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# Q3 Interim Report, Third Quarter 2015/2016

## January – March 2016 (Quarter 3)

- Net sales increased by 26% to SEK 267.2 million (212.8).
- EBITDA amounted to SEK 25.3 million (23.4).
- EBIT amounted to SEK 23.6 million (22.2).
- Net profit for the quarter amounted to SEK 18.4 million (16.1).
- Diluted earnings per share amounted to SEK 0.57 (0.54).

## July – March 2015/16

- Net sales increased by 29% to SEK 783.9 million (610.0).
- EBITDA excluding costs for listing on the Nasdaq Stockholm exchange and revaluation of forward contracts portfolio amounted to SEK 80.7 million. Including these costs, EBITDA amounted to SEK 66.7 million (83.1).
- EBIT amounted to SEK 61.6 million (80.1).
- Net profit for the period amounted to SEK 47.6 million (50.0).
- Diluted earnings per share amounted to SEK 1.43 (1.67).

## Significant events during the quarter

- The Enterprise Division has signed two framework agreements to provide cloud-based communication services, one with a leading social networking service, and one with a leading internet service for professionals.
- The Operator Division has signed a global licensing agreement with Ericsson for the CLX SMS-C software solution, whereby Ericsson will include the CLX product in its Messaging in One solution for mobile operators.
- The Operator Division has signed a global agreement with SAP to provide SMS firewall solutions to mobile operators.
- CLX Communications has signed a partnership agreement with Wirefast, a cloud-based unified communications specialist, to deliver enterprise IoT services and applications.

## Significant events after the end of the period

- The company has signed a binding agreement for the acquisition of Mblox Inc.
- The company's new data center in the United States has been commissioned.
- The company has called an extraordinary general meeting to adopt a change of financial year.

## For additional information, please contact:

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A presentation of the interim report will be provided today, 13 May at 10.00 (CET). To hear this presentation, please call +46 (0) 840 839 452 stating Access Code 339 013 094. To also see the presentation, please follow the meeting on your computer by registering on <https://attendee.gotowebinar.com/register/3471387281800564227>.

## About CLX Communications

CLX Communications (CLX) is a leading global provider of cloud-based communications services and solutions to enterprises and mobile operators. Mobile communications services from CLX make it possible for enterprises to communicate globally with their customers and connected devices (Internet of Things, IoT) swiftly, securely and cost-effectively. CLX's solutions enable business-critical communication worldwide via mobile messaging services (SMS), voice services and mobile connectivity services for IoT. CLX has grown profitably since the company was founded. The Group is headquartered in Stockholm, Sweden, and has sales offices in more than 10 countries. The shares of CLX Communications were listed on the Nasdaq Stockholm exchange (ticker CLX) on 8 October 2015.

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## Message from the CEO

Work was dominated during the quarter by preparations for our acquisition of Mblox, one of the biggest global competitors of our Enterprise Division in A2P messaging. The activities of Mblox are highly attractive since they complement us well geographically, with extensive business in the North American market where there is great potential for expansion and margins are good. We also know the company well, and consider the risks limited.

I am convinced this is a very good deal for us, which will take CLX to the next level of our development and create substantial value for our shareholders. This means we will become a leading provider of cloud-based communication services in North America as well, more than doubling sales for the group and strengthening our gross margins in the Enterprise Division. The acquisition also means we are able to realize significant synergies, based on one transaction platform and efficient internal processes.

### Enterprise Division

Growth in the Enterprise Division is driven largely by increased national traffic in Europe, which substantially explains why the gross margin remains lower than in the previous year. We began establishment in the German market during the quarter.

Some of our large customers have for some time been strengthening their purchasing functions, which resulted in more intense pressure on prices for these accounts. We expect good potential to offset this trend going forward through increased volumes and greater exposure to geographical markets where the gross margins are generally higher, such as North America.

The acquisition of Mblox, with its strong position in North America, is well aligned with this strategy and will provide us with good potential to benefit from economies of scale and grow our company and earnings.

One consequence of the acquisition of Mblox is that there will be intense focus in the Enterprise Division on integration and rationalization of the acquired business for some time going forward. The organic expansion rate will therefore be reduced during the integration period.

Our initiative in the Internet-of-Things (IoT) is now entering a commercial phase, while intensive development work is underway to successively introduce new functionality in 2016.

### Operator Division

There was recognition during the quarter that our product and service portfolio is perceived as attractive by the market, when Ericsson and SAP included parts of the portfolio in their offerings. Ericsson and SAP not only give us a greater sales reach by addressing new customer segments, but also greater credibility when we address existing segments. The Platform-as-a-Service offering attracted great interest at the Mobile World Congress in Barcelona, and has been well received by both mobile virtual network operators (MVNOs) and mobile network operators (MNOs). This solution creates a lower entry threshold for a much broader segment of the market than we currently address, by combining cost efficiency, a new business model and rapid time to market.



Order intake in the division remains good.

In summary, I continue to look to the future with great confidence. The combination of continued growth in our core business, the acquisition of Mblox and new areas of development form a clear global leader in cloud-based communication services.

Stockholm, 13 May 2016

Johan Hedberg  
*President and CEO*



## CLX Group

	Jan - Mar 2016	Jan - Mar 2015	Jul - Mar 2015/16	Jul - Mar 2014/15	Jul - Jun 2014/15	R12M
CLX Group, SEK million						
Net sales	267.2	212.8	783.9	610.0	844.4	1,018.3
Gross profit	67.2	69.1	223.6	189.5	251.9	286.0
Gross margin	25.1%	32.5%	28.5%	31.1%	29.8%	28.1%
Operating profit, EBITDA	25.3	23.4	66.7	83.1	93.1	76.7
EBITDA margin	9.5%	11.0%	8.5%	13.6%	11.0%	7.5%
Operating profit, EBIT	23.6	22.2	61.6	80.1	88.7	70.2
EBIT margin	8.8%	10.4%	7.9%	13.1%	10.5%	6.9%
Profit for the period	18.4	16.1	47.6	50.0	52.9	50.6
Net margin	6.9%	7.6%	6.1%	8.2%	6.3%	5.0%
Cash flow from operating activities	0.8	18.8	14.3	33.4	94.9	75.8
Equity ratio	22.9%	-35.3%	22.9%	-35.3%	12.4%	22.9%
Diluted earnings per share, SEK	0.57	0.54	1.43	1.67	1.77	1.55
Average number of employees	154	143	152	136	138	151

## January – March

### Net sales

Consolidated net sales rose in the quarter by 26% to SEK 267.2 million (212.8) compared to the same quarter in the previous year. Currency effects reduced growth by approximately two percentage points.

Growth in the quarter is a result of organic growth in the Enterprise Division. The underlying growth among our existing customers has been strong, and we have also added new customers that have made a positive contribution.

### Gross profit

During the quarter, gross profit amounted to SEK 67.2 million (69.1). The gross margin amounted to 25.1% (32.5).

In the Enterprise Division, the gross margin is lower than in the previous quarter. This is explained partly by a focus on growth and on taking market share, and partly by some of the division's major customers pressing down prices in certain geographical markets during the quarter.

The company is expanding in national traffic, which has a slightly lower gross margin than international traffic, and in a number of major geographical markets where the underlying transaction cost is high, leading to a lower gross margin despite the fact that gross profit per transaction is at the same level as for the company's other markets. However, the company is choosing to retain its focus on growth in order to achieve further economies of scale. During the quarter, for example, the operations in France, where gross margins are relatively low but volumes are large, performed very well.

Some of the division's major customers have for some time been enhancing their purchasing functions, which has resulted in increased price pressure from these customers during the current quarter. The company does not expect this price pressure to decline going forward, but believes there are good opportunities to offset this through increased exposure to geographical markets where the gross margin is generally higher.

### Operating profit

EBITDA increased by SEK 1.9 million to SEK 25.3 million (23.4) compared to the same quarter in the previous year. EBIT increased by SEK 1.4 million to SEK 23.6 million (22.2) compared to the same quarter in the previous year.

Foreign exchange effects affected operating profit for the quarter by SEK 1.4 million (8.4).

Operating costs decreased by 8% compared to the same quarter in the previous year. Excluding foreign exchange effects the decrease was 20%. The decrease is mainly an effect of reduced costs for anticipated bad debt losses from earlier periods.



## July – March

### Net sales

Net sales increased by 29% to SEK 783.9 million (610.0) compared to the same period in the previous year. Currency effects contributed to the growth by approximately three percentage points. The Group invoices primarily in EUR, GBP and USD.

### Gross profit

Gross profit increased to SEK 223.6 million (189.5). The gross margin amounted to 28.5% (31.1).

### Operating profit

EBITDA decreased to SEK 66.7 million (83.1). EBIT decreased to SEK 61.6 million (80.1). Market listing costs and a revaluation of the forward contracts portfolio in the first quarter were charged to profit at SEK 14.0 million. Profit for the previous year included recovered previously impaired accounts receivable of SEK 10.3 million. Adjusted for these items, EBITDA amounted to SEK 80.7 million (72.8) and EBIT to SEK 75.6 million (69.8). Foreign exchange effects affected operating profit for the period by SEK -5.3 million (11.1).

### Other income and expense items

Net finance items amounted to SEK 0 million (-16.9). Interest costs are substantially lower than in the previous year since loans from the parent company have been repaid and partly replaced by a bank loan. The Group's effective tax rate amounted to 22.7% (21.2). Net profit for the period amounted to SEK 47.6 million (50.0).

### Investments

Net investments in intangible assets and property, plant and equipment amounted to SEK 15.5 million (2.3). Investments relate primarily to capitalized development expenditure of SEK 9.7 million (2.4) and licenses. The company is investing, among other things, in the development of new services in the Internet of Things (IoT). The investments consist both of development work and of hardware and software used for the operation of customer systems within the company's Managed Service offering.

### Cash flow, liquidity and financial position

Cash flow from operating activities amounted to SEK 14.3 million (59.4). The lower cash flow is mainly attributable to sales growth and thus increasing accounts receivable. Consolidated cash and cash equivalents at 31 March 2016 amounted to SEK 48.5 million (71.0) as well as an unutilized bank overdraft facility of SEK 100 million (100). Equity at 31 March 2016 was SEK 90.9 million (41.5), corresponding to an equity ratio of 22.9% (12.4). Equity per share amounted to SEK 2.65 (33.83).

### Employees

The average number of employees (full-time equivalents) in the Group amounted to 152 (136), of which 14% (13) female. CLX continues to recruit new employees, both in Sweden and abroad. Including consultants, the Group engaged an average of approximately 190 persons during the period.

### Other

On 8 October, CLX Communications' shares were admitted to trading on the Nasdaq Stockholm exchange. The offering price was SEK 59 per share. At the listing, the majority of the existing main shareholders sold approximately half of their holdings. In return, a number of mainly Swedish institutional investors became shareholders in the company. In connection with the listing, all 2,432,430 preference shares were converted into common stock.

The Enterprise Division continues to invest in the United States. This is partly in the form of investment in a new data center to create a more competitive offering nationally, and partly in a greater sales presence in the market.

Investments in IoT (Internet of Things) continue as planned, in order to benefit from this rapidly growing market.

The Operator Division continues to invest in its Platform-as-a-Service offering in order to address the demand in new types of customer groups that want to launch communication services.



## Significant events after the end of the period

- The company has signed a binding agreement to acquire Mblox, Inc. for USD 117 million on a cash and debt-free basis. On 31 December 2015, Mblox employed 188 individuals and had sales in 2015 of USD 140 million with EBITDA of USD 6.9 million. The acquisition is expected to be completed in early July 2016. Through this acquisition CLX strengthens its position as one of the global leaders in cloud communication for enterprises. The acquisition is being financed through a combination of new bank loans and a rights issue. For additional information, please refer to the separate press release.
- The company's new data center in the United States has been commissioned, and migration of traffic from one of the company's existing data centers in Europe has begun. The new data center will enable the company to win local traffic in the United States from major US customers that do not agree to their data leaving the US.
- The company has called an extraordinary general meeting to adopt a change of financial year. The board of directors proposes that the meeting resolve to change the company's financial year to the calendar year, starting from 2017. This means that the current financial year from 1 July 2015 – 30 June 2016 would be extended by six months to encompass the period 1 July 2015 – 31 December 2016. In this case the next regular annual general meeting would be held in the spring of 2017. For additional information, please refer to the separate press release.

## Quarterly summary

CLX Group, SEK million	Jul - Sep 2014	Oct - Dec 2014	Jan - Mar 2015	Apr - Jun 2015	Jul - Sep 2015	Oct - Dec 2015	Jan - Mar 2016
Net sales	181.7	215.5	212.8	234.4	243.2	273.5	267.2
Gross profit	57.1	63.3	69.1	62.3	73.4	83.0	67.2
Gross margin	31.4%	29.4%	32.5%	26.6%	30.2%	30.4%	25.1%
Operating profit, EBITDA	24.3	35.4	23.4	10.1	13.5	27.9	25.3
EBITDA margin	13.4%	16.4%	11.0%	4.3%	5.5%	10.2%	9.5%

Enterprise Division, SEK million	Jul - Sep 2014	Oct - Dec 2014	Jan - Mar 2015	Apr - Jun 2015	Jul - Sep 2015	Oct - Dec 2015	Jan - Mar 2016
Net sales	155.7	179.4	182.1	194.7	197.9	224.2	230.2
Gross profit	31.6	36.6	29.9	34.3	31.2	37.1	32.5
Gross margin	20.3%	20.4%	16.4%	17.6%	15.8%	16.6%	14.1%
Operating profit, EBITDA	16.5	14.0	10.5	13.3	8.5	13.3	14.1
EBITDA margin	10.6%	7.8%	5.8%	6.8%	4.3%	5.9%	6.1%

Operator Division, SEK million	Jul - Sep 2014	Oct - Dec 2014	Jan - Mar 2015	Apr - Jun 2015	Jul - Sep 2015	Oct - Dec 2015	Jan - Mar 2016
Net sales	30.0	39.0	38.6	47.0	46.6	50.5	37.9
Gross profit	28.9	33.7	35.1	40.2	42.3	45.9	34.6
Gross margin	96.2%	86.4%	90.9%	85.5%	90.6%	91.0%	91.4%
Operating profit, EBITDA	7.8	21.4	12.5	3.4	16.2	17.4	12.4
EBITDA margin	25.8%	54.9%	32.4%	7.3%	34.7%	34.5%	32.9%



## Enterprise Division

Enterprise Division, SEK million	Jan - Mar 2016	Jan - Mar 2015	Jul - Mar 2015/16	Jul - Mar 2014/15	Jul - Jun 2014/15	R12M
Net sales	230.2	182.1	652.2	517.2	711.8	846.9
Gross profit	32.5	29.9	100.8	98.1	132.5	135.3
Gross margin	14.1%	16.4%	15.5%	19.0%	18.6%	16.0%
Operating profit, EBITDA	14.1	10.5	35.9	41.1	54.4	49.2
EBITDA margin	6.1%	5.8%	5.5%	7.9%	7.6%	5.8%

The Enterprise Division provides cloud-based communication solutions to the enterprise sector for effective communication with customers, employees and connected devices (Internet of Things).

### Net sales

The Enterprise Division has continued to grow rapidly. During the quarter net sales increased by SEK 48.1 million, corresponding to 26%, to SEK 230.2 million (182.1) compared to the corresponding period in the previous year.

The growth is due to organic growth, primarily driven by the following factors:

- Our existing customers are expanding their business with us.
- CLX has expanded geographically and is establishing new sales offices.
- CLX is launching new services to existing customers and new customer groups.
- CLX's reseller strategy continues to mature and a number of tools are now available to support a channel strategy.

### Profit

Gross profit increased during the quarter to SEK 32.5 million (29.9) compared to the same quarter in the previous year. The decrease in gross margin is explained mainly by the company's focus on increasing market share in new markets.

Gross profit per transaction is similar in most of the geographical markets where the company is active, for comparable transactions, but during the period sales have increased in several geographies where the underlying transaction cost is high, resulting in a lower gross margin. However, the company is also prioritizing growth in these markets in order to achieve global economies of scale on both the customer and product sides, to optimize the gross margin going forward.

The company is also currently strengthening its position with regard to national traffic in several major markets. This traffic generally has a somewhat lower gross margin than international traffic, where the company has historically had its main focus.

Some of the division's major customers have for some time been enhancing their purchasing functions, which has resulted in increased price pressure from these customers during the current quarter. The company does not expect this price pressure to decline going forward, but believes there are good opportunities to offset this through increased exposure to geographical markets where the gross margin is generally higher.

During the quarter, EBITDA increased by SEK 3.6 million to SEK 14.1 million (10.5) compared to the same quarter in the previous year. The increase is mainly attributable to reduced costs for anticipated bad debt losses from earlier periods.

Foreign exchange effects impacted the division's profit during the quarter by SEK 1.8 million (2.7).

### Other

Operations in France developed very positively during the quarter, with rapidly increasing volumes.

The establishment in Turkey is also contributing positively to the business, but has not developed as rapidly as the French market. CLX has made a significant investment in the further development of certain user interfaces in order to facilitate new customers to get started in this market, which is now beginning to show results. The market has more potential to come in the form of national traffic, which is currently at low levels.

The Enterprise Division began establishment in the German market during the quarter.



The Enterprise Division continues to invest in the United States. A new data center to create a more competitive offering nationally was commissioned during the quarter and migration of traffic from one of the company's existing data centers in Europe has begun. The new data center will enable the company to win local traffic in the United States from major US customers that do not agree to their data leaving the US.

There is also continued investment in greater sales presence in the US market. The company already has many customers in the US that use CLX for international traffic. The company's ambition is first and foremost that these customers will also use us for national traffic in North America.

The company has continued during the quarter to maintain many positive conversations with potential customers in the field of IoT. Solutions in this field will gradually be launched in 2016. IoT was one of the company's key messages at the Mobile World Congress in Barcelona during February.

## Operator Division

Operator Division, SEK million	Jan - Mar 2016	Jan - Mar 2015	Jul - Mar 2015/16	Jul - Mar 2014/15	Jul - Jun 2014/15	R12M
Net sales	37.9	38.6	135.0	107.4	154.6	182.2
Gross profit	34.6	35.1	122.8	96.5	137.8	164.2
Gross margin	91.4%	90.9%	91.0%	89.9%	89.2%	90.1%
Operating profit, EBITDA	12.4	12.5	46.1	41.7	45.0	49.4
EBITDA margin	32.9%	32.4%	34.1%	38.8%	29.1%	27.1%

*The Operator Division develops software solutions for mobile operators and other service providers such as mobile virtual network operators (MVNOs). The division supplies software solutions, as both products and services, to enable operators to effectively manage their services in messaging and payments.*

### Net sales

Net sales in the Operator Division decreased during the quarter by SEK 0.7 million to SEK 37.9 million (38.6). The decrease is primarily explained by significant capacity expansion projects among existing customers being completed during the quarter, without any new such projects beginning during this period. Such major projects are initiated at irregular intervals, and the effects on individual quarters can be relatively large. Over time the division's sales are developing as planned.

The division's launch of a Managed Service offering has attracted great interest. Revenues from these activities are of a recurring nature, which is positive for the development of the business. CLX has for a long time purposefully and successfully worked to increase recurring revenue within the Operator Division.

### Profit

Gross profit decreased during the quarter by SEK 0.5 million to SEK 34.6 million (35.1) compared to the same quarter in the previous year. EBITDA decreased by SEK 0.1 million to SEK 12.4 million (12.5) compared to the same quarter in the previous year.

Foreign exchange effects impacted the division's profit during the quarter by SEK -0.2 million (5.7).

### Other

The Operator Division continues to invest in its Platform-as-a-Service (PaaS) offering in order to address the demand of existing and new types of customer groups that want to launch or improve communication services.

The level of activity for Platform-as-a-Service remains high, and several successful tests have been conducted together with existing and potential customers. All these activities have strong synergies with the company's IoT offering in the Enterprise division.



## Condensed income statement

CLX Group, SEK million	Jan - Mar 2016	Jan - Mar 2015	Jul - Mar 2015/16	Jul - Mar 2014/15	Jul - Jun 2014/15	R12M
<b>Net sales</b>	<b>267.2</b>	<b>212.8</b>	<b>783.9</b>	<b>610.0</b>	<b>844.4</b>	<b>1,018.3</b>
Other operating income	9.1	7.4	15.4	24.7	29.6	20.3
Work performed by the entity and capitalized	4.5	0.9	9.7	2.4	3.3	10.6
Cost of goods sold and services	-200.1	-143.7	-560.3	-420.5	-592.5	-732.3
Other external costs	-17.3	-22.5	-59.6	-41.5	-58.3	-76.5
Employee benefits expense	-35.2	-31.2	-102.3	-87.6	-124.7	-139.4
Depreciation and amortization	-1.7	-1.1	-5.1	-3.0	-4.4	-6.5
Other operating expenses	-2.9	-0.4	-20.1	-4.4	-8.6	-24.3
<b>Operating profit, EBIT</b>	<b>23.6</b>	<b>22.2</b>	<b>61.6</b>	<b>80.1</b>	<b>88.7</b>	<b>70.2</b>
Finance income	1.9	0.6	2.2	0.8	0.9	2.2
Finance expenses	-1.5	-2.3	-2.2	-17.7	-19.8	-4.3
<b>Profit before tax</b>	<b>24.1</b>	<b>20.5</b>	<b>61.6</b>	<b>63.3</b>	<b>69.8</b>	<b>68.1</b>
Current tax	-3.9	-4.2	-13.1	-13.2	-11.0	-11.0
Deferred tax	-1.7	-0.2	-0.9	-0.2	-5.8	-6.5
<b>Profit for the period</b>	<b>18.4</b>	<b>16.1</b>	<b>47.6</b>	<b>50.0</b>	<b>52.9</b>	<b>50.6</b>
<b>Attributable to:</b>						
Owners of the parent	18.4	16.1	47.4	50.0	53.2	50.5
Non-controlling interests	0.0	0.0	0.3	0.0	-0.3	0.0

## Earnings per share

CLX Group, SEK	Jan - Mar 2016	Jan - Mar 2015	Jul - Mar 2015/16	Jul - Mar 2014/15	Jul - Jun 2014/15	R12M
<b>Earnings per share</b>						
- Basic	0.57	0.54	1.50	1.67	1.77	1.62
- Diluted	0.57	0.54	1.43	1.67	1.77	1.55

## Condensed statement of comprehensive income

CLX Group, SEK million	Jan - Mar 2016	Jan - Mar 2015	Jul - Mar 2015/16	Jul - Mar 2014/15	Jul - Jun 2014/15	R12M
Profit for the period	18.4	16.1	47.6	50.0	52.9	50.6
<b>Other comprehensive income</b>						
<b>Items that may be reclassified to profit</b>						
Translation differences in translating data in foreign operations	-0.1	0.2	-0.2	0.4	0.2	-0.4
Cash flow hedges	-1.5	-	2.7	-	-	2.7
Tax effect on items in other comprehensive income	0.3	-	-0.6	-	-	-0.6
<b>Other comprehensive income for the period</b>	<b>-1.2</b>	<b>0.2</b>	<b>1.8</b>	<b>0.4</b>	<b>0.2</b>	<b>1.7</b>
<b>Total comprehensive income for the period</b>	<b>17.2</b>	<b>16.3</b>	<b>49.5</b>	<b>50.4</b>	<b>53.1</b>	<b>52.3</b>
<b>Attributable to:</b>						
Owners of the parent	17.2	16.4	49.2	50.4	53.4	52.2
Non-controlling interests	0.0	0.0	0.3	0.0	-0.3	0.0

## Condensed balance sheet

CLX Group, SEK million	Note	3/31/2016	3/31/2015	6/30/2015
<b>Assets</b>				
Goodwill		56.7	53.1	56.8
Other intangible non-current assets		19.2	9.0	9.1
Tangible non-current assets		5.1	1.4	4.7
Non-current financial assets		6.4	1.4	2.6
Deferred tax assets		-	4.4	0.2
<i>Total non-current assets</i>		<i>87.4</i>	<i>69.4</i>	<i>73.4</i>
Inventories		0.5	0.6	0.2
Other current receivables		259.9	167.8	189.6
Cash and cash equivalents		48.5	88.1	71.0
<i>Total current assets</i>		<i>308.9</i>	<i>256.5</i>	<i>260.7</i>
<b>Total assets</b>		<b>396.3</b>	<b>325.9</b>	<b>334.2</b>
<b>Equity and liabilities</b>				
Equity attributable to owners of the parent	2	85.8	-116.4	36.6
Non-controlling interests		5.1	1.2	4.9
<i>Total equity</i>		<i>90.9</i>	<i>-115.2</i>	<i>41.5</i>
Non-current liabilities, interest bearing		33.1	283.8	54.0
Non-current liabilities, non-interest bearing		10.0	12.0	13.4
<i>Total non-current liabilities</i>		<i>43.1</i>	<i>295.9</i>	<i>67.5</i>
Current liabilities, interest bearing		26.8	-	26.8
Current liabilities, non-interest bearing		235.5	145.3	198.5
<i>Total current liabilities</i>		<i>262.3</i>	<i>145.3</i>	<i>225.3</i>
<b>Total equity and liabilities</b>		<b>396.3</b>	<b>325.9</b>	<b>334.2</b>
Pledged assets and contingent liabilities	3	See note	See note	See note

### Financial instruments measured at fair value

Derivatives with positive value	3.3	1.8	3.8
Derivatives with negative value	0.6	2.3	0.4

The carrying amount is considered to be a reasonable estimate of the fair value of all financial assets and liabilities. The financial assets and liabilities are attributable to valuation levels 2 and 3. For information on the valuation techniques, please refer to Note 4 in the 2014/15 Annual Report.

## Condensed statement of changes in equity

CLX Group, SEK million	Attributable to owners of the parent					Non-controlling interests	Total equity
	Share capital	Other capital contributions	Reserves	Retained earnings	Total		
Opening balance 1 July 2014	0.1	63.0	-0.1	-191.3	-128.3	-	-128.3
Total comprehensive income			0.4	50.0	50.4	0.0	50.4
Acquisition of 66.67% of the shares in Caleo Technologies AB					-	1.3	1.3
Put option Caleo Technologies AB			-0.5		-0.5		-0.5
Repayment conditional shareholder contribution				-38.0	-38.0		-38.0
<b>Closing balance 31 March 2015</b>	<b>0.1</b>	<b>63.0</b>	<b>-0.2</b>	<b>-179.3</b>	<b>-116.4</b>	<b>1.2</b>	<b>-115.2</b>
Opening balance 1 July 2015	0.1	175.0	-0.4	-138.1	36.6	4.9	41.5
Total comprehensive income			1.9	47.4	49.2	0.3	49.5
Bonus issue	3.2			-3.2	0.0		0.0
<b>Closing balance 31 March 2016</b>	<b>3.2</b>	<b>175.0</b>	<b>1.5</b>	<b>-93.9</b>	<b>85.8</b>	<b>5.1</b>	<b>90.9</b>

## Condensed statement of cash flows

CLX Group, SEK million	Jan - Mar 2016	Jan - Mar 2015	Jul - Mar 2015/16	Jul - Mar 2014/15	Jul - Jun 2014/15	R12M
Cash flow before changes in working capital	17.3	6.8	54.6	36.2	28.8	47.2
Changes in working capital	-16.5	19.1	-40.3	23.2	66.2	2.7
<b>Cash flow from operating activities</b>	<b>0.8</b>	<b>25.9</b>	<b>14.3</b>	<b>59.4</b>	<b>94.9</b>	<b>49.9</b>
Net investments in tangible and intangible assets	-5.0	-1.2	-15.5	-2.3	-7.3	-20.5
Changes in financial assets	-	-0.8	-	-0.8	-	0.8
Acquisition of subsidiary/net assets	-	-2.6	-	-2.6	-2.6	0.0
<b>Cash flow investing activities</b>	<b>-5.0</b>	<b>-4.6</b>	<b>-15.5</b>	<b>-5.7</b>	<b>-9.8</b>	<b>-19.7</b>
New loans	-	-	-	-	79.9	79.9
Amortization of loan	-6.7	-	-20.1	-	-	-20.1
Amortization loan ultimate parent company	-	-21.8	-1.0	-21.8	-150.5	-129.7
Contribution from non-controlling interests	-	-	-	-	0.5	0.5
<b>Cash flow from financing activities</b>	<b>-6.7</b>	<b>-21.8</b>	<b>-21.1</b>	<b>-21.8</b>	<b>-70.2</b>	<b>-69.5</b>
<b>Period's cash flow</b>	<b>-10.9</b>	<b>-0.4</b>	<b>-22.3</b>	<b>31.9</b>	<b>14.9</b>	<b>-39.3</b>
Cash and cash equivalents at the beginning of the	59.4	88.4	71.0	55.9	55.9	88.1
Exchange differences in cash and cash equivalents	0.0	0.1	-0.2	0.3	0.2	-0.4
<b>Cash and cash equivalents at the end of the period</b>	<b>48.5</b>	<b>88.1</b>	<b>48.5</b>	<b>88.1</b>	<b>71.0</b>	<b>48.5</b>

## Other information

CLX Group, SEK million	Jan - Mar 2016	Jan - Mar 2015	Jul - Mar 2015/16	Jul - Mar 2014/15	Jul - Jun 2014/15	R12M
<b>Share information</b>						
Basic earnings per share, SEK	0.57	0.54	1.50	1.67	1.77	1.62
Diluted earnings per share, SEK	0.57	0.54	1.43	1.67	1.77	1.55
Basic average number of shares*	32,432,430	30,000,000	31,553,559	30,000,000	30,000,000	31,166,234
Diluted average number of shares*	32,432,430	30,000,000	32,432,430	30,000,000	30,033,321	31,865,974
Number of ordinary shares at the end of the period	32,432,430	1,000,000	32,432,430	1,000,000	1,000,000	32,432,430
Total number of shares at the end of the period	32,432,430	1,000,000	32,432,430	1,000,000	1,081,081	32,432,430
<b>Financial position</b>						
Equity attributable to owners of the parent	85.8	-116.4	85.8	-116.4	36.6	85.8
Equity ratio	22.9%	-35.3%	22.9%	-35.3%	12.4%	22.9%
Equity per share, SEK	2.65	Neg	2.65	Neg	33.83	2.65
Net investments in tangible and intangible assets	5.0	1.2	15.5	2.3	7.3	20.5
Cash and cash equivalents	48.5	88.1	48.5	88.1	71.0	48.5
Net debt	11.4	195.8	11.4	195.8	9.8	11.4
<b>Employees</b>						
Number of FTEs	154	143	152	136	138	151
Of which woman	15%	14%	14%	13%	14%	14%
<b>Key figures</b>						
Operating margin, EBITDA	9.5%	11.0%	8.5%	13.6%	11.0%	7.5%
Operating margin, EBIT	8.8%	10.4%	7.9%	13.1%	10.5%	6.9%
Net margin, Profit for the period	6.9%	7.6%	6.1%	8.2%	6.3%	5.0%

\*Average number of shares has been recalculated after split 1:30 for comparison.

## Operating segments

An operating segment is defined as a business activity that is able to generate revenues and incur costs, whose operating results are regularly reviewed by the entity's chief executive officer and for which separate financial information is available. The Group's operating segments consist of the Enterprise Division and the Operator Division. Items below EBITDA are not allocated to the segments.

Jan - Mar 2016, SEK million	Enterprise Division	Operator Division	Group-wide and eliminations	Group
<b>External revenue</b>	<b>230.2</b>	<b>37.0</b>	-	<b>267.2</b>
Internal revenue	0.0	0.8	-0.9	-
<b>Gross profit</b>	<b>32.5</b>	<b>34.6</b>	0.0	<b>67.2</b>
<b>EBITDA</b>	<b>14.1</b>	<b>12.4</b>	-1.2	<b>25.3</b>
Depreciation and amortization				-1.7
<b>EBIT</b>				<b>23.6</b>
Finance items				0.4
<b>Profit before tax</b>				<b>24.1</b>

Group-wide includes EBITDA for the parent company of SEK -1.2 million.

Jan - Mar 2015, SEK million	Enterprise Division	Operator Division	Group-wide and eliminations	Group
<b>External revenue</b>	<b>177.8</b>	<b>35.0</b>	-	<b>212.8</b>
Internal revenue	4.4	3.6	-8.0	-
<b>Gross profit</b>	<b>29.9</b>	<b>35.1</b>	4.1	<b>69.1</b>
<b>EBITDA</b>	<b>10.5</b>	<b>12.5</b>	-	<b>23.4</b>
Depreciation and amortization				-1.1
<b>EBIT</b>				<b>22.2</b>
Finance items				-1.7
<b>Profit before tax</b>				<b>20.5</b>

Group-wide includes EBITDA for the parent company of SEK 0 million.

Jul - Mar 2015/16, SEK million	Enterprise Division	Operator Division	Group-wide and eliminations	Group
<b>External revenue</b>	<b>651.5</b>	<b>132.4</b>	-	<b>783.9</b>
Internal revenue	0.7	2.6	-3.3	-
<b>Gross profit</b>	<b>100.8</b>	<b>122.8</b>	0.0	<b>223.6</b>
<b>EBITDA</b>	<b>35.9</b>	<b>46.1</b>	-15.3	<b>66.7</b>
Depreciation and amortization				-5.1
<b>EBIT</b>				<b>61.6</b>
Finance items				0.0
<b>Profit before tax</b>				<b>61.6</b>

Group-wide includes EBITDA for the parent company of SEK -15.3 million, of which IPO cost amount to SEK 11.2 million.

Jul - Mar 2014/15, SEK million	Enterprise Division	Operator Division	Group-wide and eliminations	Group
<b>External revenue</b>	<b>510.8</b>	<b>99.2</b>	-	<b>610.0</b>
Internal revenue	6.3	8.2	-14.6	-
<b>Gross profit</b>	<b>98.1</b>	<b>96.5</b>	-5.1	<b>189.5</b>
<b>EBITDA</b>	<b>41.1</b>	<b>41.7</b>	0.3	<b>83.1</b>
Depreciation and amortization				-3.0
<b>EBIT</b>				<b>80.1</b>
Finance items				-16.8
<b>Profit before tax</b>				<b>63.3</b>

Group-wide includes EBITDA for the parent company of SEK 0 million.

## Note 1 – Accounting policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the applicable provisions of the Annual Accounts Act. Disclosures in accordance with IAS 34 Interim Financial Reporting are provided in notes and in other places in the interim report. The interim report for the parent company has been prepared in accordance with the Annual Accounts Act, which is in accordance with RFR 2 Accounting of Legal Entities. None of the new or amended IFRS standards or interpretations from the IFRS Interpretations Committee which apply from 1 July 2015 has had any material impact on CLX's financial statements. From 1 October 2015, the group applies hedge accounting of forward foreign exchange contracts, with the effect recognized in other comprehensive income instead of profit for the period. Aside from this, the accounting policies and calculation methods are unchanged from those applied in the Annual Report 2014/15.

## Note 2 – Shares and share capital

An extraordinary general meeting on 31 August 2015 resolved in favor of a bonus issue that increased the company's share capital by SEK 3,189,188.95 to SEK 3,243,243 and to execute a 30:1 stock split, which increased the number of shares in the company to 32,432,430. In connection with the listing of the company, all 2,432,430 preference shares were converted into common stock.

## Note 3 – Pledged assets and contingent liabilities

The shares in CLX Networks AB and Symsoft AB have been pledged as collateral for the obligations within the current loan agreement. The group value of the pledged assets on 31 March 2016 amounted to SEK 249.4 million (218.3). In addition, floating charges in these companies of SEK 20 million (20) and SEK 25 million (25), respectively, have been pledged as collateral for the loan agreement. Other guarantees and restricted funds amounted to SEK 3.7 million (5.6).

## Parent company

CLX Communications AB (publ) owns and manages the shares attributable to the CLX Group. The Group's operational and strategic management functions have been centralized to the parent company during the period. At the end of the period the parent company had 5 (-) employees. The parent company has no external business activities and the risks are mainly related to the operations of the subsidiaries. Profit from financial items includes for the period dividends from subsidiaries of SEK 20.0 million (-).

## Condensed parent company income statement and balance sheet

CLX Communications AB, SEK million	Jul - Mar 2015/16	Jul - Mar 2014/15	Jul - Jun 2014/15
Operating revenue	3.0	-	0.2
Operating costs	-18.3	0.0	-6.4
<b>Operating loss, EBIT</b>	<b>-15.3</b>	<b>0.0</b>	<b>-6.3</b>
Finance items	18.6	-17.3	-19.5
<b>Profit/loss after financial items</b>	<b>3.3</b>	<b>-17.4</b>	<b>-25.8</b>
Tax on profit/loss for the period	3.7	3.8	-0.3
<b>Profit/loss for the period</b>	<b>6.9</b>	<b>-13.5</b>	<b>-26.1</b>

CLX Communications AB, SEK million	3/31/2016	3/31/2015	6/30/2015
<u>Assets</u>			
Non-current assets	350.0	350.0	350.0
Current assets	0.2	0.1	1.3
<b>Total assets</b>	<b>350.2</b>	<b>350.0</b>	<b>351.2</b>
<u>Equity and liabilities</u>			
Equity	186.4	14.9	179.4
Non-current liabilities	33.1	-	80.8
Current liabilities	130.7	335.2	91.0
<b>Total equity and liabilities</b>	<b>350.2</b>	<b>350.0</b>	<b>351.2</b>
Pledged assets and contingent liabilities	350.0	None	350.0

## **Forthcoming reporting dates**

Year-end report, July 2015 – June 2016

23 August 2016

The designation of the above report may change if the extraordinary general meeting resolves to extend the financial year.

## **Outlook**

CLX does not publish forecasts.

## **Risk assessment**

CLX is, like all businesses, exposed to various types of risks in its operations. These include risks related to currency fluctuations, dependence on certain strategic partners, technological change, dependence on key personnel as well as tax risks and political risks related to the multinational nature of the Group's activities. Risk management is an integral part of CLX's management, and risks are described in more detail in the Annual Report 2014/15, Note 4. The risks described for the Group may also have an indirect impact on the parent company.

## **Nomination committee**

In accordance with the resolution of the 2015 annual general meeting, a nomination committee has been appointed comprising representatives of the four largest shareholders on 31 March 2016 and the chairman of the board. The nomination committee comprises the following members:

- Oscar Werner, representing Cantaloupe AB
- Tobias Edvardsson, representing Neqst D1 AB
- Anders Ingeström, representing Kjell Arvidsson AB
- Ossian Ekdahl, representing First Swedish National Pension Fund
- Erik Fröberg, Chairman CLX Communications AB (publ)

Shareholders wishing to submit proposals to the nomination committee of CLX can do so by writing to CLX Communications AB (publ), Box 1206, 164 28 Kista, Sweden, or by e-mail to [nomination@clxcommunications.com](mailto:nomination@clxcommunications.com).

## **Forward-looking statements**

This report contains statements concerning, among other things, CLX's financial position and results as well as statements regarding market conditions that may be forward-looking. CLX believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions. Forward-looking statements, however, include risks and uncertainties and actual outcomes or consequences may differ materially from those expressed. Other than as required by applicable law, forward-looking statements apply only on the day they are presented and CLX does not undertake to update any of them in light of new information or future events.



## Assurance

The board of directors and the CEO certify that the interim report gives a true and fair view of the company's and the Group's operations, position and results and describes significant risks and uncertainties faced by the company and the companies included in the Group.

Stockholm, 13 May 2016

Erik Fröberg  
Chairman

Kjell Arvidsson

Charlotta Falvin

Jonas Fredriksson

Helena Nordman-Knutson

Johan Stuart

Johan Hedberg  
President and CEO

**Note:** CLX Communications AB (publ) is required to publish the information in this interim report pursuant to the Securities Markets Act. The information was submitted for publication on 13 May 2016 at 08.00.

This report is published in Swedish and English. In case of any differences between the English version and the Swedish original text, the Swedish version shall apply.



## Report of review of interim financial information

### Introduction

We have reviewed the interim report of CLX Communications AB (publ) for the period 1 July 2015 until 31 March 2016. The board of directors and the CEO are responsible for the preparation and fair presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410 *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance expressed based on an audit.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 13 May 2016

Deloitte AB

Erik Olin  
Authorized Public Accountant