

**Vizrt Group AS reports**  
**Q3 and nine months 2018 results**

Bergen, Norway, October 23, 2018. Vizrt Group AS.

Vizrt today reported its financial results for the third quarter and first nine months 2018.

### Q3 2018 HIGHLIGHTS

- Order intake in Q3 2018 was in line with expectation, and the business continues the positive development from the previous quarter.
- Revenue growth was 12% compared to Q3 2017 adjusted for exchange rate effects.
- 2018 OPEX includes MUSD 0.3 of one-off expenses related to centralization of administrative functions compared to MUSD 2.1 in Q3 2017 which was related to the centralization of the R&D activities.
- Strong development in earnings with non-GAAP recurring (excluding one-off items) EBITDA of MUSD 12.5, corresponding to a 36% margin, an increase of 11% points compared to previous year.
- Adjusted cash flow was MUSD 14.4 compared to MUSD 6.3 in Q3 2017 due to improvement in operating income and trade working capital. The cash flow from operating activities for 2018 is adjusted for MUSD 2.4 (MUSD 2.2 in 2017) bond interest.
- Total R&D spend was MUSD 4.9 equal to 14% of revenue. R&D expenses in the consolidated statement of income exclude MUSD 2.4 attributed to intangible assets arising from certain development projects compared to MUSD 0.8 in Q3 2017.

### Q3 YTD 2018 HIGHLIGHTS

- The first 9 months of 2018 shows a healthy development in order intake and continue to show a positive trend.
- Revenue growth of 10% compared to last year adjusted for exchange rates effects.
- 2018 OPEX includes MUSD 1.3 of one-off expenses related to the centralization of the R&D activities compared to MUSD 4.8 in 2017.
- Non-GAAP recurring (excluding one-off items) EBITDA was MUSD 31.2, corresponding to a 32% margin, up 11 points compared to the same period last year.
- Adjusted cash flow from operating activities was MUSD 22.5 compared to MUSD 12.4 in 2017 mainly due to improvement in operating income. The cash flow from operating activities for 2018 is adjusted for MUSD 7.1 (MUSD 6.6 in 2017) bond interest.
- Total R&D spend was MUSD 15.3 equal to 15% of revenue. R&D expenses in the consolidated statement of income exclude MUSD 7.7 (MUSD 3.5 in 2017): attributed to intangible assets arising from certain development projects.

## SELECTED FINANCIAL INFORMATION

### RESULTS OVERVIEW

	Q3 2018	Q3 2017	Change in %	Q2 2018	Change in %	Q3 2018 YTD	Q3 2017 YTD	Change in %
<i>In USD thousands</i>								
<b>Revenue</b>	<b>35 026</b>	<b>31 852</b>	10%	<b>34 370</b>	2%	<b>98 861</b>	<b>88 422</b>	12%
<b>Non-GAAP gross profit *</b>	<b>25 074</b>	<b>21 763</b>	15%	<b>23 902</b>	5%	<b>70 006</b>	<b>61 095</b>	15%
<b>Non-GAAP gross margin</b>	<b>72%</b>	<b>68%</b>		<b>70%</b>		<b>71%</b>	<b>69%</b>	
<b>Recurring EBITA **</b>	<b>11 917</b>	<b>7 604</b>	57%	<b>9 716</b>	23%	<b>29 552</b>	<b>17 364</b>	70%
<b>Recurring EBITA-margin</b>	<b>34%</b>	<b>24%</b>		<b>28%</b>		<b>30%</b>	<b>20%</b>	
<b>Recurring EBITDA **</b>	<b>12 486</b>	<b>8 009</b>	56%	<b>10 253</b>	22%	<b>31 176</b>	<b>18 734</b>	66%
<b>Recurring EBITDA-margin</b>	<b>36%</b>	<b>25%</b>		<b>30%</b>		<b>32%</b>	<b>21%</b>	
<b>Adjusted cash flow from operating activities***</b>	<b>14 514</b>	<b>6 253</b>	132%	<b>(1 289)</b>	-1226%	<b>22 531</b>	<b>12 403</b>	82%

\* 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 2,5 Interest on bond in Q2 2018, MUSD 2,4 in Q3 2018 and MSUD 2,2 in Q3 2017.

### Geographic breakdown of revenues

	Q3 2018	Q3 2017	Change in %	Q2 2018	Change in %	Q3 2018 YTD	Q3 2017 YTD	Change in %
<i>In USD thousands</i>								
<b>EMEA</b>	<b>16 064</b>	<b>15 721</b>	2%	<b>14 523</b>	11%	<b>45 600</b>	<b>43 091</b>	6%
<b>AMECS</b>	<b>9 545</b>	<b>7 908</b>	21%	<b>9 760</b>	-2%	<b>27 655</b>	<b>21 322</b>	30%
<b>APAC</b>	<b>9 418</b>	<b>8 223</b>	15%	<b>10 087</b>	-7%	<b>25 607</b>	<b>24 009</b>	7%
<b>Total revenues</b>	<b>35 026</b>	<b>31 852</b>	10%	<b>34 370</b>	2%	<b>98 861</b>	<b>88 422</b>	12%

Revenues in EMEA, AMECS and APAC, accounted for 46%, 27% and 27% of Q3 2018 total revenues, respectively, in Q3 2017 it was 49%, 25% and 26% respectively.

## MANAGEMENT OVERVIEW

Order Intake for the first 9 months was satisfactory and resulted in double digit revenue growth year over year in both the quarter and the first 9 months' performance. The year to date growth was mainly driven by a successful development in AMECS resulting from the reorganization done last year. APAC did show strong growth in Q3 compared to Q3 2017 and both APAC and EMEA shows satisfactory growth in the first 9 months of the year.

We were pleased to see the first half earnings of MUSD 31.2 at a margin of 32% resulting in a 67% increase compared to last year. The improvements come as the large number of strategic initiatives implemented starting in 2016 and forward. Execution of the initiatives is ongoing, with the objective of increased operational efficiency, speed and customer satisfaction.

Innovation remains a key objective to Vizrt and even with a growing revenue, our R&D investment continues at a high level, about 14-16% of the total revenue. The high level of investment into R&D is to ensure that we

can continue to deliver innovative and robust solutions to our global customer base, hence contribute to their success and our future growth.

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 5523 0025**

**Mhallen@vizrt.com**

**Esben Ravn Olesen**

**CFO**

**+47 5523 0025**

**ERavnOlesen@vizrt.com**

**VIZRT GROUP AS**  
**CONSOLIDATED STATEMENTS OF INCOME**

*In USD thousands*

	Three months ended Sept 30, 2018 Unaudited	Three months ended Sept 30, 2017 Unaudited	Nine months ended Sept 30, 2018 Unaudited	Nine months ended Sept 30, 2017 Unaudited	Year ended December 31, 2017 Audited
Revenue	35 026	31 852	98 861	88 422	122 216
Cost of sales	-14 545	-14 331	-42 462	-40 119	-54 641
<b>Gross profit</b>	<b>20 482</b>	<b>17 520</b>	<b>56 399</b>	<b>48 303</b>	<b>67 575</b>
Research and development	-2 745	-4 294	-7 891	-13 465	-17 466
Selling and marketing	-8 859	-8 857	-26 734	-25 437	-34 849
General and administrative	-2 621	-2 538	-9 287	-8 551	-11 495
One-off expenses	-331	-2 050	-1 271	-4 760	-6 925
<b>Total operating expenses</b>	<b>-14 557</b>	<b>-17 739</b>	<b>-45 182</b>	<b>-52 212</b>	<b>-70 736</b>
<b>Operating income (loss)</b>	<b>5 925</b>	<b>-219</b>	<b>11 216</b>	<b>-3 909</b>	<b>-3 161</b>
Financial income (expenses)	-4 727	-4 840	-14 499	-14 503	-19 779
<b>Profit (loss) before tax</b>	<b>1 198</b>	<b>-5 059</b>	<b>-3 283</b>	<b>-18 411</b>	<b>-22 941</b>
Taxes on income (benefit)	-963	-528	-874	-557	7 039
<b>Net income (loss)</b>	<b>235</b>	<b>-5 587</b>	<b>-4 157</b>	<b>-18 968</b>	<b>-15 902</b>

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

*In USD thousands*

	<b>Sept 30, 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	222 037	231 325
Property, plant and equipment	4 408	4 947
Deferred taxes	13 203	13 242
Other non-current assets	3 173	3 365
<b>Total non-current assets</b>	<b>242 821</b>	<b>252 879</b>
<b>Current assets</b>		
Inventories	4 604	4 128
Trade and other receivables	43 643	33 400
Prepaid expenses and accrued income	8 903	8 794
Restricted cash	355	668
Cash and cash equivalents	37 273	31 811
<b>Total current assets</b>	<b>94 778</b>	<b>78 801</b>
<b>Total assets</b>	<b>337 599</b>	<b>331 680</b>

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

*In USD thousands*

	Sept 30, 2018	December 31, 2017
	<u>Unaudited</u>	<u>Audited</u>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	9	9
Share premium	4 922	4 922
Reserves	173 959	173 959
Accumulated other comprehensive loss	-2 284	1 460
Retained earnings including current year result	-94 120	-89 964
<b>Total equity</b>	<u>82 485</u>	<u>90 386</u>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Bond	99 326	98 706
Loans from related parties	107 060	98 151
Deferred taxes	5 645	7 456
Other non-current liabilities	4 264	4 410
<b>Total non-current liabilities</b>	<u>216 295</u>	<u>208 723</u>
<b>Current liabilities</b>		
Trade and other payables	2 592	2 791
Deferred revenues	15 565	12 631
Employees and payroll accruals	5 150	6 413
Current tax liabilities	7 359	5 333
Other account payables and accrued expenses	8 153	5 403
<b>Total current liabilities</b>	<u>38 819</u>	<u>32 571</u>
<b>Total equity and liabilities</b>	<u><b>337 599</b></u>	<u><b>331 680</b></u>

**VIZRT GROUP AS**  
**CONSOLIDATED STATEMENTS OF CASH FLOW**

*In USD thousands*

	Three months ended Sept 30, 2018 Unaudited	Three months ended Sept 30, 2017 Unaudited	Nine months ended Sept 30, 2018 Unaudited	Nine months ended Sept 30, 2017 Unaudited	Year ended December 31, 2017 Audited
<b>Cash flows from operating activities</b>					
Net loss	238	-5 587	-4 156	-18 968	-15 902
<b>Adjustments for:</b>					
Depreciation	451	606	1 582	1 560	2 960
Amortization	5 581	5 912	16 982	17 020	22 568
Financial income, net	2 459	4 858	4 649	14 612	19 433
Interest paid, net	-2 438	-2 170	-7 142	-6 671	-8 808
Income tax paid	-962	-159	-873	-1 170	-1 932
Other non cash-items	474	0	474	0	0
	<b>5 803</b>	<b>3 460</b>	<b>11 516</b>	<b>6 383</b>	<b>18 319</b>
<b>Changes in:</b>					
Inventories	-273	285	-596	-97	5
Trade and other receivables	3 057	1 702	-10 917	-10 765	-8 321
Trade and other payables	3 489	-1 364	15 386	10 211	-6 801
	<b>6 273</b>	<b>623</b>	<b>3 873</b>	<b>-651</b>	<b>-15 117</b>
<b>Net cash generated by operating activities</b>	<b>12 076</b>	<b>4 083</b>	<b>15 389</b>	<b>5 732</b>	<b>3 202</b>
<b>Cash flows from investing activities</b>					
Payments for intangible assets	-2 510	-1 979	-7 846	-5 685	-8 546
Payments for property, plant and equipment	-337	0	-1 556	0	0
Proceeds from sale of fixed assets	68	0	68	0	0
Changes in restricted cash	14	0	313	0	0
<b>Net cash used in investing activities</b>	<b>-2 765</b>	<b>-1 979</b>	<b>-9 021</b>	<b>-5 685</b>	<b>-8 546</b>
<b>Cash flows from financing activities</b>					
Repayment of loan	0	0	0	-11 330	-11 330
<b>Net cash generated by financing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-11 330</b>	<b>-11 330</b>
Effect of movements in exchange rate changes on cash held	-1 651	652	-906	1 431	915
<b>Net change in cash and cash equivalents</b>	<b>7 660</b>	<b>2 756</b>	<b>5 462</b>	<b>-9 852</b>	<b>-15 759</b>
Cash and cash equivalents in the beginning of the period	29 613	34 962	31 811	47 570	47 570
<b>Cash and cash equivalents at the end of the year</b>	<b>37 273</b>	<b>37 718</b>	<b>37 273</b>	<b>37 718</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	300	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>							
Balance at December 31, 2017	<b>300</b>	<b>9</b>	<b>4 922</b>	<b>173 959</b>	<b>1 460</b>	<b>-89 964</b>	<b>90 386</b>
Balance at January 1, 2018	300	9	4 922	173 959	1 460	-89 964	90 386
<i>Loss for the year</i>						-4 157	-4 157
<i>Other comprehensive income</i>					-3 744		-3 744
Total comprehensive loss for the year					-3 744	-4 157	-7 901
<b>Transactions with owners of the company</b>							
Balance at Sept 30, 2018	<b>300</b>	<b>9</b>	<b>4 922</b>	<b>173 959</b>	<b>-2 284</b>	<b>-94 121</b>	<b>82 485</b>

**VIZRT GROUP AS**  
**Notes to the financial statements**

*In USD thousands*

	Three months ended Sept 30, 2018 Unaudited	Three months ended Sept 30, 2017 Unaudited	Nine months ended Sept 30, 2018 Unaudited	Nine months ended Sept 30, 2017 Unaudited	Year ended December 31, 2017 Audited
<b>Financial expenses breakdown</b>					
Amortization of bond fees	-178	-178	-616	-545	-740
Exchange rate differences and other financial charges	946	240	2 302	747	-11
Interest on bonds	-2 438	-2 171	-7 142	-6 628	-8 220
Fee Rolling Credit Facility	-44	-44	-134	-133	-177
Interest on intercompany loans	-3 013	-2 687	-8 909	-7 944	-10 631
<b>Total financial expenses</b>	<b>-4 727</b>	<b>-4 840</b>	<b>-14 499</b>	<b>-14 503</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 Sept 30 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, October 23, 2018

**Michael Hallén**

(Chairman of the Board of Directors and CEO)

**Esben Ravn Olesen**

(Board Member and CFO)