	<b>174.7</b>
Selling expenses	-16.3	-12.7	-34.5	-24.6	-54.0
Administrative expenses	-9.7	-9.9	-19.3	-17.1	-42.9
Research and development expenses	-14.5	-13.0	-28.7	-26.1	-52.0
Other operating income/expenses	-0.7	-0.7	-0.4	-1.5	-0.7
<b>Operating income/expense</b>	<b>-13.2</b>	<b>-3.0</b>	<b>-2.1</b>	<b>9.8</b>	<b>25.1</b>
<b>Financial income and expenses</b>					
Financial income	0.2	3.2	0.3	3.5	6.0
Financial expense	-0.1	-0.7	-0.5	-0.8	-1.7
<b>Profit/loss after financial items</b>	<b>-13.1</b>	<b>-0.5</b>	<b>-2.3</b>	<b>12.5</b>	<b>29.4</b>
Tax on profit for the period	2.6	0.4	0.2	-2.2	-6.5
<b>Profit/loss for the period</b>	<b>-10.5</b>	<b>-0.1</b>	<b>-2.1</b>	<b>10.3</b>	<b>22.9</b>

## CONDENSED PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

	2017	2016	2017	2016	2016
(AMOUNTS IN MSEK)	APR-JUN	APR-JUN	JAN-JUN	JAN-JUN	JAN-DEC
	Q2	Q2	H1	H1	FULL-YEAR
Profit for the period	-10.5	-0.1	-2.1	10.3	22.9
<b>Other comprehensive income:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Comprehensive income/loss for the period</b>	<b>-10.5</b>	<b>-0.1</b>	<b>-2.1</b>	<b>10.3</b>	<b>22.9</b>

## PARENT COMPANY BALANCE SHEET

(AMOUNTS IN MSEK)	30 JUNE 2017	30 JUNE 2016	31 DEC 2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Capitalised expenditure on development work	17.6	13.6	14.7
Trademarks	0.8	-	-
<b>Property, plant and equipment</b>			
Equipment	4.5	4.2	4.4
<b>Financial non-current assets</b>			
Deferred tax assets	14.8	15.7	11.7
Other non-current assets	3.6	3.6	3.6
<b>Total non-current assets</b>	<b>41.3</b>	<b>37.1</b>	<b>34.4</b>
<b>Current assets</b>			
Inventories	10.2	14.0	6.1
Trade accounts receivable	49.0	31.5	63.5
Current receivables	11.0	14.9	8.2
Receivables from Group companies	6.0	10.8	6.5
<b>Total current assets</b>	<b>76.2</b>	<b>71.2</b>	<b>84.3</b>
<b>Current investments</b>	75.1	-	-
<b>Cash and bank balances</b>	104.7	25.7	193.2
<b>Total current assets</b>	<b>256.0</b>	<b>96.9</b>	<b>277.5</b>
<b>TOTAL</b>	<b>297.3</b>	<b>134.0</b>	<b>311.9</b>
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital	1.5	0.6	1.5
Reserve for development expenses	12.7	3.8	7.6
<b>Total restricted equity</b>	<b>14.2</b>	<b>4.4</b>	<b>9.1</b>
<b>Unrestricted equity</b>			
Share premium reserve	234.3	94.8	231.4
Retained earnings including net profit of the year	-8.5	-22.5	-26.3
Profit/loss for the period	-2.1	10.3	22.9
	<b>223.7</b>	<b>82.6</b>	<b>228.0</b>
<b>Total equity</b>	<b>237.9</b>	<b>87.0</b>	<b>237.1</b>
<b>Provisions</b>			
Other provisions	0.3	0.5	0.6
<b>Total provisions</b>	<b>0.3</b>	<b>0.5</b>	<b>0.6</b>
<b>Current liabilities</b>			
Trade accounts payable	14.1	9.9	16.7
Current tax liabilities	0.6	0.4	0.7
Other current liabilities	1.3	1.7	2.3
Accrued expenses and deferred income	43.1	34.5	54.5
<b>Total current liabilities</b>	<b>59.1</b>	<b>46.5</b>	<b>74.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>297.3</b>	<b>134.0</b>	<b>311.9</b>

The Board of Directors and the Chief Executive Officer hereby confirm that this report provides a true and fair overview of the operations, financial position and results of the parent company and the Group and describes material risks and factors of uncertainty faced by the parent company and the companies in the Group.

Stockholm, 2 August 2017

Michael Ruffolo  
Chairman of the Board

Joachim Roos  
CEO

Jason Pinto  
Board member

Staffan Helgesson  
Board member

Karl Thedéen  
Board member

Kent Sander  
Board member

Sigrun Hjelmquist  
Board member

This report has not been reviewed by Edgeware's auditor.

## FINANCIAL CALENDAR

- Interim report for the period January-September Q3, 2 November 2017.

## ABOUT EDGEWARE– LET’S MAKE TV AMAZING AGAIN

### Business concept

Edgeware offers leading operators and content providers the solutions to deliver modern TV services on a huge scale and a low cost.

Edgeware’s unique technology gives control and insight back to the content provider, with an outstanding viewing experience. In recent years, Edgeware has experienced rapid growth, reaching sales of SEK 252 million in 2016. Founded in 2006, Edgeware is headquartered in Stockholm, Sweden.

Edgeware provides proprietary infrastructure that helps the network operators’ growing range of TV and video services. With Edgeware’s products, operators can increase their income and gain loyal customers.

The product range comprises hardware and cloud-based software for building a Content Delivery Network optimised for TV distribution. The solution supports both traditional pay-tv services and advanced web TV services.

Edgeware’s offering also directly targets content owners and broadcasters that want to exploit the open Internet to reach viewers, known as Over-The-Top providers. As the broadcasting landscape continues to transform and TV/video traffic volumes rise, the segment is expected to grow.

Regardless of which product solution they choose, customers receive an easily scalable, cost-effective and reliable TV/video experience.

### Sales channels

Edgeware has its own sales and delivery organisation in the Americas, the Asia-Pacific region and Europe, the Middle East and Africa. With its own sales force, technical sales support and service, Edgeware can help its customers expand in local markets and support their further international roll-out.

## **CONTACT INFORMATION**

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This information is information that Edgeware is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 07.30 am CET on August 3, 2017.

Information about Edgeware, press releases, press photos, etc. are available in Edgeware's newsroom at Cision and on <https://corporate.edgeware.tv/>.

**Edgeware AB**

Corporate ID number 556691-7554

**EDGEWARE AB**

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Let's make tv amazing again.

**edgeware**