Stockholm, 16 February 2018

Year-end report, January – December 2017

January – December 2017

- Net sales increased by 68 percent to SEK 3,058.1 million (1,817.3). Organic growth was 8 percent.
- EBITDA amounted to SEK 263.2 million (120.6).
- EBITDA excluding items affecting comparability[1] (adjusted EBITDA) amounted to SEK 296.7 million (185.5), corresponding to SEK 5.73 (4.03) per share.
- Operational foreign exchange differences affected operating profit for the period by SEK -1.2 million (6.4).
- EBIT amounted to SEK 124.9 million (74.5).
- Tax for the year was affected positively by SEK 86.8 million due to new corporate tax rate in the US and capitalization of loss carryforwards in the UK.
- Profit after tax for the period amounted to SEK 134.4 million (82.4).
- Basic and diluted earnings per share amounted to SEK 2.58 (2.03).

Fourth quarter, October – December 2017

- Net sales increased by 36 percent to SEK 909.3 million (669.6). Organic growth was 7 percent.
- EBITDA amounted to SEK 76.0 million (68.1).
- EBITDA excluding items affecting comparability[1] (adjusted EBITDA) amounted to SEK 70.1 million (76.0), corresponding to SEK 1.31 (1.56) per share. Items affecting comparability during the quarter included revenue of SEK 11.8 million due to a write-down of earn-out for Xura.
- Operational foreign exchange differences affected operating profit for the quarter by SEK 3.8 million (-1.8).
- EBIT amounted to SEK 31.1 million (46.5).
- Tax for the period was affected positively by SEK 86.8 million as an effect of a new corporate tax rate in the US and capitalization of loss carryforwards in the UK.
- Profit after tax for the quarter amounted to SEK 90.3 million (53.2).
- Basic and diluted earnings per share amounted to SEK 1.69 (1.09).

Significant events during the quarter

- Dialogue's operations in mobile payments in the United Kingdom and Ireland were divested. In consideration, CLX will receive a portion of gross profits for 36 months and the capital gain amounted to SEK 3.2 million.

Significant events after the end of the period

- Anders Olin began as the Chief Operating Officer for the Enterprise Division on 15 January. In that role, he will head up all commercial activities in the Division.

1) See the table on page 4 for a specification of items affecting comparability.

Invitation to report presentation by phone or online

The report will be presented at a phone conference at 09.00 CET on 16 February.
To participate in the presentation by phone, please call any of the following numbers and state the code 4334037:

SE: +46 (0) 8 506 539 42
UK: +44 (0) 33 0336 9411
US: +1 323 794 2149

Register here to watch the presentation via Webcast: https://edge.media-server.com/m6/p/np92uodf.

About CLX Communications

CLX Communications (CLX) is a leading global vendor of cloud communications services and solutions for enterprises and mobile operators. Mobile communications services from CLX make it possible for enterprises to communicate globally with their customers and connected devices - IoT (Internet of Things) swiftly, securely and cost-effectively. CLX Communications' solutions enable business critical communication worldwide via mobile messaging services (SMS), voice services, and mobile IoT connectivity services. CLX has grown profitably since the company was founded. The Group is headquartered in Stockholm, Sweden, and has a presence in 20+ additional countries. The shares of CLX Communications are listed on Nasdaq Stockholm: CLX.

Message from the CEO

Focus on long-term market leadership

The Enterprise Division demonstrated improved development in the last quarter of the year. Gross profit rose by 10 percent over the third quarter and by 14 percent compared to the last quarter of 2016. We are seeing sustained high interest in our cloud services, driven mainly by sales in North America. CLX has several major contracts that are in the implementation phase or have not yet reached their full potential, which are creating the conditions for favorable organic growth. The Division's revenues increased organically by 9 percent and by 39 percent including acquisitions, quarter-on-quarter.

Our focus in the Enterprise Division is on maximizing gross profit and ensuring the lowest possible operational costs per transaction. These are factors that we can control. Our gross margin, however, is determined primarily by factors that are beyond our control, particularly in which geographies our traffic terminates, which fluctuates from month to month. In late 2017, we saw a substantial seasonal increase in traffic in France, where the gross margin is low, and increased passthrough billing of operator costs in the US. This reduced our gross margin for the quarter by 1.7 percentage points.

Gross profit and operating profit for the full year of 2017 were negatively affected by a few isolated events, mainly in the second and third quarters. A major customer, for example, which has gradually evolved into a competitor, significantly reduced its business volume with us. As well, a regulatory change in the British market resulted in higher operator costs in the UK and several other European markets, which we could not pass on to our customers in full. All told, this reduced gross profit by about SEK 45 million for the full year. In our judgment, however, these factors will not have further impact on our financial performance. We assess overall market demand to be good.

On the strength of three acquisitions combined with organic growth, the Enterprise Division has delivered outstanding growth in the past 18 months. This rapid growth, combined with the major development project commenced following the acquisition of Mblox has required a great deal of energy. The development project, which is aimed at ensuring the CLX has the best traffic platform in the market, Nova, will be completed in the second quarter of 2018, which will free up significant resources for other forward-looking investments. The migration of customers of acquired companies to Nova will be completed in parallel. We have also further reinforced the Enterprise Division by appointing an experienced Chief Operating Officer. In spite of the organizational strain that was caused by the integration of acquisitions, the Enterprise Division delivered EBITDA of SEK 79.1 million in the fourth quarter, which we see as a sign of strength.

Sinch is delivering strong performance and revenues from new customers rose by 61 percent between the first quarter and the fourth. We are seeing increasing demand in segments including ride-sharing services. Our investments in voice and video services are continuing in response to rising demand.

The fourth quarter was a weaker period for the Operator Division. The major capacity expansion project that we won in 2016 was completed in the third quarter of 2017. Fourth quarter earnings were also reduced by certain costs that we expect to deliver good returns in the next few years. We are satisfied with the Division's profitability for the full year. We are working actively to accelerate growth in the Division through investments in the sales and marketing organization and are in prime position for growth now that mobile operators are increasingly buying "as-a-service" solutions. At the beginning of 2018, the level of capacity expansion projects is lower than in previous years, but we believe this will be offset by growth in underlying business. In our judgment, 15% is a reasonable EBITDA margin target over the medium term for the Division.

Looking ahead, 2018 will bring renewed and reinforced focus on organic growth, with further investments in the sales and marketing organization and product development. We will both expand internationally and launch new products and services. RCS (Rich Communications Services), SMS 2.0 in particular has the potential to significantly increase the size of our market and we are on the forefront of this area. Jointly with GSMA, we arranged a well-attended workshop in Atlanta on RCS during the autumn to drive standardization and roll-out of this new and exciting technology.

We also intend to execute further acquisitions to consolidate our position as a market-leading provider of cloud communications solutions.

Stockholm, 16 February 2018

Johan Hedberg
President and CEO

Operations

The market

Demand for CLX's products and services remains strong. The cloud-based A2P messaging segment (automated business-critical messages from enterprises to individuals) is highly competitive, but CLX has purposefully built up a leading market position. As a result, the company is winning market shares organically, based on quality, cost-effectiveness and economies of scale, and is well-positioned to continue consolidating the market through acquisitions. As a leading market player, with substantial economies of scale and a strong negotiating position vis-à-vis customers and suppliers, CLX has strong potential to be highly profitable. We believe that few, if any, competitors have scale and efficiency advantages equal to ours.

Market demand is also increasing for integrated, cloud-based communications solutions that include messaging, voice and video communication. In order to offer our customers complete communications solutions, CLX continues to increase its exposure to complementary product and development areas, such as cloud-based voice communication and the Internet of Things (IoT). CLX is focusing on addressing, and growing in, both geographical markets and in market segments where conditions for good profitability exist.

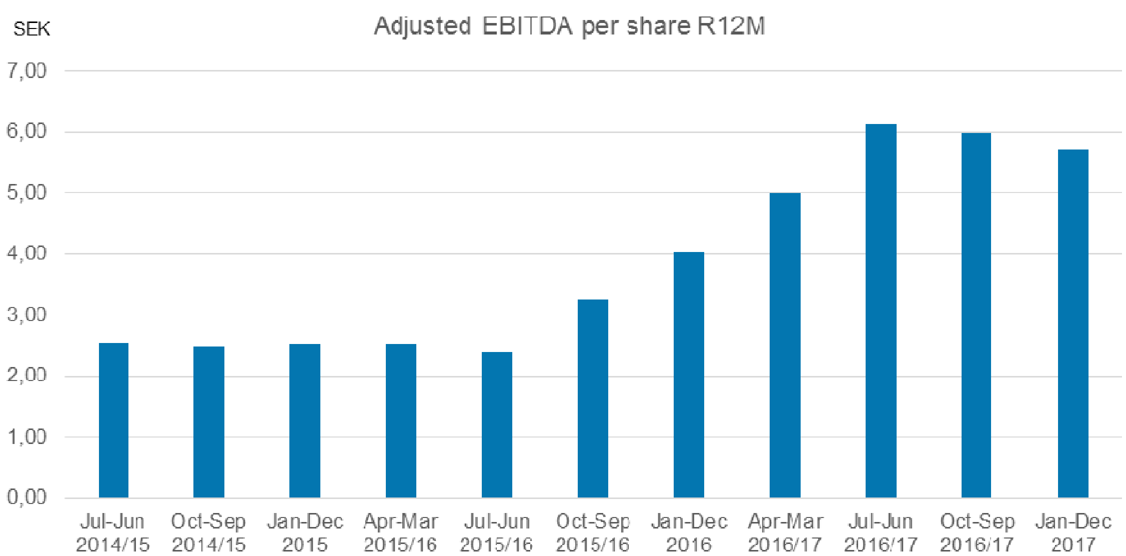
CLX's efforts in the field of IoT continue to develop. CLX has delivered its first commercial application to a limited number of existing customers. In parallel, the work to successively launch new functionality and to increase sales and marketing activities is continuing. This is being accomplished in close collaboration between the Operator and Enterprise Divisions, as a joint "as-a-service" solution.

CLX Group overview

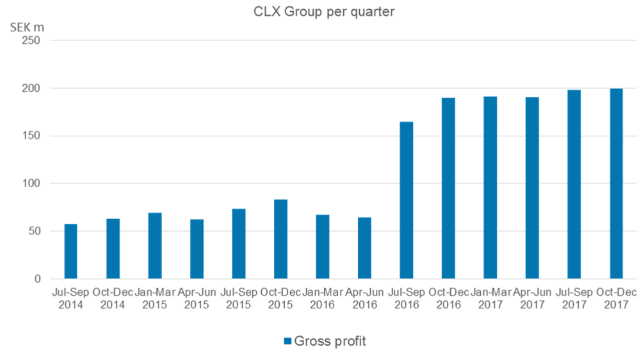
For a list and definitions of financial measurements defined under IFRS and those not defined under IFRS, as well as operational measurements, please refer to page 24.

CLX Group, SEK million	Oct - Dec 2017	Oct - Dec 2016	Jan - Dec 2017	Jan - Dec 2016	Jul - Dec 15/16 18M
Net sales	909.3	669.6	3,058.1	1,817.3	2,333.9
Gross profit	199.8	189.4	780.0	485.9	642.3
Gross margin	22.0%	28.3%	25.5%	26.7%	27.5%
Operating profit, EBITDA	76.0	68.1	263.2	120.6	161.9
EBITDA margin	8.4%	10.2%	8.6%	6.6%	6.9%
Adjusted EBITDA	70.1	76.0	296.7	185.5	238.0
Adjusted EBITDA margin	7.7%	11.4%	9.7%	10.2%	10.2%
Adjusted EBITDA / gross profit	35.1%	40.1%	38.0%	38.2%	37.1%
Operating profit, EBIT	31.1	46.5	124.9	74.5	112.5
EBIT margin	3.4%	6.9%	4.1%	4.1%	4.8%
Adjusted EBIT	37.1	54.4	170.3	139.4	188.6
Adjusted EBIT margin	4.1%	8.1%	5.6%	7.7%	8.1%
Profit for the period	90.3	53.2	134.4	82.4	111.6
Net margin	9.9%	7.9%	4.4%	4.5%	4.8%
Cash flow from operating activities	61.8	102.0	51.3	94.0	107.6
Equity ratio	49.3%	37.2%	49.3%	37.2%	37.2%
Diluted earnings per share, SEK	1.69	1.09	2.58	2.03	2.56
Average number of employees	351	283	340	206	199

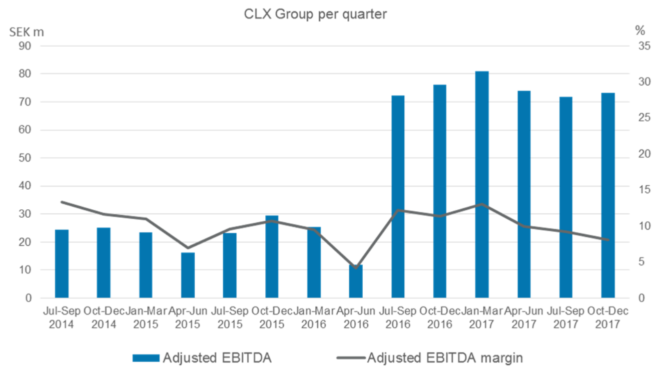
Items affecting comparability, SEK m	Oct - Dec 2017	Oct - Dec 2016	Jan - Dec 2017	Jan - Dec 2016	Jul - Dec 15/16 18M
Market listing costs	-	-	-	-	-11.2
Acquisition costs	-0.1	-1.2	-9.3	-17.1	-17.1
Restructuring costs	-	-	-15.0	-35.2	-35.2
Integration costs	-8.9	-6.7	-24.2	-12.6	-12.6
Proceeds from sale of PSMS business	3.2	-	3.3	-	-
Write-down earnout Xura	11.8	-	11.8	-	-
Impairment goodwill Xura	-11.9	-	-11.9	-	-
Total items affecting comparability	**-6.0**	**-7.9**	**-45.3**	**-64.9**	**-76.1**

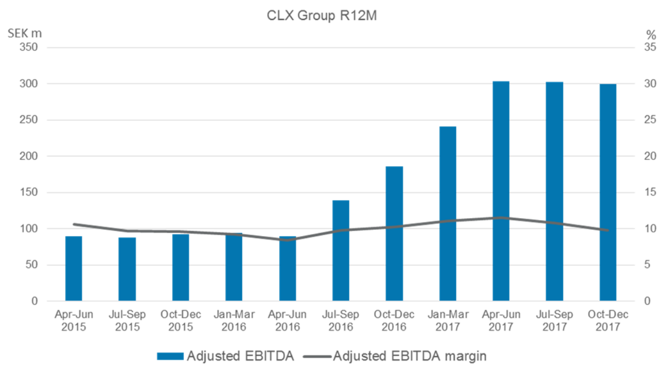


Gross profit



Adjusted EBITDA and adjusted EBITDA margin





October–December 2017

Net sales

Consolidated net sales grew in the quarter by 36 percent to SEK 909.3 million (669.6). Amounts in parentheses refer to the corresponding quarter in the preceding year. Organic growth was 7 percent.

The number of transactions in comparable units (excluding Dialogue and Xura Secure Communications, now CLX Communications GmbH) increased by more than 20 percent during the quarter compared to the corresponding quarter in the preceding calendar year. The higher transaction volume is the result of the majority of our existing customers steadily growing their business with us, while we have continued to gain new customers.

The integration of acquired businesses is proceeding as planned and still requiring significant resources, but in parallel with this work, we have in the latter part of 2017 again increased our focus on new sales in order to accelerate organic growth. The Enterprise Division has been reinforced with the new role of Chief Operating Officer, Anders Olin, who will be responsible for commercial business development. We have also initiated a project to strengthen the sales and marketing organization in Europe, further improve our market segmentation, and increase the focus on large enterprise customers. We expect to see good effects from this during 2018.

In the Enterprise Division, we are continuing to strengthen our market position and increasing our market shares/economies of scale to ensure good profitability over the long term. We expect to further increase our competitive advantages once we have migrated all traffic to our Nova platform in 2018. Nova is going to enable even higher cost-effectiveness and quality in our services, as well as faster, simpler integration of new acquisitions.

Organic growth was positively affected during the quarter by the appreciation of the Swedish krona, primarily against the British pound. The group has significant revenues in British pounds and if the exchange rate had been the same during the quarter as in the same quarter in 2016, revenues would have been about SEK 2 million lower.

Gross profit

During the quarter, gross profit amounted to SEK 199.8 million (189.4) and the gross margin amounted to 22.0 percent (28.3). The consolidated gross margin is significantly controlled by the Enterprise Division’s gross margin. The key determining factor is in which markets traffic terminates, i.e., where the recipient’s operator is domiciled. The volume mix between markets changes continuously and the gross margin fluctuates accordingly. These fluctuations are beyond CLX’s control and our focus is therefore on gross profit per transaction, not gross margin, as the guiding performance measurement. CLX has for a long time had a strong position in several European markets, such as the United Kingdom, Germany and France, where the gross margin is lower than in markets such as the US and Australia. Overall, the share of total traffic volume increased in 2017 in markets where the gross margin is lower, which had negative impact on gross margin performance.

The gross margin also decreased during the quarter due to a sharp seasonal increase in traffic to France and increased onward billing by a major American operator.

The gross margin for the Operator Division decreased temporarily during the quarter to 73.1 percent, mainly due to non-recurring costs for third-party licenses and associated service costs.

Gross profit was also affected by foreign exchange rates because group revenues are not fully matched by costs in corresponding currencies.

Operating profit

EBITDA amounted to SEK 76.0 million (68.1). EBIT amounted to SEK 31.1 million (46.5).

Consolidated operating profit was reduced during the quarter by costs, primarily in the Operator Division and Sinch, aimed at widening the product offering for both of these operations in IoT, video and voice-based communications.

There will be sharp focus over the next few quarters on picking up the pace of organic growth and continuing to realize the profitability and growth potential brought by the completed acquisitions. These acquisitions have put CLX in a much stronger negotiating position vis-à-vis both customers and operators. They also created the conditions for increased economies of scale and lower operating costs per transaction. Efforts to realize these economies of scale and optimize the cost structure are ongoing. As regards Mblox, this is mainly complete. That which remains is to reap further efficiency gains once all traffic has been moved to Nova. The work has begun in relation to Xura and Dialogue, but the full synergy effects will not be achieved until the first half of 2018. At that point, all traffic will have been migrated to Nova, which will enable further streamlining of many support functions. We expect to achieve further cost savings of approximately SEK 20-25 million per year once this is complete.

Acquisition costs, capital gains, integration costs, written-down earnout for Xura and impairment of goodwill in Xura affected earnings for the quarter by SEK 6.0 million (7.9). Adjusted for these items, EBITDA amounted to SEK 70.1 million (76.0) and EBIT to SEK 37.1 million (54.4). Acquisition costs are attributable primarily to external advisory services in relation to the acquisition of Dialogue. The capital gain refers to sale of the mobile payments business in Dialogue. Integration costs refer primarily to the costs of developing the group-wide transaction system Nova.

Adjusted EBITDA per share increased for the full year of 2017 to SEK 5.73 (4.03), an increase of 42%, outperforming the company's financial target of an annual increase of 20%.

Adjusted EBITDA divided by gross profit was 35.1 percent (40.1).

Foreign exchange fluctuations affected operating profit for the quarter by SEK 3.8 million (-1.8).

January – December 2017

Net sales

Consolidated net sales grew in the period by 68 percent to SEK 3,058.1 million (1,817.3). Amounts in parentheses refer to the corresponding period in the preceding year. Organic growth was 8 percent.

Gross profit

During the period, gross profit amounted to SEK 780.0 million (485.9) and the gross margin amounted to 25.5 percent (26.7).

Operating profit

EBITDA amounted to SEK 263.2 million (120.6). EBIT amounted to SEK 124.9 million (74.5). Adjusted EBITDA divided by gross profit was 38.0 percent (38.2).

Acquisition costs, capital gains, restructuring and integration costs, written down earnout for Xura, impairment of goodwill in Xura reduced profit for the period by SEK 45.3 million (64.9). Adjusted for these items, EBITDA amounted to SEK 296.7 million (185.5) and EBIT to SEK 170.3 million (139.4). Acquisition costs are attributable primarily to external advisory services in relation to the acquisition of Dialogue. The capital gain arose from the sale of the mobile payments business in Dialogue. Restructuring costs refer mainly to severance pay and similar for employees who become redundant in acquired companies. This does not, however, include payroll costs for the period such employees are still working in the business. Integration costs refer primarily to the costs of developing the group-wide transaction system Nova.

All in all, CLX has in 2017 spent approximately SEK 40 million on development of the company’s product portfolio, including Nova, IoT and Sinch.

Foreign exchange fluctuations reduced operating profit for the period by SEK -1.2 million (6.4).

Other income and expense items

Net financial expense was SEK -50.5 million (9.3), with interest costs amounting to SEK -17.9 million (-7.5) and foreign exchange differences to SEK -33.9 million (15.7). The foreign exchange differences are attributable primarily to the revaluation of financial assets and liabilities denominated in other currencies. The Group's effective tax rate was -80.0 percent (1.8), see Note 5. The low effective tax rate last year was attributable to utilized, non-capitalized loss carryforwards in the acquired Mblox companies. Net profit for the period amounted to SEK 134.4 million (82.4).

An analysis of deferred tax assets in Mblox was completed in the second quarter of 2017 as part of the acquisition analysis, which is finalized. The deferred tax assets assessed as usable have been capitalized in the balance sheet, which has reduced consolidated goodwill to a corresponding extent. Tax on profits in the Mblox companies where such deferred tax assets exist are thus recognized as deferred tax in profit and loss. Deferred tax has no effect on cash flow.

Investments and divestments

Net investments in intangible assets and property, plant and equipment amounted to SEK 30.2 million (23.4). The investments refer primarily to capitalized development expenditure of SEK 17.9 million (17.6) and hardware and equipment related to relocation of offices in Sweden and the US.

CLX has increased investments in areas including the development of new services in the strategically important field of IoT. The investments consist both of development work and of hardware and software used for the operation of customer systems within the framework of the company's Managed Service offering.

The acquisition of Xura Secure Communications GmbH was completed on 16 February 2017 and is included in the consolidated accounts from that date. The purchase consideration was EUR 14.7 million (SEK 138.0 million) on a cash- and debt-free basis. Xura is based in Munich and had 16 employees at 31 December 2016. Xura had sales in 2016 of EUR 25.6 million (SEK 242.4 million) with EBITDA of approximately EUR 1.9 million (SEK 18.0 million). The acquisition was financed with expanded credit facilities of GBP 12.5 million (SEK 133.9 million).

Dialogue Group Ltd was acquired on 10 May 2017 and is included in the consolidated accounts from that date. The purchase consideration was GBP 32.0 million (SEK 368.7 million) on a cash- and debt-free basis. Dialogue was founded in 1994. Its head office is in Sheffield, UK and the company had 49 employees as per acquisition. During the period of March 2016-February 2017, Dialogue had sales of approximately GBP 36.7 million (SEK 417.9 million) and gross profit of about GBP 11.5 million (SEK 130.9 million). EBITDA was about GBP 5.2 million (SEK 59.2 million), with an EBITDA margin of 14.2 percent. The acquisition was financed with expanded credit facilities of GBP 32.7 million (SEK 381.9 million).

On 4 July, CLX acquired the remaining 33 percent of the share capital in Caleo Technologies AB from the minority owners. Caleo develops software that CLX sells as part of its offering to operators under the Symsoft brand. Caleo was made into a wholly owned subsidiary in order to enhance product integration and further clarify the Symsoft offering.

See Note 6 for further information about acquisitions.

The mobile payments business in Australia and New Zealand was divested on 5 September. Under the terms of the agreement, CLX will receive a portion of the gross profits generated by the divested business for 36 months. The capital gain amounted to SEK 0.1 million. The mobile payments business in the United Kingdom and Ireland was divested on 11 October. Under the terms of the agreement, CLX will receive a portion of the gross profits generated by the divested business for 36 months. The capital gain amounted to SEK 3.2 million.

Cash flow, liquidity and financial position

Cash flow from operating activities amounted to SEK 51.7 million (94.0). Consolidated cash and cash equivalents at 31 December 2017 amounted to SEK 164.6 million (115.3) as well as an unutilized credit facility of SEK 100 million (100). The loan of GBP 32.7 million raised in connection with the acquisition of Dialogue was fully repaid during the third quarter.

Equity at 31 December 2017 amounted to SEK 1,494.6 million (865.0), corresponding to an equity ratio of 49.3 percent (37.2). Equity per share amounted to SEK 27.86 (17.34). A warrant issue raised SEK 8.5 million in equity; see Note 4.

As decided by the annual general meeting held 19 May 2017, 4,067,647 new shares were issued in a directed share issue on 31 May at a subscription price of SEK 120 per share. The issue was executed to reduce debt and strengthen the company's capacity for future acquisitions. The issue raised SEK 488.1 million before issue costs of SEK 8.0 million after tax.

Employees

The average number of employees (full-time equivalents) in the Group amounted to 340 (206), of whom 20 percent (18) women. CLX continues to recruit new employees, both in Sweden and internationally. Including consultants, the Group employed an average of approximately 395 persons during the period.

Significant events after the end of the period

- Anders Olin began as the Chief Operating Officer for the Enterprise Division on 15 January. In that role, he will head up all commercial activities in the Division.

Enterprise Division

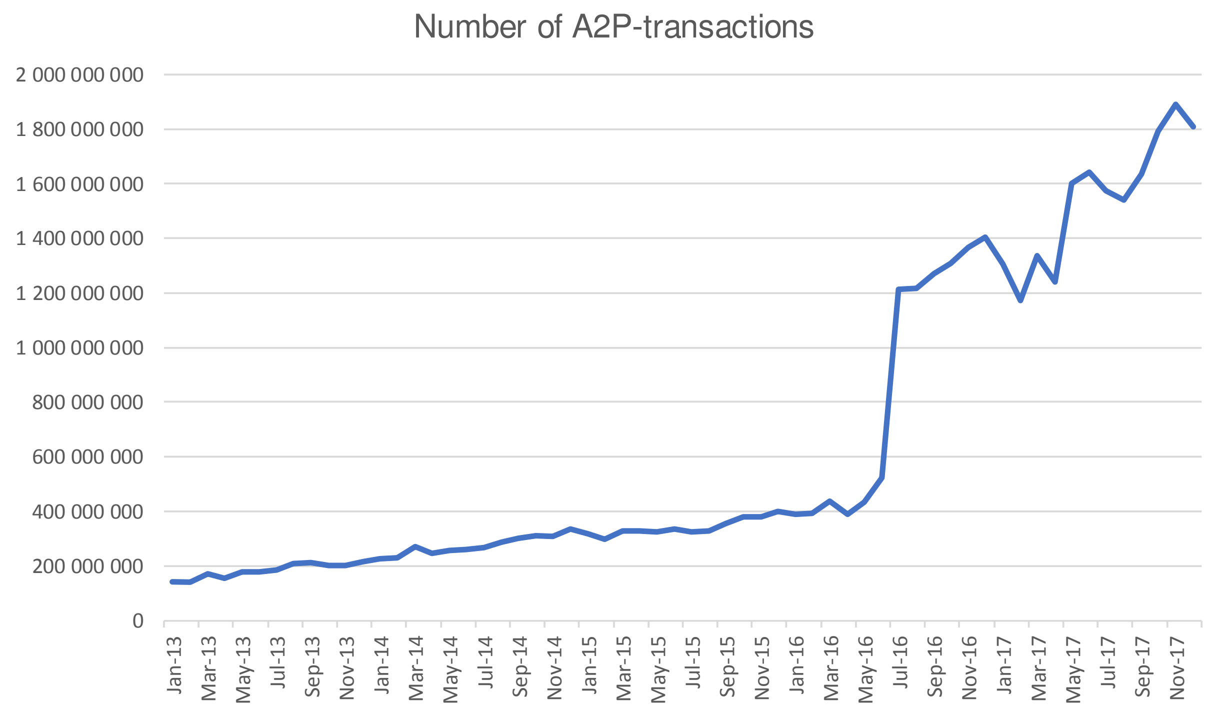
The Enterprise division provides cloud-based communication solutions to the enterprise sector for effective communication with customers, employees and the Internet of Things (IoT).

Enterprise Division, SEK million	Oct - Dec 2017	Oct - Dec 2016	Jan - Dec 2017	Jan - Dec 2016	Jul - Dec 15/16 18M
Net sales	857.9	619.1	2,847.1	1,658.7	2,080.8
Gross profit	162.4	142.2	599.8	336.3	406.4
Gross margin	18.9%	23.0%	21.1%	20.3%	19.5%
Operating profit, EBITDA	79.1	71.1	287.8	151.7	173.6
EBITDA / Gross profit	48.7%	50.0%	48.0%	45.1%	42.7%
EBITDA margin	9.2%	11.5%	10.1%	9.1%	8.3%

The Division has continued developing its A2P messaging business, largely through the acquisitions of Xura Secure Communications in Germany and Dialogue in the United Kingdom, Australia and Asia. Focus over the next few quarters will be on picking up the pace of organic growth in the combined customer base and continuing to realize the profit and growth potential brought by the completed acquisitions.

Net sales

During the quarter, net sales increased by SEK 238.8 million compared to the corresponding period in 2016 to SEK 857.9 million (619.1), an increase by 39 percent. Organic growth was 9 percent. The number of sent messages in comparable units (excluding Dialogue and Xura Secure Communications, now CLX Communications GmbH) increased by more than 20 percent during the quarter compared to the corresponding quarter in the preceding calendar year. The higher transaction volume is the result of the majority of our existing customers steadily growing their business with us, while we have continued to gain new customers. In late 2017, CLX reached more than 18 billion A2P messages sent on an annual basis.



Profit

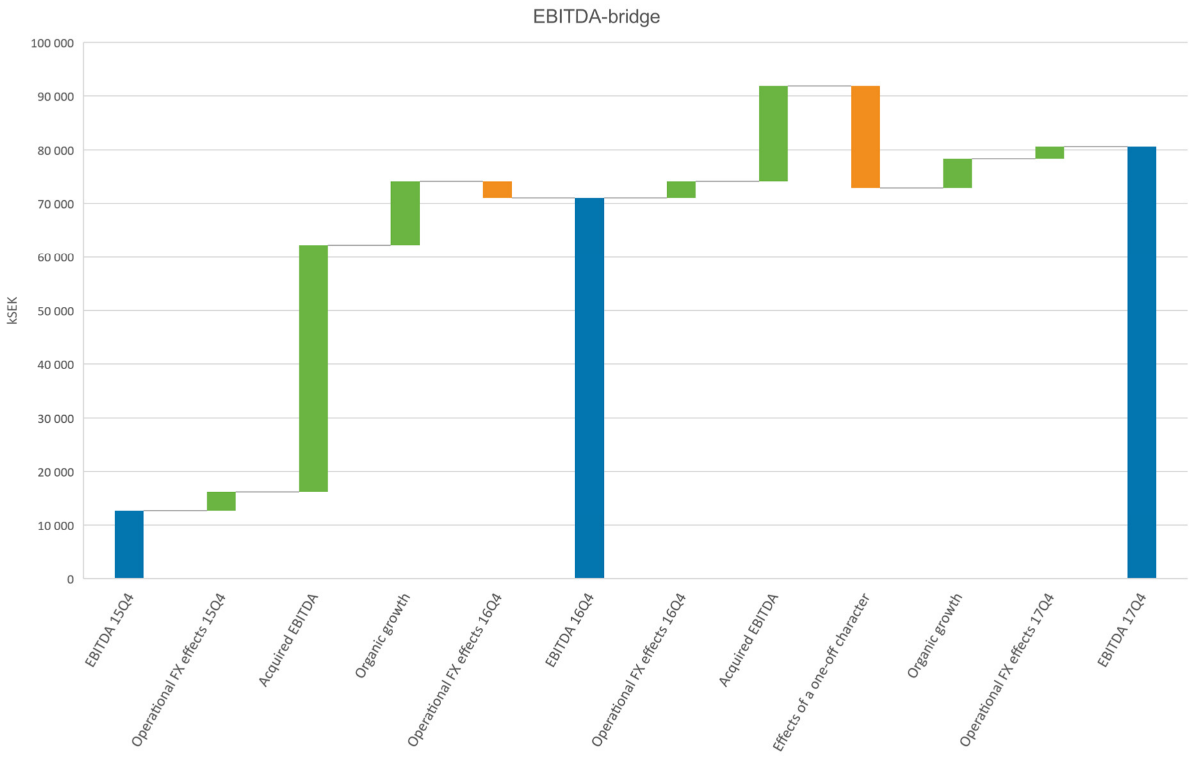
Gross profit increased during the quarter to SEK 162.4 million (142.2), an increase of 14 percent compared to the same quarter in the previous year. Compared to the preceding quarter, gross profit rose by 10 percent. EBITDA increased by SEK 8.0 million to SEK 79.1 million (71.1). Foreign exchange fluctuations increased the Division's operating profit during the quarter by SEK 2.3 million (-3.1).

The gross margin decreased slightly during the quarter compared to the preceding quarter due to a sharp seasonal increase in traffic to France and increased onward billing by a major American operator. The higher onward billing in the US does not affect gross profit because the entire cost increase can be passed on to our customers, but it does reduce the gross margin. The increase in traffic to France has also contributed to rising gross profit, but the gross margin is negatively affected because the gross margin on traffic terminated in France is lower than the Division's average gross profit. Adjusted for these two effects, the Enterprise Division's gross margin would have been higher by about 1.7 percentage points.

In the fourth quarter of 2015, the first as a listed company, the Enterprise Division reported EBITDA of SEK 13.3 million. Since then, three acquisitions have been made within A2P Messaging, which after the initial synergies added approximately SEK 65 million to EBITDA. The outcomes of the acquisitions of Mblox and Dialogue were outstanding, and although the acquisition of Xura initially developed somewhat below expectations, we believe that the leading position in the German market gained through the acquisition entails highly significant potential going forward.

Gross profit and operating profit were reduced by about SEK 45 million for the full year of 2017 as a result of a limited number of isolated events. In our judgment, this may partly be a one-time consequence of the stronger market position the group gained through the acquisitions, which has changed other market operators' view of CLX. A major customer, for example, which has gradually evolved into a competitor as well, significantly reduced its business volume with us. A regulatory change in the British market resulted in higher operator costs in the UK and several other European markets, which we could not pass on to our customers in full.

Alongside these effects, the underlying business increased operating profit by about SEK 17 million per quarter during a period of 24 months, through the end of the fourth quarter of 2017, through organic growth.

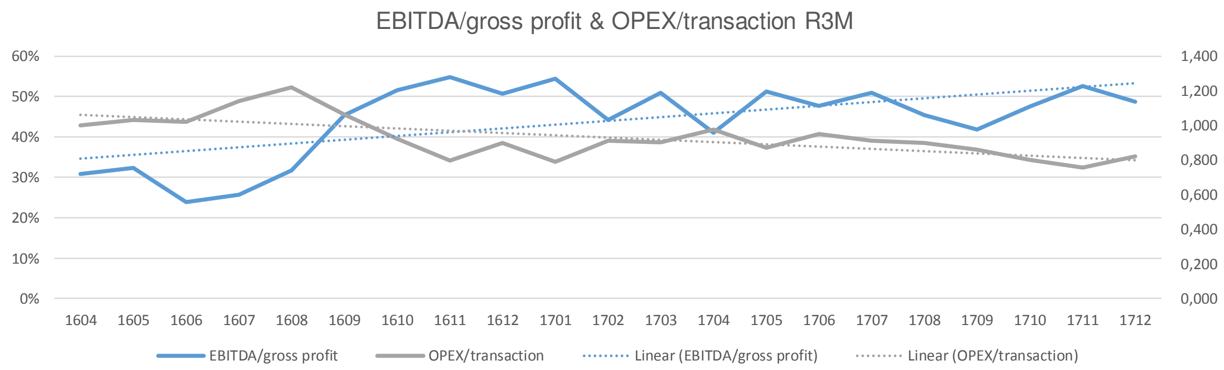


In 2016, acquired EBITDA includes Mblox. In 2017, acquired EBITDA includes Xura and Dialogue. Temporary effects are described above.

The EBITDA margin also developed positively during this period. The acquisition of Mblox in 2016, including related cost synergies, delivered a significant positive addition to the merged company's EBITDA margin, but the original CLX business also developed favorably in 2016. The acquisition of Dialogue strengthened the EBITDA margin in 2017, but the acquisition of Xura has initially had negative impact on the Division's EBITDA margin. Adjusted for the temporary effects mentioned above, the Division's total EBITDA margin also increased in 2017.

The bulk of operational integration of the companies acquired in 2016 and 2017 is complete and the merged businesses' operational costs per sent message are at a very competitive level. Further reductions in operating costs will be possible going forward, as the remaining synergy effects from the acquisitions of Xura and Dialogue are realized. It is the express ambition of CLX to be the market provider with the lowest operating cost per sent message.

This, combined with the fact that fees to operators vary widely between geographies, means that adjusted EBITDA in relation to gross profit is a key performance measurement for the Division. Higher organizational efficiency has ensured positive development since the IPO in 2015.



Other

Migration of traffic from the acquired companies' existing platforms will occur when development of CLX's new transaction platform, Nova, is completed in 2018. We then expect to realize additional cost synergies of SEK 20-25 million, which is higher than our original estimate.

Sentinel, Dialogue's firewall software for mobile network operators, is still sold mainly as part of a wider A2P Messaging offering to operators. Accordingly, it will be included in the Enterprise Division's reporting until further notice. Going forward, the intention is to begin marketing and selling Sentinel as part of the Operator Division's offering.

Operator Division

The Operator Division develops software solutions for mobile operators and other service providers such as mobile virtual network operators (MVNOs). The Division delivers software solutions as both products and services to give operators the capacity to efficiently manage their service offerings in value added services (VAS) and business support systems, as well as to protect their networks and revenues.

Operator Division, SEK million	Oct - Dec 2017	Oct - Dec 2016	Jan - Dec 2017	Jan - Dec 2016	Jul - Dec 15/16 18M
Net sales	38.3	50.0	168.7	163.8	260.9
Gross profit	28.0	46.9	144.0	147.4	235.6
Gross margin	73.1%	93.7%	85.4%	90.0%	90.3%
Operating profit, EBITDA	0.5	14.8	41.9	46.4	80.0
EBITDA margin	1.2%	29.6%	24.8%	28.3%	30.7%

The Operator Division continues to develop in line with the company's strategic plans and the Division's sales forecast is good.

Net sales

Net sales in the Operator Division decreased during the quarter by SEK 11.7 million to SEK 38.3 million (50.0). The main reason is that no significant capacity expansion projects were carried out during the quarter. New capacity expansion projects are begun as customers grow and acquire additional subscribers. CLX cannot, however, predict in advance to any significant extent when new projects will be on the table and the Operator Division's revenues may continue to fluctuate to a relatively great extent from one quarter to the next.

The CLX Managed Service offering continued to attract great interest from existing and potential customers. Revenues from this business are of a recurring nature and CLX has set a strategic objective to increase the share of recurring revenues in the Operator Division. We are confident that this offering will continue to develop in a positive direction.

Profit

Gross profit decreased during the quarter by SEK 18.9 million to SEK 28.0 million (46.9). EBITDA decreased by SEK 14.3 million to SEK 0.5 million (14.8). The gross margin decreased temporarily to 73.1 percent, mainly due to non-recurring costs for third-party licenses and associated service costs during the quarter.

Foreign exchange fluctuations reduced the Division's operating profit during the quarter by SEK -1.2 million (0.9).

Other

The Operator Division continues to invest in its Platform as a Service (PaaS) offering in order to address the demand among existing and new types of customer groups that want to launch or streamline their mobile communication services in, for example, voice communications, messaging and data/IoT. The Enterprise Division's IoT service is also based on this PaaS solution.

Sinch

Sinch is an internationally leading developer of cloud-based voice and video communications solutions.

Sinch, SEK million	Oct - Dec 2017	Oct - Dec 2016	Jan - Dec 2017	Jan - Dec 2016	Jul - Dec 15/16 18M*
Net sales	15.3	1.4	50.2	1.4	1.4
Gross profit	9.5	0.9	36.3	0.9	0.9
Gross margin	61.8%	62.8%	72.3%	62.8%	62.8%
Operating profit, EBITDA	-6.4	0.6	-19.2	0.6	0.6
EBITDA margin	-41.9%	43.3%	-38.3%	43.3%	43.3%

*Sinch was acquired on 20 December 2016 and is included in the consolidated accounts from that date.

The development of the Since product portfolio is proceeding as planned, with extended functionality and geographical reach. There is also significant focus on increased growth through cross-selling between Sinch and CLX. The work to coordinate product development, marketing and sales between Sinch and CLX is still in progress.

Net sales

Sinch delivered net sales of SEK 15.3 million (1.4) during the quarter. Compared to the first quarter of 2017, revenues from new customers (excluding Rebtel) increased by 61 percent. Revenues from Rebtel declined slightly during the year and accounted for about 20 percent of total revenues for Sinch during the fourth quarter.

Profit

Gross profit for the quarter amounted to SEK 9.5 million (0.9) and EBIT was SEK -6.4 million (0.6). EBITDA was negatively impacted by continuing substantial investments in greater functionality, aimed in part at ensuring that Sinch's products are aligned to the needs of various customers and customer categories.

Foreign exchange fluctuations affected Sinch’s operating profit during the quarter by SEK -0.0 million (0.0).

Quarterly summary

CLX Group, SEK million	Jan - Mar 2016	Apr - Jun 2016	Jul - Sep 2016	Oct - Dec 2016	Jan - Mar 2017	Apr - Jun 2017	Jul - Sep 2017	Oct - Dec 2017
Net sales	267.2	290.3	590.2	669.6	622.2	745.2	781.4	909.3
Gross profit	67.2	64.4	164.9	189.4	191.3	190.7	198.1	199.8
Gross margin	25.1%	22.2%	27.9%	28.3%	30.7%	25.6%	25.4%	22.0%
Operating profit, EBITDA	25.3	-1.0	28.1	68.1	70.8	49.3	67.0	76.0
EBITDA margin	9.5%	-0.3%	4.8%	10.2%	11.4%	6.6%	8.6%	8.4%

Enterprise Division, SEK million	Jan - Mar 2016	Apr - Jun 2016	Jul - Sep 2016	Oct - Dec 2016	Jan - Mar 2017	Apr - Jun 2017	Jul - Sep 2017	Oct - Dec 2017
Net sales	230.2	256.6	552.8	619.1	566.4	696.7	726.2	857.9
Gross profit	32.5	32.5	130.8	142.2	139.6	149.8	148.0	162.4
Gross margin	14.1%	12.7%	23.7%	23.0%	24.7%	21.5%	20.4%	18.9%
Operating profit, EBITDA	14.1	6.8	59.8	69.2	71.4	74.7	62.7	79.1
EBITDA margin	6.1%	2.7%	10.8%	11.2%	12.6%	10.7%	8.6%	9.2%

Operator Division, SEK million	Jan - Mar 2016	Apr - Jun 2016	Jul - Sep 2016	Oct - Dec 2016	Jan - Mar 2017	Apr - Jun 2017	Jul - Sep 2017	Oct - Dec 2017
Net sales	37.9	38.2	37.8	50.0	45.6	40.7	44.0	38.3
Gross profit	34.6	31.8	34.1	46.9	42.7	34.0	39.1	28.0
Gross margin	91.4%	83.4%	90.3%	93.7%	93.8%	83.6%	88.9%	73.1%
Operating profit, EBITDA	12.4	6.3	12.8	14.8	18.6	5.5	17.3	0.5
EBITDA margin	32.9%	16.6%	34.0%	29.6%	40.8%	13.5%	39.4%	1.2%

Sinch, SEK million	Jan - Mar 2016	Apr - Jun 2016	Jul - Sep 2016	Oct - Dec 2016	Jan - Mar 2017	Apr - Jun 2017	Jul - Sep 2017	Oct - Dec 2017
Net sales	-	-	-	1.4	11.4	10.8	12.7	15.3
Gross profit	-	-	-	0.9	8.9	8.4	9.5	9.5
Gross margin	-	-	-	62.8%	78.2%	77.9%	74.6%	61.8%
Operating profit, EBITDA	-	-	-	0.6	-4.7	-4.4	-3.7	-6.4
EBITDA margin	-	-	-	43.3%	-41.3%	-40.9%	-29.0%	-41.9%

Items affecting comparability

CLX Group, SEK million	Jan - Mar 2016	Apr - Jun 2016	Jul - Sep 2016	Oct - Dec 2016	Jan - Mar 2017	Apr - Jun 2017	Jul - Sep 2017	Oct - Dec 2017
Market listing costs	-	-	-	-	-	-	-	-
Acquisition costs	-	-13.0	-2.9	-1.2	-3.1	-5.7	-0.3	-0.1
Restructuring costs	-	-	-35.2	-	-	-15.1	-	-
Integration costs	-	-	-5.9	-6.7	-7.0	-3.8	-4.5	-8.9
Proceeds from sale of PSMS business	-	-	-	-	-	-	0.1	3.2
Write-down earnout Xura	-	-	-	-	-	-	-	11.8
Impairment goodwill Xura	-	-	-	-	-	-	-	-11.9
Total items affecting comparability	**-**	**-13.0**	**-44.0**	**-7.9**	**-10.1**	**-24.6**	**-4.7**	**-6.0**

CLX Group, SEK million	Jan - Mar 2016	Apr - Jun 2016	Jul - Sep 2016	Oct - Dec 2016	Jan - Mar 2017	Apr - Jun 2017	Jul - Sep 2017	Oct - Dec 2017
Net sales	267.2	290.3	590.2	669.6	622.2	745.2	781.4	909.3
Gross profit	67.2	64.4	164.9	189.4	191.3	190.7	198.1	199.8
Gross margin	25.1%	22.2%	27.9%	28.3%	30.7%	25.6%	25.4%	22.0%
Adjusted EBITDA	25.3	12.0	72.1	76.0	80.9	74.0	71.7	70.1
Adjusted EBITDA margin	9.5%	4.1%	12.2%	11.4%	13.0%	9.9%	9.2%	7.7%
Adjusted EBITDA / gross profit	37.7%	18.7%	43.7%	40.1%	42.3%	38.8%	36.2%	35.1%
Adjusted EBITDA per share - diluted, SEK	0.67	0.32	1.48	1.56	1.63	1.45	1.34	1.31

Condensed income statement

CLX Group, SEK million	Oct - Dec 2017	Oct - Dec 2016	Jan - Dec 2017	Jan - Dec 2016	Jul - Dec 15/16 18M
Net sales	**909.3**	**669.6**	**3,058.1**	**1,817.3**	**2,333.9**
Other operating income	26.6	11.9	59.5	34.5	40.8
Work performed by the entity and capitalized	5.8	5.9	17.9	17.6	22.7
Cost of goods sold and services	-709.5	-480.2	-2,278.1	-1,331.4	-1,691.6
Other external costs	-62.2	-45.9	-243.6	-169.1	-211.4
Employee benefits expenses	-85.7	-71.5	-312.6	-214.7	-281.7
Other operating expenses	-8.3	-21.7	-38.1	-33.6	-50.8
EBITDA	**76.0**	**68.1**	**263.2**	**120.6**	**161.9**
Depreciation, amortization and impairment	-44.9	-21.7	-138.3	-46.1	-49.5
EBIT	**31.1**	**46.5**	**124.9**	**74.5**	**112.5**
Finance income	9.9	80.0	185.2	104.5	105.1
Finance expenses	-22.5	-72.6	-235.7	-95.2	-96.2
Profit before tax	**18.5**	**53.9**	**74.4**	**83.8**	**121.4**
Current tax	2.1	-11.6	-33.3	-26.6	-35.7
Deferred tax	69.7	10.9	93.3	25.1	25.9
Profit for the period	**90.3**	**53.2**	**134.4**	**82.4**	**111.6**
Attributable to:					
Owners of the parent	90.3	53.2	133.9	82.4	111.3
Non-controlling interests	0.0	0.0	0.5	0.0	0.2

Earnings per share

CLX Group, SEK	Oct - Dec 2017	Oct - Dec 2016	Jan - Dec 2017	Jan - Dec 2016	Jul - Dec 15/16 18M
Earnings per share					
- Basic	1.69	1.09	2.58	2.03	2.58
- Diluted	1.69	1.09	2.58	2.03	2.55

Condensed statement of comprehensive income

CLX Group, SEK million	Oct - Dec 2017	Oct - Dec 2016	Jan - Dec 2017	Jan - Dec 2016	Jul - Dec 15/16 18M
Profit for the period	90.3	53.2	134.4	29.2	111.6
Other comprehensive income or loss					
Translation differences	23.9	24.8	26.9	35.4	35.2
Hedge accounting net investments	5.5	8.3	-9.3	-10.4	-10.4
Cash flow hedges	-	0.1	-	-4.2	-
Tax effect on items in other comprehensive income	-1.4	-8.0	2.1	-6.6	-7.5
Other comprehensive income for the period	**28.1**	**25.1**	**19.7**	**14.2**	**17.3**
Total comprehensive income for the period	**118.4**	**78.3**	**154.1**	**43.4**	**128.9**
Attributable to:					
Owners of the parent	118.0	78.5	153.8	96.7	128.8
Non-controlling interests	0.4	-0.2	0.2	-0.3	0.0

Condensed balance sheet

CLX Group, SEK million	Note	12/31/2017	12/31/2016
Assets			
Goodwill		963.4	803.6
Customer relationships		575.9	613.7
Operator relationships		108.2	46.4
Proprietary software		112.3	92.7
Other intangible non-current assets		3.9	8.4
Tangible non-current assets		23.1	14.2
Non-current financial assets		29.2	11.4
Deferred tax assets		191.4	29.6
Total non-current assets		*2,007.3*	*1,620.1*
Tax receivables		1.7	6.6
Other current receivables		857.1	580.6
Cash and cash equivalents		164.6	115.3
Total current assets		*1,023.3*	*702.5*
Total assets		**3,030.6**	**2,322.6**
Equity and liabilities			
Equity attributable to owners of the parent	3	1,493.4	859.1
Non-controlling interests		1.1	5.9
Total equity		*1,494.6*	*865.0*
Provision for deferred taxes		196.2	290.1
Provision for restructuring costs		11.3	8.9
Other provisions		0.2	-
Total provisions		*207.7*	*299.0*
Non-current liabilities, interest bearing		387.7	413.9
Non-current liabilities, non-interest bearing		54.3	40.6
Total non-current liabilities		*442.1*	*454.5*
Current liabilities, interest bearing		125.7	70.1
Tax liabilities		45.1	29.9
Other current liabilities, non-interest bearing		715.5	604.2
Total current liabilities		*886.4*	*704.2*
Total equity and liabilities		**3,030.6**	**2,322.6**

Financial instruments measured at fair value		
Derivatives with positive fair value	1.3	0.6
Derivatives with negative fair value	0.1	0.6

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 measurement levels 2 and 3. For information on the measurement techniques, see Note 29 in the 2015/16 Annual Report.

Condensed statement of changes in equity

	Attributable to owners of the parent						
CLX Group, SEK million	Share capital	Other capital contributions	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
Opening balance 1 July 2015	0.1	175.0	-0.4	-138.1	36.6	4.9	41.5
Total comprehensive income			17.5	111.3	128.8	0.0	128.9
Bonus issue	3.2			-3.2	0.0		0.0
Non-cash issue	0.1	83.8			83.9		83.9
New share issue	1.6	622.7			624.3	0.9	625.3
Issue expenses, net after tax				-14.4	-14.4		-14.4
Closing balance 31 December 2016	**5.0**	**881.5**	**17.1**	**-44.3**	**859.1**	**5.9**	**865.0**
Opening balance 1 January 2017	5.0	881.5	17.1	-44.3	859.1	5.9	865.0
Total comprehensive income			19.9	133.9	153.8	0.2	154.1
Acquisition of minority share in Caleo				-7.9	-7.9	-5.0	-12.9
Warrants issue		8.4			8.4		8.4
New share issue	0.4	487.7			488.1		488.1
Issue expenses, net after tax				-8.0	-8.0		-8.0
Closing balance 31 December 2017	**5.4**	**1,377.7**	**37.0**	**73.7**	**1,493.3**	**1.1**	**1,494.6**

Condensed statement of cash flows

CLX Group, SEK million	Note	Oct - Dec 2017	Oct - Dec 2016	Jan - Dec 2017	Jan - Dec 2016	Jul - Dec 15/16 18M
Cash flow before changes in working capital		55.2	73.9	189.2	135.8	173.2
Changes in working capital		6.6	28.0	-138.0	-41.8	-65.6
Cash flow from operating activities		**61.8**	**102.0**	**51.3**	**94.0**	**107.6**
Net investments in tangible and intangible assets		-14.0	-6.9	-30.2	-23.4	-34.0
Change in financial receivables		-6.1	-1.4	-6.2	-1.4	-1.4
Acquisition of subsidiary/net assets	6	-61.9	-35.5	-526.1	-1,018.0	-1,018.0
Cash flow from investing activities		**-82.0**	**-43.8**	**-562.6**	**-1,042.8**	**-1,053.4**
New borrowing		0.1	-3.4	515.8	468.8	468.8
Amortization of bank loan		-31.6	0.0	-436.9	-66.5	-79.9
Amortization loan ultimate parent company prior listing		-	-	-	-	-1.0
New share issue/warrants	3,4	0.3	0.0	485.3	605.9	605.9
Additional purchase consideration		-	-	-	-4.7	-4.7
Cash flow from financing activities		**-31.2**	**-3.4**	**564.2**	**1,003.5**	**989.2**
Cash flow for the period		**-51.4**	**54.8**	**52.9**	**54.8**	**43.4**
Cash and cash equivalents at the beginning of the period		212.4	61.4	115.3	59.4	71.0
Exchange rate differences in cash and cash equivalents		3.5	-0.9	-3.7	1.1	1.0
Cash and cash equivalents at the end of the period		**164.6**	**115.3**	**164.6**	**115.3**	**115.3**

Other disclosures

CLX Group, SEK million	Oct - Dec 2017	Oct - Dec 2016	Jan - Dec 2017	Jan - Dec 2016	Jul - Dec 15/16 18M
Share information					
Basic earnings per share, SEK	1.69	1.09	2.58	2.03	2.58
Diluted earnings per share, SEK	1.69	1.09	2.58	2.03	2.55
Basic weighted average number of shares*	53,602,089	48,831,344	52,002,693	40,652,095	42,706,358
Diluted weighted average number of shares*	53,602,089	48,831,344	52,002,693	40,652,095	43,212,236
Number of ordinary shares at the end of the period	53,602,089	49,534,442	53,602,089	49,534,442	49,534,442
Total number of shares at the end of the period	53,602,089	49,534,442	53,602,089	49,534,442	49,534,442
Financial position					
Equity attributable to owners of the parent	1,493.4	859.1	1,493.4	859.1	859.1
Equity ratio	49.3%	37.2%	49.3%	37.2%	37.2%
Equity per share, SEK	27.86	17.34	27.86	17.34	17.34
Net investments in tangible and intangible assets	14.0	6.9	30.2	23.4	34.0
Cash and cash equivalents	164.6	115.3	164.6	115.3	115.3
Net debt	348.8	368.6	348.8	368.6	368.6
Employees					
Number of FTEs	351	283	340	206	199
Percentage female	20%	20%	20%	18%	17%
Key figures					
Operating margin, EBITDA	8.4%	10.2%	8.6%	6.6%	6.9%
Operating margin, EBIT	3.4%	6.9%	4.1%	4.1%	4.8%
Net margin, profit for the period	9.9%	7.9%	4.4%	4.5%	4.8%

*Historical average number of shares has been recalculated after new share issue for comparison.

Segment reporting

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, the Operator division and Sinch. Items below EBITDA and items affecting comparability are not allocated to the segments.

Oct - Dec 2017, SEK million	Enterprise Division	Operator Division	Sinch	Parent company, unallocated items and eliminations	Group
External revenue	**857.2**	**36.9**	**15.1**	**-**	**909.3**
Internal revenue	0.7	1.4	0.2	-2.2	-
Gross profit	**162.4**	**28.0**	**9.5**	0.0	**199.8**
EBITDA	**79.1**	**0.5**	**-6.4**	2.9	**76.0**
Depreciation and amortization					-44.9
EBIT					**31.1**
Finance expenses					-12.6
Profit before tax					**18.5**

EBITDA for the parent company amounts to SEK -2.4 million. Unallocated items include acquisition costs of SEK 0.1 million, integration costs of SEK 8.9 million, capital gain of SEK 3.2 million and w rite-dow n earnout Xura of SEK 11.8 million.

Oct - Dec 2016, SEK million	Enterprise Division	Operator Division	Sinch	Parent company, unallocated items and eliminations	Group
External revenue	**619.0**	**49.2**	**1.4**	**-**	**669.6**
Internal revenue	0.1	0.9	-	-0.9	-
Gross profit	**142.2**	**46.9**	**0.9**	-0.5	**189.4**
EBITDA	**71.1**	**14.8**	**0.6**	-18.3	**68.1**
Depreciation and amortization					-21.6
EBIT					**46.5**
Finance income					7.4
Loss before tax					**53.9**

EBITDA for the parent company amounts to SEK -10.2 million, of w hich restructuring costs SEK 0.9 million and integration costs SEK 0.4 million. Unallocated items include acquisition costs of SEK 1.2 million and integration costs of SEK 6.7 million.

Jan - Dec 2017, SEK million	Enterprise Division	Operator Division	Sinch	Parent company, unallocated items and eliminations	Group
External revenue	**2,844.9**	**163.2**	**50.0**	**-**	**3,058.1**
Internal revenue	2.3	5.5	0.2	-8.0	-
Gross profit	**599.8**	**144.0**	**36.3**	-0.1	**780.0**
EBITDA	**287.8**	**41.9**	**-19.2**	-47.3	**263.2**
Depreciation and amortization					-138.3
EBIT					**124.9**
Finance expenses					-50.5
Profit before tax					**74.4**

EBITDA for the parent company amounts to SEK -12.9 million. Unallocated items include acquisition costs of SEK 9.3 million, restructuring costs of SEK 15.0 million, integration costs of SEK 24.2 million, capital gainof SEK 3.3 million and w rite-dow n earnout Xura of SEK 11.8 million.

Jan - Dec 2016, SEK million	Enterprise Division	Operator Division	Sinch	Parent company, unallocated items and eliminations	Group
External revenue	**1,658.6**	**157.3**	**1.4**	**-**	**1,817.3**
Internal revenue	0.1	6.5	-	-6.7	-
Gross profit	**336.3**	**147.4**	**0.9**	1.3	**485.9**
EBITDA	**151.7**	**46.4**	**0.6**	-78.1	**120.6**
Depreciation and amortization					-46.1
EBIT					**74.5**
Finance income					9.3
Profit before tax					**83.8**

EBITDA for the parent company amounts to SEK -14.7 million, of w hich restructuring costs SEK 1.2 million and integration costs SEK 0.9 million. Unallocated items include acquisition costs of SEK 17.1 million, restructuring costs of SEK 35.2 million and integration costs of SEK 12.6 million.

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. At the end of the period, the parent company had 7 (5) employees. The parent company has no external business activities and the risks are mainly related to the operations of the subsidiaries. Net financial income/expenses include foreign exchange differences of SEK 98.6 million, mainly related to internal and external loans denominated in foreign currency. The warrants program raised SEK 7.5 million in equity and the directed issue added SEK 488.1 million to equity, excluding issue costs of SEK 8.0 million after tax.

Condensed parent company income statement and balance sheet

CLX Communications AB, SEK million	Jan - Dec 2017	Jan - Dec 2016	Jul - Dec 15/16 18M
Operating revenue	13.0	5.9	7.9
Operating costs	-26.2	-20.6	-36.7
Operating loss, EBIT	**-13.2**	**-14.7**	**-28.8**
Finance income & expenses	-110.4	74.5	93.3
Profit/loss after financial items	**-123.5**	**59.7**	**64.5**
Appropriations	133.6	-6.6	-6.6
Tax on profit/loss for the period	-2.3	-11.8	-8.4
Profit for the period	**7.8**	**41.4**	**49.5**

CLX Communications AB, SEK million	12/31/2017	12/31/2016
Assets		
Non-current assets	2,046.1	1,659.4
Current assets	186.7	31.2
Total assets	**2,232.9**	**1,690.6**
Equity and liabilities		
Equity	1,418.2	922.8
Untaxed reserves	8.3	6.6
Non-current liabilities	427.4	453.4
Current liabilities	378.9	307.9
Total equity and liabilities	**2,232.9**	**1,690.6**
Pledged assets and contingent liabilities	350.0	350.0

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 elsewhere 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 January 2017 has had any material impact on CLX's financial statements.

From 1 January 2017, CLX applies IFRS 2 Share-based Payment to warrants vested over the term of the warrant program. See Note 4 for further information. A warrant program makes it possible for employees to acquire shares in the company. The fair value of subscribed warrants is recognized as employee benefits expense, with a corresponding increase in equity. Fair value is estimated at grand date and allocated over the vesting period. The fair value of granted warrants is estimated using the Black & Scholes model and takes the terms, conditions and circumstances in effect at grant date into account. The amount recognized as an expense is adjusted to reflect the actual number of warrants vested. Social insurance fees attributable to the employee benefits expense that arises upon vesting are expensed over the vesting period. The provision for social insurance fees is based on the fair value of the warrants at the reporting date. Fair value is measured using the same model that was used when the warrants were issued.

IFRS 9 Financial Instruments will be applied effective 1 January 2018. The effects of IFRS 9 are under analysis. The preliminary assessment is that the transition to IFRS 9 will have no material impact on CLX's financial statements. IFRS 15 Revenue from Contracts with Customers will be applied effective 1 January 2018. Analysis of the effects of IFRS 15 based on the Enterprise Division, the Operator Division and Sinch is proceeding according to plan and is nearly finished. Management's assessment is that IFRS 15 will have no material effect as regards the timing and amounts at which revenues will be recognized compared to how revenues are currently recognized. The group will apply IFRS 15 retroactively for 2017.

Apart from the above, the accounting policies and estimation methods are unchanged from those applied in the Annual Report 2015/16.

Note 2 – 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 December 2017 amounted to SEK 382.6 million (322.4). 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 amounted to SEK 5.6 million (4.4).

Note 3 – Shares and share capital

Shares and share capital	Ordinary shares	Share capital
Opening balance 1 January 2017	49,534,442	4,953,444
New share issue	4,067,647	406,765
Closing balance 31 December 2017	**53,602,089**	**5,360,209**

As decided by the annual general meeting held 19 May 2017, 4,067,647 new shares were issued in a directed share issue on 31 May at a subscription price of SEK 120 per share. The issue raised SEK 488.6 million in equity before issue costs of SEK 8.0 million after tax.

Note 4 – Incentive program

Under the incentive program decoded by the extraordinary general meeting held 5 December 2016, 1,205,700 warrants have been subscribed for by senior management personnel and key employees within CLX. The program is divided into three series, with exercise periods of 16 January - 16 April 2020, 2021 and 2022, respectively. All participants have been granted one third of their warrants in each series. The average fair value per warrant was SEK 9.56 at grant date. The exercise price is SEK 127.67 per share in all series.

Participants outside the US and the UK have paid a premium of SEK 9.56 per warrant, through which CLX has realized SEK 7.5 million in equity These participants received their warrants with no obligations, but CLX has the right to repurchase the warrants if the participant’s employment with the company ends before the respective exercise point or if the participant wishes to transfer the warrants. The company repurchased 10,000 warrants during the period.

Participants in the US and the UK were granted their warrants against no monetary consideration and their warrants will vest over the course of the warrant program. For these participants, the warrant program contains terms and conditions according to which the participant must be an employee of CLX during the vesting period and that CLX's earnings per share must have increased by a minimum of 10 percent per year to qualify to subscribe for shares.

Warrants	
Opening balance 1 January 2017	-
New share issue	1,205,700
Closing balance 31 December 2017	**1,205,700**
Of which in own custody	10,000

Vested warrants	
Vested as per 1 January 2017	-
Vested during the period	98,785
Vested as per 31 December 2017	**98,785**
Warrants not yet vested	298,715

Payroll costs for vested warrants are included in profit and loss for the period of January to December 2017 in the amount of SEK 0.9 million, with a corresponding increase in equity. Social insurance costs are included in the amount of SEK 0.0 million, recognized as a provision in the balance sheet. The total cost of the warrant program is expected to be approximately SEK 5 million distributed across the term of the program.

The warrants have not been assessed as dilutive during the period because the exercise price has exceeded the average share price.

Note 5 - Tax expense for the year

The United States cut the corporate tax rate from 34% to 21% effective 1 January 2018. The effect on deferred tax assets and deferred tax liabilities was SEK 40.8 million. SEK 46.0 million in previously non-capitalized loss carryforwards were capitalized in the United Kingdom. Other items that affected tax on profit for the year are shown in the table below.

Reconciliation of tax expense for the year	**Jan-Dec 2017**
Profit before tax	74.5
Tax calculated at Swedish tax rate, 22%	-16.4
Tax attributable to previous years	-4.6
Tax effect of non-deductible expenses	-3.1
Tax effect of non-taxable revenue	1.2
Tax on standard interest rate, tax allocation reserves	0.0
Tax effect of non-capitalized loss carryforwards	-0.4
Tax effect of previously non-capitalized loss carryforwards	46.0
Foreign tax deducted at source	-1.1
Effect of changed tax rates	40.8
Effect of foreign tax rates	-2.5
Tax on profit of the year according to income statement	**60.0**

Note 6 - Acquisition of Group companies

Caleo

On 4 July, CLX acquired the remaining 33 percent of the share capital in Caleo Technologies AB from the minority owners. Caleo develops software that CLX sells as part of its offering to operators under the Symsoft brand. The purchase consideration was SEK 5.7 million and was paid in cash. The purchase agreement also includes two possible earnouts, which may be paid during the third quarters of 2020 and 2022, respectively. The earnouts are based on sales of the company's license to new customers. The anticipated outcome amounts to SEK 7.2 million and has been recognized as a liability.

Xura

On 16 February 2017, CLX acquired 100 percent of the share capital in Xura Secure Communications GmbH, one of the leading mobile messaging services providers in Germany, where it has a market share above 30 percent. Xura has a strong position in the banking, logistics and aviation sectors, where it has been delivering solutions including secure login for online banks, notification services for logistics companies and check-in services for airlines for several years.

The purchase consideration was EUR 14.7 million (SEK 138.0 million) on a cash- and debt-free basis. The purchase consideration was paid in cash. The purchase agreement also provided for an earnout based on gross profit performance. According to the preliminary acquisition analysis, goodwill of SEK 87.2 million arose upon acquisition, mainly attributable to the expertise and expanded geographic range contributed by Xura. As the target for earnout was not met, the earnout has been written down and goodwill impaired by the corresponding amount of SEK 11.8 million. The estimated useful lives are ten years for customer relationships, five years for operator relationships and three years for proprietary software.

Dialogue

CLX acquired 100 percent of the share capital in Dialogue Group Ltd on 10 May 2017. The purchase consideration was GBP 32.0 million (SEK 368.7 million) on a cash- and debt-free basis. Compensation for cash and cash equivalents and the majority of working capital was paid to the sellers in October. The remainder has been recognized as a liability. According to the preliminary acquisition analysis, goodwill of SEK 273.7 million arose upon acquisition, mainly attributable to the expertise and expanded geographic range contributed by Dialogue. The estimated useful lives of customer relationships, operator relationships and proprietary software is ten years. The estimated useful lives of customer relationships in mobile payment services is three years. These were written down in conjunction with the sale of that part of the business and the residual value is included in the net proceeds of the sale.

Mblox

The acquisition analysis relating to the preceding year's acquisition of Mblox was completed during the second quarter of 2017. This included examination of tax-related losses, which resulted in recognition of an additional SEK 153.0 million in deferred tax assets. Deferred tax liabilities on acquired intangible assets have been reduced by SEK 35.5 million due to a change in the tax rate from 40% to 34%. Goodwill, including other adjustments, was reduced by SEK 187.2 million.

Acquisition analysis

Fair value acquired net assets, SEK million	Xura	Dialogue	Mblox
Customer relationships	81.1	9.2	585.4
Customer relationships, PSMS	-	5.8	-
Operator relationships	2.7	76.3	40.7
Proprietary software	4.7	21.1	-
Tangible & other intangible non-current assets	1.1	5.1	10.9
Non-current financial assets	-	-	6.3
Deferred tax assets	-	10.8	155.1
Current assets	43.6	110.9	170.7
Cash and cash equivalents	9.3	61.3	61.0
Deferred tax liability	-29.2	-28.2	-215.0
Other provisions	-	-0.1	-
Current liabilities	-37.4	-108.4	-220.4
Total acquired net assets	**75.8**	**163.8**	**594.9**

Allocation of purchase consideration

Purchase consideration, SEK million	Xura	Dialogue	Mblox	Caleo
Original purchase consideration	138.0	368.7	966.6	5.7
Additional purchase consideration, debt	11.8	-	-	7.2
Settlement working capital	11.2	7.4	0.7	-
Settlement debt	-7.2	-	-	-
Settlement cash and cash equivalents	9.3	61.3	61.0	-
Total purchase consideration	**163.0**	**437.4**	**1,028.4**	**12.9**
Fair value acquired net assets	-75.8	-163.8	-594.9	-
Goodwill	**87.2**	**273.7**	**433.5**	**-**

Effects of acquisitions on consolidated cash and cash equivalents

Investing activities, SEK million	Xura	Dialogue	Sinch	Caleo
Original purchase consideration	138.0	368.7	-	5.7
Settlement working capital	11.2	0.5	-	-
Settlement debt	-7.2	-	-	-
Settlement cash and cash equivalents	9.3	61.3	-	-
Cash and cash equivalents in acquired entity	-9.3	-61.3	-	-
Expenses directly linked to the acquisition	3.4	5.8	0.1	-
Effect on consolidated cash and cash equivalents from acquisitions	**145.4**	**375.0**	**0.1**	**5.7**

Contribution of acquired companies to consolidated net sales and profit after tax, including restructuring costs

Jan - Dec 2017, SEK million	Xura	Dialogue	Total
Net sales	267.0	288.0	554.9
Profit after tax for the period	5.6	20.3	26.0

The following table shows net sales and profit after tax for the period, including restructuring costs, as if the acquisitions had taken place on 1 January 2017

Jan - Dec 2017, SEK million	Xura	Dialogue	Other entities	Amortization acquired assets	Total
Net sales	302.7	428.3	2,502.8	-	3,233.8
Profit after tax for the period	7.6	37.7	122.3	-15.2	152.4

Definitions of financial terms, performance measurements and operational measurements

Financial measurements defined under IFRS:

Gross profit	Net sales less the cost of goods and services sold.
Earnings per share, basic and diluted.	Net profit for the period attributable to owners of the parent divided by the volume-weighted average number of shares outstanding in the period before/after dilution.

The company presents certain financial measurements that are not defined under IFRS. The company believes that these measurements provide useful supplemental information to investors and the company's management for reasons including that they enable evaluation of the company's performance. For instance, EBITDA is reported as a key figure because it illustrates the underlying results of operations without the effect of depreciation and amortization, which provides a more comparable measurement when depreciation and amortization refer to historical investments. The company has also chosen to report the performance measurement of adjusted EBIT/EBITDA to show the underlying results of operations excluding non-recurring items such as capital gains, IPO expenses, acquisition costs and restructuring and integration costs. Because not all companies calculate financial measurements in the same way, these are not always comparable to measurements used by other companies. These financial measurements should therefore not be considered a substitute for measurements defined under IFRS.

Financial measurements not defined under IFRS:

Gross margin	Gross profit in relation to net sales.
Equity per share.	Equity at the end of the period attributable to owners of the parent company divided by the number of shares at the end of the period.
Net investments in property, plant and equipment and intangible assets	Investments in property, plant and equipment and intangible assets during the period less divested property, plant and equipment and intangible assets.
Net margin	Net profit for the period in relation to net sales.
Interest-bearing liabilities	Bank loans and financial leasing liabilities.
Net debt	Interest-bearing liabilities less cash and cash equivalents
Equity/assets ratio	Equity as a percentage of total assets
Operating profit, EBIT	Profit for the period before financial income, financial expense and tax
Operating profit, EBITDA	Profit for the period before financial income, financial expense, tax and depreciation, amortization and impairment of intangible assets and property, plant and equipment
Items affecting comparability	Non-recurring items such as capital gains, IPO expenses, acquisition costs, integration costs and restructuring costs.
Adjusted EBIT	Profit for the period before financial income, financial expense and tax, adjusted for items affecting comparability
Adjusted EBITDA	Profit for the period before financial income, financial expense, tax and depreciation, amortization and impairment of intangible assets and property, plant and equipment, adjusted for items affecting comparability
EBIT margin/Adjusted EBIT margin	EBIT/Adjusted EBIT in relation to net sales
EBITDA margin /Adjusted EBITDA margin	EBITDA/Adjusted EBITDA in relation to net sales

Operational measurements

Percentage women	Average number of women in relation to the average total number of employees during the period, recalculated as full-time equivalents
Number of ordinary shares at the end of the period	Number of ordinary shares at the end of the period
Average number of employees	Average number of employees during the period, recalculated as full-time equivalents
Organic growth	Change in net sales excluding the contribution of acquired units to net sales in relation to net sales in the comparison period
Total shares outstanding at the end of the period	Total number of ordinary shares and preference shares at the end of the period

Dividend

The board of directors has decided to propose to the annual general meeting that no dividend be paid for the 2017 financial year. It is the opinion of the board that the company is currently in a phase during which financial surpluses should be reinvested in continued growth, both organically and through acquisitions.

Forthcoming reporting dates

Interim report, January – March 2018	18 May 2018
Half-year report, January – June 2018	20 July 2018
Interim report, January – September 2018	6 November 2018

Outlook

CLX does not publish forecasts.

Annual report

The annual report for the 2017 financial year will be available on the company's website at www.clxcommunications.com no later than three weeks before the AGM.

AGM 2018

The Annual General Meeting will be held on Friday 18 May at 14.00 CET in Stockholm. The venue for the meeting will be communicated in connection with notice of the meeting.

Nomination Committee

The members of the nomination committee for CLX Communications AB are:

- Rikard Sallanto, representing Cantaloupe AB
- Jonas Fredriksson, representing Neqst D1 AB
- Thomas Wuolikainen, representing the Fourth National Swedish Pension Fund
- Joachim Spetz, representing Swedbank Robur
- Erik Fröberg, Chairman of CLX Communications AB (publ)

Shareholders wishing to make proposals to the nomination committee can do so by writing to: CLX Communications AB (publ), Lindhagensgatan 74, 112 18 Stockholm, Sweden, or by email to nomination@clxcommunications.com. Proposals for the AGM must be received by the nomination committee not later than 15 March.

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 2015/16, Note 30. The risks described for the Group may also have an indirect impact on the parent company.

Forward-looking statements

This report contains statements concerning, among other things, CLX's financial position and earnings 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.

For additional information, please contact:

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Stockholm, 16 February 2018

Erik Fröberg Chairman	Kjell Arvidsson	Charlotta Falvin
Renée Robinson Strömberg	Johan Stuart	Björn Zethraeus

Johan Hedberg
President and CEO

Note: The information in this year-end report is such that CLX Communications AB (publ) is required to publish under the EU market abuse regulation. The information was submitted for publication on 16 February 2018 at 07.30 CET.

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. This report has not been subject to review by the company's independent auditor.