

Q1

INTERIM REPORT JANUARY–MARCH 2017

JANUARY–MARCH 2017

SEK 68.7
MILLION
NET SALES

8.1%
INCREASE
NET SALES

76.2%
GROSS MARGIN

SEK 13.0
MILLION
EBIT

18.9%
EBIT MARGIN

2017

INTERIM REPORT JANUARY-MARCH 2017

*“Good start for
Edgeware”*

Joachim Roos,
CEO Edgeware

FIRST QUARTER OF 2017: (JANUARY–MARCH)

- Net sales of SEK 68.7 million (63.6), up 8.1 percent.
- Gross profit of SEK 52.4 million (46.1), corresponding to a gross margin of 76.2 percent (72.6).
- Operating profit (EBIT) of SEK 13.0 million (10.6), corresponding to an operating margin of 18.9 percent (16.7).
- Adjusted operating profit (adjusted EBIT) of SEK 13.0 million (12.1), corresponding to an operating margin of 18.9 percent (19.1).
- Profit for the period of SEK 10.3 million (8.3).
- Cash flow from operating activities of SEK 4.7 million (neg: 2.0).
- Earnings per share for the period of SEK 0.3 (0.3) before and after dilution.

SIGNIFICANT EVENTS IN THE FIRST QUARTER AND AFTER THE REPORTING PERIOD

- The annual general meeting (AGM) was held on 12 April 2017.
- The AGM adopted the income statement and balance sheet of the Parent Company and the consolidated income statement and balance sheet for the 2016 financial year. Profit was carried forward and no dividend will be paid.

(SEK million unless otherwise indicated)	2017 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec
Net sales	68.7	63.6	252.3
Gross profit	52.4	46.1	175.6
Gross margin (%)	76.2%	72.6%	69.6%
Operating profit (EBIT)	13.0	10.6	19.1
EBIT margin (%)	18.9%	16.7%	7.6%
Profit for the period	10.3	8.3	15.7
Adjusted EBIT	13.0	12.2	34.3
Adjusted EBIT margin (%)	18.9%	19.1%	13.6%
Cash flow from operating activities	4.7	-2.0	45.1
No. of employees at the end of the period*	100	96	92
Earnings per share before dilution, SEK	0.3	0.3	0.6
Earnings per share after dilution, SEK	0.3	0.3	0.6

* The number of employees 31 March 2017 includes 22 (17) consultants with employment-like contracts and 13 (9) employed via Business Sweden.

COMMENTS BY THE CEO

2017 has begun well for Edgware. Our commitment to growth is continuing with international customer successes, a stronger organisation and an extended product range.

The first quarter 2017 tracked the expected seasonal pattern and was good with improvements in many respects compared to the fine first quarter of 2016. Edgware reported higher sales and improved gross margins. Our operating profit were strong and the EBIT margin matched that of the year-earlier period. However, it should be noted that the recruitments that have been effected have yet to be fully charged to profit. During the quarter we also released our completely software-based streaming solution to the first customers.

Our customer concentration was reduced. When we have more customers, we are less dependent on the purchases of individual customers. Demand for capacity expansion is high because existing customers are noting increased demand for services. In response, we are largely able to scale up their capacity by selling them additional licensed capacity. This has a positive effect on the gross margin since it is not necessary to deliver any physical systems to the customer.

Building a stronger presence internationally

During the first quarter, Edgware strengthened both the company and the customer appeal of our suite of offerings. During the quarter, eight new employees were recruited, including a number of senior key individuals, to contribute to increasing sales and improved customer service.

The new issue implemented in connection with the IPO was partly designed to facilitate faster expansion by adding more people to the sales force. We have also established a completely new position with responsibility for global partner sales. Our new employees are located in our three regions and also in new geographic markets, such as the UK and Chile.



Keen interest in building proprietary TV-CDN

The market trend we actively are contributing to and previously predicted, that content providers are investing in building their own distribution networks – known as TV-CDN – is becoming increasingly visible in our sales. The customer category that is investing in proprietary TV-CDN now accounts for more than 10 percent of our sales and is showing the most powerful growth. This was particularly apparent in Asia-Pacific during the first quarter.

Interest in building proprietary TV-CDN, as an alternative to leasing the service, was also a central theme at the NAB Show in Las Vegas on 24-27 April. At this show, which is the most important trade fair for customers in North and Latin America, Edgware had its largest presence to date in the form of stands, customer events and seminars. The show generated valuable contacts among existing and potential customers.

Focus on continued growth and international expansion

With an increasingly complete and differentiated product range, we offer attractive products that are in demand globally among telco and cable operators, as well as content providers. The aim of all of this is to deliver amazing TV experience and services to the discerning consumers of today, not least in the mobile area.

Joachim Roos
CEO, Edgware

About Edgware

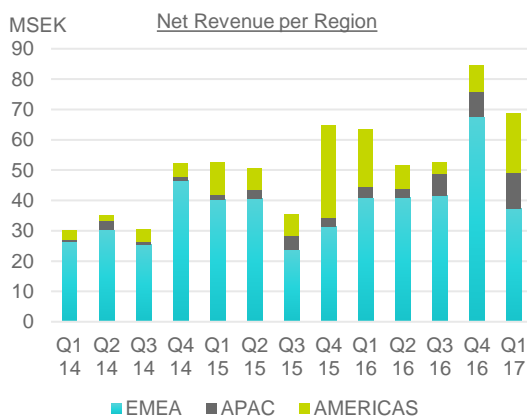
Edgware offers leading operators and content providers the tools to deliver modern TV services on a huge scale and at a low cost. Edgware's unique technology gives control and insight back to the content provider with an outstanding viewing experience. In recent years, Edgware has experienced rapid growth, reaching sales of SEK 252 million in 2016. Edgware is headquartered in Stockholm, Sweden, with a subsidiary in the US and offices Hong Kong and Mexico. Edgware also has sales and technical sales support staff throughout Europe, Asia and Americas. For more information, visit www.Corporate.edgware.tv.

FIRST QUARTER 1 JANUARY 2017 – 31 MARCH 2017

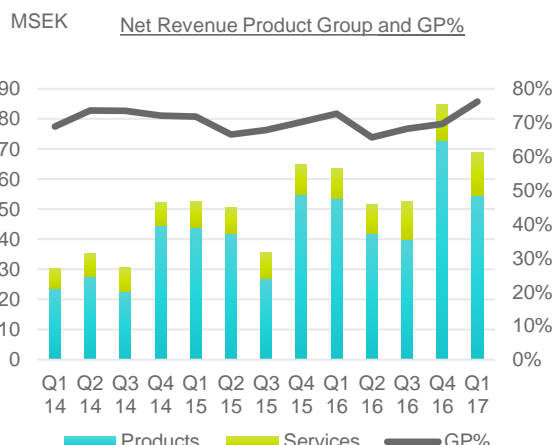
Net sales

The Group's net sales for the first quarter totalled SEK 68.7 million (63.6), up 8.1 percent compared with the same quarter in 2016. In comparable currencies, net sales rose by 5.7 percent. Net sales in EMEA (Europe, the Middle East and Africa) declined to SEK 37.4 million (40.5) while net sales for AMERICAS (North and South America) increased to SEK 19.4 million (19.2). In APAC (Asia-Pacific), net sales rose to SEK 11.9 million (3.9).

The lower net sales in EMEA were mainly due to somewhat lower activity by the region's largest customer during the quarter compared with the same quarter in 2016. The increase in AMERICAS was an effect of existing customers continuing to expand their capacity, combined with an installation for a new customer. The increase in APAC derived primarily from the customer category of TV and software companies, an area in which we noted powerful demand during the quarter. The EMEA region accounted for 54.5 percent (63.7) of the Group's sales in the first quarter, AMERICAS for 28.2 percent (30.2) and APAC for 17.3 percent (6.1). Compared with the year-earlier period, we now have a better balance between sales in our various regions and reduced customer concentration.



Of total net sales in the first quarter, the Products business stream (hardware, software and licenses) accounted for 79.5 percent (84.1), while the remaining 20.5 percent (15.9) was in Services (maintenance, support and other services). Recurring support revenue from existing customers amounted to SEK 10.1 million (8.8), corresponding to 71.8 percent (87.3) of Services' net sales. Strong demand for installation and integration services during the quarter was the reason for the service section's increased share of our total business.



Profit

Gross profit in the first quarter was SEK 52.4 million (46.1), up SEK 6.3 million year-on-year, and the gross margin was 76.2 percent (72.6). The higher gross margin was mainly attributable to a number of major customers purchasing licences during the quarter to increase the capacity of their distribution networks.

Operating expenses amounted to SEK 39.4 million (35.5), up SEK 3.9 million year-on-year. All functions noted increased costs during the quarter compared with the same quarter in 2016. The cost increase for research and development (R&D) resulted from more consultants being added to the outsourced team started during second half of 2016 based in Vietnam. We also have more people employed in both sales and administration compared with the same quarter in 2016.

Development expenses of SEK 3.6 million (1.7) were capitalised in the first quarter, accounting for 19.9 percent (11.7) of the company's total R&D expenses. At the same time, amortisation of previously capitalised development expenses rose to SEK 1.9 million (1.3). This amortisation is a component of the company's cost of goods sold and thus impacts Edgware's gross profit, while development expenses, and capitalisation of these, comprise a component of the company's operating expenses. In total the net of the periods capitalised cost after depreciation had a favourable impact of SEK 1.7 million (0.5) on operating profit.

Operating profit before depreciation and amortisation (EBITDA) was SEK 15.7 million (12.6). Adjusted EBITDA, adjusted for nonrecurring items related to the IPO, was SEK 15.7 million (14.2).

Operating profit (EBIT) for the quarter was SEK 13.0 million (10.6), up SEK 2.4 million year-on-year. Operating profit corresponds to an operating margin of 18.9 percent (16.7). Adjusted EBIT, adjusted for items affecting comparability related to the 2016 IPO, was SEK 13.0 million (12.2), equal to an adjusted operating margin of 18.9 percent (19.1).

Net financial items for the period amounted to an expense of SEK 0.3 million (income: 0.3) and comprised FX effects on bank balances and a revaluation of inter-company transactions.

Profit for the first quarter was SEK 10.3 million (8.3), up SEK 2.0 million year-on-year.

Financial position

Comparative numbers are from December 2016. The equity/assets ratio was 78.4 percent (75.5) on 31 March 2017 and equity amounted to SEK 244.4 million (234.1). The increase in equity is attributable to profit for the year.

Total assets on 31 March 2017 amounted to SEK 311.9 million (309.9). At the end of the period, inventories totalled SEK 8.2 million (6.1) and capitalised development expenses SEK 16.5 million (14.7). The increase in inventories was attributable 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 4.7 million (-2.0). The year-on-year improvement was mainly attributable to a reduction in working capital.

Cash flow from investing activities amounted to SEK -4.6 million (-2.3), due to the capitalisation of development work as well as investments in tangible non-current assets.

Cash flow for the period amounted to SEK 0.1 million (-4.3).

At the end of the period, the Group's cash and bank balances totalled SEK 194.5 million (194.6).

Parent company

The parent company's net sales in the first quarter totalled SEK 68.5 million (63.0) and profit for the period was SEK 8.4 million (10.4). Since the Group's business and net sales is predominantly generated in the parent company, please refer to the Group for additional comments in the quarterly report.

Significant events during and after the quarter

- A completely software-based streaming solution was launched to the first customers.
- Edgeware launches distributed TV repackaging function at NAB show in Las Vegas.
- The annual general meeting (AGM) was held on 12 April 2017.
- The AGM adopted the income statement and balance sheet of the Parent Company and the consolidated income statement and balance sheet

for the 2016 financial year. Profit was carried forward and no dividend will be paid.

- The AGM resolved to re-elect Michael Ruffolo, Staffan Helgesson, Jason Pinto, Sigrun Hjelmqvist, Kent Sander and Karl Thedéen as members of the board and to re-elect Michael Ruffolo as chairman of the board. Lukas Holm declined re-election and was thanked by the Board for his outstanding service.
- Deloitte was re-elected as the company's auditor.
- The AGM resolved that director fees would be payable in an amount of SEK 1,450,000, whereby the chairman of the board would receive SEK 500,000 and each other board member would receive SEK 175,000. Fees for committee work on the audit committee would be payable in a maximum amount of SEK 60,000 (of which SEK 30,000 to the chairman of the committee and SEK 15,000 to each of the two other members) and fees for committee work on the remuneration committee would be payable in a maximum amount of SEK 15,000 to the chairman of the committee. Fees to the company's auditors are to be payable on an approved current account basis.

Outlook

The Board of Directors reiterates its assessment of future prospects compared with the preceding quarter. The Board adopted new targets for the company's sales growth in October 2016 and the assessment that the company will achieve organic growth exceeding 20 percent on an annual basis stands firm. The outlook for the markets served by the company is adjudged to remain positive. Edgeware is continuing to monitor macroeconomic events and currency fluctuations in the markets in which the company is active, such as Mexico. The policy of not issuing a forecast stands firm.

Financial objectives

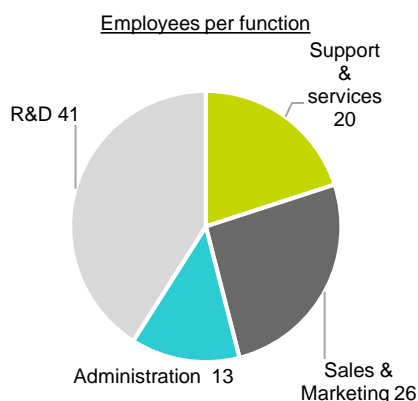
Edgeware has the following financial objectives:

- Edgeware's goal is to achieve organic annual sales growth exceeding 20%.
- Edgeware's goal is 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 company's goal is that net debt should not exceed two times EBITDA for the most recent twelve-month period.
- Since Edgeware's cash flow in coming years will be required to finance the company's continued development, expansion and acquisition opportunities, no dividend will be paid.

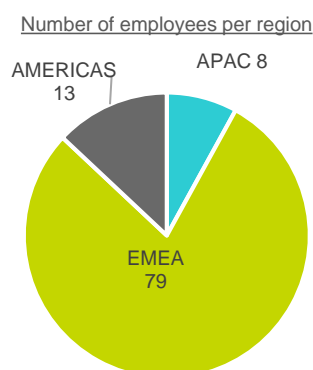
For more information, please visit:
www.corporate.edgeware.tv

Employees

The number of employees in the Group at the end of the period was 100 (96), equal to a year-on-year increase of five employees. The number of employees in R&D is 41 (43), service and support 20 (20), sales and marketing 26 (23) and administration 13 (10). Included in the number of employees at 31 March are employees hired through Business Sweden 13 (8) and consultants with employment-like contracts 9 (5).



At the end of the period, there were 67 (68) employees in Sweden, 12 (12) in EMEA, 8 (4) in APAC and 13 (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.

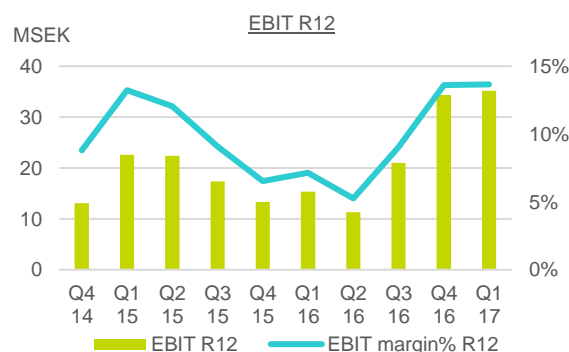
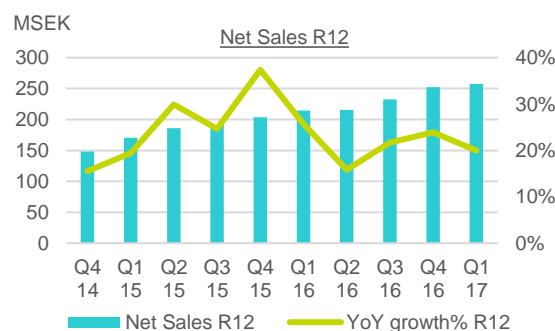
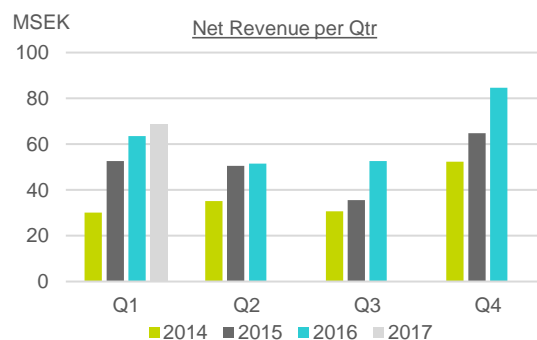
No significant risks and uncertainties beyond those described in the 2016 annual report, and in the Prospectus, have arisen during 2017.

Seasonal variations

Over the past three calendar years, the seasonal variations between quarters have been fairly similar. Net sales have normally been highest in the fourth quarter and lowest in the third quarter, 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 increase in net sales was 20,0% year-on-year and the operating margin for the same period was 13.7 percent.



CONSOLIDATED INCOME STATEMENT

	2017 JAN-MAR Q1	2016 JAN-MAR Q1	2016 JAN-DEC FULL-YEAR
(AMOUNTS IN SEK MILLION)			
Net sales	68.7	63.6	252.3
Cost of goods sold	-16.3	-17.5	-76.7
Gross profit	52.4	46.1	175.6
Selling expenses	-15.9	-13.5	-58.6
Administrative expenses	-9.3	-8.2	-45.3
Research and development expenses	-14.5	-13.0	-51.9
Other operating income/expenses	0.3	-0.8	-0.7
Operating profit (EBIT)	13.0	10.6	19.1
Financial items			
Financial income	0.1	0.4	5.2
Financial expense	-0.4	-0.1	-2.0
Pre-tax profit	12.7	10.9	22.3
Tax	-2.4	-2.6	-6.6
Profit for the period	10.3	8.3	15.7
Attributable to:			
Owners of the parent	10.3	8.3	15.7
Earnings per share before dilution, SEK Note 6	0.3	0.3	0.6
Earnings per share after dilution, SEK Note 6	0.3	0.3	0.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

PROFIT FOR THE PERIOD	10.3	8.3	15.7
Other comprehensive income			
Items that can be reversed to profit or loss:			
Translation differences for the year investment in subsidiary	-0.0	-1.6	-0.1
Other comprehensive income, net after tax	-0.0	-1.6	-0.1
Comprehensive income for the period	10.3	6.7	15.6
Attributable to:			
Owners of the parent	10.3	6.7	15.6

CONSOLIDATED BALANCE SHEET

(Amounts in SEK million)	2017-03-31	2016-12-31
ASSETS		
Non-current assets		
Intangible assets		
Capitalised expenditure on development work	16.5	14.7
Property, plant and equipment		
Equipment	4.6	4.4
Financial non-current assets		
Other non-current assets	3.6	3.6
Deferred tax assets	9.3	11.7
Total non-current assets	34.0	34.4
Current assets		
Inventories	8.2	6.1
Trade accounts receivable	65.3	66.5
Other receivables	3.4	2.5
Prepaid expenses and accrued income	6.5	5.8
Other current receivables	194.5	194.6
Total current assets	277.9	275.5
TOTAL	311.9	309.9
EQUITY AND LIABILITIES		
Equity		
Share capital	1.5	1.5
Other paid-in capital	231.4	231.4
Translation reserve	-2.7	-2.7
Retained earnings including profit for the period	14.2	3.9
Equity attributable to owners of the parent	244.4	234.1
Total equity	244.4	234.1
Provisions		
Other provisions	0.5	0.6
Total provisions	0.5	0.6
Current liabilities		
Trade accounts payable	14.2	16.9
Current tax liabilities	0.8	0.7
Other current liabilities	1.5	2.3
Accrued expenses and deferred income	50.5	55.3
Total current liabilities	67.0	75.2
TOTAL EQUITY AND LIABILITIES	311.9	309.9

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(AMOUNTS IN SEK MILLION)	2017-03-31	2016-03-31
Opening balance, equity	234.1	68.3
Profit for the year	10.3	8.3
Other comprehensive income	-0.0	-1.6
Total comprehensive income	10.3	6.7
Transactions with owners:		
Issuance costs	-	12.1
Total transactions with owners	-	12.1
Closing balance, equity	244.4	87.1

CONSOLIDATED STATEMENT OF CASH FLOWS

	2017	2016	2016
(AMOUNTS IN SEK MILLION)	JAN-MAR Q1	JAN-MAR Q1	JAN-DEC FULL-YEAR
Operating activities			
Operating income	13.0	10.6	19.1
Adjustments for non-cash items:			
Depreciation/amortisation	2.7	2.0	9.9
Revised assessment of provision for guarantee reserve	-0.1	-0.1	0.1
Exchange rate differences	-0.1	0.2	1.7
Paid interest	-0.1	0.0	-
Cash flow from operating activities before changes in working capital	15.4	12.7	30.8
Cash flow from changes in working capital			
Decrease/Increase in inventories	-2.1	-0.8	7.6
Decrease/Increase in accounts receivable	1.2	-16.9	-10.6
Decrease/Increase in other current receivables	-1.7	-0.5	-0.7
Decrease/Increase in trade payables	-2.7	8.4	8.5
Decrease/Increase in other current liabilities	-5.4	-4.9	9.5
Cash flow from operating activities	4.7	-2.0	45.1
Investing activities			
Acquisition of intangible non-current assets	-3.6	-1.7	-8.8
Acquisition of tangible non-current assets	-1.0	-0.6	-3.6
Cash flow from investing activities	-4.6	-2.3	-12.4
Financing activities			
New share issue	-	-	151.1
Issuance costs	-	-	-13.0
Warrants	-	-	0.5
Cash flow from financing activities	-	-	138.6
Cash flow for the period	0.1	-4.3	171.3
Cash and bank balances at the beginning of the period	194.6	21.1	21.1
Exchange-rate differences in cash and cash equivalents	-0.2	-0.1	2.2
Cash and bank balances at the end of the period	194.5	16.7	194.6

KEY FINANCIAL FIGURES

(Amounts in SEK million unless otherwise indicated)

	2017 JAN-MAR Q1	2016 JAN-MAR Q1	2016 APR-JUN Q2	2016 JUL-SEP Q3	2016 OKT-DEC Q4	2016 JAN-DEC FULL-YEAR
Net sales by region						
EMEA	37.4	40.5	39.2	41.5	67.5	188.8
AMERICAS	19.4	19.2	9.5	4.0	8.7	41.4
APAC	11.9	3.9	2.8	7.1	8.4	22.1
Net sales	68.7	63.6	51.5	52.6	84.6	252.3
Net sales by sales category						
Products	54.6	53.5	41.9	39.8	72.9	208.2
Services	14.1	10.1	9.6	12.8	11.7	44.1
Net sales	68.7	63.6	51.5	52.6	84.6	252.3
Gross profit	52.4	46.1	33.8	35.9	59.8	175.6
Gross margin. %	76.2%	72.6%	65.6%	68.2%	70.7%	69.6%
Operating expenses	-39.4	-35.5	-37.3	-33.5	-49.8	-156.5
Operating expenses/Net sales. %	-57.4%	-55.8%	-72.4%	-63.6%	-58.9%	-62.0%
Operating profit (EBIT) **)	13.0	10.6	-3.9	2.4	10.0	19.1
Operating margin. % (EBIT) **)	18.9%	16.7%	-7.6%	4.6%	11.8%	7.6%
EBITDA **)	15.7	12.7	-1.4	4.8	12.9	29.0
EBITDA margin (%) **)	22.8%	19.9%	-2.7%	9.2%	15.2%	11.5%
Adjusted EBIT **)	13.0	12.1	-0.6	4.9	17.9	34.3
Adjusted EBIT margin (%) **)	18.9%	19.1%	-1.2%	9.3%	21.1%	13.6%
Adjusted EBITDA **)	15.7	14.2	1.9	7.3	20.8	44.2
Adjusted EBITDA margin (%) **)	22.8%	22.2%	3.8%	13.9%	24.5%	17.5%
Profit for the period after tax	10.3	8.3	-2.2	2.2	7.4	15.7
Net margin. profit for the period. %	15.0%	13.1%	-4.3%	4.2%	8.8%	6.2%
Total assets	311.9	146.2	133.5	138.7	309.9	309.9
Equity assignable to the parent company's shareholders	244.4	87.1	86.3	89.4	234.1	234.1
Equity/assets ratio. % **)	78.4%	59.5%	64.7%	64.5%	75.5%	75.5%
Return on equity (ROE) **)	4.3%	10.7%	-2.5%	2.5%	4.6%	10.4%
Equity per share. before dilution	8.1	3.6	3.5	3.6	9.1	9.4
Equity per share. after dilution	8.1	3.6	3.5	3.6	9.1	9.4
Average number of shares before dilution	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	24,230,644	24,708,636	24,865,275	25,776,932	24,854,312
Earnings per share before dilution (Note 6)	0.3	0.3	-0.1	0.1	0.3	0.6
Earnings per share. after dilution (Note 6)	0.3	0.3	-0.1	0.1	0.3	0.6
Cash flow from operating activities	4.7	-2.0	12	-2.7	38.0	45.1
No. of employees at the end of the period*	100	96	96	92	92	92
Whereof women	11	13	13	13	11	11

*) Employees: Included in the number of employees at 31 March are employees hired through Business Sweden 13 (9) and consultants with employment-like contracts 9 (8).

***) Financial ratios that are not defined under IFRS. See definitions of ratios on pages

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 financial measure 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 financial measure 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 and additional examination expenses from auditors, the 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 Q1	2016 Jan-Mar Q1	2016 apr-jun Q2	2016 jul-sep Q3	2016 okt-dec Q4	2016 Jan-Dec Full-year
EBITDA bridge						
Operating profit	13.0	10.6	-3.9	2.4	10.0	19.1
Amortisation of capitalised development expenses	-1.9	-1.3	-1.8	-1.6	-1.9	-6.6
Other depreciation	-0.8	-0.8	-0.7	-0.8	-1.0	-3.3
EBITDA	15.7	12.7	-1.4	4.8	12.9	29.0
EBITDA margin (%)	22.8%	19.9%	-2.7%	9.2%	15.2%	11.8%
Items affecting comparability						
IPO-related expenses	-	1.5	3.3	2.5	7.9	15.2
Adjusted EBITDA	15.7	14.2	1.9	7.3	20.8	44.2
Adjusted EBITDA margin (%)	22.8%	22.2%	3.8%	13.9%	24.5%	17.5%

Operating profit (EBIT) and Adjusted EBIT

The company has chosen to report the key performance measure Adjusted EBIT, since it shows the underlying result adjusted for the nonrecurring expenses that arose in connection with the 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 and additional examination expenses from auditors, the 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 Jan-Mar Q1	2016 Jan-Mar Q1	2016 apr-jun Q2	2016 jul-sep Q3	2016 okt-dec Q4	2016 Jan-Dec Full-year
(Amounts in SEK million)						
EBIT bridge						
Operating income	13.0	10.6	-3.9	2.4	10.0	19.1
Items affecting comparability						
Expenses related to IPO preparations	-	1.6	3.3	2.5	7.9	15.2
Adjusted EBIT	13.0	12.2	-0.6	4.9	17.9	34.3
Adjusted EBIT margin (%)	18.9%	19.1%	-1.2%	9.3%	24.5%	13.6%

Equity/assets ratio

The company has chosen to report the key performance measure Adjusted equity/assets ratio, since it shows the company's long-term solvency.

	2017 Jan-Mar Q1	2016 Jan-Mar Q1	2016 apr-jun Q2	2016 jul-sep Q3	2016 okt-dec Q4	2016 Jan-Dec Full-year
(Amounts in SEK million)						
Total assets	311.9	146.2	133.5	138.7	309.9	309.9
Equity	244.4	87.1	86.3	89.4	234.1	234.1
Equity/assets ratio (%)	78.4%	59.5%	64.7%	64.5%	75.5%	75.5%

Return on equity (ROE)

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

	2017 Jan-Mar Q1	2016 Jan-Mar Q1	2016 apr-jun Q2	2016 jul-sep Q3	2016 okt-dec Q4	2016 Jan-Dec Full-year
(Amounts in SEK million)						
Equity	244.4	87.1	86.3	89.5	234.1	234.1
Average adjusted equity	239.3	77.7	86.7	87.9	161.8	151.2
Profit for the period	10.3	8.3	-2.2	2.2	7.4	15.7
Return on equity (ROE)	4.3%	10.7%	-2.5%	2.5%	4.6%	10.4%

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 those 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 quotient value of SEK 0.05 (0.05). The share capital at period-end was SEK 1,502,150.40 (1,502,150.40).

4. Transactions with related parties

A long-term incentive plan for five senior executives of the company is active. The program was started on 28 November 2016 and is for 130,000 warrants. The program has a three-year term. The Chief Executive Officer is not covered by the plan. Transfers to the participants was at the market value of the warrant and each warrant will entitle the holder to subscribe for one new share at a subscription price for the warrants corresponding 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. Fair value per option has been calculated according to Black and Scholes.

5. Segment information

Operating segments are reported in compliance with the internal reporting submitted to the highest executive decision-maker.

The Group's regions and the business areas utilise the same sales, development and administrative resources, so 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 operating segments.

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

The outcomes by region and business area 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 JAN-MAR	2016 JAN-MAR	2016 JAN-DEC
EARNINGS PER SHARE BEFORE DILUTION	Q1	Q1	FULL-YEAR
Profit for the year attributable to owners of the parent. SEK million	10.3	8.3	15.7
Average number of outstanding ordinary shares, before dilution	34.043.008	24.077.275	24.854.312
Earnings per share before dilution. SEK	0.3	0.3	0.6

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

	2017 JAN-MAR	2016 JAN-MAR	2016 JAN-DEC
EARNINGS PER SHARE AFTER DILUTION	Q1	Q1	FULL-YEAR
Profit for the year attributable to owners of the parent. SEK million	10.3	8.3	15.7
Average number of outstanding ordinary shares, before dilution	34.043.008	24.077.275	24.854.312
Warrants	-	153.369	-
Weighted average number of ordinary shares outstanding, after dilution	34.043.008	24.230.644	24.854.312
Earnings per share after dilution. SEK	0.3	0.3	0.6

LIST OF OWNERS

OWNERS	NUMBER OF SHARES	NUMBER OF 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. Catella Funds	1.480.387	4.9%
5. Grenspecialisten	1.249.739	4.2%
6. OST/VÅST	1.034.482	3.4%
7. LMK forward and Foundation	1.034.482	3.4%
8. AMF Försäkring & Fonder	1.000.000	3.3%
9. Avanza Pension	583.833	1.9%
10. Cliens Fonder	552.031	1.8%
Total 10 largest shareholders	22.108.134	73.6%
Others	7.934.874	26.4%
Total	30.043.008	100%

Source: Modular Finance 0331

CONDENSED PARENT COMPANY INCOME STATEMENT

	2017 JAN-MAR Q1	2016 JAN-MAR Q1	2016 JAN-DEC FULL-YEAR
(Amounts in SEK million)			
Net sales	68.5	63.0	249.5
Cost of goods sold	-15.7	-17.2	-74.8
Gross profit	52.8	45.8	174.7
Selling expenses	-18.3	-11.8	-54.0
Administrative expenses	-9.6	-7.4	-42.9
Research and development expenses	-14.1	-13.1	-52.0
Other operating income/expenses	0.3	-0.8	-0.7
Operating income	11.1	12.7	25.1
Financial income and expenses			
Financial income	0.1	0.4	6.0
Financial expense	-0.4	-0.1	-1.7
Profit/loss after financial items	10.8	13.0	29.4
Tax on profit for the period	-2.4	-2.6	-6.5
Profit/loss for the period	8.4	10.4	22.9

CONDENSED PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

	2017 JAN-MAR Q1	2016 JAN-MAR Q1	2016 JAN-DEC FULL-YEAR
(AMOUNTS IN SEK MILLION)			
Profit for the period	8.4	10.4	22.9
Other comprehensive income:	-	-	-
Comprehensive income for the period	8.4	10.4	22.9

PARENT COMPANY BALANCE SHEET

(AMOUNTS IN SEK MILLION)	2017-03-31	2016-12-31
ASSETS		
Non-current assets		
Intangible assets		
Capitalised expenditure on development work	16.5	14.7
Property, plant and equipment		
Equipment	4.5	4.4
Financial non-current assets		
Deferred tax assets	9.3	11.7
Other non-current assets	3.6	3.6
Total non-current assets	33.9	34.4
Current assets		
Inventories	8.2	6.1
Trade accounts receivable	62.4	63.5
Current receivables	9.8	8.2
Receivables from Group companies	3.8	6.5
Total current assets	84.2	84.3
Cash and bank balances	194.0	193.2
Total current assets	278.2	277.5
TOTAL	312.1	311.9
Equity		
Restricted equity		
Share capital	1.5	1.5
Reserve for development expenses	10.5	7.6
Total restricted equity	12.0	9.1
Unrestricted equity		
Share premium reserve	231.4	231.4
Retained earnings including net profit of the year	-6.3	-26.3
Profit for the period	8.4	22.9
Total equity	245.5	237.1
Provisions		
Other provisions	0.5	0.6
Total provisions	0.5	0.6
Current liabilities		
Trade accounts payable	14.1	16.7
Current tax liabilities	0.8	0.7
Other current liabilities	1.5	2.3
Accrued expenses and deferred income	49.7	54.5
Total current liabilities	66.1	74.2
TOTAL EQUITY AND LIABILITIES	312.1	311.9

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

Stockholm 3 May 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-June 2017, Q2. 3 August 2017.
- Interim report for the period January-September 2017 Q3. 2 November 2017.

ABOUT EDGEWARE- LET'S MAKE TV AMAZING AGAIN

Business concept

Edgware offers leading operators and content providers the tools to deliver modern TV services on a huge scale and a low cost. Edgware's unique technology gives control and insight back to the content provider with an outstanding viewing experience. In recent years, Edgware has experienced rapid growth reaching sales of SEK 252 million in 2016. Founded in 2006, Edgware is headquartered in Stockholm, Sweden.

Edgware provides proprietary infrastructure that helps network operators' growing range of TV and video services. With Edgware'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 optimized for TV distribution. The solution supports both traditional pay-TV services and advanced web TV services. Edgware'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

Edgware 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 support and service, Edgware can help its customers expand into local markets. In addition to a subsidiary in the US and offices in Hong Kong, Edgware also has sales and technical sales support staff throughout Europe, Asia and Americas.

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www.corporate.edgeware.tv

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Let's make tv amazing again.

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