

2020

INTERIM REPORT JANUARY-JUNE 2020

APRIL-JUNE 2020

**SEK 38.6
MILLION**
NET SALES

+25.3%
INCREASE IN
NET SALES

**SEK -11.9
MILLION**
EBIT

-30.9% EBIT MARGIN

JANUARY-JUNE 2020

**SEK 80.0
MILLION**
NET SALES

-4.6%
DECREASE IN
NET SALES

**SEK -17.6
MILLION**
EBIT

-22.1% EBIT MARGIN

2020

INTERIM REPORT JANUARY-JUNE

“ A quarter that demonstrates that our new software products are in demand among our customers.”

Karl Thedéen,
CEO, Edgeware

SECOND QUARTER OF 2020:

- Net sales totalled SEK 38.6 million (30.8), an increase of 25.3 percent.
- Gross profit amounted to SEK 26.2 million (18.0), corresponding to a gross margin of 67.8 percent (58.5).
- Operating income (EBIT) amounted to negative SEK 11.9 million (neg: 21.3), corresponding to an operating margin of negative 30.9 percent (neg: 69.1).
- Operating income (EBIT) adjusted for restructuring costs and currency effects amounted to negative SEK 7.1 million (neg: 19.0).
- Loss for the period amounted to SEK 11.6 million (loss: 16.4).
- Cash flow from operating activities totalled SEK 5.8 million (neg: 19.7).
- Cash flow for the period was SEK 76.1 million (neg: 26.2), which included the sale of the short-term interest fund of SEK 75.0 million.

JANUARY-JUNE 2020:

- Net sales totalled SEK 80.0 million (83.9), a decrease of 4.6 percent.
- Gross profit amounted to SEK 54.8 million (56.7), corresponding to a gross margin of 68.5 percent (67.7).
- Operating income (EBIT) amounted to negative SEK 17.6 million (neg: 22.0), corresponding to an operating margin of negative 22.1 percent (neg: 26.3).
- Operating income (EBIT) adjusted for restructuring costs and currency effects amounted to negative SEK 14.4 million (neg: 20.3).
- Loss for the period amounted to SEK 18.6 million (loss: 16.0).
- Cash flow from operating activities totalled SEK 21.6 million (0.1).
- Cash flow for the period was SEK 86.9 million (neg: 20.7), which included the sale of the short-term interest fund of SEK 75.0 million.

SIGNIFICANT EVENTS DURING THE SECOND QUARTER

- The corona pandemic continues to have an impact on all of society and the global economy, resulting in people working from home and the cancellation of customer meetings and of events, including sporting events, which has significance for Edgeware's business. Sales in APAC remained at a low level as a result of the corona pandemic, with an absence of product orders.
- Edgeware installed a new cloud-based elastic CDN solution in a large-scale commercial trial.
- Edgeware launched StreamBuilder – a platform to process video and create the next generation of Web TV.
- The Finnish customer DNA selected Edgeware's StreamBuilder for its new TV service.
- Edgeware StreamPilot in live production at the Norwegian TV 2 Sumo.

(SEK million unless otherwise indicated)	2020	2019	2020	2019	2019
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Full-year
Net sales	38.6	30.8	80.0	83.9	184.4
Gross profit	26.2	18.0	54.8	56.7	125.1
Gross margin (%)	67.8%	58.5%	68.5%	67.7%	67.8%
EBIT	-11.9	-21.3	-17.6	-22.0	-25.2
EBIT margin (%)	-30.9%	-69.1%	-22.1%	-26.3%	-13.7%
Loss for the period	-11.6	-16.4	-18.6	-16.0	-24.5
Cash flow from operating activities	5.8	-19.7	21.6	0.1	3.1
Cash flow for the period*	76.1	-26.2	86.9	-20.7	-26.2
No. of employees at the end of the period**	86	100	86	100	98
Cash and cash equivalents	153.1	72.3	153.1	72.3	66.4
Current investments	-	75.2	-	75.2	75.5

*Cash flow for the period Jan-Dec 2019 includes the purchase consideration for the company acquired in January 2019, Cavena Image Products AB. Cash flow for the second quarter of 2020 includes sale of the short-term interest fund of SEK 75 million.

**Included in the number of employees at 30 June 2020 are 4 (5) consultants with employment-like agreements.

First important business for the future

Edgware's sales for the second quarter of the year increased 25 percent to SEK 39 million, despite the pandemic continuing to have a negative impact on our market. Cancelled sports events reduced many of our customers' investment requirements and we also saw an increased level of caution regarding new ventures, as well as reduced investment budgets. For this reason, it was positive to see that the sales in EMEA grew during the quarter. A large order from one of our major customers in Latin America contributed to Americas reporting healthy growth. However, in APAC, sales declined because China and Hong Kong, in particular, continued to be strongly impacted by the ongoing pandemic.

Our gross margin was 68 percent, which is approximately in line with the figure we usually report at these sales levels. EBIT for the quarter was negative SEK 12 million, which was negatively impacted by FX effects of SEK 2.5 million and restructuring expenses of SEK 2.3 million.

Cash flow for the period, adjusted for the sales of short-term interest fund, was nonetheless SEK 1.1 million and our net cash amounted to SEK 153 million at the end of the quarter.

To create scope for our strategic investment to develop new software products and reach new customers, we have streamlined, centralised and reduced our sales and administrative expenses during the past year.

Initial successes for our new software-based platforms

To address the trend toward OTT streaming, we have invested in the development of software products and deliveries via cloud services. This also requires changes to the way we develop, sell and deliver our products.

The change has begun and I am very satisfied that we have gained confirmation during the quarter that we are on the right track.

- Firstly, our new cloud-based and elastic CDN solution became part of a large-scale commercial trial at a Chinese service provider, which has several cable TV operators as customers. The solution comprises a function to easily scale cache resources up and down in the cloud and to stream TV content to customers. In combination, this helps CDN owners to more easily manage dynamic peaks in video consumption, such as during major live events or launches of popular

TV content. It is also an important order in terms of taking further steps to become established in the expanding Chinese market.



- We also launched StreamBuilder, which is a platform to prepare video for distribution over the Internet and to be able to merge content from various video sources and thereby create new channels for OTT-TV. The product has already been integrated by a global provider of TV streaming services to content companies and is now part of their cloud platform. StreamBuilder is also in operation at several of Edgware's existing customers, including Finnish company DNA, as part of their platform for creating next-generation TV services.
- During the quarter, we also received our first order for StreamPilot. This is our control platform for the monitoring and control of the delivery of TV content when this occurs across several CDN networks and is now used in live production at Norwegian TV 2 Sumo. This is a key step in our ambition to become a SaaS company and comprises the basis in a technical platform and organisation for delivering services over a cloud solution. Furthermore, the combination of Edgware's new cloud-based CDN solution and StreamPilot offers a unique opportunity to manage and ease traffic peaks, both in a customer's own CDN and in a multi-CDN environment.

Overall, our sales for the first six months of 2020 were approximately on the same level as during 2019, despite the pandemic. However, we have advanced our positions in line with our new strategy and our recurring software and support revenues increased by 15 percent in the first six months. Our product portfolio was strengthened, we are working more efficiently and, above all, we secured new types of business during the quarter. We have gained confirmation that we are on the right track and the organisation is working hard to ensure that our strategic change will result in an innovative and profitable Edgware.

Karl Thedéen
CEO, Edgware

Corona pandemic effects

In conjunction with corona pandemic and all of the restrictions introduced relating to travel, physical meetings, closed offices and home working in Edgware's regions, physical customer meetings have become more difficult to conduct. On the other hand, the adaption to working from home has gone well and the organisation works with the same capacity as when working from the office. The other major impact experienced by Edgware, both during the first and second quarter, is that customers have during the major part of the period not distributed live sport. This means that the need is reduced for expanding existing capacity and investing in new products from Edgware. This will have continued effect also in the future. Expected new capacity investments by Edgware's customers ahead of the European Football Championships and the summer Olympics are also absent now that these events have been cancelled. Furthermore, several customers have indicated more restrained investment budgets in general, which has negatively impacted and will continue to negatively impact Edgware's order intake during the year. The paradox is that TV viewing is increasing in number of hours, but the occasions with very high loads have disappeared.

Edgware invests approximately 30 percent of sales in research and development. Currently, two new product concepts are being developed that will give customers the possibilities to manage personalised advertising and control several CDN-networks to achieve higher quality and delivery security. Products in the industry in which Edgware operates must always be developed in close cooperation with customers. The market is currently cautious, and the customers want to make few changes in their networks for managing TV/Video. This reduces the possibilities to start up and gain help in testing new product concepts, which entails that the pace of the roll-out of new products and the corresponding revenue streams will decline. At the same time, Edgware has customers such as TV2 in Norway who have worked closely with Edgware to develop StreamPilot. Overall, Edgware has already seen a significant impact from the corona pandemic during both the first and second quarters of 2020, but the effect will probably remain visible during the rest of the year when Europe, which is Edgware's main market and has already been strongly affected by the corona pandemic, is at risk of a second wave. Latin America, where our largest customer in Americas is located, is also severely affected by the pandemic, with likely consequences for the economies in those countries.

Edgware has applied for and been granted support for short-term furlough from the Swedish Agency for Economic and Regional Growth for the period June to August. The reduction in working hours during this period is 20%. As holiday absence and other absence is not justified absence for support

measures, the grant for this period is limited. The amount of support for the month of June is SEK 0.4 million. The amounts for July and August are expected to be lower as the employees during these months will take a large share of their annual holiday.

No additional impairment requirement is deemed necessary in relation to the effects of the corona pandemic. In terms of the open trade accounts receivable and assessed risk of future credit losses, the provision for future credit losses was not increased significantly in the second quarter of 2020. Although the general credit risk increased as a result of the corona pandemic, Edgware's historically largest customer group, telco operators, are not considered to belong to the group that has been significantly impacted by the corona pandemic to date. Traditional telco operators, which form a large part of the company's customer base, have also generally been less affected by the pandemic since the television business has become even more important in their offerings in a world where social distancing is currently the new norm. The development of credit risks will continue to be monitored closely and there may be a need to adjust the provision for future credit losses at a later stage if the credit risk for Edgware's receivables increases. Edgware has a strong balance sheet with a high equity/assets ratio of 73.8 percent and healthy liquidity, with cash and cash equivalents that amount to SEK 153.1 million, which corresponds to 58.2 percent of total assets.

Net sales

Second quarter

The Group's net sales for the second quarter amounted to SEK 38.6 million (30.8), corresponding to a year-on-year increase of 25.3 percent. The increase in comparable currencies was 29.7 percent.

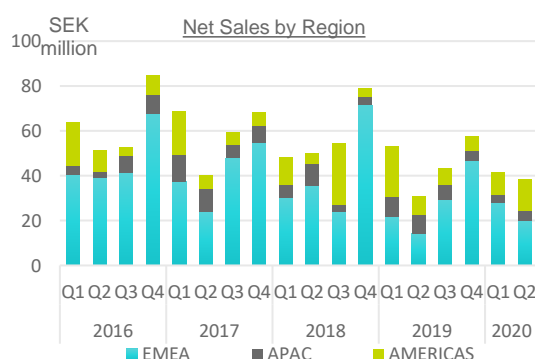
Net sales increased to SEK 19.7 million (14.2) in EMEA (Europe, the Middle East and Africa) and to SEK 14.3 million (8.2) in AMERICAS. However, net sales in APAC (Asia-Pacific) declined to SEK 4.6 million (8.5), compared with the second quarter of 2019.

In the EMEA region, medium-sized product and license investments were registered during the quarter for network expansion from some of the region's customers. The corresponding quarter of 2019 was an extremely weak quarter in the EMEA region. The APAC region continued to be impacted by corona pandemic during the second quarter. Our operations and sales in the APAC region were also on low levels in the second quarter and the region's sales were mainly derived from ongoing support contracts. Product sales fell from SEK 4.8 million in the second quarter of 2019 to SEK 1.0 million in the second quarter of 2020, a decrease of 79.2 percent. Total sales for the quarter for the APAC region were SEK 4.6 million (8.5), down 45.6 percent. Sales

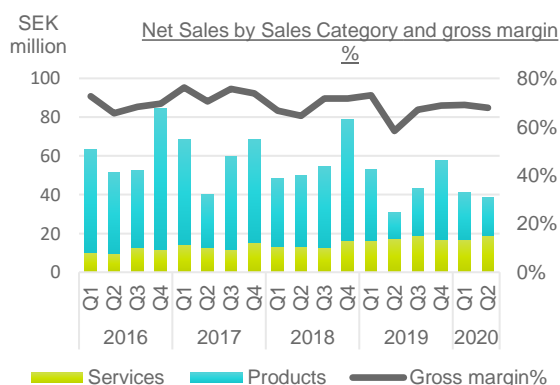
increased for the AMERICAS region by 74.8 percent to SEK 14.3 million (8.2) compared with the corresponding quarter in 2019. The customer concentration is high in the region and Edgware secured a major order from the region's largest customer during the quarter.

Service business for the company increased by 8.1 percent compared with the second quarter of 2019. The service business includes both the recurring support business and professional services. The company's support business grew 10.8 percent in the second quarter compared with 2019, while professional services declined 2.8 percent.

Edgware had, and still has, a high customer concentration in all its regions. The investment level from a few major customers has historically significantly impacted an individual quarter and moving forward will continue to do so. Historically, Edgware has also had a large customer concentration and dependence on major telco operators in Western Europe, the EMEA region. This becomes clear in the company's sales performance, since growth in the Western European CDN market is limited.



Of total net sales in the second quarter, the Products business stream (hardware, software and licenses) accounted for 51.6 percent (43.9), while the remaining 48.4 percent (56.1) was attributable to Services (maintenance, support and other services). Recurring revenue from the support business and software licenses from existing customers amounted to SEK 16.2 million (14.7). The Support business corresponded to 85.2 percent (83.2) of the total Services' net sales, while the remainder was Professional services, such as installation and system integration.



Six months

Net sales in the first half of 2020 totalled SEK 80.0 million (83.9), down 4.6 percent compared with the first half of 2019. The decrease in comparable currencies was 4.1 percent.

Net sales in EMEA amounted to SEK 48.0 million (35.8), an increase of 34.1 percent year-on-year. In AMERICAS, sales decreased 21.3 percent to SEK 24.2 million (30.7) compared with the first half of 2019 and in APAC, sales decreased by 55.0 percent. The decline in APAC was primarily attributable to a lower level of activity in the region due to the corona pandemic. Sales in the region largely comprise support revenue from existing support contracts. Product sales in the region declined from SEK 11.1 million in 2019 to SEK 1.5 million for the first half of 2020, down 86.8 percent. The decrease in sales in the AMERICAS region was attributable to the region's largest customer making major investments in the first quarter of 2019, driven by a higher number of subscribers and increased use of such functions as Time-shift, and by investment in the subtitling product from Cavena. Sales in the EMEA region for the first half of 2019 were on a low level with very few investments by our major customers in the region. However, in the first half of 2020, we secured mid-sized product and license investments for network expansion from some of the region's customers.

Net sales from products amounted to SEK 44.5 million (50.2) and from services to SEK 35.5 million (33.7). The decline in products that began already during the first half of 2019 was primarily attributable to limited growth in the company's historically largest CDN market, Western Europe, where there was an absence of investments by the company's major customers. The increase between the years is therefore due to the low levels during the first half of 2019. Recurring revenue from the support business from existing customers and recurring revenue from software licenses amounted to SEK 30.8 million (26.9). Support revenue corresponded to 85.6 percent (78.7) of net sales from services.

Results

Second quarter

Gross profit for the second quarter amounted to SEK 26.2 million (18.0), corresponding to a year-on-year increase of SEK 8.2 million. The quarter's product sales and the service business's sales were both higher in the second quarter of 2020 compared with 2019, while the cost for service personnel was lower in 2020 compared with 2019.

The gross margin was 67.8 percent (58.5). The gross margin was impacted by factors including the mix between hardware and licences, and the share of fixed costs such as amortisation of capitalised development expenses and personnel costs for service employees. At the lower net sales levels, the fixed costs' share of the gross margin becomes higher. Amortisation of capitalised development expenses, which was SEK 3.0 million (2.9) for the

quarter, impacted the quarter's gross margin by 7.8 percent (9.4), while personnel costs for service employees had an impact of 14.8 percent (20.7). During the quarter, an inventory impairment was made of SEK 0.2 million (0).

The proportion of software and capacity licenses in relation to total product sales in the quarter was lower than in the year-earlier quarter. However, the margin on the company's service business in 2020 was better than in the preceding year, which was attributable to both higher service revenue and lower service costs.

Operating expenses amounted to SEK 38.1 million (39.3), down SEK 1.2 million or 3.1 percent year-on-year. The underlying costs declined compared with the preceding year, primarily in administration and selling costs. However, the costs for research and development were on a par with the preceding year, since we invested in product development for our new software products. The operating expense for the quarter includes a cost of SEK 2.5 million (income: 0.3) for exchange losses on accounts receivable attributable to a stronger Swedish krona during the second quarter, which generated a negative effect on the accounts receivable outstanding for Edgware in EUR, USD and MXN at the end of the quarter. The costs also include restructuring expenses of SEK 2.3 million (2.7) for streamlining of the organisation. The underlying costs, adjusted for FX effects and the restructuring expenses, were SEK 33.3 million (36.9) for the second quarter, down 9.7 percent. Savings measures implemented and the reorganisation conducted in the first and second quarters are deemed to reduce operating expenses by approximately SEK 12 million on an annual basis as of the second half of 2020. Operating loss adjusted for restructuring costs and currency effects amounted to negative SEK 7.1 million (neg: 19.0).

The year-on-year cost decrease was primarily due to fewer employees and fewer consultants.

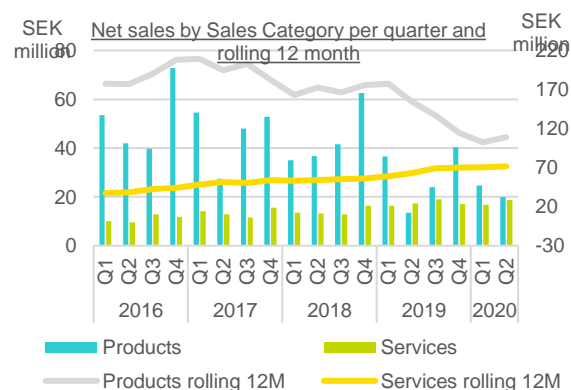
During the second quarter, development expenses were capitalized in an amount of SEK 3.2 million (4.4), corresponding to 16.2 percent (22.5) of the company's total R&D expenses. Amortisation of previously capitalised development expenses during the period amounted to SEK 3.0 million (2.9). This amortisation is a component of the company's cost of goods sold and thus impacts Edgware's gross profit. On the whole, the net of the period's capitalised expenses after amortisation for the period had an effect of SEK 0.2 million (1.5) on EBIT.

R&D, MSEK	Q1 2020	Q1 2019
Total R&D expenses	- 19,9	- 19,7
Capitalised development expenses	3,2	4,4
Amortisation of capitalised development expenses	- 3,0	- 2,9
Net effect P/L	0,2	1,5
R&D expenses according to income statement	- 16,7	- 15,3
% activated of tot gross Development	- 16,2 %	- 22,5 %

Operating income before depreciation and amortisation (EBITDA) amounted to negative SEK 7.0 million (neg: 16.4).

Operating loss (EBIT) for the quarter amounted to SEK 11.9 million (loss: 21.3), corresponding to a year-on-year improvement of SEK 9.4 million. EBIT corresponded to an operating margin of negative 30.9 percent (neg: 69.1). Net financial items for the period amounted to SEK 0.6 million (0.0) and mainly comprised FX effects on cash and cash equivalents, a change in value of current investments and a revaluation of inter-company transactions. During the quarter, the current investment recovered from the strong negative downturn that occurred due to the market reaction to the corona pandemic during the first quarter of 2020. Edgware's current investments increased in value by SEK 1.3 million during the quarter to SEK 75.2 million (75.2). After the short-term interest fund increased in value, the company chose to sell the fund and to deposit the proceeds in an interest-bearing bank account.

Loss for the period was SEK 11.6 million (loss: 16.4), corresponding to a year-on-year improvement of SEK 4.8 million.



Six months

Gross profit for the first half of the year amounted to SEK 54.8 million (56.7), corresponding to a year-on-year decline of SEK 1.9 million. The gross margin was 68.5 percent (67.7).

The gross margin for the first half of the year was higher than for the year-earlier period. The improvement in the service business, with increased service sales and reduced costs for service personnel, drove up the gross margin.

Operating expenses amounted to SEK 72.5 million (78.8), corresponding to a reduction of SEK 6.3 million or 8.0 percent compared with the first half of 2019. The decrease in operating expenses is mainly attributable to a reduction in the number of employees in the Group, but also the review that is in progress of the company's total costs. The period's costs include restructuring expenses for the reorganisation implemented to achieve expanded focus on our software business during the second quarter. These costs affecting comparability amounted to SEK 2.3 million (2.9) for the first half of

the year. The first half of 2020 included SEK 1.2 million in exchange rate losses on accounts receivable attributable to a stronger Swedish krona, which generated a negative effect on the accounts receivable outstanding for Edgware in EUR, USD and MXN in operating expenses. The corresponding period of the preceding year included a positive exchange-rate effect of SEK 1.1 million in operating expenses.

During the first half of the year, development expenses of SEK 6.4 million (7.2) were capitalized, accounting for 16.1 percent (18.2) of the company's total R&D expenses. At the same time, amortisation of previously capitalised development expenses rose to SEK 6.2 million (5.9). This amortisation is a component of the company's cost of goods sold and thus impacts Edgware'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 0.2 million (1.3) on EBIT.

R&D, MSEK	H1 2020	H1 2019
Total R&D expenses	-40,0	-39,4
Capitalised development expenses	6,4	7,2
Amortisation of capitalised development expenses	-6,2	-5,9
Net effect P/L	0,2	1,3
R&D expenses according to income statement	-33,5	-32,2
% activated of tot gross Development	-16,1%	-18,2%

Operating loss (EBIT) for the first half of the year amounted to SEK 17.6 million (loss: 22.0), corresponding to a year-on-year improvement of SEK 4.4 million. Adjusted for non-recurring restructuring expenses, EBIT was a loss of SEK 15.3 million (loss: 19.1).

Net financial items amounted to a loss of SEK 0.5 million (income: 0.3) and mainly comprised FX effects on cash and cash equivalents and a revaluation of inter-company transactions.

Loss for the period was SEK 18.6 million (loss: 16.0), corresponding to a year-on-year improvement of SEK 2.6 million.

Financial position

The comparative figures under financial position pertain to December 2019. The equity/assets ratio was 73.5 percent (73.5) on 30 June 2020 and equity amounted to SEK 193.8 million (212.6).

Total assets on 30 June 2020 amounted to SEK 263.5 million (289.4). Inventories amounted to SEK 10.2 million (13.5) at the end of the period and capitalised development expenses amounted to SEK 23.8 million (23.6).

At the end of the period, the Group's cash and cash equivalents amounted to SEK 153.1 million (66.4). The current investments comprising short-term interest fund investments were sold during the quarter at a value of SEK 75.2 million and the proceeds were deposited in an interest-bearing bank

account. This amounted to SEK 75.5 million at year-end. The asset was measured according to level 1 of the fair value hierarchy. In total, cash and cash equivalents, including current investments, amounted to SEK 153.1 million (141.9) on 30 June 2020.

Liquidity and cash flows

Cash flow from operating activities in the second quarter amounted to SEK 5.8 million (neg: 19.7). The positive cash flow was mainly generated by a positive change in operating capital related to trade accounts receivable and other current receivables.

Cash flow from investing activities amounted to SEK 71.7 million (neg: 5.1) during the second quarter and was primarily attributable to the sale of the short-term interest fund and reinvestment of the proceeds in an interest-bearing bank account, as well as direct costs for capitalised development work and investments in tangible and intangible non-current assets. Total cash flow for the second quarter amounted to SEK 76.1 million (neg: 26.2).

Total cash flow for the first half of the year amounted to SEK 86.9 million (neg: 20.7). In the preceding year, the acquisition of Cavena was included in the quarter's investing activities in an amount of SEK 9.0 million. For the first half of 2020, SEK 75.0 million was derived from the sale of the short-term interest fund and SEK 29.6 million from a positive change in operating capital regarding trade accounts receivable.

Parent company

The parent company's net sales in the second quarter amounted to SEK 37.3 million (28.5) and the loss for the period amounted to SEK 14.7 million (loss: 18.3). During the quarter, the parent company expensed commissions from the subsidiary in the US for business in Latin America and for the subsidiary in Hong Kong. This is a part of the company's transfer pricing setup, and the transaction will be eliminated in the Group.

Since a large part of the Group's business and net sales is generated in the parent company, reference is made to the Group for additional comments in the quarterly report.

Employees

The number of employees in the Group at the end of the period was 86 (100). The reduction between the years was 14 persons. Also included in the number of employees at 30 June were consultants with employment-like agreements 4 (5). Added to this are two outsourced development teams in Vietnam and one team in Poland, a total of about 14 (14) persons.

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. Edgware had, and still has, a high customer concentration in all its regions. The investment level from a few major customers has historically significantly impacted an individual quarter and moving forward will continue to do so.

During 2020, the uncertainties affecting the entire global economy due to the corona pandemic also increased the uncertainties for Edgware during the first half of 2020, as well as for the remainder of 2020. Refer also to the notes regarding corona pandemic effects for further information.

Apart from the corona pandemic, no material risks and uncertainties beyond those described in the 2019 annual report have arisen in 2020.

Edgware's share

During the second quarter, Edgware's share price varied between SEK 3.88 and SEK 5.52. The closing price on the last day of trading in June 2020 was SEK 5.26. Edgware's market capitalisation on 30 June 2020 was SEK 158.0 million. As per 30 June 2020, Edgware'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. Refer also to Note 4.

For information on capital owned and invested in the company by the management and Board of Directors, visit Edgware's website: <https://corporate.edgware.tv/>

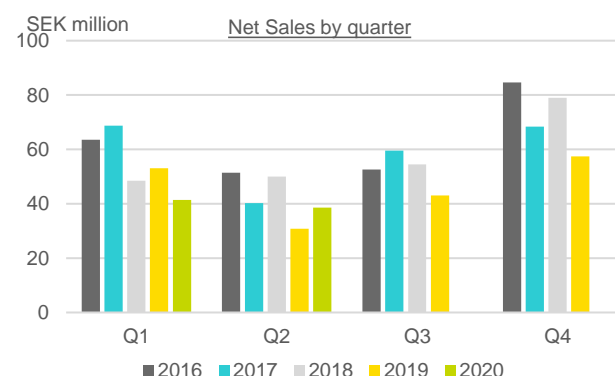
Seasonal variations and outlook

On a global basis, Edgware's sales are impacted by the underlying need to transform traditional television distribution into interactive television delivered over the Internet to a large number of different platforms, such as mobiles, iPads and Smart TVs. The trend in this direction is clear and there is still a great need for investments that contribute to this transformation. In Western Europe, however, subscriber growth is now low and the capacity of the CDN market is well developed. The western European CDN market is therefore specifically considered to be mature. Edgware entered 2020 with expectations of low business volumes from the company's largest Western European customers and expecting continued fluctuations in sales between the quarters during the period of build-up for the company's new business.

Regarding the impact on Edgware's future business from the ongoing corona pandemic, see the text under the section entitled "Corona pandemic effects."

The policy of not issuing a forecast stands firm.

Edgware experiences some seasonal variations of revenue over the quarters. Like many other companies in our industry, revenue tends to be strongest in the fourth quarter. However, the distribution of revenue across quarters and years is determined primarily by the larger customers' purchasing patterns and can therefore vary considerably. Operating expenses are seasonally lower during the third quarter in connection with holiday withdrawal effects. Based on the cost reductions implemented during the first half of 2020 and the cost savings that are a direct result of the corona pandemic such as lower travel costs and cancelled fairs, we see a cost saving between the second half of 2019 and the second half of 2020 by over 10 percent.



Financial objectives

Edgware has the following long-term financial objectives, adopted at the Board meeting on 23 January 2020:

- Edgware's target is to increase recurring revenues by 15 percent annually.
- Edgware's target is to achieve a long-term (more than three years) EBIT margin of more than 10 percent.
- Edgware's target for the short term, the next two years, is to annually improve EBIT.
- Edgware's capital structure is to enable a high degree of financial flexibility and allow for acquisitions. The company's objective is for net indebtedness to amount to a maximum of two times EBITDA for the most recent 12-month period.
- Since Edgware'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.edgware.tv/>

CONSOLIDATED INCOME STATEMENT

	2020	2019	2020	2019	2019
(AMOUNTS IN SEK MILLION)	APR-JUN Q2	APR-JUN Q2	JAN-JUN H1	JAN-JUN H1	JAN-DEC FULL YEAR
Net sales	38.6	30.8	80.0	83.9	184.4
Cost of goods and services sold	-12.4	-12.8	-25.2	-27.2	-59.3
Gross profit	26.2	18.0	54.8	56.7	125.1
Selling expenses	-9.9	-13.6	-20.7	-25.4	-48.8
Administrative expenses	-7.0	-8.1	-15.2	-19.4	-34.9
Research and development expenses	-16.4	-15.3	-33.3	-32.2	-61.6
Other operating income/expenses	-4.8	-2.3	-3.2	-1.7	-5.0
EBIT	-11.9	-21.3	-17.6	-22.0	-25.2
Financial items					
Financial income	1.4	0.5	1.2	1.3	3.4
Financial expenses	-0.8	-0.5	-1.7	-1.0	-2.3
Pre-tax profit	-11.3	-21.3	-18.1	-21.7	-24.1
Tax	-0.3	4.9	-0.5	5.7	-0.4
Loss for the period	-11.6	-16.4	-18.6	-16.0	-24.5
Attributable to:					
Owners of the parent	-11.6	-16.4	-18.6	-16.0	-24.5
Earnings per share before dilution, SEK	-0.4	-0.5	-0.6	-0.5	-0.8
Earnings per share after dilution, SEK	-0.4	-0.5	-0.6	-0.5	-0.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

LOSS FOR THE PERIOD	-11.6	-16.4	-18.6	-16.0	-24.5
Other comprehensive income					
Items that can be reversed to profit or loss:					
Exchange-rate differences when translating foreign operations	-0.0	0.0	-0.2	-0.3	-1.1
Other comprehensive income, net after tax	-0.0	0.0	-0.2	-0.3	-1.1
Comprehensive income for the period	-11.6	-16.4	-18.8	-16.3	-25.6
Attributable to:					
Owners of the parent	-11.6	-16.4	-18.8	-16.3	-25.6

CONSOLIDATED BALANCE

(AMOUNTS IN SEK MILLION)	30 Jun 2020	30 Jun 2019	31 Dec 2019
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	3.3	7.0	3.3
Capitalised expenditure on development work	23.8	24.0	23.6
Trademarks	2.5	0.8	3.1
Other intangible assets	2.3	0.9	2.3
Property, plant and equipment			
Equipment	1.5	2.7	1.9
Right-of-use assets	5.5	10.8	8.0
Financial non-current assets			
Other non-current assets	2.2	2.3	2.3
Deferred tax assets	12.2	19.1	12.8
Total non-current assets	53.3	67.6	57.3
Current assets			
Inventories	10.2	16.0	13.5
Trade accounts receivable	34.6	57.0	64.2
Other receivables	2.7	3.7	1.2
Prepaid expenses and accrued income	9.6	11.2	11.3
Current investments	-	75.2	75.5
Cash and cash equivalents	153.1	72.3	66.4
Total current assets	210.2	235.4	232.1
TOTAL ASSETS	263.5	303.0	289.4
EQUITY AND LIABILITIES			
Equity			
Share capital	1.5	1.5	1.5
Other paid-in capital	235.9	235.9	235.9
Translation reserve	-4.9	-3.9	-4.8
Retained earnings including profit for the period	-38.7	-11.7	-20.0
Equity attributable to owners of the parent	193.8	221.8	212.6
Total equity	193.8	221.8	212.6
Lease liabilities	2.4	8.1	5.2
Deferred tax liabilities	0.8	-	0.8
Total non-current liabilities	3.2	8.1	6.0
Current liabilities			
Trade accounts payable	8.2	16.5	9.3
Lease liabilities	3.0	2.8	3.0
Current tax liabilities	-	0.6	0.1
Other current liabilities	2.1	2.8	3.8
Accrued expenses and deferred income	53.0	50.2	54.3
Other provisions	0.2	0.2	0.3
Total current liabilities	66.5	73.1	70.8
TOTAL EQUITY AND LIABILITIES	263.5	303.0	289.4

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(AMOUNTS IN SEK MILLION)	30 Jun 2020	30 Jun 2019
Opening balance, equity 1 Jan 2020 (1 Jan 2019)	212.6	238.1
Loss for the period	-18.6	-16.0
Other comprehensive income	-0.2	-0.3
Total comprehensive income	-18.8	-16.3
Closing balance, equity	193.8	221.8

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(AMOUNTS IN SEK MILLION)	2020 APR-JUN KV2	2019 APR-JUN KV2	2020 JAN-JUN H1	2019 JAN-JUN H1	2019 JAN-DEC FULL YEAR
Operating activities					
EBIT	-11.9	-21.3	-17.6	-22.0	-25.2
Adjustments for non-cash items:					
Depreciation/amortisation	4.9	4.9	10.1	10.0	19.6
Other non-cash items	0.3	-0.3	0.4	0.1	1.1
Cash flow from operating activities before changes in operating capital	-6.7	-16.7	-7.1	-11.9	-4.5
Cash flow from changes in operating capital					
Decrease/Increase in inventories	1.4	-5.0	3.2	-3.7	-1.2
Decrease/Increase in trade accounts receivable	8.9	-10.3	29.6	28.1	20.9
Decrease/Increase in other current receivables	6.2	1.7	0.3	0.8	2.8
Decrease/Increase in trade accounts payable	-0.7	10.4	-1.1	-2.9	-10.0
Decrease/Increase in other current liabilities	-3.3	0.2	-3.3	-10.3	-4.9
Cash flow from operating activities	5.8	-19.7	21.6	0.1	3.1
Investing activities					
Acquisition of intangible non-current assets	-3.2	-4.5	-6.4	-7.8	-12.9
Acquisition of property, plant and equipment	-0.1	-0.6	-0.4	-0.6	-1.5
Investments in other financial non-current assets	75.0	-	75.0	-0.3	-0.3
Acquisitions of subsidiaries after deduction of acquired cash and cash equivalents	-	-	-	-9.1	-9.0
Cash flow from investing activities	71.7	-5.1	68.2	-17.8	-23.7
Financing activities					
Amortisation of lease liability	-1.4	-1.4	-2.9	-3.0	-5.6
Cash flow from financing activities	-1.4	-1.4	-2.9	-3.0	-5.6
Cash flow for the period	76.1	-26.2	86.9	-20.7	-26.2
Cash and cash equivalents at the beginning of the period	77.7	98.7	66.4	93.1	93.1
Exchange-rate differences in cash and cash equivalents	-0.7	-0.2	-0.2	-0.1	-0.5
Cash and cash equivalents at the end of the period	153.1	72.3	153.1	72.3	66.4

(AMOUNTS IN SEK MILLION)

Current investments at the end of the period

30 JUN 2020	30 JUN 2019	30 JUN 2020	30 JUN 2019	31 DEC 2019
-	75.2	-	75.2	75.5

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.

2. Measurement of financial instruments at fair value

Financial assets and financial liabilities that are measured at fair value in the balance sheet, or for which fair value disclosures are made, are classified at one of three levels based on the information used to establish fair value.

Level 1 – Financial instruments for which fair value is established based on observable quoted prices (unadjusted) on active markets for identical assets or liabilities. A market is regarded as active if quoted prices from a stock market, broker, industry group, pricing service or supervisory authority are readily and regularly available and these prices represent actual and regularly occurring market transactions at arm's length.

Level 2 – Financial instruments for which fair value is established using measurement models that are based on observable data for the assets or liabilities other than quoted prices included in level 1, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Examples of observable data within level 2 are:

- Quoted prices for similar assets or liabilities.
- Data that can provide a basis for price assessment, e.g. market interest rates and yield curves.

Level 3 – Financial instruments for which fair value is established using measurement models in which input data is based on non-observable data.

For cash and cash equivalents, trade accounts receivable, other current receivables, trade accounts payable, lease liabilities and other current liabilities, the carrying amount is a good approximation of the fair value when the duration is short. Current investments amounted to SEK - million (75.2) and are measured at fair value in accordance with level 1.

Edgware 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. Currency future contracts are measured at fair value through profit or loss. Hedge accounting is not applied. At the end of June 2020, the outstanding currency future contracts in MXN were measured at negative SEK 0.1 million (neg: 0.1) and in EUR at SEK 0 million (0). 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.

3. 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 Edgware's 2019 Annual Report.

4. 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).

5. Transactions with related parties

Significant transactions with related parties are presented in the Group's Note 34 i Edgware consolidated financial statements and annual report for 2019. No material changes occurred in relationships or transactions with related parties compared with what was described in Edgware's consolidated financial statements and annual report for 2019.

6. Segment information

Operating segments are reported in compliance with the internal reports submitted to the chief operating 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 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 7 REVENUE SPLIT

In the table below, net sales are broken down by region, sales category and timing of revenue recognition.

Revenue split				
SEK million	Q2 2020	Q2 2019	H1 2020	H1 2019
Net sales by sales category				
Products	19.9	13.5	44.5	50.2
Services	18.7	17.3	35.5	33.7
Of which, support	15.9	14.4	30.4	26.5
Of which, professional services	2.8	2.9	5.1	7.2
Sum net sales	38.6	30.8	80.0	83.9
Net Sales by Region				
EMEA	19.8	14.2	48.0	35.8
AMERICAS	14.3	8.2	24.2	30.7
APAC	4.6	8.5	7.8	17.3
Sum net sales	38.6	30.8	80.0	83.9
Net sales by time				
At a point in time	22.0	16.4	48.8	57.4
Over time	16.6	14.4	31.2	26.5
Sum net sales	38.6	30.8	80.0	83.9

CONDENSED PARENT COMPANY INCOME STATEMENT

	2020 APR-JUN Q2	2019 APR-JUN Q2	2020 JAN-JUN H1	2019 JAN-JUN H1	2019 JAN-DEC FULL YEAR
(AMOUNTS IN SEK MILLION)					
Net sales	37.3	28.5	76.7	77.8	170.9
Cost of goods sold	-10.9	-10.3	-22.8	-21.7	-47.7
Gross profit	26.4	18.2	53.9	56.1	123.2
Selling expenses	-14.5	-18.4	-29.5	-37.7	-66.5
Administrative expenses	-6.2	-7.0	-13.6	-15.8	-29.1
Research and development expenses	-16.1	-13.5	-32.8	-28.5	-55.8
Other operating income/expenses	-3.7	-2.6	-3.0	-2.1	-5.2
EBIT	-14.1	-23.3	-25.0	-28.0	-33.4
Financial income and expenses					
Financial income	0.4	0.3	1.9	1.0	5.0
Financial expenses	-0.8	-0.4	-0.9	-0.8	-1.8
Loss after financial items	-14.5	-23.4	-24.0	-27.8	-30.2
Tax on profit for the period	-0.2	5.1	-0.2	5.7	-0.2
Loss for the period	-14.7	-18.3	-24.2	-22.1	-30.4

CONDENSED PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

	2020 APR-JUN Q2	2019 APR-JUN Q2	2020 JAN-JUN H1	2019 JAN-JUN H1	2019 JAN-DEC FULL YEAR
(AMOUNTS IN SEK MILLION)					
Loss for the period	-14.7	-18.3	-24.2	-22.1	-30.4
Other comprehensive income:		-	-	-	-
Comprehensive income for the period	-14.7	-18.3	-24.2	-22.1	-30.4

PARENT COMPANY BALANCE SHEET

(AMOUNTS IN SEK MILLION)	30 JUN 2020	30 JUN 2019	31 DEC 2019
ASSETS			
Non-current assets			
Intangible assets			
Capitalised expenditure on development work	23.8	23.8	23.6
Trademarks	0.7	0.8	0.7
Other intangible assets	0.6	0.9	0.8
Property, plant and equipment			
Equipment	1.5	2.6	1.9
Financial non-current assets			
Shares in subsidiaries	11.5	11.5	11.5
Deferred tax assets	12.2	18.3	12.4
Other long-term receivables	1.8	1.7	1.8
Total non-current assets	52.1	59.6	52.7
Current assets			
Inventories	10.0	15.2	13.2
Trade accounts receivable	33.6	54.1	59.5
Current receivables	11.1	13.4	12.8
Receivables from Group companies	0.1	5.3	-
Total current assets	54.8	88.0	85.5
Current investments	-	75.0	75.0
Cash and bank balances	144.9	67.1	63.3
Total current assets	199.7	230.1	223.8
TOTAL ASSETS	251.8	289.7	276.5
Equity			
Restricted equity			
Share capital	1.5	1.5	1.5
Reserve for development expenses	23.2	21.1	23.6
Total restricted equity	24.7	22.6	25.1
Unrestricted equity			
Share premium reserve	235.9	235.9	235.9
Retained earnings	-49.8	-17.2	-19.7
Profit/loss for the period	-24.2	-22.1	-30.4
Total equity	186.6	219.2	210.9
Provisions			
Other provisions	0.2	0.2	0.3
Total provisions	0.2	0.2	0.3
Current liabilities			
Trade accounts payable	8.2	16.0	8.4
Current tax liabilities	-	0.5	0.4
Liabilities to Group companies	4.0	5.1	1.4
Other current liabilities	2.1	2.5	3.7
Accrued expenses and deferred income	50.7	46.2	51.4
Total current liabilities	65.0	70.3	65.3
TOTAL EQUITY AND LIABILITIES	251.8	289.7	276.5

KEY FINANCIAL FIGURES

	2020	2020	2019	2019	2019	2019	2019
	Q1	Q2	Q1	Q2	Q3	Q4	FULL YEAR
Net sales by region							
EMEA	28.3	19.7	21.6	14.2	29.4	46.7	111.9
AMERICAS	9.9	14.3	22.6	8.2	7.2	6.5	44.4
APAC	3.2	4.6	8.8	8.5	6.5	4.2	28.0
Net sales	41.4	38.6	53.0	30.8	43.1	57.4	184.4
Net sales by sales category							
Products	24.6	19.9	36.6	13.5	24.0	40.3	114.5
Services	16.8	18.7	16.4	17.3	19.0	17.1	69.8
Of which: Support	14.4	15.9	12.1	14.4	14.7	14.9	56.1
Of which: Professional Services	2.4	2.8	4.3	2.9	4.3	2.2	13.7
Net sales	41.4	38.6	53.0	30.8	43.1	57.4	184.4
Gross profit	28.6	26.2	38.7	18.0	28.8	39.5	125.1
Gross margin, %	69.0%	67.8%	73.0%	58.5%	66.9%	68.8%	67.8%
Operating expenses **)	-34.3	-38.2	-39.5	-39.3	-32.4	-39.1	-150.3
Operating expenses/Net sales, %	-82.8%	-98.8%	-74.5%	-128.2%	-75.2%	-68.0%	-81.5%
EBIT **)	-5.7	-11.9	-0.7	-21.3	-3.6	0.4	-25.2
EBIT margin, % **)	-13.8%	-30.9%	-1.4%	-69.1%	-8.4%	0.7%	-13.7%
EBITDA **)	-0.5	-7.0	4.7	-16.3	1.1	5.5	-5.2
EBITDA margin (%) **)	-1.2%	-18.2%	8.7%	-53.0%	2.6%	9.6%	-2.8%
Profit/loss for the period after tax	-6.9	-11.6	0.4	-16.4	-2.4	-6.1	-24.5
Net margin, profit/loss for the period after tax, %	-16.7%	-30.1%	0.7%	-53.1%	-5.5%	-10.7%	-13.3%
Total assets	281.0	263.5	310.4	303.0	282.3	289.4	289.4
Equity assignable to the parent company's shareholders	205.5	193.8	238.2	221.8	218.0	212.6	212.6
Equity/assets ratio, % **)	73.2%	73.5%	76.7%	73.2%	77.2%	73.5%	73.5%
Return on equity (ROE) **)	-3.3%	-5.8%	0.2%	-7.1%	-1.1%	-2.8%	-10.9%
Return on operating capital (ROOC) **)	-3.1%	-6.2%	0.1%	-8.9%	-1.6%	0.9%	-12.1%
Return on capital employed (ROCE) **)	-1.7%	-3.9%	0.1%	-6.8%	-0.9%	0.5%	-7.1%
Cash flow from operating activities	15.8	5.8	19.6	-19.7	5.9	-2.7	3.1
Cash flow for the period	10.9	76.1	5.6	-26.2	2.0	-7.6	-26.2
No. of employees at the end of the period*	95	86	106	100	99	98	98
Of whom, women	12	10	14	14	14	13	13

*)Employees: Included in the number of employees at 30 June 2020 are 4 (5) consultants with employment-like agreements.

**)Financial measures not defined according to IFRS. Definitions of these measurements are presented on pages 19-20

ALTERNATIVE PERFORMANCE

Definitions

EMEA Europe, Middle East and Africa.

APAC Asia and Pacific region.

AMERICAS North and South America.

Gross profit Net sales less cost of goods and services 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 average adjusted equity (equity plus the equity portion of untaxed reserves).

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.

Operating expenses The company's costs that are not directly related to the company's goods or services.

Operating expenses/Net sales % Operating expenses in relation to net sales whereby operating expenses correspond to the company's costs that are not directly related to the company's goods or services.

Net margin The company's net profit in relation to net sales.

Operating capital All the company's current assets minus current liabilities.

Return on operating capital (ROOC) EBIT in relation to average operating capital.

Capital employed The company's total assets.

Return on capital employed (ROCE) EBIT plus financial income in relation to average capital employed.

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, they should not be regarded as a substitute for the measures defined according to IFRS. The tables below present a reconciliation of certain financial measures not defined according to IFRS.

The company has chosen to no longer present performance measures adjusted for items affecting comparability in the company's financial statements since these are no longer considered relevant given that expenses related to IPO preparations are no longer included in the comparative year. Any material income and expenses of a non-recurring nature will be disclosed in the company's comments on the outcome for the period.

EBIT margin, %

The company has chosen to report the key performance measure EBIT margin, since it shows the company's profit in relation to net sales unaffected by financing costs.

	2020	2020	2019	2019	2019	2019	2019
(AMOUNTS IN SEK MILLION)	Q1	Q2	Q1	Q2	Q3	Q4	FULL YEAR
Net sales	41.4	38.6	53.0	30.8	43.1	57.4	184.4
EBIT	-5.7	-11.9	-0.7	-21.3	-3.6	0.4	-25.2
EBIT margin, %	-13.8%	-30.9%	-1.4%	-69.1%	-8.4%	0.7%	-13.7%

Net margin, %

The company has chosen to report the key performance measure Net margin, since it shows how much net profit the company generates in relation to net sales.

	2020	2020	2019	2019	2019	2019	2019
(AMOUNTS IN SEK MILLION)	Q1	Q2	Q1	Q2	Q3	Q4	FULL YEAR
Net sales	41.4	38.6	53.0	30.8	43.1	57.4	184.4
Profit/loss for the period after tax	-6.9	-11.6	0.4	-16.4	-2.4	-6.1	-24.5
Net margin, %	-16.7%	-30.1%	0.7%	-53.1%	-5.5%	-10.7%	-13.3%

EBITDA

The company has chosen to report the key performance 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.

	2020	2020	2019	2019	2019	2019	2019
(AMOUNTS IN SEK MILLION)	Q1	Q2	Q1	Q2	Q3	Q4	FULL YEAR
EBIT	-5.7	-11.9	-0.7	-21.3	-3.6	0.4	-25.2
Amortisation of capitalised development expenses	-3.2	-3.0	-3.0	-2.9	-2.9	-2.9	-11.7
IFRS 16 depreciation	-1.7	-1.2	-1.7	-1.3	-1.3	-1.6	-5.7
Other depreciation	-0.3	-0.7	-0.7	-0.8	-0.5	-0.6	-2.5
EBITDA	-0.5	-7.0	4.7	-16.3	1.1	5.5	-5.2
EBITDA margin (%)	-1.2%	-18.2%	8.7%	-53.0%	2.6%	9.6%	-2.8%

Equity/assets ratio

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

	2020	2020	2019	2019	2019	2019	2019
(AMOUNTS IN SEK MILLION)	Q1	Q2	Q1	Q2	Q3	Q4	FULL YEAR
Total assets	281.0	263.5	310.4	303.0	282.3	289.4	289.4
Equity	205.5	193.8	238.2	221.8	218.0	212.6	212.6
Equity/assets ratio (%)	73.2%	73.5%	76.7%	73.2%	77.2%	73.5%	73.5%

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.

	2020	2020	2019	2019	2019	2019	2019
(AMOUNTS IN SEK MILLION)	Q1	Q2	Q1	Q2	Q3	Q4	FULL YEAR
Equity	205.5	193.8	238.2	221.8	218.0	212.6	212.6
Average adjusted equity	209.0	199.7	238.1	230.0	220.0	215.3	225.3
Profit/loss for the period	-6.9	-11.6	0.4	-16.4	-2.4	-6.1	-24.5
Return on equity (ROE) (%)	-3.3%	-5.8%	0.2%	-7.1%	-1.1%	-2.8%	-10.9%

Return on operating capital (ROOC), %

The company has chosen to report the key performance measure Return on operating capital (ROOC), since it shows how much operating capital is tied up in operation and how efficiently the tied-up operating capital is being used.

	2020	2020	2019	2019	2019	2019	2019
(AMOUNTS IN SEK MILLION)	Q1	Q2	Q1	Q2	Q3	Q4	FULL YEAR
Current receivables	147.6	57.1	149.6	163.0	141.7	165.7	165.7
Cash and cash equivalents	77.7	153.1	98.6	72.4	74.6	66.4	66.4
Current liabilities	-68.0	-64.1	-65.5	-73.1	-54.4	-68.3	-68.3
Operating capital	157.3	146.1	182.7	162.3	161.9	163.9	163.9
Average operating capital	160.6	151.7	240.4	238.2	220.0	162.8	180.3
EBIT	-5.7	-11.9	-0.7	-21.3	-3.6	0.4	-25.2
Return on operating capital (ROOC), %	-3.1%	-6.9%	0.1%	-8.9%	-1.6%	0.9%	-12.1%

Return on capital employed (ROCE), %

The company has chosen to report the key performance measure Return on capital employed (ROCE), since it shows the return on the total capital tied up in the operations.

	2020	2020	2019	2019	2019	2019	2019
(AMOUNTS IN SEK MILLION)	Q1	Q2	Q1	Q2	Q3	Q4	FULL YEAR
EBIT	-5.7	-11.9	-0.7	-21.3	-3.6	0.4	-25.2
Financial income	0.8	1.4	0.9	0.5	1.0	1.0	3.5
EBIT plus financial income	-4.9	-10.5	0.2	-20.8	-2.6	1.4	-21.8
Total assets	281.0	263.5	310.4	303.0	282.3	289.4	289.4
Average total assets	285.0	272.1	315.3	306.5	292.7	285.8	304.6
Return on capital employed (ROCE), %	-1.7%	-3.9%	0.1%	-6.8%	-0.9%	0.5%	-7.1%

Operating expenses and operating expenses in relation to net sales, %

The company has chosen to report the key performance measure Operating expenses, since it shows the expenses that are not directly related to the company's goods or services. The company has chosen to report Operating expenses in relation to net sales in order to show how large a share of the costs is not directly related to goods or services.

	2020	2020	2019	2019	2019	2019	2019
(AMOUNTS IN SEK MILLION)	Q1	Q2	Q1	Q2	Q3	Q4	FULL YEAR
Selling expenses	-10.8	-9.9	-11.8	-13.6	-10.4	-12.9	-48.8
Administrative expenses	-8.2	-7.0	-11.3	-8.1	-7.2	-8.2	-34.9
Research and development expenses	-16.9	-16.4	-16.0	-15.3	-13.1	-16.4	-61.6
Other operating income/expenses	1.6	-4.8	0.6	-2.3	-1.6	-1.6	-5.0
Operating expenses	-34.3	-38.1	-39.5	-39.3	-32.3	-39.1	-151.3
Net sales	41.4	38.6	53.0	30.8	43.1	57.4	184.4
Operating expenses/net sales, %	-82.8%	-98.8%	-74.5%	-128.2%	-75.2%	-68.0%	-81.5%

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 uncertainties faced by the parent company and the companies in the Group.

Stockholm, 16 July 2020

Michael Ruffolo
Chairman of the Board

Karl Thedéen
CEO

Erik Hallberg
Board member

Rickard Blomqvist
Board member

Arnd Benninghoff
Board member

Jonas Hasselberg
Board member

Tuija Soanjärvi
Board member

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

FINANCIAL CALENDAR

- Interim report July-September 2020, Q3 2020, 23 October 2020.
- Year-end Report, October-December 2020, 5 February 2021.

ABOUT EDGEWARE

Edgware offers operators and content providers the tools to deliver modern TV services over the Internet on a large scale and a low cost. Edgware's unique technology provides an outstanding viewing experience and gives customers control over their content. Edgware has its head office in Stockholm, Sweden, and has employees and more than 200 customers across Europe, Asia and North and Latin America.

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

Edgware – TV beyond Broadcast!

CONTACT INFORMATION

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This information is inside information that Edgeware AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and information that Edgeware AB (publ) is obliged to make public pursuant to the Swedish Securities Market Act. The information was submitted for publication, through the agency of the contact person set out above, at 7:30 a.m. on 17 July 2020.

At 11:30 a.m. on 17 July 2020, the company will hold a web-broadcast teleconference, during which CEO Karl Thedéen will present the report together with CFO Annika Norin.

Anyone wishing to participate in the teleconference in conjunction with the presentation should call one of the numbers below:

SE: +46850558369 NO PIN

UK: +44 3333000804 PIN: 44455080#

US: +18558570686 PIN: 44455080#

It is also possible to follow and listen to the presentation on the following web link:

<https://tv.streamfabriken.com/edgeware-q2-2020>

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

Edgeware AB

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