

EDGEWARE

Q3 2017

NOVEMBER 2, 2017

TODAY'S PRESENTERS

JOACHIM ROOS, CEO



STEEVE FÜHR, CFO



AGENDA

1. Q3 in short
2. About Edgeware and our market
3. Results
4. Going forward



Q3 2017 IN SHORT

NET
SALES, MSEK

59,6

CHANGE
NET SALES

13,2%

GROSS
MARGIN

75,7%

OPERATING PROFIT,
MSEK

6,0

KEY FIGURES Q3

168,5

0,5%

74,7%

6,1

KEY FIGURES Q1-Q3

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ABOUT EDGEWARE

- Founded in 2004
- Enabling distribution of video content over networks
- Scalable, high performance and cost-efficient solution
- Global presence with HQ in Stockholm. In total 106 employees
- Blue-chip customer base of mobile and cable operators, broadcasters as well as OTT providers
- Close to 200 customers in 70 countries
- Before the IPO fully owned by Amadeus Capital Partners, Creandum, Micron Technology, founders, management and employees
- Listed on Nasdaq Stockholm December 9 2016 (29 SEK)



HIGHLIGHTS DURING Q3

- 6 new customers and 2 new markets
- Operators in EMEA continue to invest
- New permanent VP R&D
- IBC trade show..
- TVB success story..

MARKETING HIGHLIGHTS IN Q3

- IBC – Europe's largest media-tech tradeshow
- Launch of Watermarking solution
- Winner of the IABM Design and Innovation award
- 'Gorilla' advertising promotes self-built CDNs
- 32% increase in Twitter followers Q3 to Q2



YOU DON'T HAVE TO BE THE GORILLA
IN YOUR MARKET TO BUILD YOUR OWN TV CDN

"Private CDNs offer value in terms of quality of service and lower operating costs for even Tier II and Tier III operators..." Frost&Sullivan

edgware
Let's make TV amazing again.



RAPIDTVNews
media smart business ready

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SIGN UP FOR OUR NEWSLETTER

IBC 2017: Edgware sets sail to sink piracy forensic watermarking solution
Editor | 13 September 2017

TV-specific content delivery network provider Edgware is to employ digital piracy measures to enable content distributors to identify streams.

The company has bitstream-based its TV CDN technology into the video bitstream. This makes it invisible to the company, makes it video transformation and cropping. That every stream can be embedded at the edge, any extra processing having their own id content.

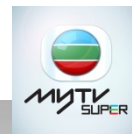
Richard Brandon
Chief Marketing Officer
Edgware AB

"Our integration with Edgware's TV CDN architecture demonstrates the key advantages of bitstream watermarking in Edge servers," explained ContentArmor's VP of sales and marketing, Eric Benetiere. "It



TVB – A SUCCESS STORY

- TVB
 - First wireless commercial TV station in Hong Kong
 - Largest independent Chinese programme producer in the world
 - Programs distributed worldwide, including mainland China, Taiwan, Malaysia, Singapore, Australia, North and South America, and Europe
- MyTVSuper on-line TV service
 - Launched for coverage of 2016 Olympics
 - Live channels better quality than broadcast
 - Video-on-Demand in 4K
 - Personalized ad insertion
 - 0 to 4.4million viewers in < 2 years
- Edgware provides TV CDN technology and local language subtitling solution



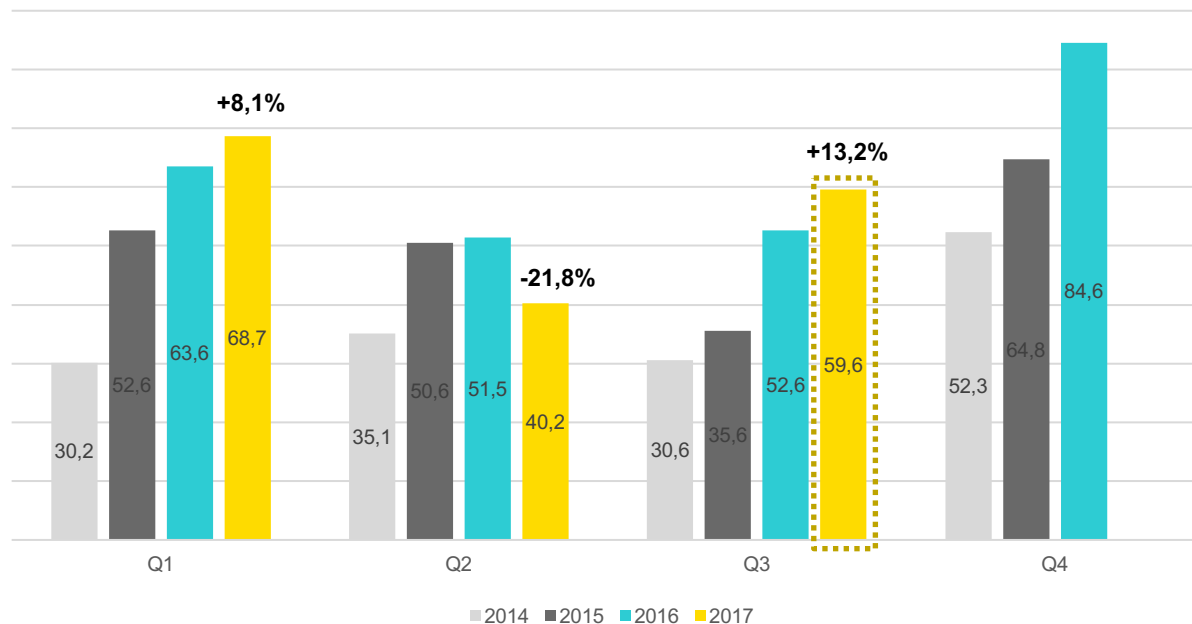
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EDGEWARE IN NUMBERS Q3 2017

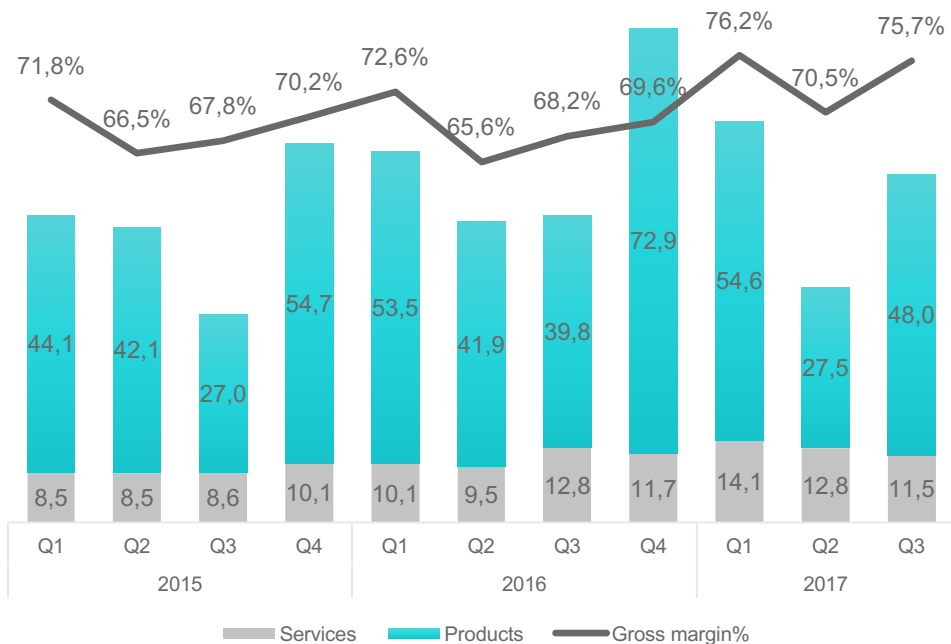
Net Sales (MSEK) by Qtr



- Net Sales increased +13,2% YoY
- Net Sales in local currencies increased 13,9% YoY
- Growth in EMEA +15%, driven mainly by Telco customers
- AMERICAS +41% YoY
- APAC -13%, somewhat slower after strong H1 growth
- Q4 have historically always been our highest Net Sales quarter

NET SALES & GROSS MARGIN, Q3 2017

Net Sales by Product Category and Gross Margin

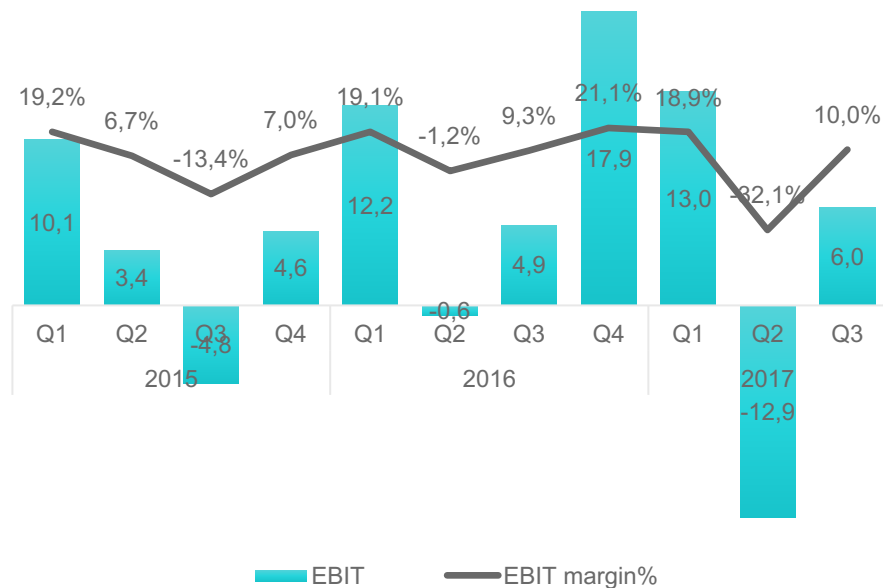


NET SALES (MSEK)

- Products growth +20,7% YoY
- Total Services decreased YoY -10,1%. Impacted by lower Professional Services sales.
- Support & Maintenance continue to grow with installed customer base.
- Gross margin continues to be strong in Q3. High license-sales in our overall Product mix

EBIT AND EBIT MARGIN, Q3 2017

EBIT* and EBIT margin



EBIT* (MSEK)

- Strong Net Sales and Gross Margin contributed
- OPEX increase related to new employees and consultants
- No of Employees end of September was 106 (92), Consultants 11 (7) and Vietnam (R&D) 11 (9)
- We continue to follow our long-term strategic plan and intend to continue recruitment of new employees during Q4

*EBIT 2016 have been adjusted for costs related to the IPO. No adjustments done 2017.

BALANCE SHEET

Edgeware MSEK	Q3 2017	Q3 2016	Q4 2016
Total Assets	296,2	138,7	309,9
Capitalized expenditure R&D	19,0	14,2	14,7
Equity	240,6	89,4	234,1
Equity Ratio	81,2%	64,5%	75,5%
Net Cash & Current investment	160,7	22,5	194,6
Cash flow from operating activities	-14,1	-2,7	38,0

- Balance continue to be strong, equity ratio 81,2% (75,5 end of December)
- Capitalized expenditure 22,3% (17,1) of gross R&D
- Cash position/Current investment 160,7 MSEK (194,6 end of December), no loans or interest bearing debt.
- Cash flow from operation -14,1 MSEK (-2,7), impacted by increase in working capital

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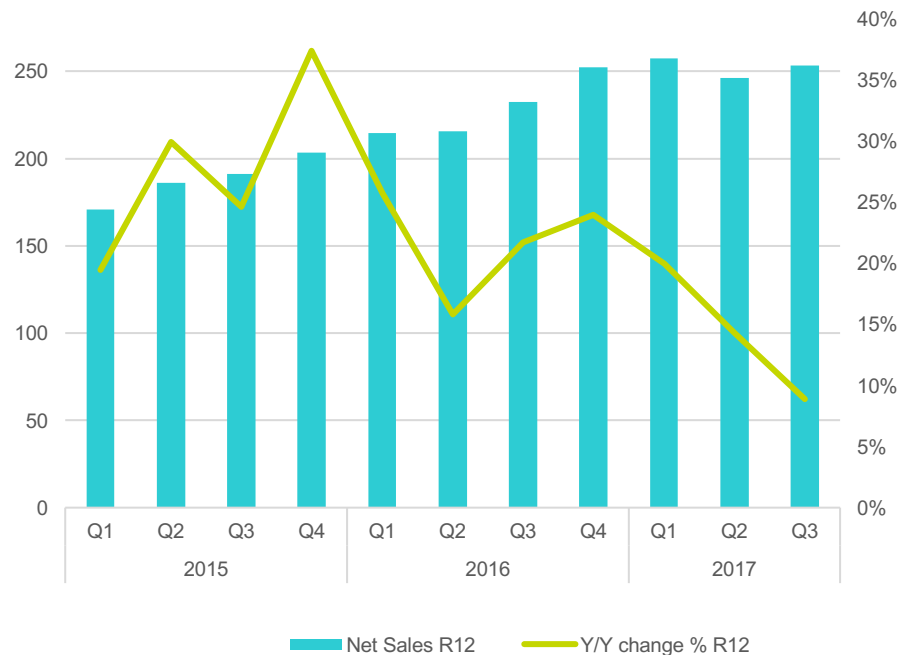


FINANCIAL PERFORMANCE TARGETS

Sales growth	organic annual net sales growth long-term exceeding 20%
Margin	long-term exceeding 15%
Dividend policy	No dividend will be paid in the coming years. Edgeware's cash flow will be used to finance continued development

ROLLING 12 MONTHS NET SALES AND EBIT

Net Sales (MSEK) rolling 12 Months



Adjusted EBIT (MSEK) rolling 12 Months



LARGEST OWNERS 30:th of September 2017

1 Amadeus Capital Partners	6 937 694	23,1%
2 Creandum	5 635 486	18,8%
3 Swedbank Robur Fonder	2 600 000	8,7%
4 Catella Fonder	1 474 349	4,9 %
5 Martin Gren	1 120 041	3,7%
6 AMF Försäkring & Fonder	1 100 000	3,7%
7 ÖstVäst Capital	984 482	3,3% (-0,1%)
8 Öhman Fonder	727 152	2,4 % (+0,2%)
9 Lukas Holm Invest AB	518 249	1,7%
10 Kalle Henriksson Invest AB	518 226	1,7%
11 Joachim Roos Invest AB	518 226	1,7%
12 LMK-bolagen & Stiftelse	517 241	1,7%
13 Handelsbanken Fonder	493 513	1,7% (-0,1%)
14 Nordnet Pensionsförsäkring	456 504	1,5%
15 Andra AP-Fonden	439 688	1,5%