

Interim Report, July 2015 – September 2016

Fifth quarter, July – September 2016

- Net sales increased by 143 percent to SEK 590.2 million (243.2). Organic growth was 25 percent.
- EBITDA amounted to SEK 28.1 million (13.5).
- EBITDA excluding items affecting comparability¹ (adjusted EBITDA) amounted to SEK 72.1 million (23.2).
- EBIT amounted to SEK 7.3 million (12.0).
- Net profit for the quarter amounted to SEK 16.5 million (9.2).
- Diluted earnings per share amounted to SEK 0.34 (0.21).

July 2015 – September 2016

- Net sales increased by 53 percent to SEK 1,664.4 million (1,087.6). Organic growth was 27 percent.
- EBITDA amounted to SEK 93.8 million (106.7).
- EBITDA excluding items affecting comparability¹ (adjusted EBITDA) amounted to SEK 162.0 million (112.4).
- EBIT amounted to SEK 66.0 million (106.5).
- Net profit for the period amounted to SEK 58.4 million (62.3).
- Diluted earnings per share amounted to SEK 1.44 (1.73).

Significant events during the quarter

- The acquisition of Mblox Inc. was completed on July 11 and is included in the consolidated financial statements from this date. The purchase consideration was USD 117 million on a cash and debt-free basis. At 31 December 2015, Mblox employed 188 people and had sales in 2015 of USD 140 million with EBITDA of USD 6.9 million. Through this acquisition, CLX strengthens its position as one of the global leaders in cloud-based communications services for enterprises and organizations.
- To partially finance the acquisition of all shares in Mblox Inc. the company completed a preferential rights issue of 16,216,215 shares to existing shareholders. The issue provided the company with approximately SEK 624 million before issue costs.
- The company has also raised new interest-bearing credit facilities of approximately SEK 400 million net in order to finance the remainder of the purchase consideration.

Significant events after the end of the period

- On November 3 the board of directors of CLX invited shareholders to an extraordinary general meeting on December 5. The board proposes that the general meeting resolves on the introduction of a long-term incentive scheme for senior executives and key employees within CLX through an issue of a maximum of 1,500,000 warrants with exercise after 3/4/5 years. If fully exercised, dilution will be approximately 3 percent.
- NTT Communications, a division of NTT, has launched a service for international exchange of SMS traffic for global operators. The service is based on technology from CLX. The service has no direct profit impact in the near term but is an important step into the Japanese market for CLX.
- CLX has delivered its first commercial application in the Internet of Things (IoT) to a limited number of existing beta customers.

1) For a specification of items affecting comparability, see the table on page 10.

Invitation to report presentation by phone or internet

The report will be presented at a phone conference at 10:00 CET on November 15.

To participate in the report presentation by phone, please call:

UK: +44-203-0089808

SE: +46-8-56642662

US: +1-855-8315946

Watch the presentation on the internet at <https://wonderland.videosync.fi/clx-communications-q5-report>

About CLX Communications

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

Message from the CEO



USA is now CLX's largest market

July – September 2016 is the first quarter following the acquisition of Mblox for which we are reporting consolidated results. After the initial period of restructuring and integration I can already see positive operational and performance measures. When we announced the acquisition, we expected annual synergies of at least USD 10 million, and in addition to positive earnings and margin effects during the quarter, I can state that the integration surpasses our expectations from an operational perspective.

Consolidated revenue for the quarter was SEK 590.2 million, which represents growth of 143 percent. EBITDA is positively affected by the acquisition, and consolidated adjusted profit amounted to SEK 72.1 million, representing a margin of 12.2 percent. Organic growth remains strong and the underlying gross margins in our Enterprise Division are trending in the right direction.

Our industry is changing rapidly, and CLX is not content to simply evolve with the industry; on the contrary, we will lead this development. The acquisition of Mblox is an important component in our strategy to expand into geographies and market segments where the gross margin is higher. Furthermore, the acquisition is strategically important in the long term as it positions us as the leading provider in our market.

Through the acquisition, CLX has gained a significantly larger customer base and organization in North America, the world's most important market for cloud-based communications. Its structure, with higher gross margins than other markets, make the USA an important component in our efforts to generate higher margins in the long term.

In the coming quarters we will continue to focus on completing the implementation of a common, cost-effective and customer-focused organization that, in a market characterized by continuous growth, means that we see further good opportunities to grow organically, not least in the USA.

The main purpose of the acquisition of Mblox was to achieve economies of scale that create the conditions to be one of the market's foremost and most profitable providers. Our long-term strategy is to leverage our market-leading and strong financial position to grow, both organically and through acquisitions, and thereby deliver increasing value for our shareholders. To achieve full synergies from the acquisition, a technology project has been initiated, intended to migrate all customers to a uniform technical platform. The project is proceeding as planned.

Efforts continue to improve the gross margin of the Enterprise Division in markets other than the USA, and positive effects are already visible. My assessment is that there are good prospects of improving profitability in these markets as well during 2017.

During the quarter we intensified our efforts to develop in the Internet of Things (IoT) business area in order to address growing interest and demand in this field, and in November we have delivered our first commercial application. In addition to continued growth in communication between computers and people (A2P), we are convinced that communication with and between things and physical products will demonstrate substantial growth over the next few years. Our aim is to benefit from the business opportunities this generates.

The Operator Division, which supplies strategic support systems to mobile operators, continues to develop well and its order book remains very strong.

In conclusion, I look to the future with great confidence. We are rapidly seeing positive results from the acquisition and integration of Mblox, which combined with continued growth and improved profitability in our core operations and efforts in IoT will further advance our position as the leading global partner in cloud-based communications services.

Stockholm, 15 November 2016

Johan Hedberg
President and CEO

Operations

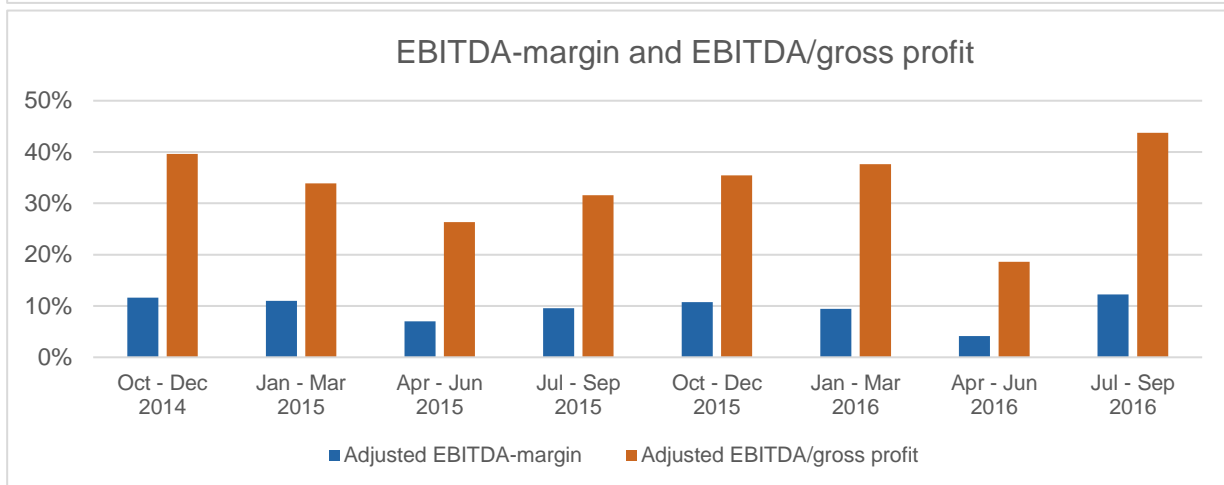
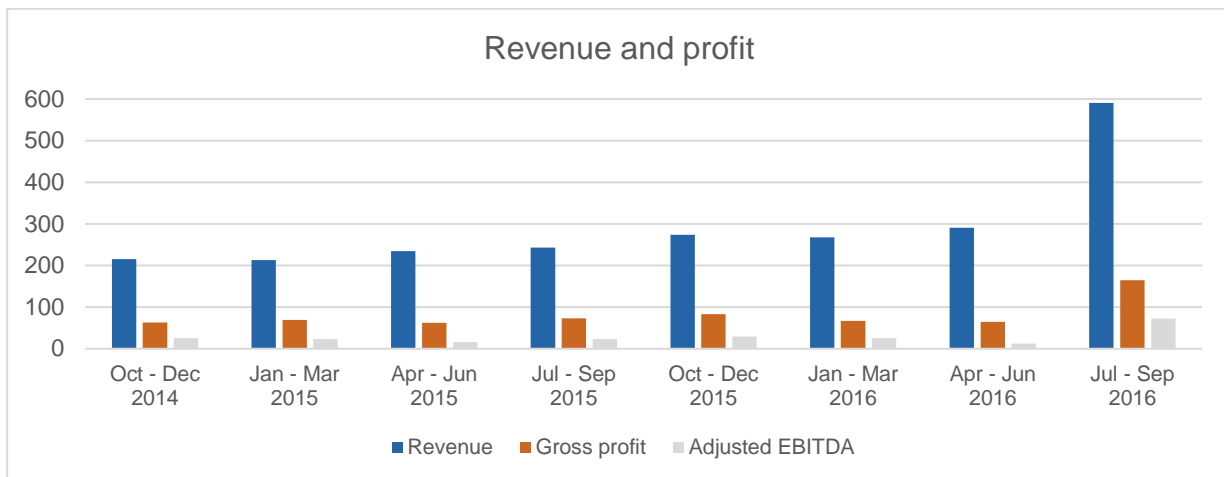
The market

CLX operates in a complex global market where a number of factors affect growth and profitability. The market for cloud-based communications services and tools is highly fragmented but is in general characterized by strong growth. CLX has purposefully built up a leading market position in the segment for cloud-based A2P messaging (automated business-critical messages from companies to individuals), which means the company is well positioned to be an active participant and to benefit from opportunities to consolidate the market. As the leading market player, CLX has the best potential to achieve the highest profitability based on economies of scale and a strong negotiating position with customers and suppliers.

CLX also continues to increase its exposure to product and development areas with higher margins, such as the Internet of Things (IoT). CLX is also focusing on addressing, and growing in, geographic markets with higher gross margins and in market segments with the potential for higher profitability. The acquisition of Mblox contributes significantly to both of these initiatives, partly through Mblox's strong market position in the US market and partly through the Mblox Online offering for small- and medium-sized companies.

CLX Group in summary

CLX Group, SEK million	Jul - Sep 2016	Jul - Sep 2015	Jul - Sep 2015/16	Jul - Sep 2014/15	Jul - Jun 2014/15	R12M
Net sales	590.2	243.2	1,664.4	1,087.6	844.4	1,421.2
Gross profit	164.9	73.4	452.9	325.3	251.9	379.5
Gross margin	27.9%	30.2%	27.2%	29.9%	29.8%	26.7%
Operating profit, EBITDA	28.1	13.5	93.8	106.7	93.1	80.2
EBITDA margin	4.8%	5.6%	5.6%	9.8%	11.0%	5.6%
Adjusted EBITDA	72.1	23.2	162.0	112.4	89.1	138.8
Adjusted EBITDA margin	12.2%	9.5%	9.7%	10.3%	10.6%	9.8%
Adjusted EBITDA / gross profit	43.7%	31.6%	35.8%	34.6%	35.4%	36.6%
Operating profit, EBIT	7.3	12.0	66.0	100.8	88.7	53.9
EBIT margin	1.2%	4.9%	4.0%	9.3%	10.5%	3.8%
Adjusted EBIT	51.3	21.7	134.2	106.5	84.7	112.5
Adjusted EBIT margin	8.7%	8.9%	8.1%	9.8%	10.0%	7.9%
Profit for the period	16.5	9.2	58.4	62.3	52.9	49.1
Net margin	2.8%	3.8%	3.5%	5.7%	6.3%	3.5%
Cash flow from operating activities	-34.2	-10.9	5.6	84.1	94.9	16.5
Equity ratio	36.3%	14.8%	36.3%	14.8%	12.4%	36.3%
Diluted earnings per share, SEK	0.34	0.21	1.44	1.73	1.53	1.22
Average number of employees	208	150	177	144	138	181



July 2016 – September 2016

Net sales

Consolidated net sales grew in the quarter by 143 percent to SEK 590.2 million (243.2) compared to the corresponding quarter in the previous year. Organic growth was 25 percent.

The strong growth during the quarter is primarily attributable to the acquisition of Mblox, but the organic growth in the Enterprise Division has continued. The underlying growth among existing customers has been strong and we have also added new customers.

Gross profit

During the quarter, gross profit amounted to SEK 164.9 million (73.4) and the gross margin amounted to 27.9 percent (30.2).

The gross margin has strengthened in relation to the previous quarters of the current calendar year, which is primarily due to the acquisition of Mblox. This has greatly increased exposure to the North American market, where gross margins are high. The acquisition is an important part of CLX's strategy to create additional economies of scale and to ensure that the long-term targets for returns are achieved. In line with this strategy, CLX will focus on growth, both organic and through acquisitions.

In the coming quarters, the focus will be mainly on continued integration of Mblox and realization of the profitability and growth potential this represents. The acquisition also provides CLX with a much stronger negotiating position with both customers and operators, which will have a positive impact

on the gross margin. The company will continuously evaluate and take action when the profitability of customers is not judged able to contribute to CLX's long-term profitability target. A number of operator agreements are also under renegotiation, based on increased traffic volumes, which has the potential to lead to lower costs for CLX.

The ongoing work on profitability and margins also includes updated internal pricing policies, automated price barriers etc. within the Group's integrated technology platform, as well as corporate bonus models with a greater focus on margin targets.

This work has already had a positive impact on consolidated gross margins.

Operating profit

EBITDA amounted to SEK 28.1 million (13.5) compared to the same quarter in the previous year. EBIT amounted to SEK 7.3 million (12.0) compared to the same quarter in the previous year.

Acquisition costs plus integration and restructuring costs relating to Mblox are charged to operating profit for the quarter at SEK 44.0 million. The previous year's operating profit included market listing costs of SEK 9.7 million. Adjusted for these items, EBITDA amounted to SEK 72.1 million (23.2) and EBIT to SEK 51.3 million (21.7). Foreign exchange fluctuations affected operating profit for the quarter by SEK 4.9 million (-3.1).

The total costs for the acquisition of Mblox amount to SEK 37.8 million. Of these, SEK 15.9 million relates to fees paid to advisors, charged against operating profit for this quarter at SEK 2.9 million. SEK 18.4 million comprises the costs for the rights issue, with these charged directly against equity. The cost of the new credit facility amounts to SEK 3.5 million, amortized over the three-year term of the facility as a financial expense.

July 2015 – September 2016

Net sales

Net sales increased by 54 percent compared to the corresponding period in the previous year, and amounted to SEK 1,664.4 million (1,087.6). Organic growth was 27 percent.

Gross profit

Gross profit increased to SEK 452.9 million (325.3). The gross margin amounted to 27.2 percent (29.9).

Operating profit

EBITDA amounted to SEK 93.8 million (106.7). EBIT amounted to SEK 66.0 million (100.8). Market listing costs, acquisition costs and integration and restructuring costs were charged to profit at SEK 68.2 million.

Profit for the previous year includes market listing costs of SEK 16.0 million and revenue for recovered previously impaired accounts receivable of SEK 10.3 million. Adjusted for these items, EBITDA amounted to SEK 162.0 million (112.4) and EBIT to SEK 134.2 million (106.5). Foreign exchange fluctuations affected operating profit for the period by SEK 1.5 million (-6.5).

Other income and expense items

Net finance income amounted to SEK 1.5 million (-19.2), with interest costs amounting to SEK 4.4 million (-20.0). The Group's effective tax rate amounted to 13.6 percent (23.7), with the lower tax rate largely due to use of loss carry-forwards in Mblox not capitalized as deferred tax receivables. Net profit for the period amounted to SEK 58.4 million (62.3).

Investments

Net investments in intangible assets and property, plant and equipment amounted to SEK 27.1 million (10.0). Investments relate primarily to capitalized development expenditure of SEK 16.9 million (5.1) and licenses.

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.

For information about the acquisition of Mblox, see Note 4.

Cash flow, liquidity and financial position

Cash flow from operating activities amounted to SEK 5.6 million (84.1). The lower cash flow is attributable to sales growth, and therefore increasing accounts receivable, as well as to costs for the acquisition of Mblox, including severance payments. CLX works continuously to collect payments and reduce working capital tied up. These efforts are being intensified following the acquisition of Mblox, which has had a well-developed function for achieving this.

Consolidated cash and cash equivalents at 30 September 2016 amounted to SEK 61.4 million (71.0) as well as an unutilized credit facility of SEK 100 million (100). Equity at 30 September 2016 amounted to SEK 702.1 million (41.5), corresponding to an equity ratio of 36.3 percent (12.4). The preferred rights issue raised SEK 624.3 million in equity before issue costs, which amounted to SEK -14.4 million after tax. Equity per share amounted to SEK 14.33 (33.83).

Employees

The average number of employees (full-time equivalents) in the Group amounted to 177 (144), of which 16 percent (14) female. CLX continues to recruit new employees, both in Sweden and internationally. Including consultants, the Group engaged an average of approximately 215 persons during the period.

Significant events after the end of the period

- On November 3 the board of directors of CLX invited shareholders to an extraordinary general meeting on 5 December 2016. The board proposes that the general meeting resolves on the introduction of a long-term incentive scheme for senior executives and key employees within CLX. The proposal has been put forward as the board believes it is important, and in the interest of all shareholders, to create even greater involvement for key employees and senior executives in the development of the company. It is also important to motivate employee retention. The proposed incentive scheme is based on an issue of a maximum of 1,500,000 warrants. It is proposed that one-third of the warrants can be exercised after three years, one-third after four years, and one-third after five years. If fully exercised, dilution will be approximately 3 percent. The proposal is for the incentive scheme to encompass a maximum of 73 senior executives and key individuals at CLX.
- NTT Communications, a division of NTT, has launched a service for international exchange of SMS traffic for global operators. The service is based on technology from CLX. The service has no direct profit impact in the near term but is an important step into the Japanese market for CLX.
- CLX has delivered its first commercial application in the Internet of Things (IoT) to a limited number of existing beta customers.

Enterprise Division

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

Enterprise Division, SEK million	Jul - Sep 2016	Jul - Sep 2015	Jul - Sep 2015/16	Jul - Sep 2014/15	Jul - Jun 2014/15	R12M
Net sales	552.8	197.9	1,461.6	909.7	711.8	1,263.7
Gross profit	130.8	31.2	264.2	163.7	132.5	233.0
Gross margin	23.7%	15.8%	18.1%	18.0%	18.6%	18.4%
Operating profit, EBITDA	59.8	8.5	102.5	62.9	54.4	94.0
EBITDA margin	10.8%	4.3%	7.0%	6.9%	7.6%	7.4%

CLX's efforts in the rapidly growing field of IoT continue to develop. CLX has delivered its first commercial application to a limited number of existing beta customers, Intensive development work is ongoing to gradually launch new functionality during 2016 and early 2017.

Net sales

The Enterprise Division continues to grow at a rapid pace. During the quarter net sales increased by SEK 354.9 million to SEK 552.8 million (197.9), representing 179 percent compared to the corresponding period in the previous year. Organic growth is 35 percent, primarily driven by the following factors:

- CLX's existing customers are expanding their engagement, partly through volume growth and partly through investing in more of CLX's new products and services.
- CLX is winning business from new customer groups.
- CLX's reseller strategy continues to mature, and a number of tools are now available to support a broadened channel strategy.

Profit

Gross profit increased during the quarter to SEK 130.8 million (31.2) compared to the same quarter in the previous year. The acquisition of Mblox is increasing the division's gross margin significantly, and has also created the conditions for a number of active measures to strengthen the gross margin in several major markets. This is described in more detail above, under the Group's gross profit.

During the quarter, EBITDA increased by SEK 51.3 million to SEK 59.8 million (8.5) compared to the same quarter in the previous year.

Work to integrate and streamline the operations of Mblox has been ongoing since the acquisition was completed in early July. The work is not yet completed, but operating costs per sent message for the merged operations are already at the same level that CLX had prior to the acquisition, and these costs will be further reduced going forward. It is the expressed 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 4.1 million (-2.5).

Other

The integration of Mblox has proceeded well. The workforce has been adjusted to a more efficient and customer-focused organization. Mblox's offices in Stockholm and in Campbell, California, have been vacated. Processes have been coordinated and the focus on sales and high-quality delivery has intensified.

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 had very good order intake at the end of the previous quarter, and signed a number of significant deals, one with a leading mobile phone operator in the Middle East. This transaction is worth approximately SEK 32 million and will be recognized as revenue in pace with completion of the project during the coming quarters. Implementation of the project has begun, and approximately SEK 4 million was recognized as revenue during the quarter. Additional business worth approximately SEK 20 million was also closed during the previous quarter and will be recognized as revenue in coming quarters.

The division's sales forecast remains good.

Operator Division, SEK million	Jul - Sep 2016	Jul - Sep 2015	Jul - Sep 2015/16	Jul - Sep 2014/15	Jul - Jun 2014/15	R12M
Net sales	37.8	46.6	210.9	201.2	154.6	164.3
Gross profit	34.1	42.3	188.7	180.1	137.8	146.4
Gross margin	90.3%	90.6%	89.5%	89.5%	89.2%	89.1%
Operating profit, EBITDA	12.8	16.2	65.2	50.9	34.7	49.0
EBITDA margin	34.0%	34.7%	30.9%	25.3%	22.5%	29.8%

Net sales

Net sales in the Operator Division decreased during the quarter by SEK 8.8 million to SEK 37.8 million (46.6).

The launch of the CLX Managed Service offering has attracted great interest from market participants. Revenues from these activities are of a recurring nature and CLX has a strategic goal to increase the proportion of repeat revenue in the Operator Division, so we confidently look forward to a continued positive development for this offering.

Profit

Gross profit decreased during the quarter by SEK 8.2 million to SEK 34.1 million (42.3) compared to the same quarter in the previous year. EBITDA decreased by SEK 3.4 million to SEK 12.8 million (16.2) compared to the same quarter in the previous year. Foreign exchange fluctuations impacted the division's operating profit during the quarter by SEK 0.9 million (-0.5).

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 improve communications services.

Quarterly summary

	Oct - Dec 2014	Jan - Mar 2015	Apr - Jun 2015	Jul - Sep 2015	Oct - Dec 2015	Jan - Mar 2016	Apr - Jun 2016	Jul - Sep 2016
CLX Group, SEK million								
Net sales	215.5	212.8	234.4	243.2	273.5	267.2	290.3	590.2
Gross profit	63.3	69.1	62.3	73.4	83.0	67.2	64.4	164.9
Gross margin	29.4%	32.5%	26.6%	30.2%	30.4%	25.1%	22.2%	27.9%
Operating profit, EBITDA	35.4	23.4	10.1	13.5	27.9	25.3	-1.0	28.1
EBITDA margin	16.4%	11.0%	4.3%	5.5%	10.2%	9.5%	-0.3%	4.8%

	Oct - Dec 2014	Jan - Mar 2015	Apr - Jun 2015	Jul - Sep 2015	Oct - Dec 2015	Jan - Mar 2016	Apr - Jun 2016	Jul - Sep 2016
Enterprise Division, SEK million								
Net sales	179.4	182.1	194.7	197.9	224.2	230.2	256.6	552.8
Gross profit	36.6	29.9	34.3	31.2	37.1	32.5	32.5	130.8
Gross margin	20.4%	16.4%	17.6%	15.8%	16.6%	14.1%	12.7%	23.7%
Operating profit, EBITDA	14.0	10.5	13.3	8.5	13.3	14.1	6.8	59.8
EBITDA margin	7.8%	5.8%	6.8%	4.3%	5.9%	6.1%	2.7%	10.8%

	Oct - Dec 2014	Jan - Mar 2015	Apr - Jun 2015	Jul - Sep 2015	Oct - Dec 2015	Jan - Mar 2016	Apr - Jun 2016	Jul - Sep 2016
Operator Division, SEK million								
Net sales	39.0	38.6	47.0	46.6	50.5	37.9	38.2	37.8
Gross profit	33.7	35.1	40.2	42.3	45.9	34.6	31.8	34.1
Gross margin	86.4%	90.9%	85.5%	90.6%	91.0%	91.4%	83.2%	90.3%
Operating profit, EBITDA	11.1	12.5	3.4	16.2	17.4	12.4	6.3	12.8
EBITDA margin	28.5%	32.4%	7.3%	34.7%	34.5%	32.9%	16.5%	34.0%

Items affecting comparability

	Oct - Dec 2014	Jan - Mar 2015	Apr - Jun 2015	Jul - Sep 2015	Oct - Dec 2015	Jan - Mar 2016	Apr - Jun 2016	Jul - Sep 2016
CLX Group, SEK million								
Market listing costs	-	-	-6.3	-9.7	-1.5	-	-	-
Acquisition costs	-	-	-	-	-	-	-13.0	-2.9
Restructuring costs	-	-	-	-	-	-	-	-35.2
Integration costs	-	-	-	-	-	-	-	-5.9
Recovered previously impaired accounts rec.	10.3	-	-	-	-	-	-	-
Total items affecting comparability	10.3	0.0	-6.3	-9.7	-1.5	0.0	-13.0	-44.0

	Oct - Dec 2014	Jan - Mar 2015	Apr - Jun 2015	Jul - Sep 2015	Oct - Dec 2015	Jan - Mar 2016	Apr - Jun 2016	Jul - Sep 2016
CLX Group, SEK million								
Net sales	215.5	212.8	234.4	243.2	273.5	267.2	290.3	590.2
Gross profit	63.3	69.1	62.3	73.4	83.0	67.2	64.4	164.9
Gross margin	29.4%	32.5%	26.6%	30.2%	30.4%	25.1%	22.2%	27.9%
Adjusted EBITDA	25.1	23.4	16.4	23.2	29.4	25.3	12.0	72.1
Adjusted EBITDA margin	11.6%	11.0%	7.0%	9.5%	10.7%	9.5%	4.1%	12.2%
Adjusted EBITDA / gross profit	39.7%	33.9%	26.3%	31.6%	35.4%	37.6%	18.6%	43.7%
Adjusted EBITDA per share - diluted, SEK	0.72	0.67	0.47	0.62	0.78	0.67	0.32	1.48

Condensed income statement

CLX Group, SEK million	Jul - Sep 2016	Jul - Sep 2015	Jul - Sep 2015/16	Jul - Sep 2014/15	Jul - Jun 2014/15	R12M
Net sales	590.2	243.2	1,664.4	1,087.6	844.4	1,421.2
Other operating income	9.5	4.0	28.9	33.6	29.6	24.9
Work performed by the entity and capitalized	2.6	1.8	16.9	5.1	3.3	15.1
Cost of goods sold and services	-425.3	-169.8	-1,211.5	-762.3	-592.5	-1,041.7
Other external costs	-74.2	-27.9	-165.5	-86.2	-58.3	-137.6
Employee benefits expense	-69.9	-30.6	-210.2	-155.3	-124.7	-179.6
Other operating expenses	-4.8	-7.1	-29.1	-15.7	-8.6	-22.0
Operating profit, EBITDA	28.1	13.5	93.8	106.7	93.1	80.2
Depreciation and amortization	-20.8	-1.5	-27.8	-5.9	-4.4	-26.3
Operating profit, EBIT	7.3	12.0	66.0	100.8	88.7	53.9
Finance income	21.7	0.0	25.1	0.9	0.9	25.1
Finance expenses	-20.2	-0.3	-23.6	-20.1	-19.8	-23.3
Profit before tax	8.8	11.7	67.5	81.6	69.8	55.7
Current tax	-8.7	-3.8	-24.2	-14.8	-11.0	-20.4
Deferred tax	16.3	1.3	15.0	-4.5	-5.8	13.7
Profit for the period	16.5	9.2	58.4	62.3	52.9	49.1
Attributable to:						
Owners of the parent	16.6	8.9	58.2	62.1	53.2	49.3
Non-controlling interests	-0.1	0.3	0.2	0.0	-0.3	-0.1

Earnings per share

CLX Group, SEK	Jul - Sep 2016	Jul - Sep 2015	Jul - Sep 2015/16	Jul - Sep 2014/15	Jul - Jun 2014/15	R12M
Earnings per share						
- Basic	0.34	0.26	1.57	1.78	1.53	1.31
- Diluted	0.34	0.21	1.44	1.73	1.53	1.22

Condensed statement of comprehensive income

CLX Group, SEK million	Jul - Sep 2016	Jul - Sep 2015	Jul - Sep 2015/16	Jul - Sep 2014/15	Jul - Jun 2014/15	R12M
Profit for the period	16.5	9.2	58.4	62.3	52.9	49.1
Other comprehensive income or loss						
Translation differences	10.5	-0.2	10.4	0.0	0.2	10.6
Hedge accounting net investments	-18.6	-	-18.6	-	-	-18.6
Cash flow hedges	-24.4	-	-0.1	-	-	-0.1
Tax effect on items in other comprehensive income	5.8	-	0.5	-	-	0.5
Other comprehensive income for the period	-26.6	-0.2	-7.8	0.0	0.2	-7.7
Total comprehensive income for the period	-10.1	9.1	50.5	62.3	53.1	41.4
Attributable to:						
Owners of the parent	-10.0	8.8	50.4	62.2	53.4	41.6
Non-controlling interests	-0.1	0.3	0.2	0.0	-0.3	-0.1

Condensed balance sheet

CLX Group, SEK million	Note	9/30/2016	9/30/2015	6/30/2015
Assets				
Goodwill		673.2	56.7	56.8
Customer relationships		571.5	-	-
Operator relationships		39.8	-	-
Other intangible non-current assets		24.4	10.3	9.1
Tangible non-current assets		18.9	4.8	4.7
Non-current financial assets		11.0	1.3	2.6
Deferred tax assets		13.0	1.0	0.2
<i>Total non-current assets</i>		<i>1,351.7</i>	<i>74.0</i>	<i>73.4</i>
Inventories		0.2	0.3	0.2
Other current receivables		520.7	216.3	189.6
Cash and cash equivalents		61.4	49.7	71.0
<i>Total current assets</i>		<i>582.2</i>	<i>266.2</i>	<i>260.7</i>
Total assets		1,933.9	340.3	334.2
Equity and liabilities				
Equity attributable to owners of the parent	2	697.0	45.2	36.6
Non-controlling interests		5.1	5.2	4.9
<i>Total equity</i>		<i>702.1</i>	<i>50.3</i>	<i>41.5</i>
Provision for deferred taxes		254.7	7.6	8.2
Provision for restructuring costs		17.2	-	-
<i>Total provisions</i>		<i>271.9</i>	<i>7.6</i>	<i>8.2</i>
Non-current liabilities, interest bearing		445.8	46.5	80.8
Non-current liabilities, non-interest bearing		-	5.3	5.3
<i>Total non-current liabilities</i>		<i>445.8</i>	<i>51.8</i>	<i>86.1</i>
Current liabilities, interest bearing		26.9	26.8	-
Current liabilities, non-interest bearing		487.2	203.7	198.5
<i>Total current liabilities</i>		<i>514.1</i>	<i>230.5</i>	<i>198.5</i>
Total equity and liabilities		1,933.9	340.2	334.2
Pledged assets and contingent liabilities	3	See note	See note	See note
Financial instruments measured at fair value				
Derivatives with positive fair value		0.6	1.1	3.8
Derivatives with negative fair value		0.7	1.8	0.4

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

Condensed statement of changes in equity

CLX Group, SEK million	Attributable to owners of the parent					Non-controlling interests	Total equity
	Share capital	Other capital contributions	Reserves	Retained earnings	Total		
Opening balance 1 July 2014	0.1	63.0	-0.1	-191.3	-128.3	0.0	-128.3
Total comprehensive income			0.0	62.1	62.1	0.0	62.1
Acquisition of 66.67% of the shares in Caleo Technologies AB					-	5.2	5.2
Put option Caleo Technologies AB			-0.5		-0.5		-0.5
Repayment conditional shareholder contribution		-38.0			-38.0		-38.0
New share issue	0.0	150.0			150.0		150.0
Closing balance 30 September 2015	0.1	175.0	-0.6	-129.2	45.1	5.2	50.3
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 costs, 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

Condensed statement of cash flows

CLX Group, SEK million	Note	Jul - Sep 2016	Jul - Sep 2015	Jul - Sep 2015/16	Jul - Sep 2014/15	Jul - Jun 2014/15	R12M
Cash flow before changes in working capital		39.9	14.5	99.2	43.2	28.8	84.8
Changes in working capital		-74.1	-25.3	-93.6	40.8	66.2	-68.3
Cash flow from operating activities		-34.2	-10.9	5.6	84.1	94.9	16.5
Net investments in tangible and intangible assets		-2.8	-2.7	-27.1	-10.0	-7.3	-24.4
Changes in financial assets		0.0	-	0.0	-	-	-
Advance payment to the sellers of Mblox Inc.		50.0	-	-	-	-	-
Acquisition of subsidiary/net assets	4	-982.5	-	-982.5	-2.6	-2.6	-982.5
Cash flow from investing activities		-935.3	-2.7	-1,009.6	-12.5	-9.8	-1,006.9
New loans		472.2	-	472.2	79.9	79.9	472.2
Amortization of loan		-58.1	-6.7	-79.9	-6.7	-	-73.2
Amortization loan ultimate parent company		-	-1.0	-1.0	-151.5	-150.5	0.0
New share issue		610.4	-	605.9	-	-	605.9
Additional purchase consideration Caleo, previously expensed		-4.7	-	-4.7	-	-	-4.7
Contribution from non-controlling interests		-	-	-	0.5	0.5	-
Cash flow from financing activities		1,019.7	-7.7	992.6	-77.8	-70.2	1,000.2
Cash flow for the period		50.2	-21.2	-11.4	-6.2	14.9	9.8
Cash and cash equivalents at the beginning of the period		9.3	71.0	71.0	55.9	55.9	49.7
Exchange differences in cash and cash equivalents		1.9	-0.1	1.8	0.1	0.2	1.9
Cash and cash equivalents at the end of the period		61.4	49.7	61.4	49.7	71.0	61.4

Additional information

CLX Group, SEK million	Jul - Sep 2016	Jul - Sep 2015	Jul - Sep 2015/16	Jul - Sep 2014/15	Jul - Jun 2014/15	R12M
Share information						
Basic earnings per share, SEK	0.34	0.26	1.57	1.78	1.53	1.31
Diluted earnings per share, SEK	0.34	0.21	1.44	1.73	1.53	1.22
Basic weighted average number of shares*	48,647,403	34,800,000	39,205,877	34,800,000	34,800,000	40,316,400
Diluted weighted average number of shares*	48,647,403	37,621,619	39,817,125	35,398,899	34,838,652	40,370,513
Number of ordinary shares at the end of the period	48,648,645	1,000,000	48,648,645	1,000,000	1,000,000	48,648,645
Total number of shares at the end of the period	48,648,645	1,081,081	48,648,645	1,081,081	1,081,081	32,432,430
Financial position						
Equity attributable to owners of the parent	697.0	45.2	697.0	45.2	36.6	697.0
Equity ratio	36.3%	14.8%	36.3%	14.8%	12.4%	36.3%
Equity per share, SEK	14.33	41.81	14.33	41.81	33.83	14.33
Net investments in tangible and intangible assets	2.8	2.7	27.1	10.0	7.3	24.4
Cash and cash equivalents	61.4	49.7	61.4	49.7	71.0	61.4
Net debt	411.4	23.6	411.4	23.6	9.8	411.4
Employees						
Number of FTEs	208	150	177	144	138	181
Percentage female	18%	14%	16%	14%	14%	17%
Key figures						
Operating margin, EBITDA	4.8%	5.6%	5.6%	9.8%	11.0%	5.6%
Operating margin, EBIT	1.2%	4.9%	4.0%	9.3%	10.5%	3.8%
Net margin, profit for the period	2.8%	3.8%	3.5%	5.7%	6.3%	3.5%

*Average number of shares has been recalculated after split 1:30 and new share issue for comparison.

Operating segments

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

Jul - Sep 2016, SEK million	Enterprise Division	Operator Division	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
Profit before tax				8.8

EBITDA for the parent company amounts to SEK -2.9 million, including restructuring costs of SEK 1.1 million and integration costs of SEK 0.5 million. Unallocated items include acquisition costs of SEK 13.0 million, restructuring costs of SEK 34.1 million and integration costs of SEK 5.4 million.

Jul - Sep 2015, SEK million	Enterprise Division	Operator Division	Parent company, unallocated items and eliminations	Group
External revenue	197.6	45.6	-	243.2
Internal revenue	0.3	1.0	-1.3	-
Gross profit	31.2	42.3	-0.1	73.4
EBITDA	8.5	16.2	-11.2	13.5
Depreciation and amortization				-1.5
EBIT				12.0
Finance income				-0.3
Profit before tax				11.7

EBITDA for the parent company amounts to SEK -11.2 million, including IPO costs of SEK 9.7 million.

Jul - Sep 2015/16, SEK million	Enterprise Division	Operator Division	Parent company, unallocated items and eliminations	Group
External revenue	1,460.8	203.5	-	1,664.4
Internal revenue	0.8	7.4	-8.2	-
Gross profit	264.2	188.7	0.0	452.9
EBITDA	102.5	65.2	-73.9	93.8
Depreciation and amortization				-27.8
EBIT				66.0
Finance income				1.5
Profit before tax				67.5

EBITDA for the parent company amounts to SEK -19.4 million, including IPO costs of SEK 11.2 million and restructuring costs of SEK 1.1 million. Unallocated items include acquisition costs of SEK 15.9 million and restructuring costs of SEK 34.1 million and integration costs of SEK 5.9 million.

Jul - Sep 2014/15, SEK million	Enterprise Division	Operator Division	Parent company, unallocated items and eliminations	Group
External revenue	901.6	186.0	-	1,087.6
Internal revenue	8.1	15.3	-23.3	-
Gross profit	163.7	180.1	-18.6	325.3
EBITDA	62.9	50.9	-7.2	106.7
Depreciation and amortization				-5.9
EBIT				100.8
Finance income				-19.2
Profit before tax				81.6

EBITDA for the parent company amounts to SEK -17.5 million, including IPO costs of SEK 16.0 million. Unallocated items include revenue for recovered previously impaired accounts receivable of SEK 10.3 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 are centralized to the parent company. At the end of the period the parent company had 5 (5) employees. The parent company has no external business activities and the risks are mainly related to the operations of the subsidiaries. Financial fixed assets have increased as a result of lending to subsidiaries for the acquisition of Mblox. The rights issue added SEK 610.0 million to equity, after issue costs. The operating profit includes restructuring costs of SEK 1.1 million (-). Finance income for the period include dividends from subsidiaries of SEK 20.0 million (-) and a gain from foreign exchange forward transactions of SEK 37.4 million (-).

Condensed parent company income statement and balance sheet

CLX Communications AB, SEK million	Jul - Sep 2015/16	Jul - Sep 2014/15	Jul - Jun 2014/15
Operating revenue	6.0	1.0	0.2
Operating costs	-25.4	-18.5	-6.4
Operating loss, EBIT	-19.4	-17.6	-6.3
Finance income	51.3	-20.3	-19.5
Profit/loss after financial items	31.9	-37.9	-25.8
Appropriations	-	27.1	27.1
Tax on profit/loss for the period	-2.7	2.3	-0.3
Profit/loss for the period	29.2	-8.5	1.0

CLX Communications AB, SEK million	9/30/2016	9/30/2015	6/30/2015
<u>Assets</u>			
Non-current assets	1,420.0	350.0	350.0
Current assets	-107.8	3.5	1.3
Total assets	1,312.2	353.5	351.2
<u>Equity and liabilities</u>			
Equity	818.6	170.1	179.4
Non-current liabilities	445.8	46.5	80.8
Current liabilities	47.8	136.9	91.0
Total equity and liabilities	1,312.2	353.5	351.2
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 in other places in the interim report. The interim report for the parent company has been prepared in accordance with the Annual Accounts Act, which is in accordance with RFR 2 Accounting of Legal Entities. None of the new or amended IFRS standards or interpretations from the IFRS Interpretations Committee which apply from 1 July 2015 has had any material impact on CLX's financial statements. From 1 October 2015, the Group applies hedge accounting of forward foreign exchange contracts, with the effect recognized in other comprehensive income instead of in profit for the period. Aside from this, the accounting policies and calculation methods are unchanged from those applied in the Annual Report 2014/15.

Note 2 – Shares and share capital

An extraordinary general meeting on 31 August 2015 resolved in favor of a bonus issue that increased the company's share capital by SEK 3,189,188.95 to SEK 3,243,243 and to execute a 30:1 stock split, which increased the number of shares in the company to 32,432,430. In connection with the listing of the company in October 2015 all 2,432,430 preference shares were converted into ordinary shares. Through the preferential rights issue completed in July 2016, the number of shares in the company increased by 16,216,215 to 48,648,645. Share capital increased by SEK 1,621,621.50 to SEK 4,864,864.50.

Note 3 – Pledged assets and contingent liabilities

The shares in CLX Networks AB and Symsoft AB have been pledged as collateral for the obligations within the current loan agreement. The group value of the pledged assets on 30 September 2016 amounted to SEK 285.4 million (212.0). In addition, floating charges in these companies of SEK 20 million (20) and SEK 25 million (25), respectively, have been pledged as collateral for the loan agreement. Other guarantees and restricted funds amounted to SEK 3.3 million (5.6).

Note 4 – Acquisition of subsidiaries

On 11 July 2016, CLX U.S. Holding Inc. acquired 100% of the share capital in Mblox Inc. The purchase consideration was USD 117 million on a cash and debt-free basis. The purchase consideration was paid in cash. Upon acquisition, goodwill of USD 75.9 million arose, mainly attributable to the expertise and expanded geographic range contributed by Mblox. The preliminary acquisition analysis below may be amended since inter alia the value of the deferred tax receivable is under review. Relationships with customers and operators are assessed to have a useful life of ten years.

	USD million		SEK million	
	Book value	Fair value	Book value	Fair value
Acquired net assets				
Goodwill	16.9	-	145.4	-
Customer relationships	-	68.2	-	585.4
Operator relationships	-	4.7	-	40.7
Other intangible non-current assets	7.4	-	63.1	-
Tangible non-current assets	2.1	2.1	18.1	18.1
Financial non-current assets	0.7	0.7	6.4	6.4
Deferred tax assets	12.4	0.2	106.7	2.1
Current assets	19.9	19.9	170.4	170.4
Cash and cash equivalents	7.1	7.1	61.0	61.0
Deferred tax liability	-0.8	-29.2	-6.4	-250.5
Non-current liabilities	-	-	-	-
Current liabilities	-25.6	-25.6	-219.6	-219.6
Total acquired net assets	40.2	48.2	345.0	413.9

Allocation of the purchase consideration:

	USDm	SEKm
Purchase consideration		
Original purchase consideration	117.0	966.6
Settlement cash and cash equivalents	7.1	61.0
Total purchase consideration	124.1	1,027.6
Fair value acquired net assets	-48.2	-413.9
Goodwill	75.9	613.7

The effects on consolidated cash and cash equivalents of the acquisition:

	USDm	SEKm
Investing activities		
Cash settled purchase consideration	117.0	966.6
Settlement cash and cash equivalents	7.1	61.0
Cash and cash equivalents in acquired subsidiary	-7.1	-61.0
Expenses directly linked to the acquisition	1.9	15.9
Effect on consolidated cash and cash equivalents from acquisitions	118.9	982.5

Mblox's contribution to consolidated sales and profit for the period, including restructuring costs:

	SEK million
Jul - Sep 2016	
Net sales	285.3
Profit for the period	8.9

The table below shows sales and profit as if the acquisition had taken place on 1 July 2015:

	Mblox	CLX relationships	Amortization customer & operator	Elimination internal sales	Total
Jul 2015 - Sep 2016, SEK million					
Net sales	1,451.8	1,382.3	-	-33.6	2,800.5
Profit for the period	89.1	66.4	-51.4	-	104.0

Definitions of financial terms, performance measures and operational measures

Financial measures defined under IFRS:

Gross profit	Net sales less the cost of goods and services sold
Gross margin	Gross profit in relation to net sales
Equity per share	Equity at end of period attributable to owners of the parent divided by number of shares at end of period
Net margin	Net profit for the period in relation to net sales
Earnings per share, basic/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
Equity ratio	Equity as a percentage of total assets

The company presents certain financial measures that are not defined under IFRS. The company believes that these measures provide useful supplemental information to investors and the company's management since they inter alia permit evaluation of the company's performance. Because not all companies calculate financial measures in the same way, these are not always comparable to measures used by other companies. These financial measures should therefore not be considered a substitute for measures defined under IFRS.

Financial measures not defined under IFRS:

Net investments in intangible assets and property, plant and equipment	Investments in intangible assets and property, plant and equipment during the period less divested intangible assets and property, plant and equipment
Net debt	Interest-bearing liabilities less cash and cash equivalents
Operating profit, EBIT	Profit for the period before finance income, finance expense and tax
Operating profit, EBITDA	Profit for the period before finance income, finance expense, tax and depreciation, amortization and impairment of intangible assets and property, plant and equipment
Adjusted EBIT	Profit for the period before finance income, finance expense and tax adjusted for items affecting comparability
Adjusted EBITDA	Profit for the period before finance income, finance 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 measures:

Percentage female	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
Total number of shares 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, July 2015 – December 2016	17 February 2017
Interim report, January – March 2017	19 May 2017
Half-year report, January – June 2017	21 July 2017
Interim report, January – September 2017	7 November 2017

Outlook

CLX does not publish forecasts.

Risk assessment

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

Forward-looking statements

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

Assurance

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

For additional information, please contact:

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Stockholm, 15 November 2016

Erik Fröberg
Chairman

Kjell Arvidsson

Charlotta Falvin

Jonas Fredriksson

Helena Nordman-Knutson

Johan Stuart

Johan Hedberg
President and CEO

Note: CLX Communications AB (publ) is required to publish the information in this interim report pursuant to the EU market abuse regulation. The information was submitted for publication on 15 November 2016 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.