18Q2 INTERIM REPORT
Stockholm, July 20, 2018

Johan Hedberg
President and CEO

Odd Bolin
CFO

Thomas Heath
Chief Strategy Officer and Head of Investor Relations
CLX AT A GLANCE

- Established leader in enterprise messaging, connecting businesses to 5bn mobile users across the globe

- Leading cloud communications platform for mobile messaging, voice, video and the Internet of Things (IoT)

- Preferred partner to the world’s most demanding enterprises

- Software solutions to mobile operators based on the same underlying platform
# Infinite Use Cases

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HIGHLIGHTS 18Q2

Johan Hedberg, CEO
18Q2 SUMMARY

- Group organic revenue growth of **18 percent** in local currency
- Gross profit up **30 percent** due to organic growth & successful M&A
- Adjusted EBITDA up **32 percent**

- Strong performance in the **Enterprise Division**
- Slight improvement in **Operator Division** EBITDA versus last quarter
- Continued focus on ride-hailing in **Sinch**
- **Unwire** acquisition performing better than expected
- Beginning to cross-sell **Vehicle** products to existing CLX customers

Growth rates are y/y.
ENTERPRISE DIVISION

- Continued **growth** in messaging traffic from new and existing customers
- **Unwire** performing **better than expected**

- Mblox and Dialogue traffic successfully migrated to our new **Nova** platform
- **Strong pipeline** with several US-based, global, digital-native companies
- Flat or slightly higher OPEX ahead as resources are re-directed to product development & new sales once Nova migration is completed

Growth rates are y/y.

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• A2P messaging volume up **14 percent** y/y in comparable units
• Enterprise Division gross profit up **32 percent**
• Enterprise Division EBITDA up **42 percent**
Underlying business **developing as planned**
- Slight EBITDA improvement from 18 Q1
- No significant capacity expansion projects during the quarter

- **Continued investments** to grow future topline
- **Strong sales pipeline** but **slow conversion** to projects and revenue
- Slight improvement expected for 18 H2; work ongoing to reach 15 percent medium-term EBITDA-margin target during 2019
Sinch is continuing to **invest** in increased functionality and customer-adaptions

**Ride-hailing** developing favorably with further markets set to go live this year

Considerable interest and increasing revenues in **Vehicle personalized video**

**Cross selling** Vehicle products to Operators in Europe and our Enterprise customer in the US

Purchase price of USD 8 million paid in April, USD 4 million earn-out paid in July, may see future earn-outs of maximum USD 18 million if growth targets are met
FINANCIALS

Odd Bolin, CFO
Gross profit increased to SEK 248.6 million (190.7 in 17Q2)
Adjusted EBITDA was SEK 97.4 million (74.0)
EBITDA was SEK 80.3 million (49.3)
EBIT was SEK 39.8 million (18.3)
Net profit for the quarter was SEK 29.0 million (-1.2)

Higher gross profit and EBITDA in the Enterprise Division due to organic growth and M&A
Operator Division is improving, but slower-than-expected conversion of pipeline to revenue
Sinch and Vehicle developing as planned
Re-allocating resources after Nova project in order to drive future growth
Strong momentum in Unwire
Large US clients driving organic growth
Growth in gross profit drives EBITDA

Combination of acquisitions and organic growth

Organic growth includes the impact of currency fluctuations. Unwire is normally consolidated into the Enterprise Division, but is shown separately here to illustrate the impact of M&A.
- Significant GP contribution from acquired businesses
- Organic GP growth impacted by UK regulatory changes and lost wholesale traffic in H2 17

Organic growth includes the impact of currency fluctuations. Unwire is normally consolidated into the Enterprise Division, but is shown separately here to illustrate the impact of M&A. Dialogue contribution is an approximation, as traffic is now blended with CLX.
Significant EBITDA contribution from acquired businesses

Forward-looking OPEX investments in sales and product development
KEY METRICS

Enterprise Division:
- **Gross profit** – we use gross profit as our key measure since gross margin depends on geographical traffic mix, which we have limited influence over
- **Adjusted EBITDA/gross profit** – measures operational efficiency in the business
- **OPEX per transaction** – measures operational efficiency in the business

Operator Division:
- **Revenue**
- **EBITDA**

Sinch, Vehicle and other new investments:
- **Gross profit growth**
OPERATIONAL EFFICIENCY IN MESSAGING

- Improving operational efficiency due to economies of scale
- Gross profit is the primary bottom line driver
- Revenue and gross margin depend on mix of terminating markets
- Improved EBITDA/GP

EBITDA and gross profit in the Enterprise Division. OPEX/transaction and GP/transaction in SEK.
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WAY FORWARD

Johan Hedberg, CEO
Strong pipeline with several US-based, global, digital-native companies

Sinch investments in real-time voice functionality and customer-adaptions

Ride-hailing developing favorably with further markets set to go live this year

Considerable interest and increasing revenues in Vehicle personalized video

Moderate investments in IoT mirroring the relatively slow pace of market maturation

RCS development as the rich messaging market expands
PERSONALIZED VIDEO

- Unique, personalized videos to each recipient
- Dynamically rendered at scale with no limits
- Nearly 100 percent device reach and 98 percent open-rate
- Nearly perfect open rates and 4.5 higher click-thru rate (than email)
Next Generation Enterprise Messaging

Branding
Customize with your company name, colour and logo.

Real Time Feedback
Know when your customer has received and read your message and whether your customer is typing you a response to your message. Know if your customer has tapped on links to Calendar, Maps, Play Store or the Dialer in your message. All done in real time.

Rich Dynamic Content
Send images, videos, web links and app links without the need to transcode your message.

App-Like Experience
Suggest actions by creating app-like buttons linking to Android apps such as the Calendar, Maps, Play Store or Dialer and embed important Metadata such as telephone number, location and event details in the link making for an easy and effortless customer experience.

Quick Response
Suggested actions will create a speedy and error-free interaction with your customers. There are no limits to the number of suggested replies you can have.

RCS = SMS “2.0”