Stockholm, 7 November 2017

Interim report, January – September 2017

January–September 2017

- Net sales increased by 87 percent to SEK 2,148.8 million (1,147.7). Organic growth was 8 percent.
- EBITDA amounted to SEK 187.2 million (52.5).
- EBITDA excluding items affecting comparability[1] (adjusted EBITDA) amounted to SEK 226.5 million (96.5).
- Operational foreign exchange differences affected operating profit for the period by SEK -5.0 million (8.2).
- EBIT amounted to SEK 93.8 million (48.8).
- Profit after tax for the period amounted to SEK 44.1 million (50.0).
- Basic and diluted earnings per share amounted to SEK 0.85 (0.77).

Third quarter, July – September 2017

- Net sales increased by 32 percent to SEK 781.4 million (590.2). Organic growth was -2 percent.
- EBITDA amounted to SEK 67.0 million (28.1).
- EBITDA excluding items affecting comparability[1] (adjusted EBITDA) amounted to SEK 71.7 million (72.1).
- Operational foreign exchange differences affected operating profit for the period by SEK -8.0 million (4.9).
- EBIT amounted to SEK 34.5 million (7.3).
- Profit after tax for the quarter amounted to SEK 11.9 million (16.5).
- Basic and diluted earnings per share amounted to SEK 0.22 (0.34).

Significant events during the quarter

- 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. Please refer to Note 5 for further disclosures.
- The mobile payments business in Australia and New Zealand has been divested. In consideration, CLX will receive a portion of gross profits for 36 months and the capital gain amounted to SEK 0.1 million.

Significant events after the end of the period

- Remaining 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 GBP 0.3 million (approx. SEK 3.2 million).

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 in a phone conference at 09.00 CET on 7 November.
To participate in the presentation by phone, please ring any of the following numbers and state the code 7185357:

SE: +46 (0) 8 506 539 37
UK: +44 (0) 20 3427 1905
US: +1 646 254 3360

Register here to watch the presentation via webcast: https://edge.media-server.com/m6/p/gdcbhdh7.

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 third quarter of the year offered both positive events and challenges. We are continuing to invest in our organization and our technical platform, which will enable more efficient management of current operations and faster, more efficient integration of acquisitions. We gained new, large and important customers during the quarter and continued the effort to integrate the acquisitions we have made since the summer of 2016.

Consolidated net sales in the third quarter amounted to SEK 781 million, with an adjusted EBITDA margin of 9.2 percent. Organic growth was adversely impacted by increasing competition and associated price pressure in Europe, the stronger Swedish krona and organizational focus on integrating acquired businesses.

The enterprise communications market is undergoing profound change. Enterprises are replacing their existing communication solutions with more flexible and cost-effective cloud-based solutions, Communications Platform as a Service (CPaaS). We make it possible for our customers to integrate their enterprise and customer systems with our cloud communications systems in order to improve and automate communication with customers and employees. SMS (text messaging) was the first communication service to move to the cloud, followed by voice communication. Development is now moving swiftly and we are adding several new communication services to our offering, including video, mobile data and Rich Communication Services (RCS). RCS, an initiative of Google and other industry promoters, is an exciting technology aimed at significantly enhancing the user experience and user benefit of traditional messaging services. We believe it has great potential.

The four acquisitions we have made since the IPO have all been successful and have contributed to our strong market position. We have swiftly implemented organizational changes to improve efficiency and realize cost savings. Moving the acquired traffic streams to a group-wide system has taken more time and energy from the organization than planned. We have prioritized key customer projects and the launch of new products with large potential, such as RCS, which has also claimed resources.

Our efforts to integrate acquisitions have resulted in less focus on organic growth. Growth is continuing in the United States and Asia, while we are seeing a temporary slackening of the pace in Europe. Europe is an extremely competitive market, and we must constantly develop our value proposition and increase volumes in order to be the most attractive business partner to customers and operators alike. We have initiated actions aimed at improving our market segmentation and reinforcing the sales and marketing organization in order to effectively meet these challenges.

We are investing substantial resources in further developing our technical platform, Nova, a project that will be completed during the first quarter of 2018. Nova is a very powerful platform that will further strengthen our leading position in terms of traffic capacity, traffic quality and cost-effectiveness. We intend to be the market player with the lowest costs per sent message. Nova will also simplify and streamline the integration of future acquisitions, thus facilitating our continuing market consolidation. We expect to have migrated virtually all customers to Nova during the first half of 2018. Once this is complete, we will be able to realize additional cost synergies of nearly SEK 25 million from earlier acquisitions.

CLX has achieved powerful growth since the IPO two years ago, going from sales of around SEK one billion to an annual rate of about SEK three billion. The strategy we formulated in connection with the market listing still applies: rapid and profitable growth through a combination of organic growth and acquisitions, and the launch of new and innovative services on the market. Our goal is to become the world's leading provider in enterprise cloud communications and CPaaS.

Stockholm, 7 November 2017

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 can win 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.

Competition in the European market has continued to increase, which has resulted in some price pressure. In our estimation, this is due to factors including that several of our competitors being squeezed by transaction volumes that are far too low to be competitive over the long term, which is forcing them to try even more aggressively to increase these volumes.

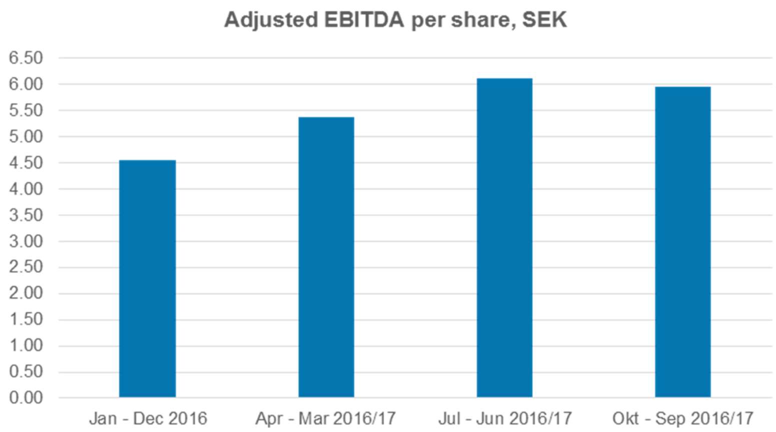
Market demand is also increasing for integrated, cloud-based communications solutions that include messaging, voice and video communication. In order to offer our customers a complete communication solution, CLX continues to increase its exposure to complementary product and development areas, such as 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 there is potential for sustained good profitability.

CLX Group overview

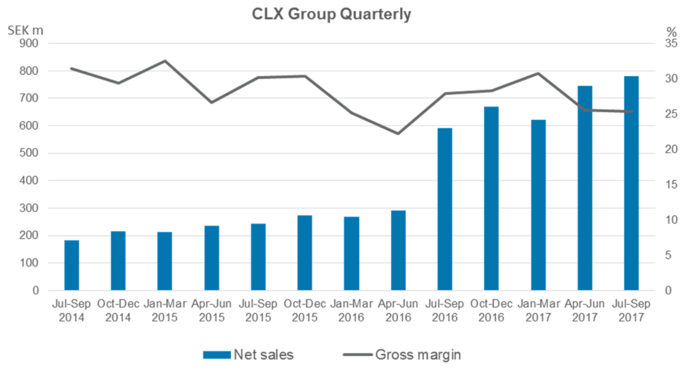
For a list and definitions of financial measurements defined under IFRS and those not defined under IFRS, as well as operational measurements, please refer to page 22.

CLX Group, SEK million	Jul - Sep 2017	Jul - Sep 2016	Jan - Sep 2017	Jan - Sep 2016	Jul - Dec 15/16 18M	R12M
Net sales	781.4	590.2	2,148.8	1,147.7	2,333.9	2,818.4
Gross profit	198.1	164.9	580.2	296.4	642.3	769.6
Gross margin	25.4%	27.9%	27.0%	25.8%	27.5%	27.3%
Operating profit, EBITDA	67.0	28.1	187.2	52.5	161.9	255.3
EBITDA margin	8.6%	4.8%	8.7%	4.6%	6.9%	9.1%
Adjusted EBITDA	71.7	72.1	226.5	96.5	238.0	302.6
Adjusted EBITDA margin	9.2%	12.2%	10.5%	8.4%	10.2%	10.7%
Adjusted EBITDA / gross profit	36.2%	43.7%	39.0%	32.5%	37.1%	39.3%
Operating profit, EBIT	34.5	7.3	93.8	48.8	112.5	140.3
EBIT margin	4.4%	1.2%	4.4%	4.3%	4.8%	5.0%
Adjusted EBIT	39.2	51.3	133.2	92.8	188.6	187.5
Adjusted EBIT margin	5.0%	8.7%	6.2%	8.1%	8.1%	6.7%
Profit for the period	11.9	16.5	44.1	50.0	111.6	97.3
Net margin	1.5%	2.8%	2.1%	4.4%	4.8%	3.5%
Cash flow from operating activities	-93.1	-34.2	-10.5	-7.9	107.6	91.4
Equity ratio	46.9%	36.3%	46.9%	36.3%	37.2%	46.9%
Diluted earnings per share, SEK	0.22	0.34	0.85	0.77	2.56	1.91
Average number of employees	359	208	338	169	199	322

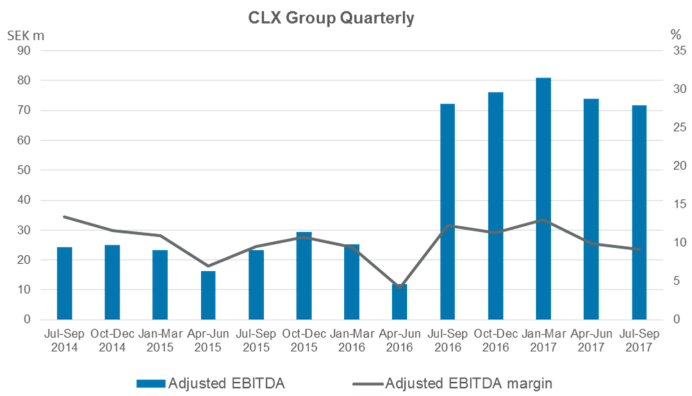
Items affecting comparability, SEK m	Jul - Sep 2017	Jul - Sep 2016	Jan - Sep 2017	Jan - Sep 2016	Jul - Dec 15/16 18M	R12M
Market listing costs	-	-	-	-	-11.2	-
Acquisition costs	-0.3	-2.9	-9.2	-2.9	-17.1	-10.3
Restructuring costs	-	-35.2	-15.0	-35.2	-35.2	-15.0
Integration costs	-4.5	-5.9	-15.3	-5.9	-12.6	-22.0
Proceed from sale of PSMS business	0.1	-	0.1		-	0.1
Total items affecting comparability	**-4.7**	**-44.0**	**-39.4**	**-44.0**	**-76.1**	**-47.3**

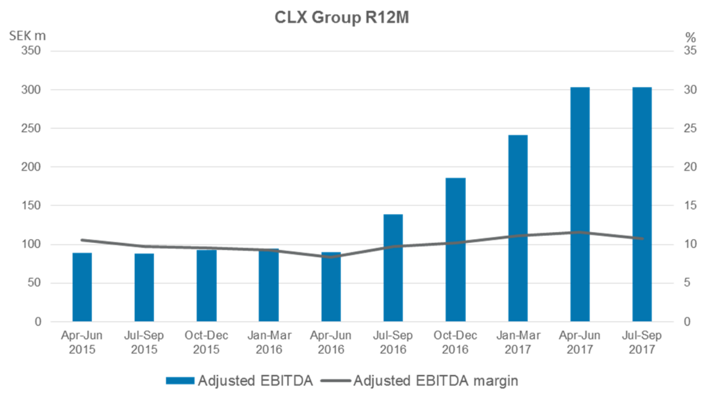


Net sales and gross margin



Adjusted EBITDA and adjusted EBITDA margin





July – September 2017

Net sales

Consolidated net sales grew in the quarter by 32 percent to SEK 781.4 million (590.2). Amounts in parentheses refer to the corresponding quarter in the preceding year. Organic growth was -2 percent.

The number of sent messages in comparable units (excluding Dialogue and Xura Secure Communications, now CLX Communications GmbH) increased by more than 11 percent during the quarter compared to the corresponding quarter in 2016. 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. Starting in the preceding quarter, however, one of our previously large customers has sharply reduced its traffic through us. Having acquired a minor competitor to CLX, they now transmit the majority of their traffic through that company.

We have maintained considerable focus on integrating acquired businesses during the period. Combined with intensifying competition in the European A2P Messaging market, this has had negative impact on new sales, organic growth and margin trends. We are steadfastly taking on the fiercer competition in the European market by strengthening our market-leading position and increasing our market shares/economies of scale to ensure good profitability over the long term. We have 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. An additional aim is to effectively deal with competition from small firms, which are increasingly competing on the basis of low prices for basic messaging services, in an attempt to achieve the economies of scale required to be competitive 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, more seamless integration of new acquisitions.

Growth is good in the United States, although the gross margin has slightly declined there as well, due to increased traffic costs related to a major American operator. This does not affect our gross profit because the entire cost increase can be passed on to our customers, but it does reduce the gross margin.

Organic growth was also negatively affected by the appreciation of the Swedish krona, primarily against the US dollar and the British pound. The group has significant revenues in both of those currencies and if exchange rates had been the same during the quarter as in the same quarter in 2016, revenues would have been about SEK 15 million higher, with organic growth of 1 percent.

Gross profit

During the quarter, gross profit amounted to SEK 198.1 million (164.9) and the gross margin amounted to 25.4 percent (27.9).

In addition to the generally fiercer competition in Europe and rising traffic costs related to an American operator, there was continued negative impact on gross margin caused by an increase in traffic costs in the British market, which we have only partially been able to pass on to our customers. As we have substantial sales in the United Kingdom, such a change also has impact at the consolidated level.

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

Operating profit

EBITDA amounted to SEK 67.0 million (28.1). EBIT amounted to SEK 34.5 million (7.3). Adjusted EBITDA divided by gross profit was 36.2 percent (43.7).

There will be strong focus over the next few quarters on picking up the pace of organic growth and continuing to realize the profit 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 have 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 25 million per year once this is complete.

Acquisition costs, capital gains/losses, restructuring costs and integration costs were charged against profit for the quarter at SEK 4.7 million (44.0). Adjusted for these items, EBITDA amounted to SEK 71.7 million (72.1) and EBIT to SEK 39.2 million (51.3). Acquisition costs are attributable primarily to external advisory services in relation to the acquisition of 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 development of a group-wide transaction system.

Foreign exchange fluctuations affected operating profit for the quarter by SEK -8.0 million (4.9).

January – September 2017

Net sales

Consolidated net sales grew in the period by 87 percent to SEK 2,148.8 million (1,147.7). 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 580.2 million (296.4) and the gross margin amounted to 27.0 percent (25.8).

Operating profit

EBITDA amounted to SEK 187.2 million (52.5). EBIT amounted to SEK 93.8 million (48.8). Adjusted EBITDA divided by gross profit was 39.0 percent (32.5).

Acquisition costs, capital gains/losses, restructuring costs and integration costs were charged against profit for the period at SEK 39.4 million (44.0). Adjusted for these items, EBITDA amounted to SEK 226.5 million (96.5) and EBIT to SEK 133.2 million (92.8).

Foreign exchange fluctuations affected operating profit for the period by SEK -5.0 million (8.2).

Other income and expense items

Net financial expense was SEK -37.9 million (1.9), with interest costs amounting to SEK -14.1 million (-3.9) and foreign exchange differences to SEK -24.0 million (-4.9). 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 21.2 percent (1.6). 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 44.1 million (50.0).

An analysis of deferred tax assets in Mblox was completed in the second quarter of 2017 as part of the acquisition analysis. 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 16.2 million (16.5). The investments refer primarily to capitalized development expenditure of SEK 12.0 million (11.7) and hardware and equipment related to relocation of the US office.

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 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 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 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 has 49 employees. 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 5 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.

Cash flow, liquidity and financial position

Cash flow from operating activities amounted to SEK -10.5 million (-7.9). Consolidated cash and cash equivalents at 30 September 2017 amounted to SEK 212.4 million (115.3), as well as an unutilized credit facility of SEK 100 million (100). During the third quarter, the loan of GBP 32.7 million incurred in connection with the acquisition of Dialogue was amortized in full.

Equity at 30 September 2017 amounted to SEK 1,376.0 million (865.0), corresponding to an equity ratio of 46.9 percent (37.2). Equity per share amounted to SEK 25.65 (17.34). A warrant issue raised SEK 8.3 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 338 (169), of whom 20 percent (16) women. CLX continues to recruit new employees, both in Sweden and internationally. Including consultants, the Group employed an average of approximately 390 persons during the period.

Significant events after the end of the period

The mobile payments business in the United Kingdom and Ireland was divested on 11 October. As of that date, CLX has exited the mobile payments business. 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 GBP 0.3 million (approx. SEK 3.2 million).

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	Jul - Sep 2017	Jul - Sep 2016	Jan - Sep 2017	Jan - Sep 2016	Jul - Dec 15/16 18M	R12M
Net sales	726.2	552.8	1,989.2	1,039.6	2,080.8	2,608.4
Gross profit	148.0	130.8	437.4	195.8	406.4	579.6
Gross margin	20.4%	23.7%	22.0%	18.8%	19.5%	22.2%
Operating profit, EBITDA	62.7	59.8	208.8	80.7	173.6	279.8
EBITDA margin	8.6%	10.8%	10.5%	7.8%	8.3%	10.7%

The division has continued its development in the A2P Messaging business, largely through the acquisitions of Xura Secure Communications and Dialogue. 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.

CLX's efforts in the field of IoT continue to develop. CLX has delivered its first commercial application to a limited number of existing beta customers. In parallel, intensive development work is in progress aimed at successively launching new functionality.

Net sales

During the quarter, net sales increased by SEK 173.4 million compared to the corresponding period in 2016 to SEK 726.2 million (552.8), an increase of by 31 percent. Organic growth was -3 percent. The number of sent messages in comparable units (excluding Dialogue and Xura Secure Communications, now CLX Communications GmbH) increased by more than 11 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.

Profit

Gross profit increased during the quarter to SEK 148.0 million (130.8). EBITDA increased by SEK 2.9 million to SEK 62.7 million (59.8).

Work to integrate and streamline the operations of Mblox has been ongoing since the acquisition. The process is complete in all material respects and operating costs per sent message for the combined business are at a very competitive level. Further reductions in operating costs will be possible going forward, as 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.

Foreign exchange fluctuations impacted the division's operating profit during the quarter by SEK -7.3 million (4.1).

Other

The integration of Xura and Dialogue is ongoing and certain staff adjustments have been carried out. Migration of traffic from each company's existing platform will occur when development of CLX's new transaction platform is completed in 2018. We expect to realize additional cost synergies of nearly SEK 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 supplies software solutions, as both products and services, to enable operators to effectively manage their services in messaging and payments.

The Operator Division continues to develop in line with the company's strategic plans. The significant deal closed with a leading mobile phone operator in the Middle East in late 2016 was completed during the quarter.

Operator Division, SEK million	Jul - Sep 2017	Jul - Sep 2016	Jan - Sep 2017	Jan - Sep 2016	Jul - Dec 15/16 18M	R12M
Net sales	44.0	37.8	130.3	113.9	260.9	180.3
Gross profit	39.1	34.1	115.9	100.5	235.6	162.7
Gross margin	88.9%	90.3%	88.9%	88.3%	90.3%	90.2%
Operating profit, EBITDA	17.3	12.8	41.4	31.6	80.0	56.2
EBITDA margin	39.4%	34.0%	31.8%	27.7%	30.7%	31.2%

Net sales

Net sales in the Operator Division increased during the quarter by SEK 6.2 million to SEK 44.0 million (37.8).

The CLX Managed Service offering continued to attract great interest from existing and potential customers. Revenues from these activities are of a recurring nature and CLX has a strategic goal to increase the proportion of recurring revenue in the Operator Division. We are confident that the positive development of this offering will continue.

Profit

Gross profit rose during the quarter by SEK 5.0 million to SEK 39.1 million (34.1). EBITDA increased by SEK 4.5 million to SEK 17.3 million (12.8). The capacity expansion project in the Middle East completed during the period made a significant contribution to the strong operating result. At present, there are no equivalent projects planned.

Foreign exchange fluctuations impacted the division's operating profit during the quarter by SEK 0.6 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 communication services.

Sinch

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

The development of the Sinch product portfolio with extended functionality is proceeding as planned. We are also focusing on increased growth through cross-selling between Sinch and CLX. The work to coordinate product development, marketing and sales between Sinch and CLX is ongoing.

Sinch, SEK million	Jul - Sep 2017	Jul - Sep 2016	Jan - Sep 2017	Jan - Sep 2016	Jul - Dec 15/16 18M*	R12M*
Net sales	12.7	-	34.9	-	1.4	36.3
Gross profit	9.5	-	26.8	-	0.9	27.7
Gross margin	74.6%	-	76.8%	-	62.8%	76.3%
Operating profit, EBITDA	-3.7	-	-12.8	-	0.6	-12.3
EBITDA margin	-29.0%	-	-36.7%	-	43.3%	-33.7%

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

Net sales

Sinch delivered net sales of SEK 12.7 million during the quarter.

Profit

Gross profit for the quarter was SEK 9.5 million. EBITDA was SEK -3.7 million.

Foreign exchange fluctuations impacted Sinch’s operating profit during the quarter by SEK 0.5 million.

Quarterly summary

CLX Group, SEK million	Oct - Dec 2015	Jan - Mar 2016	Apr - Jun 2016	Jul - Sep 2016	Oct - Dec 2016	Jan - Mar 2017	Apr - Jun 2017	Jul - Sep 2017
Net sales	273.5	267.2	290.3	590.2	669.6	622.2	745.2	781.4
Gross profit	83.0	67.2	64.4	164.9	189.4	191.3	190.7	198.1
Gross margin	30.4%	25.1%	22.2%	27.9%	28.3%	30.7%	25.6%	25.4%
Operating profit, EBITDA	27.9	25.3	-1.0	28.1	68.1	70.8	49.3	67.0
EBITDA margin	10.2%	9.5%	-0.3%	4.8%	10.2%	11.4%	6.6%	8.6%

Enterprise Division, SEK million	Oct - Dec 2015	Jan - Mar 2016	Apr - Jun 2016	Jul - Sep 2016	Oct - Dec 2016	Jan - Mar 2017	Apr - Jun 2017	Jul - Sep 2017
Net sales	224.2	230.2	256.6	552.8	619.1	566.4	696.7	726.2
Gross profit	37.1	32.5	32.5	130.8	142.2	139.6	149.8	148.0
Gross margin	16.6%	14.1%	12.7%	23.7%	23.0%	24.7%	21.5%	20.4%
Operating profit, EBITDA	13.3	14.1	6.8	59.8	69.2	71.4	74.7	62.7
EBITDA margin	5.9%	6.1%	2.7%	10.8%	11.2%	12.6%	10.7%	8.6%

Operator Division, SEK million	Oct - Dec 2015	Jan - Mar 2016	Apr - Jun 2016	Jul - Sep 2016	Oct - Dec 2016	Jan - Mar 2017	Apr - Jun 2017	Jul - Sep 2017
Net sales	50.5	37.9	38.2	37.8	50.0	45.6	40.7	44.0
Gross profit	45.9	34.6	31.8	34.1	46.9	42.7	34.0	39.1
Gross margin	91.0%	91.4%	83.4%	90.3%	93.7%	93.8%	83.6%	88.9%
Operating profit, EBITDA	17.4	12.4	6.3	12.8	14.8	18.6	5.5	17.3
EBITDA margin	34.5%	32.9%	16.6%	34.0%	29.6%	40.8%	13.5%	39.4%

Sinch, SEK million	Oct - Dec 2015	Jan - Mar 2016	Apr - Jun 2016	Jul - Sep 2016	Oct - Dec 2016	Jan - Mar 2017	Apr - Jun 2017	Jul - Sep 2017
Net sales	-	-	-	-	1.4	11.4	10.8	12.7
Gross profit	-	-	-	-	0.9	8.9	8.4	9.5
Gross margin	-	-	-	-	62.8%	78.2%	77.9%	74.6%
Operating profit, EBITDA	-	-	-	-	0.6	-4.7	-4.4	-3.7
EBITDA margin	-	-	-	-	43.3%	-41.3%	-40.9%	-29.0%

Items affecting comparability

CLX Group, SEK million	Oct - Dec 2015	Jan - Mar 2016	Apr - Jun 2016	Jul - Sep 2016	Oct - Dec 2016	Jan - Mar 2017	Apr - Jun 2017	Jul - Sep 2017
Market listing costs	-1.5	-	-	-	-	-	-	-
Acquisition costs	-	-	-13.0	-2.9	-1.2	-3.1	-5.7	-0.3
Restructuring costs	-	-	-	-35.2	-	-	-15.1	-
Integration costs	-	-	-	-5.9	-6.7	-7.0	-3.8	-4.5
Proceeds from sale of PSMS business	-	-	-	-	-	-	-	0.1
Total items affecting comparability	**-1.5**	**-**	**-13.0**	**-44.0**	**-7.9**	**-10.1**	**-24.6**	**-4.7**

CLX Group, SEK million	Oct - Dec 2015	Jan - Mar 2016	Apr - Jun 2016	Jul - Sep 2016	Oct - Dec 2016	Jan - Mar 2017	Apr - Jun 2017	Jul - Sep 2017
Net sales	273.5	267.2	290.3	590.2	669.6	622.2	745.2	781.4
Gross profit	83.0	67.2	64.4	164.9	189.4	191.3	190.7	198.1
Gross margin	30.4%	25.1%	22.2%	27.9%	28.3%	30.7%	25.6%	25.4%
Adjusted EBITDA	29.4	25.3	12.0	72.1	76.0	80.9	74.0	71.7
Adjusted EBITDA margin	10.7%	9.5%	4.1%	12.2%	11.4%	13.0%	9.9%	9.2%
Adjusted EBITDA / gross profit	35.4%	37.7%	18.7%	43.7%	40.1%	42.3%	38.8%	36.2%
Adjusted EBITDA per share - diluted, SEK	0.78	0.67	0.32	1.48	1.56	1.63	1.45	1.34

Condensed income statement

CLX Group, SEK million	Jul - Sep 2017	Jul - Sep 2016	Jan - Sep 2017	Jan - Sep 2016	Jul - Dec 15/16 18M	R12M
Net sales	**781.4**	**590.2**	**2,148.8**	**1,147.7**	**2,333.9**	**2,818.4**
Other operating income	18.2	9.5	33.0	22.6	40.8	44.9
Work performed by the entity and capitalized	2.9	2.6	12.0	11.7	22.7	17.9
Cost of goods sold and services	-583.2	-425.3	-1,568.6	-851.2	-1,691.6	-2,048.8
Other external costs	-56.2	-74.2	-181.3	-123.2	-211.4	-227.2
Employee benefits expenses	-75.2	-69.9	-226.8	-143.1	-281.7	-298.4
Other operating expenses	-20.8	-4.8	-29.9	-11.9	-50.8	-51.5
EBITDA	**67.0**	**28.1**	**187.2**	**52.5**	**161.9**	**255.3**
Depreciation and amortization	-32.5	-20.8	-93.4	-3.6	-49.5	-115.0
EBIT	**34.5**	**7.3**	**93.8**	**48.8**	**112.5**	**140.3**
Finance income	56.9	21.7	175.3	24.8	105.1	255.3
Finance expenses	-77.5	-20.2	-213.2	-22.9	-96.2	-285.8
Profit before tax	**13.9**	**8.8**	**55.9**	**50.8**	**121.4**	**109.8**
Current tax	-31.3	-8.7	-35.4	-15.0	-35.7	-47.0
Deferred tax	29.3	16.3	23.6	14.2	25.9	34.5
Profit for the period	**11.9**	**16.5**	**44.1**	**50.0**	**111.6**	**97.3**
Attributable to:						
Owners of the parent	11.8	16.6	43.6	29.3	111.3	96.8
Non-controlling interests	0.1	-0.1	0.5	-0.1	0.2	0.5

Earnings per share

CLX Group, SEK	Jul - Sep 2017	Jul - Sep 2016	Jan - Sep 2017	Jan - Sep 2016	Jul - Dec 15/16 18M	R12M
Earnings per share						
- Basic	0.22	0.34	0.85	0.90	2.58	1.91
- Diluted	0.22	0.34	0.85	0.77	2.55	1.91

Condensed statement of comprehensive income

CLX Group, SEK million	Jul - Sep 2017	Jul - Sep 2016	Jan - Sep 2017	Jan - Sep 2016	Jul - Dec 15/16 18M	R12M
Profit for the period	11.9	16.5	44.1	29.2	111.6	97.3
Other comprehensive income or loss						
Translation differences	22.0	10.5	3.0	10.6	35.2	27.8
Hedge accounting net investments	20.2	-18.6	-14.8	-18.6	-10.4	-6.6
Cash flow hedges	-	-24.4	-	-4.3	-	0.1
Tax effect on items in other comprehensive income	-4.5	5.8	3.4	1.4	-7.5	-4.6
Other comprehensive income for the period	**37.8**	**-26.6**	**-8.4**	**-10.9**	**17.3**	**16.7**
Total comprehensive income for the period	**49.7**	**-10.1**	**35.7**	**18.3**	**128.9**	**114.0**
Attributable to:						
Owners of the parent	49.5	-10.0	35.4	18.3	128.8	113.8
Non-controlling interests	0.2	-0.1	0.3	0.0	0.0	0.2

Condensed balance sheet

CLX Group, SEK million	Note	9/30/2017	9/30/2016	12/31/2016
Assets				
Goodwill		963.0	673.2	803.6
Customer relationships		585.8	571.5	613.7
Operator relationships		111.0	39.8	46.4
Proprietary software		110.1	20.3	92.7
Other intangible non-current assets		4.9	4.1	8.4
Tangible non-current assets		17.5	18.9	14.2
Non-current financial assets		23.7	11.0	11.4
Deferred tax assets		195.5	13.0	29.6
Total non-current assets		*2,011.5*	*1,351.7*	*1,620.1*
Tax receivables		4.4	6.2	6.6
Assets hold for sale		2.9	-	-
Other current receivables		704.9	514.7	580.6
Cash and cash equivalents		212.4	61.4	115.3
Total current assets		*924.6*	*582.2*	*702.5*
Total assets		**2,936.1**	**1,933.9**	**2,322.6**
Equity and liabilities				
Equity attributable to owners of the parent	3	1,374.8	697.0	859.1
Non-controlling interests		1.2	5.1	5.9
Total equity		*1,376.0*	*702.1*	*865.0*
Provision for deferred taxes		265.7	254.7	290.1
Provision for restructuring costs		14.4	17.2	8.9
Other provisions		0.3	-	-
Total provisions		*280.3*	*271.9*	*299.0*
Non-current liabilities, interest bearing		409.6	445.8	413.9
Non-current liabilities, non-interest bearing		66.0	-	40.6
Total non-current liabilities		*475.5*	*445.8*	*454.5*
Current liabilities, interest bearing		122.9	26.9	70.1
Tax liabilities		60.6	29.0	29.9
Liabilities hold for sale		0.7	-	-
Other current liabilities, non-interest bearing		620.0	458.1	604.2
Total current liabilities		*804.3*	*514.1*	*704.2*
Total equity and liabilities		**2,936.1**	**1,933.9**	**2,322.6**

Financial instruments measured at fair value			
Derivatives with positive fair value	-	0.6	0.6
Derivatives with negative fair value	-	0.7	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			-7.8	58.2	50.5	0.2	50.7
Bonus issue	3.2			-3.2	0.0		0.0
New share issue	1.6	622.7			624.3		624.3
Issue expenses, net after tax				-14.4	-14.4		-14.4
Closing balance 30 September 2016	**4.9**	**797.7**	**-8.2**	**-97.4**	**697.0**	**5.1**	**702.1**
Opening balance 1 January 2017	5.0	881.5	17.1	-44.3	859.1	5.9	865.0
Total comprehensive income			-8.2	43.6	35.4	0.3	35.7
Acquisition of minority share in Caleo				-7.9	-7.9	-5.0	-12.9
Warrants issue		8.3			8.3		8.3
New share issue	0.4	487.7			488.1		488.1
Issue expenses, net after tax				-8.0	-8.0		-8.0
Closing balance 30 September 2017	**5.4**	**1,377.5**	**8.8**	**-16.7**	**1,374.7**	**1.2**	**1,376.0**

Condensed statement of cash flows

CLX Group, SEK million	Note	Jul - Sep 2017	Jul - Sep 2016	Jan - Sep 2017	Jan - Sep 2016	Jul - Dec 15/16 18M	R12M
Cash flow before changes in working capital		36.0	39.9	134.1	61.9	173.2	208.0
Changes in working capital		-129.1	-74.1	-144.6	-69.8	-65.6	-116.5
Cash flow from operating activities		**-93.1**	**-34.2**	**-10.5**	**-7.9**	**107.6**	**91.4**
Net investments in tangible and intangible assets		-5.2	-2.8	-16.2	-16.5	-34.0	-23.1
Change in financial receivables		5.8	0.0	-0.1	-	-1.4	-1.5
Advance payment to the sellers of Mblox Inc.		-	50.0	-	-	-	-
Acquisition of subsidiary/net assets	5	-8.1	-982.5	-464.2	-982.5	-1,018.0	-499.7
Cash flow from investing activities		**-7.5**	**-935.3**	**-480.6**	**-999.1**	**-1,053.4**	**-524.3**
New borrowing		-0.1	472.2	515.7	472.2	468.8	512.3
Amortization of bank loan		-373.8	-58.1	-405.3	-66.4	-79.9	-405.3
Amortization loan ultimate parent company prior listing		-	-	-	-	-1.0	-
New share issue/warrants	3,4	-1.9	610.4	485.0	605.9	605.9	485.0
Additional purchase consideration Caleo, previously expensed		-	-4.7	-	-4.7	-4.7	-
Cash flow from financing activities		**-375.9**	**1,019.7**	**595.4**	**1,007.0**	**989.2**	**592.0**
Cash flow for the period		**-476.4**	**50.2**	**104.3**	**0.0**	**43.4**	**159.1**
Cash and cash equivalents at the beginning of the period		690.0	9.3	115.3	59.4	71.0	61.4
Exchange rate differences in cash and cash equivalents		-1.1	1.9	-7.2	2.0	1.0	-7.9
Cash and cash equivalents at the end of the period		**212.4**	**61.4**	**212.4**	**61.4**	**115.3**	**212.4**

Other disclosures

CLX Group, SEK million	Jul - Sep 2017	Jul - Sep 2016	Jan - Sep 2017	Jan - Sep 2016	Jul - Dec 15/16 18M	R12M
Share information						
Basic earnings per share, SEK	0.22	0.34	0.85	0.90	2.58	1.91
Diluted earnings per share, SEK	0.22	0.34	0.85	0.77	2.55	1.91
Basic weighted average number of shares*	53,602,089	48,705,235	51,435,734	32,482,736	42,706,358	50,779,624
Diluted weighted average number of shares*	53,602,089	48,705,235	51,435,734	37,896,110	43,212,236	50,779,624
Number of ordinary shares at the end of the period	53,602,089	48,648,645	53,602,089	48,648,645	49,534,442	53,602,089
Total number of shares at the end of the period	53,602,089	48,648,645	53,602,089	48,648,645	49,534,442	53,602,089
Financial position						
Equity attributable to owners of the parent	1,374.8	697.0	1,374.8	697.0	859.1	1,374.8
Equity ratio	46.9%	36.3%	46.9%	36.3%	37.2%	46.9%
Equity per share, SEK	25.65	14.33	25.65	14.33	17.34	25.65
Net investments in tangible and intangible assets	5.2	2.8	16.2	16.5	34.0	23.1
Cash and cash equivalents	212.4	61.4	212.4	61.4	115.3	212.4
Net debt	320.1	411.4	320.1	411.4	368.6	320.1
Employees						
Number of FTEs	359	208	338	169	199	322
Percentage female	21%	18%	20%	16%	17%	20%
Key figures						
Operating margin, EBITDA	8.6%	4.8%	8.7%	4.6%	6.9%	9.1%
Operating margin, EBIT	4.4%	1.2%	4.4%	4.3%	4.8%	5.0%
Net margin, profit for the period	1.5%	2.8%	2.1%	4.4%	4.8%	3.5%

*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.

Jul - Sep 2017, SEK million	Enterprise Division	Operator Division	Sinch	Parent company, unallocated items and eliminations	Group
External revenue	**725.7**	**43.0**	**12.6**	**-**	**781.4**
Internal revenue	0.5	1.0	0.1	-1.5	-
Gross profit	**148.0**	**39.1**	**9.5**	1.5	**198.1**
EBITDA	**62.7**	**17.3**	**-3.7**	-9.3	**67.0**
Depreciation and amortization					-32.5
EBIT					**34.5**
Finance expenses					-20.6
Profit before tax					**13.9**

EBITDA for the parent company amounts to SEK -4.5 million. Unallocated items include acquisition costs of SEK 0.3 million, integration costs of SEK 4.5 million and gain from proceeds of sale of SEK 0.1 million.

Jul - Sep 2016, SEK million	Enterprise Division	Operator Division	Sinch	Parent company, unallocated items and eliminations	Group
External revenue	**552.7**	**37.5**	**-**	**-**	**590.2**
Internal revenue	0.1	0.3	-	-0.4	-
Gross profit	**130.8**	**34.1**	**-**	0.0	**164.9**
EBITDA	**59.8**	**12.8**	**-**	-44.5	**28.1**
Depreciation and amortization					-20.8
EBIT					**7.3**
Finance income					1.5
Loss before tax					**8.8**

EBITDA for the parent company amounts to SEK -2.9 million, of w hich restructuring costs SEK 1.1 million and integration costs SEK 0.5 million. Unallocated items include acquisition costs of SEK 2.9 million, restructuring costs of SEK 34.1 million and integration costs of SEK 5.4 million.

Jan - Sep 2017, SEK million	Enterprise Division	Operator Division	Sinch	Parent company, unallocated items and eliminations	Group
External revenue	**1,987.6**	**126.3**	**34.9**	**-**	**2,148.8**
Internal revenue	1.6	4.0	0.1	-5.7	-
Gross profit	**437.4**	**115.9**	**26.8**	0.0	**580.2**
EBITDA	**208.8**	**41.4**	**-12.8**	-63.1	**187.2**
Depreciation and amortization					-93.4
EBIT					**93.8**
Finance expenses					-37.9
Profit before tax					**55.9**

EBITDA for the parent company amounts to SEK -10.5 million. Unallocated items include acquisition costs of SEK 9.2 million, restructuring costs of SEK 15.0 million, integration costs of SEK 15.3 million and gain from proceeds of sale of SEK 0.1 million.

Jan - Sep 2016, SEK million	Enterprise Division	Operator Division	Sinch	Parent company, unallocated items and eliminations	Group
External revenue	**1,039.4**	**108.3**	**-**	**-**	**1,147.7**
Internal revenue	0.1	5.6	-	-5.8	-
Gross profit	**195.8**	**100.5**	**-**	0.1	**296.4**
EBITDA	**80.7**	**31.6**	**-**	-59.8	**52.5**
Depreciation and amortization					-3.6
EBIT					**48.8**
Finance income					1.9
Profit before tax					**50.8**

EBITDA for the parent company amounts to SEK -4.9 million, of w hich restructuring costs SEK 1.1 million and integration costs SEK 0.5 million. Unallocated items include acquisition costs of SEK 2.9 million, restructuring costs of SEK 35.2 million and integration costs of SEK 5.9 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 6 (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 losses of SEK 107.1 million, mainly related to internal and external loans denominated in foreign currency. The warrants program raised SEK 8.3 million in equity and the directed issue added SEK 483.5 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 - Sep 2017	Jan - Sep 2016	Jul - Dec 15/16 18M
Operating revenue	6.0	4.4	7.9
Operating costs	-16.6	-9.7	-36.7
Operating loss, EBIT	**-10.6**	**-5.3**	**-28.8**
Finance income & expenses	-120.0	32.4	93.3
Profit/loss after financial items	**-130.6**	**27.1**	**64.5**
Appropriations	-	-	-6.6
Tax on profit/loss for the period	28.7	-6.0	-8.4
Profit/loss for the period	**-101.9**	**21.1**	**49.5**

CLX Communications AB, SEK million	9/30/2017	9/30/2016	12/31/2016
Assets			
Non-current assets	2,010.4	1,420.0	1,659.4
Current assets	15.0	21.7	31.2
Total assets	**2,025.4**	**1,441.7**	**1,690.6**
Equity and liabilities			
Equity	1,308.5	818.6	922.8
Untaxed reserves	6.6	-	6.6
Non-current liabilities	449.1	445.8	453.4
Current liabilities	261.2	177.3	307.9
Total equity and liabilities	**2,025.4**	**1,441.7**	**1,690.6**
Pledged assets and contingent liabilities	350.0	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 from 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 from 1 January 2018. Analysis of the effects of

IFRS 15 based on the Enterprise, Operator and Sinch divisions is proceeding according to plan. Management's preliminary 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 consolidated value of pledged assets at 30 September 2017 amounted to SEK 459.7 million (285.4). 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 (3.3).

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 30 September 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 7.6 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. 10,000 warrants have been repurchased 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 30 September 2017	**1,205,700**
Of which in own custody	10,000

Vested warrants	
Vested as per 1 januari 2017	-
Vested during the period	72,594
Vested as per 30 september 2017	**72,594**
Warrants not yet vested	324,906

Payroll costs for vested warrants are included in profit and loss for the period of January to September 2017 in the amount of SEK 0.7 million, with a corresponding increase in equity. Social insurance costs are included in the amount of SEK 0.2 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 - 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. Caleo was made into a wholly owned subsidiary in order to enhance product integration and further clarify the Symsoft offering. The purchase consideration was SEK 5.7 million and was paid in cash. The purchase agreement includes two possible earn-outs 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, 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 includes an earn-out based on gross profit performance, and which could amount to a maximum of USD 1.5 million. The anticipated outcome discounted to present value amounts to USD 1.3 million (SEK 11.8 million) and has been recognized as a liability. If the earn-out is triggered it will become due for payment during the second quarter of 2018. According to the preliminary acquisition analysis, goodwill of SEK 87.0 million arose upon acquisition, mainly attributable to the expertise and expanded geographic range contributed by Xura. 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. Dialogue was founded in 1994. Its head office is in Sheffield, UK and the company had 49 employees. 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 purchase consideration was GBP 32.0 million (SEK 368.7 million) on a cash- and debt-free basis. Compensation for cash and working capital is distributed to the sellers in October and has been recognized as a liability. According to the preliminary acquisition analysis, goodwill of SEK 277.3 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 PSMS customer relationships is three years. These were written down in conjunction with the sale of the PSMS 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 non-current intangible assets have been reduced by SEK 35.5 million due to a change in the tax rate. 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	81.2	9.5	585.4
Customer relationships, PSMS	-	5.8	-
Operator relationships	2.7	77.9	40.7
Proprietary software	4.7	18.5	-
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	43.5	110.5	170.7
Cash and cash equivalents	9.3	61.3	61.0
Deferred tax liability	-29.3	-27.9	-215.0
Other provisions	-	-0.2	-
Current liabilities	-37.3	-111.1	-220.4
Total acquired net assets	**76.0**	**160.2**	**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	7.5	0.7	-
Settlement debt	-7.2	-	-	-
Settlement cash and cash equivalents	9.3	61.3	61.0	-
Total purchase consideration	**163.0**	**437.5**	**1,028.4**	**12.9**
Fair value acquired net assets	-76.0	-160.2	-594.9	-
Goodwill	**87.0**	**277.3**	**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	-	-	-
Settlement debt	-7.2	-	-	-
Settlement cash and cash equivalents	9.3	-	-	-
Cash and cash equivalents in acquired entity	-9.3	-61.3	-	-
Expenses directly linked to the acquisition	3.4	5.7	0.1	-
Effect on consolidated cash and cash equivalents from acquisitions	**145.4**	**313.1**	**0.1**	**5.7**

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

Jan - Sep 2017, SEK million	Xura	Dialogue	Total
Net sales	183.3	191.3	374.6
Profit after tax for the period	4.1	11.8	15.9

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

Jan - Sep 2017, SEK million	Xura	Dialogue	CLX	Amortization acquired assets	Elimination internal sales	Total
Net sales	227.5	338.9	1,780.0	-	-22.4	2,324.1
Profit after tax for the period	6.0	22.2	43.4	-11.9	-	59.7

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 key figures of adjusted EBIT/EBITDA to show the underlying results of operations excluding non-recurring items such IPO, acquisition, 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 IPO costs, 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.

Forthcoming reporting dates

Year-end report, January – December 2017	16 February 2018
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 2017 at 14.00 CET in Stockholm. The venue for the meeting will be communicated in connection with notice of the meeting.

Nomination Committee

CLX Communications AB's nomination committee has the following composition:

- Rikard Sallanto, representing Cantaloupe AB
- Jonas Fredriksson, representing Neqst D1 AB
- Anders Ingeström, representing Kjell Arvidsson AB
- 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), Box 1206, 164 28 Kista, Sweden, or by e-mail to nomination@clxcommunications.com. Proposals for the AGM must be received by the nomination committee not later than 15 March 2018.

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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Odd Bolin, CFO — Tel +46 70 428 31 73

Stockholm, 7 November 2017

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

Johan Hedberg
President and CEO

Note: CLX Communications AB (publ) is required to publish the information in this interim report pursuant to the EU market abuse regulation. The information was submitted for publication on 7 November 2017 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.

Auditor's review report

Introduction
We have reviewed the interim report for CLX Communications AB (publ) for the period January 1 - September 30, 2017. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the 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 Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of 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 as a conclusion 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, in all material respects, prepared for the group in accordance with IAS 34 and the Annual Accounts Act, and for the parent company in accordance with the Annual Accounts Act.

Stockholm, 7 November 2017

Deloitte AB

Erik Olin
Authorized Public Accountant