

## **Vizrt Group AS Reports Q1 2018 Results**

Bergen, Norway, May 31, 2018. Vizrt Group AS.

Vizrt today reported its financial results for the first quarter 2018.

## Q1 2018 HIGHLIGHTS

- Order intake in Q1 2018 continued to grow compared to same period last year. However, the higher Order Intake is not fully reflected in the revenue yet due to received orders with delivery in future periods.
- Revenue in Q1 was therefore down 4% compared to last year adjusted for exchange rates effects.
- 2018 OPEX includes MUSD 0.5 of one-off expenses related to centralization of administrative functions compared to MUSD 1.7 in Q1 2017 which was related to the centralization of the R&D activities.
- Significant improvement in earnings. Non-GAAP recurring (excluding one-off items) EBITA was MUSD 7.9, corresponding to a 27% margin, an increase of 10% points compared to last year.
- Strong cash flow from operating activities. Adjusted cash flow was MUSD 9.3 compared to MUSD 5.5 in Q1 2017. The cash flow from operating activities for 2018 is adjusted for MUSD 2.2 (MUSD 2.3 in 2017) bond interest.
- Q1 2018 R&D expenses exclude MUSD 2.5 attributed to intangible assets arising from certain development projects compared to MUSD 1.5 in Q1 2017.

## SELECTED FINANCIAL INFORMATION

### RESULTS OVERVIEW

	Q1 2018	Q1 2017	Change in %	Q4 2017	Change in %
<i>In USD thousands</i>					
<b>Revenue</b>	<b>29 464</b>	<b>28 525</b>	3%	<b>33 793</b>	-13%
<b>Non-GAAP gross profit *</b>	<b>21 030</b>	<b>19 493</b>	8%	<b>23 949</b>	-12%
<b>Non-GAAP gross margin</b>	<b>71%</b>	<b>68%</b>		<b>71%</b>	
<b>Recurring EBITA **</b>	<b>7 919</b>	<b>4 984</b>	59%	<b>8 671</b>	-9%
<b>Recurring EBITA-margin</b>	<b>27%</b>	<b>17%</b>		<b>26%</b>	
<b>Recurring EBITDA **</b>	<b>8 437</b>	<b>5 480</b>	54%	<b>9 206</b>	-8%
<b>Recurring EBITDA-margin</b>	<b>29%</b>	<b>19%</b>		<b>27%</b>	
<b>Adjusted cash flow from operating activities***</b>	<b>9 306</b>	<b>2 768</b>	236%	<b>12 011</b>	-23%

\* Non-GAAP: Excluding amortization of intangibles relating to the acquisition of Vizrt Ltd.

\*\* Recurring measurements excluding on-off items

\*\*\* Adjusted cash flow from operating activities is adjusted for MUSD 2,1 Interest on bond in Q4 2017, MUSD 2,2 in Q1 2018 and MSUD 2,3 in Q1 2017.

## Geographic breakdown of revenues

<i>In USD thousands</i>	Q1 2018	Q1 2017	Change in %	Q4 2017	Change in %
EMEA	15 012	14 525	3%	15 246	-2%
AMECS	6 302	6 023	5%	8 960	-30%
APAC	8 150	7 976	2%	9 428	-14%
<b>Total revenues</b>	<b>29 464</b>	<b>28 525</b>	<b>3%</b>	<b>33 634</b>	<b>-12%</b>

Revenues in EMEA, AMECS and APAC, accounted for 51%, 21% and 28% of Q1 2018 total revenues, respectively, which was the same as in Q1 2017.

## MANAGEMENT OVERVIEW

Order Intake in Q1 2018 was higher than the same period last year reflecting a continued healthy activity level. Some received orders will be delivery in future periods, hence the increased Order Intake is not fully reflected in the year to date revenue yet. Management is pleased to note the continued positive trend for Order Intake, improvements to the sales function as well as the attractive product portfolio are both factors contributing to the higher activity level.

A 54% increase in earnings as well as the improvement in cash flow indicates that the significant changes made during 2017 already is giving some of the desired effects. Of the number of major internal changes and investments that was carried out during 2017, the centralization of the R&D activities to fewer locations and the strengthening of those locations has reduced complexity and has started to give a more efficient product development. Investments to improve the Global support organization as well as the build-up of a dedicated product management team has also been contributing to both the efficiency improvements and the positive development of the Order intake.

Currently significant investment is being made into the marketing and product management areas which is expected to contribute to a positive long-term development.

This press release contains forward-looking statements with respect to the business, financial condition and results of operations of Vizrt Group AS and its affiliates. These statements are based on the current expectations or beliefs of Vizrt's management and are subject to a number of risks and uncertainties that could cause actual results or performance of the Company to differ materially from those contemplated in such forward-looking statements. These risks and uncertainties relate to changes in technology and market requirements, the company's concentration on one industry, decline in demand for the company's products and those of its affiliates, inability to timely develop and introduce new technologies, products and applications, and loss of market share and pressure on pricing resulting from competition, which could cause the actual results or performance of the company to differ materially from those contemplated in such forward-looking statements. Vizrt undertakes no obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

## Contacts

**Michael Hallén**  
CEO  
+47 46 93 46 08  
Mhallen@vizrt.com

**Esben Ravn Olesen**  
CFO  
+46 73 327 87 36  
ERavnOlesen@vizrt.com

VIZRT GROUP AS  
**CONSOLIDATED STATEMENTS OF INCOME**

*In USD thousands*

	Three months ended March 31, <b>2018</b> <b>Unaudited</b>	Three months ended March 31, <b>2017</b> <b>Unaudited</b>	Year ended December 31, <b>2017</b> <b>Audited</b>
Revenue	29 464	28 525	122 216
Cost of sales	-12 907	-13 292	-54 641
<b>Gross profit</b>	<b>16 557</b>	<b>15 233</b>	<b>67 575</b>
Operating expenses:			
Research and development	-3 060	-4 365	-17 466
Selling and marketing	-8 440	-8 289	-34 849
General and administrative	-2 912	-2 967	-11 495
One-off expenses	-483	-1 656	-6 925
<b>Total operating expenses</b>	<b>-14 895</b>	<b>-17 276</b>	<b>-70 736</b>
<b>Operating income (loss)</b>	<b>1 662</b>	<b>-2 043</b>	<b>-3 161</b>
Financial income (expenses)	1 337	-4 981	-19 779
<b>Income (loss) before taxes</b>	<b>2 999</b>	<b>-7 024</b>	<b>-22 941</b>
Taxes on income (benefit)	-82	-231	7 039
<b>Net income (loss)</b>	<b>2 918</b>	<b>-7 256</b>	<b>-15 902</b>

VIZRT GROUP AS  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

*In USD thousands*

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Goodwill and intangible assets, net	228 398	231 325
Property, plant and equipment	4 804	4 947
Deferred taxes	13 620	13 242
Other non-current assets	2 575	3 365
<b>Total non-current assets</b>	<b>249 397</b>	<b>252 879</b>
<b>Current assets</b>		
Inventories	4 963	4 128
Trade and other receivables	37 081	33 400
Prepaid expenses and accrued income	9 216	8 794
Restricted cash	382	668
Cash and cash equivalents	36 931	31 811
<b>Total current assets</b>	<b>88 572</b>	<b>78 801</b>
<b>Total assets</b>	<b>337 969</b>	<b>331 680</b>

VIZRT GROUP AS  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

*In USD thousands*

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>Equity and liabilities</b>		
<b>Equity and liabilities</b>		
Share capital	8	9
Share premium		4 922
Reserves	189 069	173 959
Accumulated other comprehensive loss	-11 641	1 460
Retained earnings including current year result	-89 847	-89 964
<b>Total equity</b>	<b>87 589</b>	<b>90 386</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Bond	99 186	98 706
Loans from related parties	101 066	98 151
Deferred taxes	6 854	7 456
Other non-current liabilities	4 237	4 410
<b>Total non-current liabilities</b>	<b>211 343</b>	<b>208 723</b>
<b>Current liabilities</b>		
Trade and other payables	2 145	2 791
Deferred revenues	16 844	12 631
Employees and payroll accruals	6 929	6 413
Current tax liabilities	6 061	5 333
Other account payables and accrued expenses	7 059	5 403
<b>Total current liabilities</b>	<b>39 037</b>	<b>32 571</b>
<b>Total equity and liabilities</b>	<b>337 969</b>	<b>331 680</b>

VIZRT GROUP AS  
CONSOLIDATED STATEMENTS OF CASH FLOW

*In USD thousands*

	Three months ended March 31, <b>2018</b> Unaudited	Three months ended March 31, <b>2017</b> Unaudited	Year ended December 31, <b>2017</b> Audited
<b>Cash flows from operating activities</b>			
Net profit (loss)	2 918	-7 256	-15 902
<i>Adjustments for:</i>			
Depreciation	522	448	2 960
Amortization	5 814	5 510	22 568
Loss from disposal of property and equipment	0	0	
Net financial cost	1 478	4 643	19 433
<i>Cash paid and received during the year for:</i>			
Interest paid	-2 223	-2 301	-8 808
Income tax paid	-146	-285	-1 932
	<b>5 445</b>	<b>8 015</b>	<b>34 221</b>
<i>Changes in:</i>			
Inventories	-839	-259	5
Trade and other receivables	-3 259	-7 742	-8 321
Trade and other payables	2 818	7 709	-6 801
	<b>-1 280</b>	<b>-292</b>	<b>-15 117</b>
<b>Net cash generated by operating activities</b>	<b>7 083</b>	<b>467</b>	<b>3 202</b>
<b>Cash flows from investing activities</b>			
Payments for intangible assets	-2 241	-2 289	-8 546
Payments for property, plant and equipment	-506	0	0
<b>Net cash used in investing activities</b>	<b>-2 540</b>	<b>-2 289</b>	<b>-8 546</b>
<b>Cash flows from financing activities</b>			
Repayment of loan	0	-11 330	-11 330
<b>Net cash generated by financing activities</b>	<b>0</b>	<b>-11 330</b>	<b>-11 330</b>
Effect of movements in exchange rate changes on cash	577	302	915
<b>Net change in cash and cash equivalents</b>	<b>5 120</b>	<b>-12 850</b>	<b>-15 759</b>
Cash and cash equivalents in the beginning of the period	31 811	55 930	47 570
<b>Cash and cash equivalents at the end of the year</b>	<b>36 931</b>	<b>43 080</b>	<b>31 811</b>

**VIZRT GROUP AS**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

*In USD thousands (except share data)*

	Ordinary shares	Issued capital	Share premium	Parent contribution	Accumulated other comprehensive loss	Retained earnings including current year result	Total equity
Balance at January 1, 2017	60 000	9	4 922	173 959	-1 878	-74 062	102 950
<i>Loss for the year</i>						-15 902	-15 902
<i>Other comprehensive loss</i>					3 338		3 338
Total comprehensive loss for the year					3 338	-15 902	-12 564
<b>Transactions with owners of the company</b>							
Share issue							
Parent contribution							0
Dividend to parent							
Balance at December 31, 2017	60 000	9	4 922	173 959	1 460	-89 964	90 386
Balance at January 1, 2018	60 000	9	4 922	173 959	1 460	-89 964	90 386
<i>Loss for the year</i>						2 918	2 918
<i>Other comprehensive income</i>					-5 715		-5 715
Total comprehensive loss for the year					-5 715	2 918	-2 797
<b>Transactions with owners of the company</b>							
Buy-back of non-controlling interest							
Bonus issue							
Unconditional shareholders contributions							
Balance at March 31, 2018	60 000	9	4 922	173 959	-4 255	-87 046	87 589



VIZRT GROUP AS  
Notes to the financial statements

*In USD thousands*

	Three months ended March 31, 2018 Unaudited	Three months ended March 31, 2017 Unaudited	Year ended December 31, 2017 Audited
<b>Financial expenses breakdown</b>			
Amortization of bond fees	(207)	(194)	(740)
Exchange rate differences and other financial charges	6 725	157	(11)
Interest on bonds	(2 223)	(2 301)	(8 220)
Fee Rolling Credit Facility	(43)	(44)	(177)
Interest on intercompany loans	(2 915)	(2 599)	(10 631)
<b>Total financial expenses</b>	<b>1 337</b>	<b>(4 981)</b>	<b>(19 779)</b>

## **Vizrt Group AS**

### **RESPONSIBILITY STATEMENT**

We confirm that, to the best of our knowledge, the condensed financial statements for the period Jan 1 to March 31 2018 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and give a true and fair view of the Group’s assets, liabilities, financial position and results of operations for the period. We also confirm, to the best of our knowledge, that the management overview includes a fair review of important events that have occurred during the first three months of the financial year and their impact on the financial statements, any major related parties’ transactions, and a description of the principal risks and uncertainties

Bergen, May 31, 2018

**Michael Hallén**

(Chairman of the Board of Directors and CEO)

**Esben Ravn Olesen**

(Board Member and CFO)