

Q2

INTERIM REPORT

April – June 2020

SpectrumOne AB (publ) 556526-6748



SPECTRUMONE

Second quarter 2020

- Net sales amounted to MSEK 2.7 (2.9)
- EBITDA before extraordinary costs amounted to MSEK -8.9 (-11.0)
- EBT amounted to MSEK 12.2* (-12.4)
- Earnings per share before dilutions amounted to SEK 0.13 (-0.22)
- SpectrumOne AB (publ) completes acquisition of Cloud Explorers AS
- SpectrumOne AB announces the acquisition of the data analytics and consulting company Qbim AB
- The Board of Directors in SpectrumOne AB decides on a free of payment rights issue of units and directed issue of units

Significant events after the reporting period

- SpectrumOne AB publishes Prospectus relating to the rights issue of units.
- SpectrumOne AB is being delisted from Merkur Market in Oslo.
- SpectrumOne AB announces the acquisition of the data company Å-data Infosystems AB.

*includes profit from participation in associated companies amounting to MSEK 21.4

About SpectrumOne AB

SpectrumOne is a leading technology company delivering an advanced Data Management, Analytics & Communications platform suite. Offered in a SaaS online service shipping with rich market data from various professional providers, SpectrumOne provides a unique solution to many leading actors across industry segments in various countries. Enabling clients with fast and easy access to data insight and visualization coupled with powerful search, segmentation, and mapping features. SpectrumOne allows data to be quickly enabled and operationalized, driving activities from customer communication to data science supporting business analysis, strategy, and growth. All of which can be enabled the same day with immediate results. SpectrumOne's headquarter is based in Stockholm, Sweden, responsible for Nordic sales and strategy, with additional sales and business development located in Oslo, Norway. SpectrumOne is listed on Nasdaq First North Growth Market in Stockholm.

www.spectrumone.com

CEO statement

A sharp strategy and the target in sight

Leaving second quarter behind us means also leaving the start phase of one of the most developing and learning periods for our company and me personally. The transformative economic downturn that took place in the aftermath of the novel Coronavirus nearly paralyzed many organizations. The pandemic has also changed many organizations for many years to come. However, when the worst phase started subsiding, we saw new opportunities and reformed ways of acting based on changed priorities that our customers began to get. Suddenly what SpectrumOne has to offer is on the radar on numerous new potential customers and partners.

A changing time

Since we divested our legacy business, we have implemented a new set of sales processes in order to match and reflect the higher value we bring and the advanced position in the value chain we can be in with SpectrumOne. This new sales strategy requires more of us and our partners and it also takes more time. We are approaching decision makers higher up in the hierarchy which renders more impact on our customers and a higher price on our products. With a set plan and a road map for the second quarter we saw a reduction of speed in our sales processes. After the first phase of the pandemic, new priorities with our customers put us again on their main radar and our dialogues and processes not only took new turns but also generated heavy interest from larger partners that saw the change in the market.

Despite the heavy economic downturn, we have updated SpectrumOne and made it compatible with additional systems that our customers and partners use. We have seen increased screen time for existing and new customers. More users than ever use our platform to understand, analyze and draw insights from their own data. SpectrumOne creates unsurpassed results for our customers and our partner dialogue. The proof of concept that we already have created with their customers has generated echoes throughout the partners' organization all the way

to the top. At this pace, it is inevitable that we become the obvious partner not only for our European prospectus in the business data industry but all relevant players within the very same industry.

Having said that, we also see a strong reason now to ensure that all departments within the company are prepared for the interesting discussions that will follow, given the agreements and partnerships that we will pursue in the near future. Therefore, we have contacted the people we believe have the greatest opportunities to be beneficial in such circumstances. People who understand the industry, who know how they think on the "other side" of the negotiating table, people that have been in charge of the industry.

Revenue and doubled margins

Less than one year ago, we decided to divest our legacy business TargetEveryone. Some of the reasons were that the company was not profitable, the business did not deliver any noteworthy margins and scalability was low. Less than one year after that divestment, we are able to show that we made the right choice. Today, sales are back at about the same level as before the divestment, but with one significant difference - margins have more than doubled compared with the same quarter last year! The transformation of the company now also is



reflected in our numbers. A small but yet important proof that investing our future in Big Data, Business Intelligence and Analytics to revolutionize the Martech business in Europe was a decision of prodigy relevance. A change we have been aiming for and looked forward to. We expect this development to continue according to plan.

Our new subsidiaries

Although BizWell deeply underperformed, with periods of no sales at all, our main businesses sought to cover for much of their decreased revenue compared to target. BizWell's market has dropped over 70%. This has affected our overall revenue for the group. Although, I am gratified that we have started off the third quarter with a stronger sales pipe in BizWell and new partnerships that will secure our revenues the coming months. The implementation of SpectrumOne into BizWell has taken somewhat more time. All our resources have been busy courting our potential partner and being at their service ensuring the clients they are presenting to us get the best service possible and the most efficient onboarding in order to create easy gains and a return of investment that beats their expectations. The implementation is to be continued as soon as our expected partner contract is signed and sealed.

Since the acquisition of Qbim was announced, several interesting events have also taken place directly linked to the merge of the companies SpectrumOne and Qbim. Our joint efforts and additional development investments in Qbim have turned out better than expected and led to us today entering the public transport industry, the public health service and government agencies. Thus, making the acquisition of Å-data, a strong player within the public sector, a highly strategic and important move. More of the synergies will be displayed and explained as more actions are taken ahead.

Furthermore, one of the top three tech giants has approached us and presented ideas for collaboration, which will take us to the next step and create opportunities and signed customers. An attention we could never have created by ourselves. Yet another proof that we are taking the right decisions and being spot-on with our analyzes of the market.

Costs for running business

During the second quarter, we launched our warrant program, which has so far developed successfully, and given our shareholders a good dividend on invested capital. To ensure the program's safety and guidelines, the program was established together with highly skilled professional financial advisors. The result is a well-established program that ensured a rapid procedure to roll out program, an action plan ahead and phases in the program that would all benefit our shareholders and other significant stakeholders. This ambitious achievement has nevertheless burdened our costs and it is noticeable that our costs for transactions and external consultants have increased significantly during the quarter. However, these are non-recurring costs and we expect a steep reduction in these during the current quarter.

Next level of Prism

With more customers and more users on SpectrumOne than ever before, we have received very good input during the second quarter about how our customers use, experience and benefit from our platform. This has given us great opportunities to further enhance our platform to the great benefit of our existing users and every possible successor to it. We have continued to carefully listen to our customers' expectations and have carried on fueling Prism with innovation at a rapid pace.

Our agile methodology enables the Prism platform to receive continuous updates every two weeks on average, with new features for data

analysis, prospection and data visualisations. This results in an outstanding reactivity with our user needs which is recognized by more new customers signing up and maintaining their subscriptions, above all we experience a higher usability and longer screen time from our customers. This is indeed every tech company's target.

To support our growth strategy, the latest developments have been driven by 3 primary axes:

1) Manageability

To support the increase of reseller partners and the continuous enrollment of new customers, priority was given to platform manageability. The goal is to ease and fasten setup by partners so that they can handle the entire customer enrollment process. Our partners can now by themselves sign up new customers and configure all aspects of Prism. From simple or complex organisation setup, user management, security, data customization, dashboard creation or template work, Prism is now totally configurable from easy to use user-interfaces and online documentation.

2) Scalability

To accommodate a large scale of customer increase through SAAS, our software platform and infrastructure has been upgraded to run the very latest software versions. Therefore, Prism performances are unprecedented, the platform

is more stable than ever, and numerous new possibilities are opening up in terms of upcoming features for data analytic space.

3) Stability and new features

From direct customer use cases regarding data analysis, we have implemented various standard features related to BYOD (Bring Your Own Data), more data visualisations for better storytelling and we added significant improvements to the geo-localized map for advanced geographical analysis.

Entering the third quarter we are equipped with the best analytics tool on the market, a daily attention from the largest business data provider in Europe, a pipe with highly competent companies wanting to join forces in taking the lead role in Europe and an A-team of very skilled developers that are making SpectrumOne the next big thing in the data and Martech industry. Next interim report will be released November 10, but we will have good reasons to get back to you many times before that.

Thank you for your patience, and a special thank you to our long-term shareholders who believe in what we do. I'm convinced you'll think it's worth it. It is!

Stockholm, August 2020

Hosni Teque-Omeirat

CEO

OPERATIONS

CUSTOMERS AND NEW BUSINESSES

The work of establishing SpectrumOne that started in the fourth quarter 2019 continued during the second quarter this year. The focus is to work with partners who already have existing customer networks in order to speed up the sales process. After having acquired our main partner and associated company Cloud Explorers, we will continue by working together which will be more efficient in achieving our objectives as one unit.

In addition, time and resources were spent on acquiring new daughter companies, with the most recent acquisition being Å-data Infosystems AB.

REVENUE AND EARNINGS

The consolidated income statement for the second quarter of 2020 comprises the parent company SpectrumOne AB and the subsidiaries VMSPay Sweden AB, SpectrumOne AS, Cloud Explores AS, BizWell Sweden AB and Qbim (for the months of May and June only).

Second quarter

Net sales for the first quarter of the year amounted to SEK 2.7 (2.9) million, meaning that the net sales is more or less on the same level as it was before the divestment of TargetEveryone AS and TargetEveryone Sweden AB. The total sales amounted to SEK 5.6 million and the increase is caused by work performed for its own use and capitalized by Cloud Explorers, our former associated company that is now a fully owned subsidiary. The gross profit amounted to SEK 2.4 (1.1) million for the consolidated operations, with a gross margin at 87 % (38 %). The gross margin continues to increase due to better margins on the current sales in comparison to the older platforms that generated low gross margin.

Operating expenses excluding direct costs and depreciation amounted to SEK 8.3 (7.8) million. The personnel costs have increased compared to the same quarter last year due to more employees as we have acquired new subsidiaries. Other external costs is more or less on the same level, but the difference is that the main part of these costs during this quarter consists of one-time costs related to acquiring said companies and drafting the prospectus while the external costs during q2 were not one-time costs and consisted mainly of development work of the SpectrumOne platform. Depreciation and amortizations amount to SEK 6.0 (4.4) million.

Operating profit (EBIT) for the period amounted to SEK -8.9 (-11.0) million, and the operating margin is negative. Net financial items amounted to SEK 21.1 (- 1.3) million. The reason for this high surplus is a profit of SEK 21.4 million related to re-valuation of our 30 % in Cloud Explorers when acquiring the remaining 70 %. Earnings before tax for the period amounted to SEK 12.2 (-12.4) million. Earnings per share before and after dilution amounted to SEK 0.13 (-0.22).

First half year

Net sales for the first half year amounted to SEK 3.8 (6.3) million, a decrease of SEK 2.5 million. The gross profit was SEK 3.2 (2.6) million for the consolidated operations, with a gross margin at 85% (41%). Operating expenses excluding direct costs and depreciation amounted to SEK 12.3 (19.0) million. Depreciation amounts to SEK 6.9 (7.5) million including share of earnings from associated companies. The depreciations have decreased compared to last year because of disinvestment of TargetEveryone-platform and acquisition of Cloud Explorers AS. Operating profit (EBIT) for the period amounted to SEK -13.7 (-25.1) million. Net financial items amounted to SEK 19.6 (-1.9) million. Apart from the extraordinary income as regards the re-valuation of our shares in Cloud Explorers, the Group is charged



with interest expenses for convertible loans and short-term loans. Profit before tax for the period amounted to SEK 6.0 (-27.0) million. Earnings per share before dilution amounted to SEK 0.07 (-0.47).

CASH FLOW AND FINANCIAL POSITION

Second quarter

Cash flow from operating activities before changes in working capital amounted to SEK -3.2 (-8.0) million for the second quarter. Changes in working capital have affected cash flow by SEK 54.9 (2.9) million. Cash flow from operating activities after changes in working capital amounted to SEK 82.5 (-3.0) million. Investment activities had a cash flow effect of SEK -82.5 (-3.0) million during the period consisting of capitalized development costs and acquisition of Cloud Explorers AS and Qbim AB. Cash flow from financing activities was SEK 12.7 (9.1) million, which in total generated a cash flow effect at SEK -18.5 (-1.0) million.

First half year

Cash flow from operating activities before changes in working capital amounted to SEK -7.6 (-18.2) million for the first half year. Changes in working capital had a positive impact on cash flow of SEK 34.2 (6.8) million. Cash flow from operating activities after changes in working capital amounted to SEK 26.5 (-11.4) million. Investment activities affected cash flow negative during the period with SEK 88.2 (4.9) million due to our acquisitions of Cloud Explorers and Qbim. Financing activities amounted to SEK 67.1 (13.5).

EQUITY AND SHARE

The number of registered shares at the end of the quarter amounted to 181 044 955. The company's equity ratio amounts to 22 (52.0) %.

Significant events after the reporting period

- SpectrumOne AB publishes Prospectus relating to the rights issue of units.

- SpectrumOne AB initiates is being delisted from Merkur Market in Oslo.

- SpectrumOne AB announces the acquisition of the data company Å-data Infosystems AB.

Investments

No material investments in tangible assets was made in the first quarter.

Personnel

The number of employees at the end of the quarter amounted to 19 (12) persons, of which 2 persons receive compensation through invoicing from their own companies.

Parent company

Parent company sales for the second quarter amounted to SEK 0.3 (0.0). Profit before tax for the period amounted to SEK -4.4 (-3.9) million.

Transactions with related parties

Fredric Forsman, chairman of the board, has during the quarter invoiced the Company for legal services amounting to SEK 0.36 million.

RISKS

Regarding risks, please refer to the Annual Report 2019.

ACCOUNTING POLICIES

From fiscal year 2014, the annual and consolidated financial statements are established by applying the Swedish Annual Accounts Act and the Swedish Accounting Standards Board BFNAR 2012:1 Annual report and consolidated (K3).

AUDIT

This report has not been reviewed by an auditor.

ANNUAL REPORT

SpectrumOne AB's annual report has been available on the website - www.spectrumone.com, from May 18, 2020.

UPCOMING REPORTS AND EVENTS

Interim Report Q3 2020, November 10, 2020

Stockholm, August 2020

Fredric Forsman, chairman of the board

Hosni Teque-Omeirat, board member and CEO

Erik Fagerlid, board member

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INCOME STATEMENT - GROUP

SEK, thousands	Q2 20	Q2 19	YTD 20	YTD 19
Net revenue	2 714	2 865	3 837	6 284
Work performed for its own use and capitalised	2 925	-	2 925	-
Other income	2	-	2	-
Total revenue	5 640	2 865	6 764	6 284
Cost of services	-354	-1 784	-587	-3 692
Other external costs	-5 879	-5 932	-8 953	-13 385
Personnel costs	-2 372	-1 838	-3 358	-5 566
Depreciation and amortization	-5 953	-3 744	-6 913	-7 540
Share of earnings from associated companies	-	-616	-606	-1 219
<i>Total operating expenses</i>	<i>-14 558</i>	<i>-13 914</i>	<i>-20 417</i>	<i>-31 402</i>
Operating profit	-8 918	-11 049	-13 653	-25 118
Interest income and similar items	103	67	254	138
Interest expenses and similar items	-375	-1 389	-1 997	-2 006
Profit from participation in associated companies	21 368	-	21 368	-
<i>Net financial</i>	<i>21 096</i>	<i>-1 322</i>	<i>19 626</i>	<i>-1 868</i>
Earnings before tax	12 178	-12 371	5 972	-26 986
Change deferred taxes	550	-	550	-
Tax on profit	-	539	-	1 572
Earnings	12 728	-11 832	6 522	-25 414
Earnings attributable to parent company	12 728	-11 832	6 522	-25 414
Earnings attributable to minority interest	-	-	-	-
Earnings	12 728	-11 832	6 522	-25 414
Number of shares before dilution	181 044 955	54 188 407	181 044 955	54 188 407
Number of shares after dilution	262 866 673	54 188 407	262 866 673	54 188 407
Number of shares on average before dilution	97 144 032	54 188 407	97 144 032	54 188 407
Earnings per share, before dilution	0,13	-0,22	0,07	-0,47
Number of shares on average after dilution	134 240 304	54 188 407	134 240 304	54 188 407
Earnings per share, after dilution	0,09	-0,22	0,05	-0,47



BALANCE SHEET – GROUP

SEK, thousands	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
ASSETS			
<i>Fixed assets</i>			
Intangible assets			
Goodwill	46 124	-	
Intangible assets	72 484		
Capital expenditure for research and development	23 590	71 609	19 782
Total intangible assets	142 198	71 609	19 782
Tangible assets			
Equipment, tools and installations	65	211	-
Total tangible assets	65	211	-
Financial assets			
Shares in associated companies	-	8 220	7 083
Other financial assets	39	90	-
Total financial assets	39	8 310	7 083
Total fixed assets	142 302	80 129	26 865
<i>Current assets</i>			
Receivables			
Account receivables	2 875	1 927	478
Other receivables	6 210	21 276	618
Prepayments and accrued income	2 380	1 493	308
Total receivables	11 465	24 696	1 403
Cash and bank balance	5 579	1 832	134
Total current assets	17 044	26 528	1 537
TOTAL ASSETS	159 346	106 656	28 402



BALANCE SHEET - GROUP

SEK, thousands	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
Equity			
Share capital	18 104	108 377	16 411
Not registered share capital	-	26 255	-
Other capital contribution	124 782	111 217	101 075
Other equity	-108 179	-189 963	-111 656
Total equity	34 706	55 886	5 829
Provisions			
Deferred taxes	15 989	9 697	0
Total provisions	15 989	9 697	0
Liabilities			
Long-term liabilities			
Convertible loans	10 000	16 181	15 193
Other long-term liabilities	157	2 179	0
Total long-term liabilities	10 157	18 360	15 193
Short-term liabilities			
Bank overdraft		-	
Account payables	3 024	10 227	3 519
Convertible loans	17 780	-	-
Other current liabilities	72 559	9 709	1 705
Accrued expenses and deferred income	5 132	2 777	2 155
Total short-term liabilities	98 495	22 713	7 379
Total liabilities	108 652	41 073	22 572
TOTAL EQUITY AND LIABILITIES	159 346	106 656	28 401



SHAREHOLDER'S EQUITY - GROUP

Group	Share capital	Not registered share cap.	Other contributed capital	Currency translation reserve	Retained earnings	Total	Minority interest	Total shareholder capital
Opening balance Apr 1, 2020	17 745	5 400	119 741	3 694	-120 470	26 110	-	26 110
New issue	360		5 040			5 400	-	5 400
Costs new issue			-			-	-	-
Earnings in sold daughters	-	-	-	-	-	-	-	-
Translation difference	-	-	-	-	-4 132	-4 132	-	-4 132
Earnings	-	-	-	-	12 729	12 729	-	12 729
Equity reduction	-	-	-	-	-	-	-	-
Closing balance Jun 30, 2020	18 105	-	124 781	3 694	-111 873	34 707	-	34 707

Group	Share capital	Not registered share cap.	Other contributed capital	Currency translation reserve	Retained earnings	Total	Minority interest	Total shareholder capital
Opening balance Apr 1, 2019	108 377	-	105 609	5 449	-173 274	46 161	-	46 161
New issue	-	-	-	-	-	-	-	-
Costs new issue	-	-	-6 157	-	-	-6 157	-	-6 157
Convertible bonds, equity part	-	-	1 227			1 227		1 227
Not registered capital	-	26 255	-	-	-	26 255	-	26 255
Translation difference	-	-	-	388	-155	233	-	233
Earnings	-	-	-	-	-11 832	-11 832	-	-11 832
Closing balance Jun 30, 2019	108 377	26 255	100 679	5 837	-185 261	55 887	-	55 887



CASH FLOW STATEMENT – GROUP

SEK, thousands	Q2 20	Q2 19	YTD 20	YTD 19
Cash flow from operating activities before working capital changes	-3 236	-8 011	-7 627	-18 227
Changes in working capital	54 511	2 866	34 167	6 844
Cash flow from operating activities after working capital changes	51 275	-5 145	26 540	-11 383
Cash flow from investing activities	-82 473	-2 956	-88 238	-4 851
Cash flow from financing activities	12 744	9 070	67 144	13 486
Cash flow for the period	-18 454	969	5 446	-2 748
Cash and cash equivalents at beginning	24 034	863	134	4 580
Cash and cash equivalents at end	5 580	1 832	5 580	1 832

INCOME STATEMENT – PARENT COMPANY

SEK, thousands	Q2 20	Q2 19	YTD 20	YTD 19
Net revenue	300	0	400	0
Other income	-	-	-	-
Total revenue	300	0	400	0
Other external costs	-3 534	-2 596	-6 078	-6 090
Personnel costs	-895	-	-1 529	-
Other expenses	-	-	-	-
<i>Total operating expenses</i>	<i>-4 429</i>	<i>-2 596</i>	<i>-7 607</i>	<i>-6 090</i>
Operating profit	-4 129	-2 596	-7 207	-6 090
Share of earnings from associated companies	-	-	-	-
Interest income and similar items	88	37	239	85
Interest expenses and similar items	-339	-1 374	-1 948	-1 903
Unrealized loss	-	-	-	-
<i>Net financial</i>	<i>-251</i>	<i>-1 337</i>	<i>-1 709</i>	<i>-1 818</i>
Earnings before tax	-4 380	-3 933	-8 916	-7 908
Group contribution	-	-	-	-
Tax on profit	-	-	-	-
Earnings	-4 380	-3 933	-8 916	-7 908

BALANCE SHEET – PARENT COMPANY

SEK, thousands	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
ASSETS			
<i>Fixed assets</i>			
Financial assets			
Shares in subsidiaries	107 850	60 931	16 054
Shares in associated companies	-	12 072	11 016
Total financial assets	107 850	73 003	27 070
Total fixed assets	107 850	73 003	27 070
<i>Current assets</i>			
Receivables			
Account receivables	375	135	-
Receivables from group companies	13 766	11 660	9 331
Other receivables	5 541	21 274	516
Prepayments and accrued income	1 904	906	308
Total receivables	21 586	33 976	10 154
Cash and bank balance	2 212	980	51
Total current assets	23 798	34 955	10 205
TOTAL ASSETS	131 648	107 958	37 275

BALANCE SHEET – PARENT COMPANY

SEK, thousands	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
EQUITY and LIABILITIES			
<i>Equity</i>			
Restricted equity			
Share capital	18 105	108 337	16 411
Other equity			
Total restricted equity	18 105	108 337	16 411
Unrestricted equity			
Not registered share capital	-		
Share premium reserve	130 390	132 542	106 683
Accumulated loss	-107 022	-156 570	-33 921
Earnings	-8 916	-7 908	-73 102
Total unrestricted equity	14 452	-31 936	-339
Total equity	32 557	76 401	16 072
<i>Liabilities</i>			
Long-term liabilities			
Convertible loans	10 000	16 181	15 193
Total long-term liabilities	10 000	16 181	15 193
Short-term liabilities			
Account payables	1 556	4 030	1 929
Convertible loans	17 780	-	-
Other current liabilities	68 100	9 101	2 375
Accrued expenses and deferred income	1 655	2 245	1 706
Total short-term liabilities	89 091	15 376	6 010
Total liabilities	99 091	31 557	21 203
TOTAL EQUITY AND LIABILITIES	131 648	107 958	37 275