



Q1

INTERIM REPORT

January - March 2020

SpectrumOne AB (publ) 556526-6748



SPECTRUMONE

First quarter 2020

- Net sales amounted to MSEK 1.1 (3.4)
- EBITDA before extraordinary costs amounted to MSEK -2.7 (-7.8)
- EBT amounted to MSEK -4.7 (-14.6)
- Earnings per share before dilutions amounted to SEK -0.03 (-0.25)
- Announcement of MSEK 20 directed issue and a loan facility amounting to MSEK 15.
- Company acquires the remaining 70% of the associated Norwegian company Cloud Explorers
- Company acquires BizWell Sweden AB
- Change of name to SpectrumOne AB
- General Meeting gave mandate to the Board to issue up to 8 333 334 new shares as well as to issue warrants giving the right to subscribe for up to 66,000,000 shares in the Company.

Significant events after the reporting period

- 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
- SpectrumOne AB (publ) initiates delisting process from Merkur Market

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 visualisation coupled with powerful search, segmentation and mapping features. SpectrumOne allows data to be quickly enabled and operationalised, driving activities from customer communication to data science supporting business analysis, strategy and growth. All of which can be enabled literally 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 and Merkur Market in Oslo.

www.spectrumone.com

CEO statement

The road to becoming best Martech company in Europe – important milestones reached

We have now completed and financially closed the first quarter of the year. I believe it shows we are on the right track. Several of our ideas did get executed and many were and are continued to be processed.

Acquisitions of Cloud Explorers

Big changes take time. Some of the ideas we had in the fourth quarter of last year were realized in the first quarter of this year. One of the most material happenings were us initiating the negotiation of acquiring the remaining 70% of Cloud Explorers. This was one of my first identified objectives after joining the company. Having now closed that deal means we are one company reaching for the same goals. Current customers of Cloud Explorers now are customers of ours (starting from the second quarters) and the negotiation with the different partners and other stakeholders are now being held with SpectrumOne. Full transparency to each other mean we have the control and the tools to lead the way of our growth and the partnerships with the most relevant players for us.

Additional acquisitions

Another important action was the acquisition of BizWell. An innovative and fast-moving company in an industry we want to grow on and innovate further. I believe there are many low-hanging fruits here and with the right actions and people we will be able to do what the larger players have aimed for.

Financial plan

A long-term financial plan for growth and international expansion was set during the first quarter. This plan is to enable us going forward becoming the best Martech company in Europe. With the current group of companies and the

additional growth actions to be taken the strategy is getting clearer and even more realistic in the foreseeable future.

Qbim

Having Qbim in the group is yet another very important purchase by us. We feel already now that this acquisition will beat our initial high expectations. The positive effects are suited to elaborate on and communicated in a text dedicated solely to Qbim, to be released later.

Novel Coronavirus

The novel Coronavirus struck the world like a sledgehammer at the end of the quarter. Many companies went into a chock-like phase and the world stopped spinning for a while. As many companies succumbed under the new circumstances' others saw it was the right time to do the changes they had looked for but not prioritized. Old decisions are re-evaluated, organizations are re-structured, and ways of working are evolving to slimmer and faster ones improving companies' ability to react and act in a much faster pace. Whilst the world is starting to find its new normal, we are experiencing a higher attention on our services whilst the decision making on C-level professionals in larger corporations is taking somewhat longer time. The Research Council in Norway did not grant our first application for our innovation project but a new application to Norway is completed and to be submitted.

Objectives and what is to come in 2020

Meanwhile we have managed to execute on most of our plan in the first quarter despite the given circumstances. Ongoing processes are advancing, and I feel comfortable of reaching most of our targets.

We are even more so looking forward the coming quarters with increasing sales and larger

customer portfolio together with relevant partners.

Stockholm, May 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 first 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 and it will be more efficient in achieving our objectives as one unit.

In addition, time and resources were spent on acquiring our two new daughter companies BizWell Sweden AB and Qbim AB. The former is already partly included in the first quarters result and Qbim will be consolidated in the group starting from the second quarter.

REVENUE AND EARNINGS

The consolidated income statement for the first quarter of 2020 comprises the parent company SpectrumOne AB and the subsidiaries VMSPay Sweden AB, SpectrumOne AS and BizWell Sweden AB (for the month of March only). The 30 % ownership of Cloud Explorers AS is also included in the results.

First quarter

Net sales for the first quarter of the year amounted to SEK 1.1 (3.4) million, a decrease of SEK 2.3 million or 67 %. The lower net sales are caused by lost revenue after the divestment of TargetEveryone AS and TargetEveryone Sweden AB. The gross profit amounted to SEK 0.9 (1.5) million for the consolidated operations, with a gross margin at 79 % (44 %). The gross margin is higher than first quarter last year due to the divestment of older platforms that generated low gross margin.

Operating expenses excluding direct costs and depreciation amounted to SEK 4.1 (11.1) million.

The personnel costs have decreased compared to previous quarter due to reduction of employees. Other external costs have decreased compared to previous quarter, both because of less one-off costs, but also reduction of ordinary cost items. Depreciation and amortizations amounts to SEK 1.6 (4.4) million including share of earnings from associated companies. This refers to intangible fixed assets from SpectrumOne development.

Operating profit (EBIT) for the period amounted to SEK -4.7 (-14.1) million, and the operating margin is negative. Net financial items amounted to SEK -1.5 (-0.5) million. Net financials in first quarter last year included interest expenses related to convertible loans and other debts. Earnings before tax for the period amounted to SEK -6.2 (-14.6) million. Earnings per share before and after dilution amounted to SEK -0.03 (-0.25).

CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities before changes in working capital amounted to SEK -4.6 (-10.2) million for the first quarter. Changes in working capital have affected cash flow by SEK 8.7 (4.0) million, mainly because of increase in account payables. Consequently, cash flow from operating activities after changes in working capital amounted to SEK 4.0 (-6.2) million. Investment activities had a cash flow effect of SEK -5.5 (-1.9) million during the period consisting of capitalized development costs and acquisition of BizWell Sweden AB. Cash flow from financing activities was SEK 25.4 (4.4) million after directed share issue, which in total generated a cash flow effect at SEK 23.9 (-3.7) million.

EQUITY AND SHARE

The number of registered shares at the end of the quarter amounted to 177 444 955. The company's equity ratio amounts to 43 (53.0) %.



Significant events after the reporting period

- SpectrumOne AB (publ) completes acquisition of Cloud Explorers.
- SpectrumOne AB announces the acquisition of the data analytics and consulting company Qbim AB.
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- SpectrumOne AB (publ) initiates delisting process from Merkur Market.

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 5 (16) persons, of which 2 persons receive compensation through invoicing from their own companies. The Swedish companies have 3 employees and the Norwegian has 2.

Parent company

Parent company sales for the first quarter amounted to SEK 0.1 (0.0) million and other income to SEK 0.0 (0.0) million. Profit before tax for the period amounted to SEK -4.5 (-4.0) 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

Annual General Meeting, May 20, 2020

Half year Report 2020, August 31, 2020

Interim Report Q3 2019, November 10, 2020

Stockholm May 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	Q1 20	Q1 19	2019
Net revenue	1 123	3 419	9 416
Other income	-	-	-
Total revenue	1 123	3 419	9 416
Cost of services	-233	-1 908	-5 423
Other external costs	-3 074	-7 453	-20 352
Personnel costs	-986	-3 728	-9 558
Depreciation and amortization	-960	-3 796	-13 617
Other expenses	-	-	-
Loss on sale of subsidiaries	-	-	-28 166
Share of earnings from associated companies	-606	-603	-2 357
<i>Total operating expenses</i>	<i>-5 859</i>	<i>-17 488</i>	<i>-79 474</i>
Operating profit	-4 736	-14 069	-70 058
Interest income and similar items	151	71	174
Interest expenses and similar items	-1 622	-617	-4 765
<i>Net financial</i>	<i>-1 470</i>	<i>-547</i>	<i>-4 591</i>
Earnings before tax	-6 207	-14 616	-74 649
Tax on profit	-	1 033	2 111
Earnings	-6 207	-13 582	-72 538
Earnings attributable to parent company	-6 207	-13 582	-72 538
Earnings attributable to minority interest	-	-	-
Earnings	-6 207	-13 582	-13 582
Number of shares before dilution	177 444 955	54 188 407	99 857 905
Number of shares after dilution	177 444 955	54 188 407	99 857 905
Number of shares on average before dilution	177 444 955	54 188 407	99 857 905
Earnings per share, before dilution	-0,03	-0,25	-0,37
Number of shares on average after dilution	177 444 955	54 188 407	99 857 905
Earnings per share, after dilution	-0,03	-0,25	-0,37



BALANCE SHEET – GROUP

SEK, thousands	Mar 31, 2020	Mar 31, 2019	Dec 30, 2019
ASSETS			
<i>Fixed assets</i>			
Intangible assets			
Goodwill	4 050	-	
Capital expenditure for research and development	22 553	72 040	19 782
Total Intangible assets	26 603	72 040	19 782
Tangible assets			
Equipment, tools and installations		250	-
Total tangible assets	-	250	-
Financial assets			
Shares in associated companies	5 418	8 836	7 083
Other financial assets		89	-
Total financial assets	5 418	8 925	7 083
Total fixed assets	32 021	81 215	26 865
<i>Current assets</i>			
Receivables			
Account receivables	2 174	2 638	478
Other receivables	742	1 568	618
Prepayments and accrued income	2 106	733	308
Total receivables	5 022	4 939	1 403
Cash and bank balance	24 034	863	134
Total current assets	29 055	5 802	1 537
TOTAL ASSETS	61 076	87 017	28 402



BALANCE SHEET - GROUP

SEK, thousands	Mar 31, 2020	Mar 31, 2019	Dec 31, 2019
Equity			
Share capital	17 745	108 377	16 411
Not registered share capital	5 400	-	-
Other capital contribution	119 742	111 217	101 075
Other equity	-116 776	-173 432	-111 656
Total equity	26 110	46 161	5 829
Provisions			
Deferred taxes	13	10 236	0
Total provisions	13	10 236	0
Liabilities			
Long-term liabilities			
Convertible loans	15 193	-	15 193
Other long-term liabilities	-	2 153	0
Total long-term liabilities	15 193	2 153	15 193
Short-term liabilities			
Bank overdraft			
Account payables	2 020	6 584	3 519
Convertible loans	-	17 165	-
Other current liabilities	15 364	2 097	1 705
Accrued expenses and deferred income	2 376	2 622	2 155
Total short-term liabilities	19 760	28 467	7 379
Total liabilities	34 953	30 620	22 572
TOTAL EQUITY AND LIABILITIES	61 076	87 017	28 401



SHAREHOLDER'S EQUITY - GROUP

Group	Share capital	Not registered share cap.	Other contributed capital	Currency translation reserve	Retained earnings	Total
Opening balance Jan 1, 2020	16 412	-	101 074	3 483	-115 140	5 830
New issue	1 333		18 667			20 000
Not registered capital	-	5 400	-	-	-	5 400
Translation difference	-	-	-	211	877	1 088
Earnings	-	-	-	-	-6 207	-6 207
Closing balance Mar 31, 2020	17 745	5 400	119 741	3 694	-120 470	26 110

Group	Share capital	Not registered share cap.	Other contributed capital	Currency translation reserve	Retained earnings	Total shareholder capital
Opening balance Jan 1, 2019	108 377	-	105 609	4 367	-159 692	58 661
Translation difference	-	-	-	1 082	-	1 082
Earnings	-	-	-	-	-13 582	-13 582
Closing balance Mar 31, 2019	108 377	-	105 609	5 449	-173 274	46 161



CASH FLOW STATEMENT – GROUP

SEK, thousands	Q1 20	Q1 19	YTD 20
Cash flow from operating activities before working capital changes	-4 641	-10 216	-4 641
Changes in working capital	8 655	3 978	8 655
Cash flow from operating activities after working capital changes	4 014	-6 238	4 014
Cash flow from investing activities	-5 514	-1 895	-5 514
Cash flow from financing activities	25 400	4 416	25 400
Cash flow for the period	23 900	-3 717	23 900
Cash and cash equivalents at beginning	134	4 580	134
Cash and cash equivalents at end	24 034	863	24 034



INCOME STATEMENT – PARENT COMPANY

SEK, thousands	Q1 20	Q1 19	YTD 19
Net revenue	100	-	-
Other income	-	-	-
Total revenue	100	-	-
Other external costs	-2 544	-3 494	-3 494
Personnel costs	-634	-	-
Other expenses	-	-	-
<i>Total operating expenses</i>	<i>-3 178</i>	<i>-3 494</i>	<i>-3 494</i>
Operating profit	-3 078	-3 494	-3 494
Share of earnings from associated companies	-	-	-
Interest income and similar items	151	48	48
Interest expenses and similar items	-1 609	-529	-529
Unrealized loss	-	-	-
<i>Net financial</i>	<i>-1 458</i>	<i>-481</i>	<i>-481</i>
Earnings before tax	-4 536	-3 975	-3 975
Group contribution	-	-	-
Tax on profit	-	-	-
Earnings	-4 536	-3 975	-3 975

BALANCE SHEET – PARENT COMPANY

SEK, thousands	Mar 31, 2020	Mar 31, 2019	Dec 31, 2019
ASSETS			
<i>Fixed assets</i>			
Financial assets			
Shares in subsidiaries	21 054	60 931	16 054
Shares in associated companies	11 016	12 072	11 016
Total financial assets	32 070	73 003	27 070
Total fixed assets	32 070	73 003	27 070
<i>Current assets</i>			
Receivables			
Account receivables	125	135	-
Receivables from group companies	13 514	4 982	9 331
Other receivables	396	1 563	516
Prepayments and accrued income	2 106	372	308
Total receivables	16 140	7 052	10 154
Cash and bank balance	23 529	60	51
Total current assets	39 668	7 112	10 205
TOTAL ASSETS	71 738	80 115	37 275

BALANCE SHEET – PARENT COMPANY

EQUITY and LIABILITIES			
<i>Equity</i>			
Restricted equity			
Share capital	17 745	108 377	16 411
Other equity		3	
Total restricted equity	17 745	108 377	16 411
Unrestricted equity			
Not registered share capital	5 400		
Share premium reserve	125 350	105 609	106 683
Accumulated loss	-107 022	-150 962	-33 921
Earnings	-4 536	-3 975	-73 102
Total unrestricted equity	19 192	-49 328	-339
Total equity	36 936	59 049	16 072
<i>Liabilities</i>			
Long-term liabilities			
Convertible loans	15 193	15 193	15 193
Total long-term liabilities	15 193	15 193	15 193
Short-term liabilities			
Account payables	1 586	1 981	1 929
Convertible loans	-	17 165	-
Other current liabilities	15 939	1 105	2 375
Accrued expenses and deferred income	2 084	816	1 706
Total short-term liabilities	19 609	21 066	6 010
Total liabilities	34 802	36 259	21 203
TOTAL EQUITY AND LIABILITIES	71 738	95 308	37 275