

Let's make TV amazing again.

edgeware

# 2017

## YEAR-END REPORT JANUARY-DECEMBER 2017

OCTOBER-DECEMBER 2017

**SEK 68.4  
MILLION**  
NET SALES

**-19.2%**  
DECLINE IN  
NET SALES

**SEK 5.8  
MILLION**  
EBIT

JANUARY-DECEMBER 2017

**SEK 236.8  
MILLION**  
NET SALES

**-6.1%**  
DECLINE IN  
NET SALES

**SEK 11.8  
MILLION**  
EBIT

# 2017

## YEAR-END REPORT JANUARY-DECEMBER 2017

*"Net sales in the fourth quarter of 2017 were lower than expected"*

Joachim Roos, CEO  
Edgeware

### FOURTH QUARTER 2017:

- Net sales of SEK 68.4 million (84.6), down 19.2 percent.
- Gross profit of SEK 50.5 million (59.8), corresponding to a gross margin of 73.8 percent (70.7).
- EBIT of SEK 5.8 million (10.0), corresponding to an EBIT margin of 8.4 percent (11.8).
- Adjusted EBIT of SEK 5.8 million (17.9), corresponding to an adjusted EBIT margin of 8.4 percent (21.1).
- Profit for the period of SEK 3.3 million (7.4).
- Cash flow from operating activities of SEK 16.0 million (38.0).
- Before/after dilution, earnings per share for the period of SEK 0.1 per share (0.3)

### JANUARY-DECEMBER 2017:

- Net sales of SEK 236.8 million (252.3), down 6.1 percent.
- Gross profit of SEK 176.3 million (175.6), corresponding to a gross margin of 74.4 percent (69.6).
- EBIT of SEK 11.8 million (19.1), corresponding to an EBIT margin of 5.0 percent (7.6).
- Adjusted EBIT of SEK 11.8 million (34.3), corresponding to an adjusted EBIT margin of 5.0 percent (13.6).
- Profit for the period of SEK 7.5 million (15.7).
- Cash flow from operating activities of SEK -2.7 million (45.1).
- Before/after dilution, earnings per share for the period of SEK 0.2 per share (0.6)

### SIGNIFICANT EVENTS DURING THE FOURTH QUARTER AND AFTER THE REPORTING PERIOD

- Karl Thedéen was appointed as CEO and will assume the position 13<sup>th</sup> of February 2018.
- A fully software-based alternative to Edgeware's hardware appliances with software origin was sold to the first customer in the fourth quarter of 2017.
- Edgeware published preliminary results for the fourth quarter of 2017 on 11<sup>th</sup> of January 2018 .

(SEK million unless otherwise indicated)	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
Net sales	68.4	84.6	236.8	252.3
Gross profit	50.5	59.8	176.3	175.6
Gross margin (%)	73.8%	70.7%	74.4%	69.6%
EBIT	5.8	10.0	11.8	19.1
EBIT margin (%)	8.4%	11.8%	5.0%	7.6%
Profit for the period	3.3	7.4	7.5	15.7
Adjusted EBIT	5.8	17.9	11.8	34.3
Adjusted EBIT margin (%)	8.4%	21.1%	5.0%	13.6%
Cash flow from operating activities				
No. of employees at the end of the period*	16.0 112	38.0 92	-2.7 112	45.1 92
Earnings per share before dilution	0.1	0.3	0.2	0.6
Earnings per share after dilution	0.1	0.3	0.2	0.6

\*Included in the number of employees at 31 December 2017 are 17 (9) employees hired through Business Sweden and 10 (8) consultants with employment-like agreements.

## COMMENTS BY THE CEO

### Sales in the fourth quarter lower than expected

As communicated on 11 January, we underachieved in the fourth quarter of 2017, with lower sales than expected. In comparison with the fourth quarter of 2016, sales were down 19.2 percent, thus closing the full-year 2017 with sales down 6.1 percent compared with 2016. Some of our largest customers did not make the investments we had anticipated and forecast for the fourth quarter. Two major customers in particular did not reach their anticipated spending levels with Edgeware, which hurt our topline. In addition, year-end budget flushes have been much lower than in previous years.

### Healthy and improved margin

However, the gross margin for the fourth quarter improved to 73.8 percent, compared with 70.7 percent for the year-earlier period. This proves our competitive edge, and despite the decline in sales, we increased our gross profit for the full-year to SEK 176.3 million, compared with SEK 175.6 million for full-year 2016.

### Geographical differences

Although we were successful in growing our business in APAC, sales were below expectations in parts of AMERICAS and lower than last year in EMEA. In Latin America, our largest customer was among those customers that spent less than expected in the quarter, partly due to regional political and financial uncertainties. The other customer that came in lower than expected is one of our largest in Europe. While we certainly need to secure more orders from other existing or new clients, preferably operators and broadcasters on a steady growth path, it is not a sign of weakness when large customers temporarily slow down their investments. This is a normal pattern for our large recurring customers.

### We will continue to grow with successful customers

Since we are still a small company with a high customer concentration, our quarterly fluctuations remain high. This is something we need to address going forward, but these quarterly fluctuations will remain for the foreseeable future. Large customers have historically been a success factor for us, and large clients continued to invest in our products in the fourth quarter. Our aim is to help operators and broadcasters grow their streamed TV and video market penetration and improve their services, which will result in Edgeware's continued growth. We have a number of new, interesting accounts showing the promise to become significant customers over the coming years.

### Our market is healthy and growing

The market for streaming TV and video is growing. This growth is strongest in the OTT/Broadcaster market, where we have been successful with big clients both in Asia and Eastern Europe. We see good opportunities for operators to invest in the OTT space with OTT services, for example, with respect to sports events.



### Competitive products and a growing sales team

In 2017, we released a software alternative to our hardware appliances with software origin and software streamer. This gives our customers the flexibility to mix and match with hardware appliances, or go fully software-based when desired. Both the software streamer and the software origin were delivered to the first customers as part of our commercial roll-out in the fourth quarter. During the period, we continued to invest in our sales capacity globally, a strategic expansion that has not yet reached its full potential. To a certain extent, this is natural. It takes 12 to 18 months for new sales personnel to become efficient. However, we need to ensure the effectiveness of our sales teams and the support from the rest of the organisation. This will be a focus area going forward.

### Healthy margins promising for the future

We have a strong competitive edge and healthy gross margins. We reaffirm our long-term financial targets, which were established by our Board at the time of our IPO. However, as we stated previously, quarterly fluctuations will remain likely in the foreseeable future as a result of the nature of our present customers.

Finally, after taking Edgeware from a three-people start-up in 2004 to a global, listed company, I will now hand over the helm as CEO to Karl Thedéen, presently a member of the Board. I am very pleased to welcome him onboard in a well-planned transition and I wish him continued success in taking Edgeware to the next level. I would like to take the opportunity to thank everyone in the team for great work and dedication throughout the years.

**Joachim Roos**  
CEO Edgeware

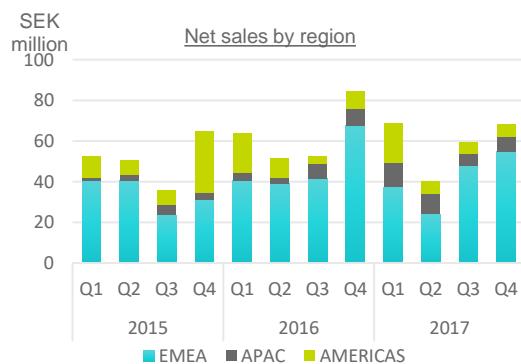
## FOURTH QUARTER: 1 OCTOBER 2017–31 DECEMBER 2017

### Net sales

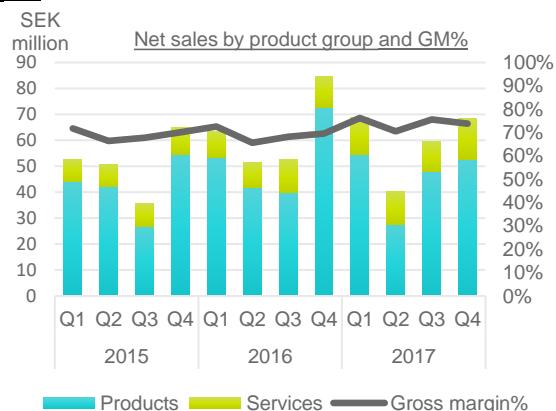
The Group's net sales for the fourth quarter amounted to SEK 68.4 million (84.6), corresponding to a year-on-year decline of 19.2 percent. The decrease in comparable currencies was 17.7 percent. Net sales declined in all regions: to SEK 54.7 million (67.5) in EMEA (Europe, the Middle East and Africa), SEK 6.0 million (8.7) in AMERICAS (North and South America) and SEK 7.7 million (8.4) in APAC (Asia-Pacific).

The decrease in net sales was partly due to the fact that orders historically received in the fourth quarter from operators looking to use up their remaining budget were less substantial this year.

EMEA accounted for 80.0 percent (79.7) of the Group's sales in the fourth quarter, AMERICAS for 8.7 percent (10.3) and APAC for 11.2 percent (10.0).



Of the Group's total net sales in the fourth quarter, the Products business stream (hardware, software and licences) accounted for 77.2 percent (86.1), while the remaining 22.8 percent (13.9) was attributable to Services (maintenance, support and other services). Recurring support revenue from existing customers amounted to SEK 12.8 million (10.2), corresponding to 82.2 percent (87.0) of Services' net sales. Since support contracts extend over one to five years, this portion of Edgeware's income is not subject to the same seasonal variations as sales of products and shows relatively steady growth, with underlying system installations at Edgeware's customers.



### Results

Gross profit in the fourth quarter amounted to SEK 50.5 million (59.8), corresponding to a year-on-year decline of SEK 9.3 million. The gross margin was 73.8 percent (70.7). Both the Products and Services sales categories improved their margins during the fourth quarter. The share of licences in the sales mix also increased compared with the preceding year.

Operating expenses amounted to SEK 44.7 million (49.8), down SEK 5.1 million compared with the fourth quarter in the preceding year. This decrease in expenses was mainly due to the fact that Edgeware's EBIT was charged with costs related to the IPO in 2016. In the fourth quarter of the preceding year, these costs totalled SEK 7.9 million. Adjusted for these costs related to the IPO, Edgeware's expenses increased compared with the corresponding quarter in the preceding year. This increase was primarily due to a higher number of employees and consultants in the Group.

The total number of employees, including consultants with employment-like agreements, was 112, compared with 92 at the end of the fourth quarter in the preceding year. The Group also employs two outsourced development teams in Vietnam as well as other consultants, corresponding to a total of 20 additional individuals.

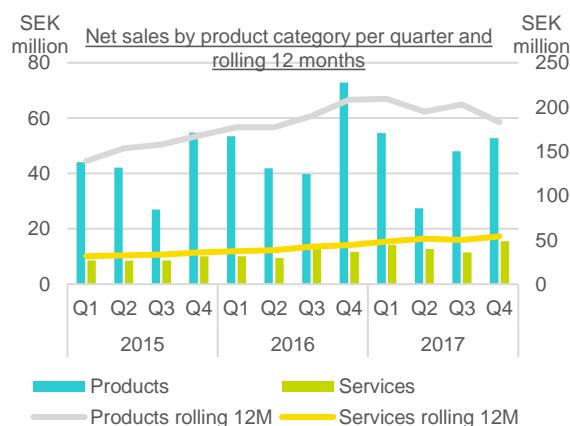
Development expenses of SEK 3.3 million (2.5) were capitalised in fourth quarter, accounting for 17.8 percent (14.1) of the company's total R&D expenses. At the same time, amortisation of previously capitalised development expenses rose to SEK 2.3 million (1.9). This amortisation is a component of the 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 for the period had a positive impact of SEK 1.0 million (0.6) on EBIT.

EBITDA amounted to SEK 9.0 million (12.9). Adjusted EBITDA, adjusted for nonrecurring items related to the IPO in 2016, totalled SEK 9.0 million (20.7).

EBIT for the quarter amounted to SEK 5.8 million (10.0), corresponding to a year-on-year decrease of SEK 4.2 million and an EBIT margin of 8.4 percent (11.8). Adjusted EBIT, adjusted for items affecting comparability related to the 2016 IPO, totalled SEK 5.8 million (17.9), corresponding to an adjusted EBIT margin of 8.4 percent (21.1).

Net financial items for the period amounted to an expense of SEK 0.0 million (income: 0.8) and comprised FX effects on cash and cash equivalents and a revaluation of inter-company transactions.

Profit for the first quarter totalled SEK 3.3 million (7.4), corresponding to a year-on-year decreased of SEK 4.1 million.



## Financial position

The comparison figures under financial position pertain to December 2016. The equity/assets ratio was 78.5 percent (75.5) on 31 December 2017 and equity amounted to SEK 244.7 million (234.1).

Total assets on 31 December 2017 amounted to SEK 311.7 million (309.9). At the end of the period, inventories totalled SEK 12.9 million (6.1) and capitalised development expenses amounted to SEK 19.9 million (14.7). The increase in inventories was attributable to lower sales in the fourth quarter of 2017, the fact that the comparative figure for 31 December 2016 was impacted by a large volume of hardware deliveries to customers at the end of the preceding year, and the recognition of impairment losses on the old hardware generation, which reduced the value of inventories.

Edgeware is able to hedge orders invoiced in EUR or MXN with an order value exceeding SEK 2 million and with payment terms of 60 days or more in order 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. There

were no outstanding derivatives as of 31 December 2017. Derivatives are measured according to level 2 of the fair value hierarchy with discounting of cash flows using exchange rates and interest rates prevailing on the balance-sheet date

At the end of the period, the Group's cash and cash equivalents totalled SEK 97.7 million (194.6). Current investments are short-term interest fund investments and amounted to SEK 75.1 million (0). The fund is measured according to level 1 of the fair value hierarchy.

## Liquidity and cash flows

Cash flow from operating activities amounted to SEK 16.0 million (38.0). This year-on-year decline was attributable to a smaller decrease in working capital, higher inventories and weaker EBIT. The decrease in working capital was mainly due to a smaller increase in current liabilities. During the fourth quarter of the preceding year, Edgeware received an advance payment from a customer for a major project, which increased its current liabilities. No equivalent project was carried out this quarter.

Cash flow from investing activities amounted to SEK -4.7 million (-3.9) and was primarily attributable to salaries and other direct costs for capitalised development work as well as investments in intangible non-current assets.

Cash flow for the period amounted to SEK 11.3 million (172.0). Cash flow for the fourth quarter in the preceding year was impacted positively by a new share issue, which contributed SEK 137.4 million to the company excluding issuance costs.

## Parent company

The parent company's net sales in the fourth quarter totalled SEK 67.5 million (83.7) and profit for the period amounted to SEK 6.0 million (8.9). 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 year-end report.

## Significant events during and after the quarter

- Karl Thedéen was appointed as CEO and will assume the position 13<sup>th</sup> of February 2018.
- A fully software-based alternative to Edgeware's hardware with software origin was sold to the first customer in the fourth quarter of 2017.
- Edgeware published preliminary results for the fourth quarter of 2017 on 11<sup>th</sup> of January 2018.

## **Outlook**

The Board adopted new long-term financial objectives for the company's sales growth and EBIT margin in October 2016. The outlook for the markets served by the company is adjudged to remain positive. The policy of not issuing a forecast stands firm.

## **Financial objectives**

Edgeware has the following long-term financial objectives:

- To achieve organic annual sales growth exceeding 20 percent.
- To achieve a long-term EBIT margin exceeding 15 percent.
- Edgeware's capital structure is to enable a high degree of financial flexibility and allow for acquisitions. The objective is for net indebtedness to 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/>

## 1 JANUARY 2017 – 31 DECEMBER 2017

### Net sales

The Group's net sales for full-year 2017 totalled SEK 236.8 million (252.2), corresponding to a year-on-year decrease of -6.1 percent. Net sales in EMEA (Europe, the Middle East and Africa) declined to SEK 163.9 million (188.7) and net sales for AMERICAS (North and South America) declined to SEK 37.1 million (41.1). Net sales in APAC (Asia-Pacific) rose to SEK 35.8 million (22.2). In comparable currencies, the decline in the Group's net sales was -7.0 percent.

The decline in net sales in EMEA and AMERICAS for full-year 2017 was mainly the result of lower sales to the largest existing customers in the regions. In APAC, however, net sales increased 61.6 percent as a result of high demand from several major customers, including customers in the customer category of content providers and TV companies.

EMEA accounted for 69.2 percent (74.8) of the Group's net sales during 2017, AMERICAS for 15.7 percent (16.4) and APAC for 15.1 percent (8.8). The largest customer accounted for 17.7 percent (23.0) of Edgeware's total net sales, the three largest for 38.5 percent (41.9) and the five largest for 51.4 percent (55.4).

During 2017, the customer category of content providers and TV companies performed strongly and a number of new customers were added.

Of total net sales for the period, the Products business stream (hardware, software and licences) accounted for 77.2 percent (82.5), while the remaining 22.8 percent (17.5) was attributable to Services (maintenance, support and other services).

### Results

Gross profit for full-year 2017 amounted to SEK 176.3 million (175.6), up SEK 0.7 million compared with full-year 2016, and the gross margin was 74.4 percent (69.6). This improved gross margin was attributable to a higher share of licenses and software as well as improved margins in Edgeware's service business.

Operating expenses amounted to SEK 164.5 million (156.5), up SEK 8.0 million compared with full-year 2016. Administrative expenses for full-year 2016 include a total of SEK 15.2 million attributable to the IPO in December 2016. Excluding these nonrecurring expenses, all functions within Edgeware increased their expenses compared with the year-earlier period, in line with the expansion plan presented in connection with the IPO. The increase in expenses was mainly attributable to a higher number of employees. On 31 December 2017, Edgeware had a total of 112 employees (92) and a number of external consultants. The largest increase compared with 2016 took place in the sales and marketing function, which grew from 21 to 30 employees on 31 December 2017.

Over full-year 2017, development expenses of SEK 13.4 million (8.8) were capitalised, accounting for 19.3 percent (14.4) of the company's total R&D expenses. This increase in capitalisation was due to the fact that Edgeware experienced an intensive year of development in 2017, with more new product launches than ever before. At the same time, amortisation, depreciation and impairment of previously capitalised development expenses rose to SEK 8.5 million (6.6) for full-year 2017. This amortisation, depreciation and impairment 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, the capitalisation, amortisation, depreciation and impairment of development expenses had a positive impact of SEK 4.9 million (2.2) on EBIT.

EBITDA amounted to SEK 23.7 million (29.0), down SEK 5.3 million compared with 2016. Adjusted EBITDA, adjusted for nonrecurring items related to the IPO, totalled SEK 23.7 million (44.2).

EBIT for 2017 amounted to SEK 11.8 million (19.1), corresponding to a year-on-year decrease of SEK 7.3 million and an EBIT margin of 5.0 percent (7.6). Adjusted EBIT, adjusted for nonrecurring items related to the preparations for the IPO in 2016, totalled SEK 11.8 million (34.3).

Profit for full-year 2017 amounted to SEK 7.5 million (15.7), down SEK 8.2 million compared with 2016.

### Liquidity and cash flow

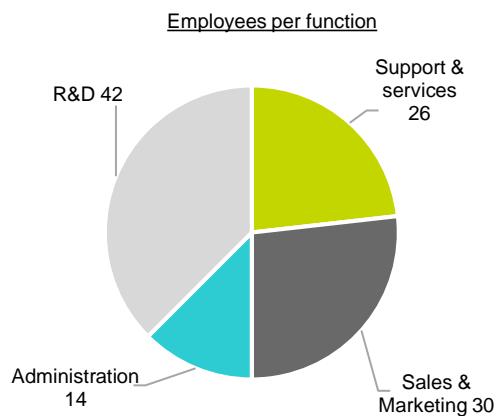
Cash flow from operating activities amounted to SEK -2.7 million (45.1). This negative cash flow is mainly attributable to increased tied-up working capital as a result of higher trade accounts receivable and current receivables and a decline in other current liabilities. Cash flow from investing activities totalled SEK -94.3 million (-12.4) and was mainly attributable to investments in current funds and increased capitalisation of development work. Cash flow for full-year 2017 amounted to SEK -97.0 million (171.3). At the end of the period, the Group's cash and cash equivalents totalled SEK 97.7 million (194.6). Current investments are short-term interest fund investments and amounted to SEK 75.1 million (0).

### Parent company

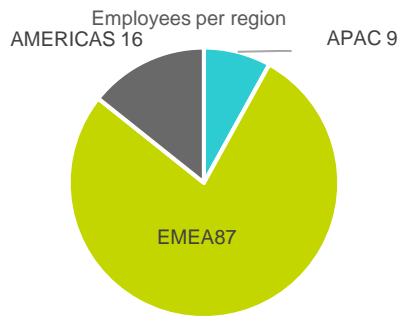
The parent company's net sales for full-year 2017 totalled SEK 234.0 million (249.6) and profit for the period was SEK 10.0 million (22.9). Since the Group's business and net sales are predominantly generated in the parent company, reference is made to the Group for additional comments in the year-end report.

## Employees

The number of employees in the Group at the end of the period was 112 (92), corresponding to a year-on-year increase of 20 employees. The number of employees in R&D is 42 (42), service and support 26 (19), sales and marketing 30 (21) and administration 14 (10). Also included in the number of employees at 31 December are 17 (9) employees hired through Business Sweden and 10 (8) consultants with employment-like agreements.



At the end of the period, there were 69 (66) employees in Sweden, 18 (10) in EMEA, 9 (5) in APAC and 16 (11) in AMERICAS.



## Risks and uncertainties

Edgeware'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 major transactions in EUR and MXN was implemented during the second quarter of 2017, which will reduce Edgeware's transaction exposure.

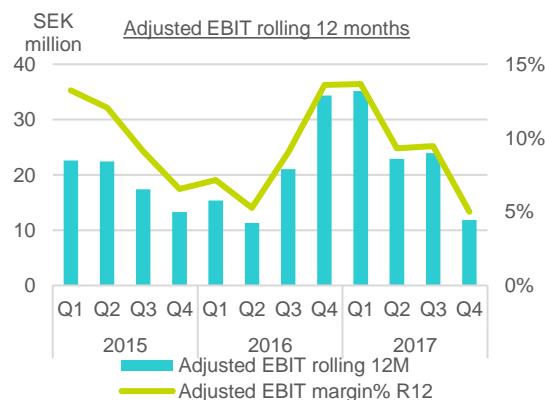
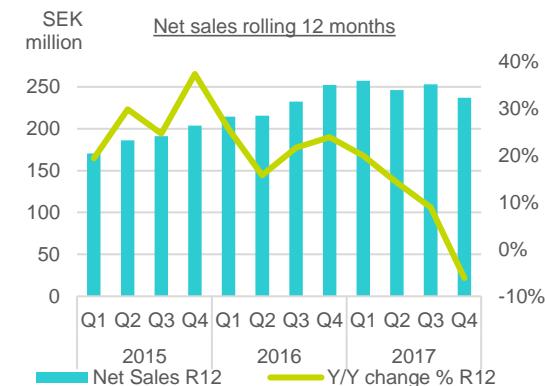
No significant risks and uncertainties beyond those described in the 2016 annual report arose in 2017.

## Seasonal variations

Over the 2015-2016 calendar years, the seasonal variations between quarters were 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 Edgeware's market and the seasonal variations that come from having a majority of customers in EMEA. During 2017, the company noted that these seasonal variations were less clear. One reason for this was that EMEA's share of Edgeware's total sales declined.



To reduce quarterly variations and illustrate underlying long-term trend, the company measures its performance in terms of net sales and profitability on a rolling 12-month basis. For the most recent 12-month period, net sales declined -6.1 percent compared with the corresponding period in the preceding year and the EBIT margin was 5.0 percent.



## EDGEWARE'S SHARE

During the fourth quarter, the share price varied between SEK 30.1 and SEK 38.4. The closing price on the last day of trading in December 2017 was SEK 31.5. Edgeware's market capitalisation on 31 December 2017 was SEK 946 million. The number of Edgeware shareholders on 31 December 2017 was 3,348. Foreign shareholders accounted for some 25 percent of the voting rights. As per 31 December 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. AMF Försäkring & Fonder	1,100,000	3.7%
5. ÖstVäst Capital Management	1,084,911	3.6%
6. Catella Funds	1,057,349	3.5%
7. Martin Gren (Grenspecialisten)	895,343	3.0%
8. Öhman Funds	741,802	2.5%
9. Joachim Roos Invest AB	518,226	1.7%
10. LMK Companies & Foundation	517,241	1.7%
11. Nordnet Pensionsförsäkring	497,117	1.7%
12. Second Swedish National Pension Fund – AP2	439,688	1.5%
13. Avanza Pension	425,639	1.4%
14. Cliens Funds	369,787	1.2%
15. Lukas Holm Invest AB	345,507	1.2%
16. Kalle Henriksson Invest AB	345,485	1.1%
17. Strand Funds	337,731	1.1%
18. BNP Paribas Investment Partners	200,227	0.7%
19. Danica Pension	186,840	0.6%
20. XACT Funds	142,257	0.5%
<b>Total top 20</b>	<b>24,378,330</b>	<b>81.1%</b>
Others	5,664,678	18.9%
<b>Total</b>	<b>30,043,008</b>	<b>100%</b>

Source: Modular Finance, 31 December 2017

## SHARE CAPITAL TREND

### See also Note 3

DATE	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

(AMOUNTS IN SEK MILLION)	2017 OCT-DEC Q4	2016 OCT-DEC Q4	2017 JAN-DEC FULL-YEAR	2016 JAN-DEC FULL-YEAR
	50.5	59.8	176.3	175.6
Net sales	68.4	84.6	236.8	252.3
Cost of goods sold	-17.9	-24.8	-60.5	-76.7
<b>Gross profit</b>	<b>50.5</b>	<b>59.8</b>	<b>176.3</b>	<b>175.6</b>
Selling expenses	-17.7	-17.6	-64.5	-58.6
Administrative expenses	-13.4	-17.2	-44.2	-45.3
Research and development expenses	-15.1	-15.2	-56.1	-51.9
Other operating income/expenses	1.5	0.2	0.3	-0.7
<b>EBIT</b>	<b>5.8</b>	<b>10.0</b>	<b>11.8</b>	<b>19.1</b>
<b>Financial items</b>				
Financial income	0.7	1.8	1.5	5.2
Financial expense	-0.7	-1.0	-1.9	-2.0
<b>Pre-tax profit</b>	<b>5.8</b>	<b>10.8</b>	<b>11.4</b>	<b>22.3</b>
Tax	-2.5	-3.4	-3.9	-6.6
<b>Profit for the period</b>	<b>3.3</b>	<b>7.4</b>	<b>7.5</b>	<b>15.7</b>
<b>Attributable to:</b>				
Owners of the parent	3.3	7.4	7.5	15.7
Earnings per share before dilution, SEK Note 6	0.1	0.3	0.2	0.6
Earnings per share after dilution, SEK Note 6	0.1	0.3	0.2	0.6

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<b>PROFIT FOR THE PERIOD</b>	<b>3.3</b>	<b>7.4</b>	<b>7.5</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	0.8	-0.2	0.2	-0.1
<b>Other comprehensive income, net after tax</b>	<b>0.8</b>	<b>-0.2</b>	<b>0.2</b>	<b>-0.1</b>
<b>Comprehensive income for the period</b>	<b>4.1</b>	<b>7.2</b>	<b>7.7</b>	<b>15.6</b>
<b>Attributable to:</b>				
Owners of the parent	4.1	7.2	7.7	15.6

## CONSOLIDATED BALANCE SHEET

(AMOUNTS IN SEK MILLION)	31 December 2017	31 December 2016
<b>ASSETS</b>		
<b>Non-current assets</b>		
<b>Intangible assets</b>		
Capitalised expenditure on development work	19.9	14.7
Other intangible assets	0.2	-
Trademarks	0.8	-
<b>Property, plant and equipment</b>		
Equipment	4.2	4.4
<b>Financial non-current assets</b>		
Other long-term receivables	5.0	3.6
<b>Deferred tax assets</b>	<b>10.8</b>	<b>11.7</b>
<b>Total non-current assets</b>	<b>40.9</b>	<b>34.4</b>
<b>Current assets</b>		
Inventories	12.9	6.1
Trade accounts receivable	72.8	66.5
Other receivables	1.8	2.5
Prepaid expenses and accrued income	10.5	5.8
Current investments	75.1	-
Cash and cash equivalents	97.7	194.6
<b>Total current assets</b>	<b>270.8</b>	<b>275.5</b>
<b>TOTAL ASSETS</b>	<b>311.7</b>	<b>309.9</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1.5	1.5
Other paid-in capital	234.3	231.4
Translation reserve	-2.5	-2.7
Retained earnings including profit for the period	11.4	3.9
<b>Equity attributable to owners of the parent</b>	<b>244.7</b>	<b>234.1</b>
<b>Total equity</b>	<b>244.7</b>	<b>234.1</b>
<b>Provisions</b>		
Other provisions	0.3	0.6
<b>Total provisions</b>	<b>0.3</b>	<b>0.6</b>
<b>Current liabilities</b>		
Trade accounts payable	18.9	16.9
Current tax liabilities	0.5	0.7
Other current liabilities	0.3	2.3
Accrued expenses and deferred income	47.0	55.3
<b>Total current liabilities</b>	<b>66.7</b>	<b>75.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>311.7</b>	<b>309.9</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(AMOUNTS IN SEK MILLION)	31 December 2017	31 December 2016
<b>Opening balance, equity 1 Jan 2017 (1 Jan 2016)</b>	<b>234.1</b>	<b>68.3</b>
Profit for the year	7.5	15.7
Other comprehensive income	0.2	-0.1
<b>Total comprehensive income</b>	<b>7.7</b>	<b>15.6</b>
<b>Transactions with owners:</b>		
New share issue	-	162.7
Issuance costs	-	-13.0
Warrants	-	0.5
Tax on issuance costs	2.9	-
<b>Total transactions with owners</b>	<b>-</b>	<b>150.2</b>
<b>Closing balance, equity</b>	<b>244.7</b>	<b>234.1</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 of 2017 has been increased by SEK 2.9 million, corresponding to the positive tax effect of these expenses deriving from the 2017 tax year.

## CONSOLIDATED STATEMENT OF CASH FLOWS

(AMOUNTS IN SEK MILLION)	2017 OCT-DEC Q4	2016 OCT-DEC Q4	2017 JAN-DEC FULL-YEAR	2016 JAN-DEC FULL-YEAR
<b>Operating activities</b>				
EBIT	5.8	10.0	11.8	19.1
Adjustments for non-cash items:				
Depreciation/amortisation	3.2	2.9	11.7	9.9
Revised assessment of provision for guarantee reserve	0.0	0.1	-0.3	0.1
Withholding tax	-0.2	-	-0.2	-
Exchange-rate effects	0.0	-0.2	-0.4	1.7
Received interest	0.0	-	0.3	-
Paid interest	0.0	-	-0.1	-
<b>Cash flow from operating activities before changes in working capital</b>	<b>8.8</b>	<b>12.8</b>	<b>22.8</b>	<b>30.8</b>
<b>Cash flow from changes in working capital</b>				
Decrease/Increase in inventories	-3.8	5.8	-6.7	7.6
Decrease/Increase in trade accounts receivable	-8.5	-8.5	-6.3	-10.6
Decrease/Increase in other current receivables	8.1	1.5	-4.0	-0.7
Decrease/Increase in trade accounts payable	3.6	6.3	2.0	8.5
Decrease/Increase in other current liabilities	7.8	20.1	-10.5	9.5
<b>Cash flow from operating activities</b>	<b>16.0</b>	<b>38.0</b>	<b>-2.7</b>	<b>45.1</b>
<b>Investing activities</b>				
Acquisition of intangible non-current assets	-3.5	-2.5	-14.7	-8.8
Acquisition of property, plant and equipment	-1.0	-1.4	-3.1	-3.6
Investments in other financial non-current assets	-0.2	-	-1.5	-
Investments in other current assets	-	-	-75.0	-
<b>Cash flow from investing activities</b>	<b>-4.7</b>	<b>-3.9</b>	<b>-94.3</b>	<b>-12.4</b>
<b>Financing activities</b>				
New share issue	-	150.4	-	151.1
Issuance costs	-	-13.0	-	-13.0
Warrants	-	0.5	-	0.5
<b>Cash flow from financing activities</b>	<b>-</b>	<b>137.9</b>	<b>-</b>	<b>138.6</b>
<b>Cash flow for the period</b>	<b>11.3</b>	<b>172.0</b>	<b>-97.0</b>	<b>171.3</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>85.7</b>	<b>22.6</b>	<b>194.6</b>	<b>21.1</b>
<b>Exchange-rate differences in cash and cash equivalents</b>	<b>0.7</b>	<b>0.0</b>	<b>0.1</b>	<b>2.2</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>97.7</b>	<b>194.6</b>	<b>97.7</b>	<b>194.6</b>

## KEY FINANCIAL FIGURES

	2017 JAN-MAR Q1	2017 APR-JUN Q2	2017 JUL-SEP Q3	2017 OCT-DEC Q4	2016 JAN-MAR Q1	2016 APR-JUN Q2	2016 JUL-SEP Q3	2016 OCT-DEC Q4
<b>Net sales by region</b>								
EMEA	37.4	24.0	47.8	54.7	40.5	39.2	41.5	67.5
AMERICAS	19.4	6.2	6.2	6.0	19.2	9.5	4.0	8.7
APAC	11.9	10.0	5.5	7.7	3.9	2.8	7.1	8.4
<b>Net sales</b>	<b>68.7</b>	<b>40.2</b>	<b>59.5</b>	<b>68.4</b>	<b>63.6</b>	<b>51.5</b>	<b>52.6</b>	<b>84.6</b>
<b>Net sales by sales category</b>								
Products	54.6	27.4	48.0	52.8	53.5	41.9	39.8	72.9
Services	14.1	12.8	11.5	15.6	10.1	9.6	12.8	11.7
<b>Net sales</b>	<b>68.7</b>	<b>40.2</b>	<b>59.5</b>	<b>68.4</b>	<b>63.6</b>	<b>51.5</b>	<b>52.6</b>	<b>84.6</b>
Gross profit	52.4	28.4	45.1	50.5	46.1	33.8	35.9	59.8
Gross margin, %	76.2%	70.5%	75.7%	73.8%	72.6%	65.6%	68.2%	70.7%
Operating expenses	-39.4	-41.3	-39.1	-44.7	-35.5	-37.3	-33.5	-49.8
Operating expenses/Net sales, %	-57.4%	-102.6%	-65.6%	-65.4%	-55.8%	-72.4%	-63.6%	-58.9%
EBIT **)	13.0	-12.9	6.0	5.8	10.6	-3.9	2.4	10.0
EBIT margin, % **)	18.9%	-32.1%	10.1%	8.4%	16.7%	-7.6%	4.6%	11.8%
EBITDA **)	15.7	-9.9	9.0	9.0	12.7	-1.4	4.8	12.9
EBITDA margin (%) **)	22.8%	-24.6%	15.1%	13.0%	19.9%	-2.7%	9.2%	15.2%
Adjusted EBIT **)	13.0	-12.9	6.0	5.8	12.1	-0.6	4.9	17.9
Adjusted EBIT margin (%) **)	18.9%	-32.1%	10.1%	8.4%	19.1%	-1.2%	9.3%	21.1%
Adjusted EBITDA **)	15.7	-9.9	9.0	9.0	14.2	1.9	7.3	20.8
Adjusted EBITDA margin (%) **)	22.8%	-24.6%	15.1%	13.0%	22.2%	3.8%	13.9%	24.5%
Profit/loss for the period after tax	10.3	-10.2	4.0	3.3	8.3	-2.2	2.2	7.4
Net margin, profit for the period, %	15.0%	-25.2%	6.8%	4.8%	13.1%	-4.3%	4.2%	8.8%
Total assets	311.9	296.9	296.2	311.7	146.2	133.5	138.7	309.9
Equity assignable to the parent company's shareholders	244.4	236.0	240.6	244.7	87.1	86.3	89.4	234.1
Equity/assets ratio, % **)	78.4%	79.5%	81.2%	78.5%	59.5%	64.7%	64.5%	75.5%
Return on equity (ROE) **)	4.3%	-4.2%	1.7%	1.3%	10.7%	-2.5%	2.5%	4.6%
Equity per share, before dilution	8.1	7.9	8.0	8.1	3.6	3.5	3.6	9.1
Equity per share, after dilution	8.1	7.9	8.0	8.1	3.6	3.5	3.6	9.1
Average number of shares before dilution	30,043,008	30,043,008	30,043,008	30,043,008	24,077,275	24,688,987	24,865,275	25,776,932
Average number of shares after dilution	30,043,008	30,043,008	30,051,924	30,043,008	24,230,644	24,688,987	24,865,275	25,776,932
Earnings per share before dilution (Note 6)	0.3	-0.3	0.1	0.1	0.3	-0.1	0.1	0.3
Earnings per share after dilution (Note 6)	0.3	N/A	0.1	0.1	0.3	N/A	0.1	0.3
Cash flow from operating activities	4.7	-9.1	-14.1	16.0	-2.0	12.0	-2.7	38.0
No. of employees at the end of the period*	100	104	106	112	96	96	92	92
Of whom, women	12	12	9	10	13	13	13	11

**\*) Employees:** Included in the number of employees at 31 December are 17 (9) employees hired through Business Sweden and 10 (8) consultants with employment-like agreements.

**\*\*) Financial measures not defined according to IFRS. Definitions of these measurements are presented on pages 14-15**

**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.

**EBIT** Operating profit before financial items and tax.

**EBIT margin %** EBIT in relation to net sales.

**EBITDA** Operating profit 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, since 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.

(AMOUNTS IN SEK MILLION)	2017 JAN-MAR	2017 APR-JUN	2017 JUL-SEP	2017 OCT-DEC	2016 JAN-MAR	2016 APR-JUN	2016 JUL-SEP	2016 OCT-DEC
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>EBITDA bridge</b>								
EBIT	13.0	-12.9	6.0	5.8	10.6	-3.9	2.4	10.0
Amortisation of capitalised development expenses	-1.9	-2.1	-2.3	-2.3	-1.3	-1.8	-1.6	-1.9
Other depreciation/amortisation	-0.8	-0.9	-0.7	-0.9	-0.8	-0.7	-0.8	-1.0
<b>EBITDA</b>	<b>15.7</b>	<b>-9.9</b>	<b>9.0</b>	<b>9.0</b>	<b>12.7</b>	<b>-1.4</b>	<b>4.8</b>	<b>12.9</b>
EBITDA margin (%)	22.8%	-24.6%	15.1%	13.0%	19.9%	-2.7%	9.2%	15.2%
<b>Items affecting comparability</b>								
IPO-related expenses	-	-	-	-	1.5	3.3	2.5	7.9
<b>Adjusted EBITDA</b>	<b>15.7</b>	<b>-9.9</b>	<b>9.0</b>	<b>9.0</b>	<b>14.2</b>	<b>1.9</b>	<b>7.3</b>	<b>20.8</b>
Adjusted EBITDA margin (%)	22.8%	-24.6%	15.1%	13.0%	22.2%	3.8%	13.9%	24.5%

## 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.

(AMOUNTS IN SEK MILLION)	2017 JAN-MAR	2017 APR-JUN	2017 JUL-SEP	2017 OCT-DEC	2016 JAN-MAR	2016 APR-JUN	2016 JUL-SEP	2016 OCT-DEC
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>EBIT bridge</b>								
EBIT	13.0	-12.9	6.0	<b>5.8</b>	10.6	-3.9	2.4	10.0
<b>Items affecting comparability</b>								
Expenses related to IPO preparations	-	-	-	-	1.5	3.3	2.5	7.9
<b>Adjusted EBIT</b>	<b>13.0</b>	<b>-12.9</b>	<b>6.0</b>	<b>5.8</b>	<b>12.1</b>	<b>-0.6</b>	<b>4.9</b>	<b>17.9</b>
<b>Adjusted EBIT margin (%)</b>	<b>18.9%</b>	<b>-32.1%</b>	<b>10.0%</b>	<b>8.4%</b>	<b>19.1%</b>	<b>-1.2%</b>	<b>9.3%</b>	<b>21.1%</b>

## Equity/assets ratio

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

(AMOUNTS IN SEK MILLION)	2017 JAN-MAR	2017 APR-JUN	2017 JUL-SEP	2017 OCT-DEC	2016 JAN-MAR	2016 APR-JUN	2016 JUL-SEP	2016 OCT-DEC
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total assets	311.9	296.9	296.2	311.7	146.2	133.5	138.7	309.9
Equity	244.4	236.0	240.6	244.7	87.1	86.3	89.4	234.1
<b>Equity/assets ratio (%)</b>	<b>78.4%</b>	<b>79.5%</b>	<b>81.2%</b>	<b>78.5%</b>	<b>59.5%</b>	<b>64.7%</b>	<b>64.5%</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.

(AMOUNTS IN SEK MILLION)	2017 JAN-MAR	2017 APR-JUN	2017 JUL-SEP	2017 OCT-DEC	2016 JAN-MAR	2016 APR-JUN	2016 JUL-SEP	2016 OCT-DEC
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Equity	244.4	236.0	240.6	244.7	87.1	86.3	89.4	234.1
Average adjusted equity	239.3	240.2	238.3	242.6	77.7	86.7	87.9	161.8
Profit/loss for the period	10.3	-10.2	4.0	3.3	8.3	-2.2	2.2	7.4
<b>Return on equity (ROE)</b>	<b>4.3%</b>	<b>-4.2%</b>	<b>1.7%</b>	<b>1.3%</b>	<b>10.7%</b>	<b>-2.5%</b>	<b>2.5%</b>	<b>4.6%</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.

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

#### Effects of new accounting policies

##### IFRS 15 Revenue from Contracts with Customers:

IFRS 15 establishes a comprehensive revenue model that replaces the IAS 18 and IAS 11 standards. The standard regulates revenue recognition and disclosure requirements pertaining to commercial agreements (contracts) with customers where deliveries of goods/services are divided into separate identifiable performance obligations that recognised independently. The standard took effect on 1 January 2018. In a review, Edgeware identified material revenue flows and contracts in Edgeware AB and Edgeware Inc, and analysed them based on the five-step model presented in IFRS 15. The finance, operations and sales departments as well as the company's legal counsel were involved in the review. The conclusion reached was that the new standard will not have a material impact on the Edgeware Group's revenue recognition. However, the new standard will require more extensive disclosures in the financial statements.

##### IFRS 9 Financial Instruments

The new standard concerning financial instruments replaces IAS 39. The standard took effect on 1 January 2018. A project has been carried out based on the following areas: classification and measurement, and documentation of financial liabilities and assets. Edgeware does not apply hedge accounting. The project included a calculation of the effects of transitioning to a new model for recognising expected loan losses known as the "expected loss model". No part of IFRS 9 will have a material impact of Group's reporting and earlier periods will not be restated. In the first quarter of

2018, Edgeware intends to recognise a nonrecurring effect of less than SEK 0.5 million in equity due to a change of calculation model for expected loan losses on trade accounts receivable.

##### IFRS 16 Leases

This new standard is to be applied as of 1 January 2019. Edgeware has commenced preparations to transition to the new standard on 1 January 2019. The preliminary assessment is that the new standard will impact Edgeware, particularly with respect to leases for premises which, according to the new standard, are to be recognised as an asset in the form of the right to utilise the premises and a liability in the form of an obligation to make rent payments.

### 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. For further information, refer to Edgeware's annual report.

### 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 (0.05). The share capital at period-end was SEK 1,502,150.40 (1,502,150.40).

### 4. Segment information

Operating segments 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 the Group's 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:

EARNINGS PER SHARE BEFORE DILUTION	2017 OCT-DEC Q4	2016 OCT-DEC Q4	2017 JAN-DEC FULL-YEAR	2016 JAN-DEC FULL-YEAR
Profit for the period attributable to owners of the parent, SEK million	3.3	7.4	7.5	15.7
Average number of outstanding ordinary shares, before dilution	30,043,008	25,776,932	30,043,008	24,854,312
<b>Earnings per share before dilution, SEK</b>	<b>0.1</b>	<b>0.3</b>	<b>0.2</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:

EARNINGS PER SHARE AFTER DILUTION	2017 OCT-DEC Q4	2016 OCT-DEC Q4	2017 JAN-DEC FULL-YEAR	2016 JAN-DEC FULL-YEAR
Profit for the period attributable to owners of the parent, SEK million	3.3	7.4	7.5	15.7
Average number of outstanding ordinary shares, before dilution	30,043,008	25,776,932	30,043,008	24,854,312
Warrants	-	-	1,482	-
Weighted average number of ordinary shares outstanding, after dilution	30,043,008	25,776,932	30,044,490	24,854,312
<b>Earnings per share after dilution, SEK</b>	<b>0.1</b>	<b>0.3</b>	<b>0.2</b>	<b>0.6</b>

## CONDENSED PARENT COMPANY INCOME STATEMENT

(AMOUNTS IN SEK MILLION)	2017 OCT-DEC Q4	2016 OCT-DEC Q4	2017 JAN-DEC FULL-YEAR	2016 JAN-DEC FULL-YEAR
Net sales	67.5	83.7	234.0	249.5
Cost of goods sold	-16.9	-23.9	-58.0	-74.8
<b>Gross profit</b>	<b>50.6</b>	<b>59.8</b>	<b>176.0</b>	<b>174.7</b>
Selling expenses	-16.1	-16.6	-64.8	-54.0
Administrative expenses	-12.9	-16.8	-42.5	-42.9
Research and development expenses	-14.8	-15.2	-54.7	-52.0
Other operating income/expenses	1.5	0.2	0.3	-0.7
<b>EBIT</b>	<b>8.3</b>	<b>11.4</b>	<b>14.3</b>	<b>25.1</b>
<b>Financial income and expenses</b>				
Financial income	0.8	1.8	1.6	6.0
Financial expense	-0.7	-0.9	-1.9	-1.7
<b>Profit after financial items</b>	<b>8.4</b>	<b>12.3</b>	<b>14.0</b>	<b>29.4</b>
Tax on profit for the period	-2.4	-3.4	-3.9	-6.5
<b>Profit for the period</b>	<b>6.0</b>	<b>8.9</b>	<b>10.1</b>	<b>22.9</b>

## CONDENSED PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

(AMOUNTS IN SEK MILLION)	2017 OCT-DEC Q4	2016 OCT-DEC Q4	2017 JAN-DEC FULL-YEAR	2016 JAN-DEC FULL-YEAR
Profit for the period	6.0	8.9	10.1	22.9
<b>Other comprehensive income:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Comprehensive income for the period</b>	<b>6.0</b>	<b>8.9</b>	<b>10.1</b>	<b>22.9</b>

## PARENT COMPANY BALANCE SHEET

(AMOUNTS IN SEK MILLION)	31 DECEMBER 2017	31 DECEMBER 2016
<b>ASSETS</b>		
<b>Non-current assets</b>		
<b>Intangible assets</b>		
Capitalised expenditure on development work	19.9	14.7
Other intangible assets	0.2	-
Trademarks	0.8	-
<b>Property, plant and equipment</b>		
Equipment	4.2	4.4
<b>Financial non-current assets</b>		
Deferred tax assets	10.8	11.7
Other long-term receivables	5.0	3.6
<b>Total non-current assets</b>	<b>40.9</b>	<b>34.4</b>
<b>Current assets</b>		
Inventories	12.3	6.1
Trade accounts receivable	69.5	63.5
Current receivables	11.6	8.2
Receivables from Group companies	8.8	6.5
<b>Total current assets</b>	<b>102.2</b>	<b>84.3</b>
<b>Current investments</b>	<b>75.1</b>	-
<b>Cash and bank balances</b>	<b>97.2</b>	<b>193.2</b>
<b>Total current assets</b>	<b>274.5</b>	<b>277.5</b>
<b>TOTAL ASSETS</b>	<b>315.4</b>	<b>311.9</b>
<b>Equity</b>		
<b>Restricted equity</b>		
Share capital	1.5	1.5
Reserve for development expenses	16.9	7.6
<b>Total restricted equity</b>	<b>18.4</b>	<b>9.1</b>
<b>Unrestricted equity</b>		
Share premium reserve	234.3	231.4
Retained earnings including net profit of the year	-12.7	-26.3
Profit for the period	10.1	22.9
<b>Total equity</b>	<b>250.1</b>	<b>237.1</b>
<b>Provisions</b>		
Other provisions	0.3	0.6
<b>Total provisions</b>	<b>0.3</b>	<b>0.6</b>
<b>Current liabilities</b>		
Trade accounts payable	18.7	16.7
Current tax liabilities	0.5	0.7
Other current liabilities	0.3	2.3
Accrued expenses and deferred income	45.5	54.5
<b>Total current liabilities</b>	<b>65.0</b>	<b>74.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>315.4</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, 11 February 2018

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 January-March 2018, Q1 2018, 4 May 2018.
- AGM 2018, 4 May 2018.
- Interim report January-June 2018, Q2 2018, 27 July 2018.
- Interim report January-September 2018, Q3 2018, 9 November 2018.

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

### Business concept

Edgeware offers leading operators and content providers the tools 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 237 million in 2017. Founded in 2006, Edgeware is headquartered in Stockholm, Sweden.

Edgeware provides proprietary infrastructure that helps 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 can support their further international roll-out.

## **CONTACT INFORMATION**

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This information is information that Edgeware AB is obliged to make public pursuant to the EU Market Abuse Regulation Act. The information was submitted for publication, through the agency of the contact persons set out above, at 7:30 a.m. on 12 February 2018.

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**