CLX Communications AB (publ)

ANNUAL REPORT 2015-2016, 18 MONTHS

CLX communications

ABOUT

CLX Communications

CLX Communications (CLX) is a leading global supplier of cloud communications services and solutions for enterprises and mobile network 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's solutions enable business-critical communication worldwide through mobile messaging services, voice services and IoT connectivity services.

Ever since the company was founded, CLX has delivered profitable growth. In the extended financial year 2015-2016 this trend sustained with organic growth of 107 percent, sales of SEK 2,339.9 million and reported profit after tax of SEK 111.6 million. The Group is headquartered in Stockholm, Sweden, and has a presence in an additional 20 countries.

CLX is a global market leader for cloud communications solutions.

The shares of CLX Communications are listed on Nasdaq Stockholm – XSTO: CLX.

1,000+
Enterprise customers

80+
Operator customers

15 billion+
Annual API transactions

Listed on
Nasdaq
Stockholm

At time of printing

Please visit us on:
www.clxcommunications.com

CLX COMMUNICATIONS ANNUAL REPORT 2015/16

The annual 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.

HQ STOCKHOLM, SWEDEN

SEKM 2,334
Net sales 2015/16

SEKM 5,600+
Market cap*

309
Employees

31
Offices in 22 countries

100,000+
Developers

„ CLX was founded with a vision of becoming the world's largest and leading provider in the market for mobile cloud communications. Following the 2016 acquisitions of Mblox Inc. and Sinch AB and the acquisition of Xura Secure Communications GmbH in early 2017, we have quickly positioned ourselves as a global leader in cloud communications.

Johan Hedberg, CEO CLX Communications AB (publ)

* Approximate market cap when the annual report was produced.
** Munich is included in the CLX Group as of February 2017.

2015/16 in brief

- Net sales amounted to SEK 2,333.9 million (844.4).
- Net sales increased by 176 percent compared to previous fiscal year. Organic growth amounted to 107 percent.
- EBITDA amounted to SEK 161.9 million (93.1).
- Adjusted EBITDA amounted to SEK 238.0 million (89.1).
- EBIT amounted to SEK 112.5 million (88.7).
- Net profit for the period amounted to SEK 111.6 million (52.9).
- Diluted earnings per share amounted to SEK 2.56 (1.53).

SIGNIFICANT EVENTS DURING THE PERIOD

- The CLX share was listed on Nasdaq Stockholm Mid Cap on 8 October 2015. The introduction price was SEK 59.
- CLX acquired Mblox Inc. on 11 July 2016. At the time of the acquisition, Mblox was one of CLX's largest competitors, particularly in the USA. Through the acquisition, CLX has taken a leading position in the cloud communications market.
- CLX acquired Sinch AB on 20 December 2016. Sinch is a leading developer of cloud-based voice communications solutions.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

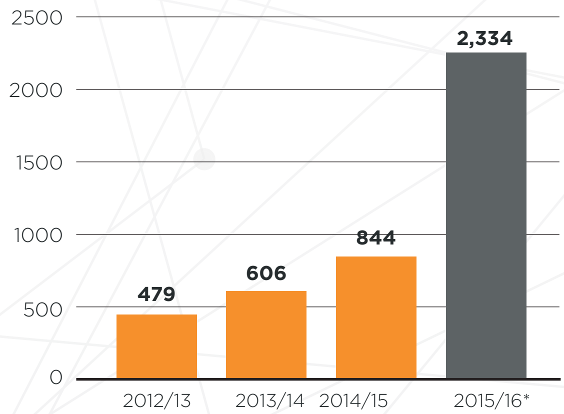
- On 16 February 2017, CLX acquired Xura Secure Communications GmbH, one of the leading mobile messaging services providers in Germany, with a market share above 30 percent. Xura has a strong position in the banking, logistics and aviation sectors, where it has been delivering solutions including secure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

KEY FINANCIAL DATA

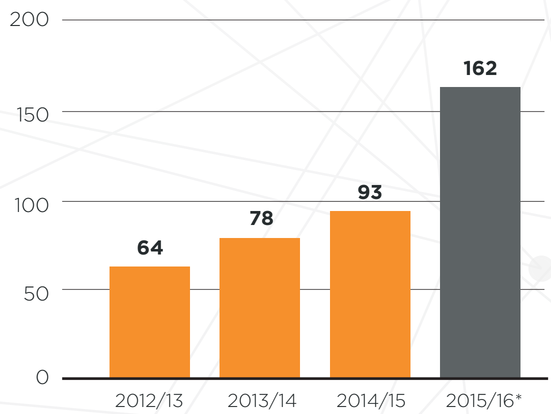
SEK MILLION	2015/16* 18 MON	2014/15 12 MON
Net sales	2,333.9	844.4
Gross profit	642.3	251.9
Gross margin	27.5%	29.8%
EBITDA	161.9	93.1
EBITDA margin	6.9%	11.0%
EBIT	112.5	88.7
EBIT margin	4.8%	10.5%
Profit for the year	111.6	52.9
Diluted earnings per share, SEK	2.56	1.53
Cash flow from operating activities	107.6	94.9
Net debt	368.6	8.9
Debt/equity ratio, multiple	2.3	0.1

Definitions, see page 48

NET SALES, SEKM



EBITDA, SEKM



* 1 July 2015 to 31 December 2016 is an extended financial year of 18 months. The reason is that CLX´s financial year from 1 January 2017 will coincide with the calendar year.

Contents

3 2015/16 in brief
6 Message from the CEO
10 Market
16 The CLX journey
18 Operational divisions
20 Customers and use cases
22 Technology
24 Employees
26 Sustainability
30 Management report
38 Income statement Consolidated
39 Balance sheet Consolidated
40 Statement of changes in equity Consolidated
41 Cash flow statement Consolidated
42 Income statement Parent company
43 Balance sheet Parent company
44 Statement of changes in equity Parent company
45 Cash flow statement Parent company
46 Multi-year review Consolidated
48 Definitions
49 Notes
75 Certification and signatures
76 Auditor's report
80 Corporate governance report
85 Board of directors and Group management
87 Auditor's report on the corporate governance report
88 Annual general meeting, addresses, terms and abbreviations

From regional private enterprise to global, public company

CLX is creating the communications solutions of the future. We make communication easy by offering enterprises and developers tools and services to integrate communication in their business processes. Partnering with CLX makes it possible for enterprises to rapidly and securely integrate scalable communications solutions based on text messaging, voice, video or IoT (Internet of Things) in their operations.

The enterprises that use our services to handle critical information, every second of the day, every day of the year, include some of the world's largest banks, airlines, healthcare providers and leading global internet companies. Only imagination sets the limits to how enterprises can integrate and use our services in their business.

We leverage our unique network of direct connections to hundreds of mobile network operators to make it possible for enterprises to deliver information to customers, employees and devices. With precision and quality, we ensure the right information reaches the right recipient in the shortest time possible. Through our network of mobile operators, we currently reach more than five billion mobile phones and function as a global, cloud-based operator for enterprise customers.

CLX was founded with a vision of becoming the world’s largest and leading provider in the market for mobile cloud communications. Following the 2016 acquisitions of Mblox Inc. and Sinch AB and the acquisition of Xura Secure Communications GmbH in early 2017, we have quickly positioned ourselves as a global leader in the cloud communications market.

JOHAN HEDBERG, CEO

> CLX was founded with a vision of becoming the world's largest and leading provider in the market for mobile cloud-based communication, with solutions for mobile messaging, voice, security and IoT – Internet of Things."

FOUR FACTORS FOR SUCCESS

There are four strong arguments for why we have what it takes to continue our growth journey:

1. The market is growing and companies around the world are increasingly and rapidly integrating A2P (application-to-person) communication into their business systems to effectively communicate with their customers and employees.

2. Cloud communications platforms are gaining ground and will increasingly become the primary solution for how companies build communications into their business systems. It is cost-effective, scalable and flexible. We began with text message-based communications and now offer a complete range of services for voice, video and IoT.

3. Size and scalability. Our business model is scalable and we have the muscles to be active in the continued consolidation of the market.

4. Deep industry expertise. We have deep industry expertise and we own and control the technical platform required for our deliverables – and we have the lowest production cost in the industry for the services we provide.

These factors, combined with a strong financial position and a skilled organization, put us in a leading position in the market.

A SUCCESSFUL YEAR WITH TWO STRATEGIC ACQUISITIONS

The extended financial year of 2015-2016 was marked by continued strong and profitable growth, while we successfully completed two strategic acquisitions.

In July 2016, we acquired Mblox Inc. With this acquisition, we were able to advance our position in the important American market while achieving substantial cost synergies.

This was strategically important to us for the following reasons:

- The development of cloud communications solutions is driven mainly from the USA. The acquisition takes us closer to the companies and trends that are shaping the market.
- We gained a solution for cost-effectively selling our services online, making it possible to address the SME market.
- Size matters. Winning the biggest contracts and meeting the demands imposed by large companies and government agencies takes resources, capacity and persistence. With the acquisition of Mblox we took a step from being just a supplier to being increasingly viewed as a strategic partner. Many multinational corporations are headquartered in the United States, where global decisions are made. A strong position in the United States will also power growth in other markets.

In December we acquired Swedish tech company Sinch AB. The acquisition of Sinch is a strategic step, enabling us to provide a more complete product offering to our customers. To an increasing extent, our customers want to work with fewer suppliers and the Sinch product portfolio, in areas including voice and video communications, complements our own range of services.

THE MARKET FOR CLOUD COMMUNICATIONS SERVICES

Over the past ten years, the ever-smarter mobile phone has transformed the way people make decisions and how companies communicate and build relationships with their customers. What we have seen so far is only the beginning of an accelerating evolution.

Nowadays, we take online shopping, banking services, hotel reservations and social networks for granted. Businesses that have not created user-friendly services, that do not give customers the option to get information or immediately buy products and services via internet-based solutions in their mobile phones are struggling to compete with next-generation enterprises.

For our customers, this is not a matter of "oh, it would be nice to have a mobile solution." It is a matter of survival. Global digitalization is pushing companies to rapidly lower their costs and adapt their value propositions to a new market situation – which is creating opportunities for CLX.

2017 AND BEYOND...

CLX's sales have multiplied many times without compromising profitability or quality. Our financial position is resilient, giving us the opportunity for sustained growth. We have a strong customer base that includes some of the world's most exciting enterprises in the new digitalized world.

Our customers include some of the most famous brands in the world in sectors that are rapidly adopting new communications technologies, as well as new and innovative enterprises that are turning old industries and beliefs about what is possible upside down. The common denominator among these enterprises is not only that they are adopting new communication technology faster, but that, in partnership with us, they are driving the development of new mobile services.

Being the CEO of CLX Communications is both demanding and very enjoyable. Demanding because we do business in a rapidly changing market. Enjoyable because I have the best co-workers I could imagine, in terms of their industry expertise, their innovativeness and their skill at translating brilliant ideas into sales, growth and profitability.

As we close the books for our first financial year as a listed company, we have delivered powerful growth, both organically and through acquisitions, and have taken a position as a leading global provider of cloud communications services. Although the early days as a listed company have been the most exciting time in my career, the journey has only just begun. With great confidence, I am looking forward to working with the entire CLX team as we write the next chapter in the story of the little company from Kalmar that has grown into a global titan in only ten years.

My sincere thanks to our customers, employees, directors and owners.

Stockholm, 28 April 2017

Johan Hedberg
President and CEO

FACTS

JOHAN HEDBERG
Chief Executive Officer

Born: 1973
Employee since: 2008
Education: Graduate Engineering Degree, KTH Royal Institute of Technology, Stockholm

Johan is a co-founder of CLX and has more than 15 years of industry experience, including positions at Ericsson and Mblox. Johan lives with his family in Atlanta, USA.

MARKET

The cloud communications market

The market for cloud communications services has grown at an accelerated rate in the past few years. Independent analysts are convinced that large companies will change their purchasing patterns for communications services from traditional software to cloud communications solutions, based on precisely the components they need to address their challenges and create greater competitiveness. Growth continued across all sub-markets in 2016.

Growth in the market for cloud communications services remains strong. The main elements of the market are:

- Messaging services like SMS, MMS, text-to-speech and the recently launched RCS.
- Voice services like Flash Calling and voice communications in applications and mobile apps.
- Video services and app-to-app video calls.
- IoT – Internet of Things, which comprises, a world of connected devices and technical equipment, programmable SIM cards and machine-to-machine communications (M2M).

MARKET SIZE

According to market research firm IDC, CLX's market is expected to grow by

DIRECT CONNECTIONS

200+

CLX has more than 200 direct connections to mobile network operators

OPERATORS WITH CLX'S PLATFORM/ SOFTWARE

80+

80+ operators have installed CLX's platform

FAST TRANSACTIONS

10,000

CLX handles up to 10,000 transactions per second

about 23 percent a year, reaching USD 28.9 billion in 2019. In 2015, sales in the market were approximately USD 12.8 billion. The calculations include solutions for messaging (SMS, MMS), voice communications and video, as well as security solutions including identification in banking transactions and IoT.

The market is roughly divided into traditional software and hardware solutions on the one hand and cloud communications services on the other. According to IDC, the segment of the communications market based on cloud API solutions is alone expected to be worth around USD 10 billion in 2019, compared to 2015, when the market generated only about USD 222 million in total.

KEY TRENDS IN THE MESSAGING MARKET

In recent years, the communications market has become the core or spine of the new and modern society that is emerging all around us. We have seen how enterprises have created opportunities for new and revolutionary products and services based on communications. As consumers, we rely on communications services as the backbone of our everyday lives.

In short, cloud communications are all about the next generation of communication. Enterprises, researchers, analysts and visionaries all agree that the absolute majority of the services enterprises offer are going to happen in mobile devices. These communications between enterprises and people – A2P (application-to-person) – will be a prerequisite for survival.

Historically speaking, only the truly major enterprises have been able to afford these solutions, because communications between businesses and consumers required huge investments in hardware, software and other costly infrastructure.

CLX is one of the companies leading the migration from the rigid and costly solutions of yesterday to the modern solutions of the digital era based on cloud communications. Today, enterprises are integrating communications solutions in the form of advanced API protocols in their existing business systems. CLX is one of few high-tech firms that can provide this type of protocol to every enterprise in the world along with direct connections to more than 200 mobile network operators worldwide.

The Forrester Consumer Technographics North American Online Benchmark Survey (Part 1) data from 2016 showed that messaging services based on SMS, etc., are largely replacing, or are expected to replace, other existing communication channels, especially email. According to the study, consumers in North America, for example, prefer to use SMS-based services when reliability and speed are paramount.

The trend is clear. The market for business-to-consumer communications solutions is still growing while the market in which CLX operates is growing considerably faster, at the expense of last-generation tech solutions.

An IDC report from March 2016 shows that the overall market for cloud communications will grow by an average of 8 percent per year until 2019, while the market share for CLX's main market, cloud communications services based on API technology, will increase from 1 percent in 2014 to 25 percent in 2019.

According to Mark Winther, group vice president, Telecom, at IDC, Cloud API messaging platforms are working as a catalyst since they are open to users for test and development and the develop-

> The market for cloud-based voice applications is expected to grow from USD 94 million in 2014 to USD 3.7 billion in 2018."

ment platforms of the new era make it possible to build and test new applications in hours.

KEY TRENDS IN THE VOICE COMMUNICATIONS MARKET

Most enterprises have already integrated traditional voice services in their operations and many have not considered the possibilities to develop new and competitive services. Thanks to powerful and programmable API protocols from companies like CLX, it is now so easy to integrate new and innovative services based on various types of voice-based services in enterprise applications that voice calls to traditional landline and wireless devices will be an option only for consumers who prefer to communicate that way.

In a modern information society where customers' and consumers' communications patterns are constantly evolving, large enterprises will not be able to afford to stick to traditional technology with the attitude that "things are fine as they are." If they do, they are likely to be left behind by companies using for example WhatsApp and Slack as communications channels.

According to a forecast by market research firm Ovum, minutes of use for OTT VoIP and video calling will grow at the expense of conventional mobile and fixed voice services.

KEY TRENDS IN THE VIDEO COMMUNICATIONS MARKET

Video calls have become an increasingly common feature of consumers' lives thanks to smart phones with, video calling applications like Facetime, WhatsApp and Skype, at the same time as broadband capacity has increased and camera phones improved.

Ovum predicts that the number of video calls, both for person-to-person and conference calls, is going to increase by 32 percent over the next four years.

Business models for WebRTC (an open and entirely free standard for communication via web browsers) are still under development. WebRTC allows providers of cloud communications services to offer software and infrastructure to application developers and enterprises that prefer not to independently build the capacity required for large-scale use of WebRTC.

Telecom operators and enterprises are increasingly adopting WebRTC-based platforms to more easily provide customers with advanced communications services, such as web-based video calling and screen sharing. Studies including Ovum's *2017 Trends to Watch: Communications Services Report* show that development and roll-out of WebRTC is likely to contribute to powerful growth in video-based communications starting in 2017.

KEY TRENDS IN THE IOT MARKET

Ericsson predicts that the number of IoT connections will grow by an average of 20-30 percent a year for the next five years. The number of connected devices is expected to increase from 400 million in 2016 to 1.2 billion in 2022. CLX already has the technology and expertise to meet all of these needs on a global basis.

A FEW EXAMPLES OF TRENDS IN IOT AND HOW THEY CAN CREATE OPPORTUNITIES FOR ENTERPRISES

Although the following examples represent various types of businesses and challenges, all IoT solutions have one thing in common – to reach their full potential and deliver value, they all, no matter what, have to connect, collect and communicate data without regard to physical or technical boundaries.

VISUALIZE A WORLD OF CONNECTED DEVICES

Connected cars and body-worn fitness gadgets are already becoming familiar IoT devices – but IoT is also coming into our lives through the energy industry and retail, for example.

COLLECTION OF REAL-TIME DATA

There has been some lightening of regulatory burdens in this area – and it may become possible in the future for drones, for example, to deliver vast quantities of data. Another example of data gathering is CLX's joint project with Top Fuel, where IoT solutions from CLX are helping Top Fuel monitor their fuel tanks.

DIGITAL TRANSFORMATION AND IOT ARE A COMMON CAUSE

The digital transformation of big businesses will be driven by information and data collected from machines, technical devices and analytical tools for processing the collected data. Connecting data from things and equipment is only the first part of IoT-based production. The magic happens when the analytics transform data into decision support. CLX already has the expertise and experience that CIO's need to navigate in a whole new world.

A NEW AGE DEMANDS NEW SKILLS

An estimated quarter of a million IoT applications will be developed in 2020.

Naturally, this presents opportunities for talented developers and companies like CLX that already have the expertise and technology to support this development. Buyers of communications solutions will be confronting new challenges, which in turn will affect the need for skilled employees and the training they need. CLX is a valuable partner in corporate skills development to enable a more connected world.

PERSONAL PRIVACY AND SECURITY

IoT is going to entail fundamental changes and create huge advantages for enterprises and individuals, but this development will also intensify demands on security aspects. For example, IoT is likely to create a completely new kind of healthcare, perhaps especially in this area, focus on security will be essential. CLX thoroughly understands the IoT field and has the experience and technology required to assure compliance with future regulatory requirements for privacy and security.

> For companies, SMS is still the cheapest, most reliable and most widely available mobile communication channel for reaching out to customers and employees."
>
> **Pamela Clarke Dickson, Ovum Research**

TRENDS IN CLOUD COMMUNICATIONS SERVICES

MARKET CONSOLIDATION

The market is undergoing continuous consolidation, and there is a high level of activity. Mergers and acquisitions will lead to a gradual reduction in market fragmentation, with fewer players and a number of large global companies competing for a rapidly growing market.

CLX is one of the most active players in the ongoing market consolidation, in part through the acquisitions of Mblox and Sinch in 2016. CLX will continue to hold this position.

EXPANDING NUMBER OF COMMUNICATION CHANNELS

Companies active in the cloud communications market that previously focused on selling a single communication channel, such as voice, SMS or OTT, have developed and expanded their activities to offer multiple channels and products to take advantage of economies of scale, their infrastructure and their global sales teams.

CLX is currently one of the few providers that can meet this broad need. And with over 200 direct connections with operators all over the world, CLX is the market leader in cloud communications.

TRADITIONAL TELCOS ARE MOVING TO THE CLOUD

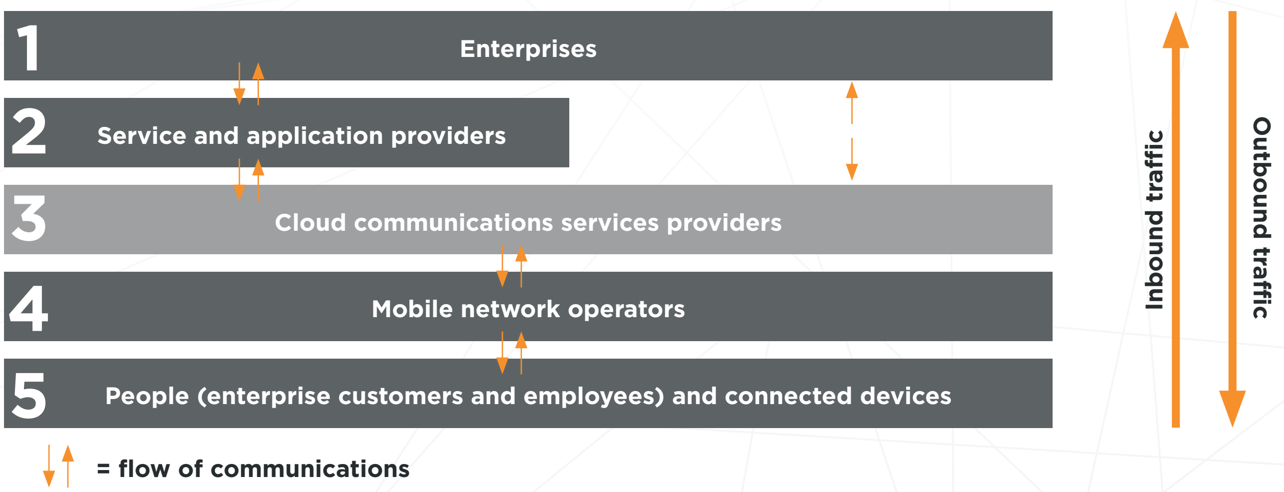
The more traditional telcos are developing and transitioning to cloud services. They are also starting to introduce easy-to-use cloud APIs, developer-friendly communication products similar to SaaS (Software-as-a-Service), with new pay-as-you-go models and no long-term binding contracts.

This trend is particularly relevant for small and medium-sized enterprises, which were previously unable to purchase telecommunications services since they were complex to implement, costly and obstructed by commercial or regulatory barriers.

THE RACE FOR THE NEXT BIG THING

Finally, there is an ongoing race to develop and deliver products for the next generation of communications services

THE VALUE CHAIN FOR ENTERPRISE CLOUD COMMUNICATIONS



and IoT. To an increasing extent, enterprises that offer cloud communications services are also going to offer data traffic for IoT devices. This is a logical step since these companies can make use of the existing wireless infrastructure that they already use for voice, SMS and MMS communications. The potential for companies like CLX to offer mobile connectivity for IoT has become much greater through uniform standards for things like embedded SIM cards.

INNOVATION IS CREATING NEW ECOSYSTEMS

Innovation has always pushed the boundaries of technology and in recent years has created user-friendly services that integrate new communication channels, such as video applications like Facebook Messenger, WhatsApp, WeChat and Viber.

Some believe that these new ecosystems might disrupt traditional communications, but enterprises that offer cloud communications services see them as an opportunity to generate growth. Many of them will also open their platforms in order to create scope for increased profitability. For CLX, this presents a huge opportunity to enter these currently closed ecosystems and offer services that customers are willing to pay for.

Finally, the entirely new RCS (Rich Content Service) messaging service has shown signs of maturing and is growing rapidly, thanks in part to the Google RCS cloud. In February 2017, Google announced a program for early access to RCS capability for businesses and promised major benefits over traditional SMS. In early 2017, CLX announced that the company had entered into a strategic partnership with Google, which wants to be able to offer its customers a future product portfolio of messaging services based on the new RCS standard.

Sources:

Ovum – 2017 Trends to Watch: Communications Services – Pamela Clark Dickson – 21 December 2016
Ovum – WebRTC: An Emerging Revenue Opportunity for Telcos – Pamela Clark Dickson – 20 August 2015
Ericsson – Ericsson Mobility Report – June 2016
Forrester – Data Consumer Technographics North American Online Benchmark Survey (Part 1), from 2016
Ovum – Global Communications Outlook: 2016-21 – Pamela Clark Dickson, Gareth Sims, Kamalini Ganguly, Neha Dharia, Ronan de Renesse, Matthew Howett, 9 January 2017
Ovum – Ovum's Digital Economy 2025: The Future of Communications
IDC – Worldwide Application-to-Person Messaging 2015-2019 Forecast: The Power of Cloud API Messaging Platforms by Mark Winther – March 2016
Ovum – Chat apps set to disrupt the mobile app store – Neha Dharia – 1 February 2017
Ovum – Mobile Messaging Traffic and Revenue Forecast: 2016-21 – Neha Dharia 25 November 2016
GSMA – Messaging as a Platform – Enabling Conversational Commerce v1.0 – 16 December 2016
Forrester – Executive Q&A: Boost your Chatbot IQ by Ian Jacobs, Andrew Hogan, Michael Facemire and Julie A. Ask – 21 February 2017
Forrester – Vendor Landscape: Mobile Messaging Platforms – Michael Facemire and Julie A. Ask – 16 March 2017
EY – Global telecommunications study: navigating the road to 2020-2015
CLX – Internet of Things: Last Mile Connectivity Options Explained – February 2017

CLX year by year

2008

CLX IS FOUNDED

CLX is founded by six people with long and extensive experience with telecom and internet services with companies like Ericsson and Mblox. The vision is to simplify global communications, with initial focus on making it easier for enterprises to communicate effectively with their customers via mobile messaging services.

2009

CLX ACQUIRES SYMSOFT

The company is growing fast. The first office abroad is opened in the UK and CLX now has more than 100 customers worldwide.

CLX acquires Symsoft AB, a supplier of software and services to mobile network operators.

The acquisition strengthens CLX's technical infrastructure and relationships with mobile network operators. In parallel, CLX launches a business model using the same technology to offer solutions to enterprises and operators.

2010

INTEGRATION OF SYMSOFT

Symsoft is successfully integrated.

2013

INTERNATIONAL EXPANSION

Continued international expansion. The company opens its tenth international office and CLX now has local presence in North America, South America, Europe, the Middle East, Asia and Australia.

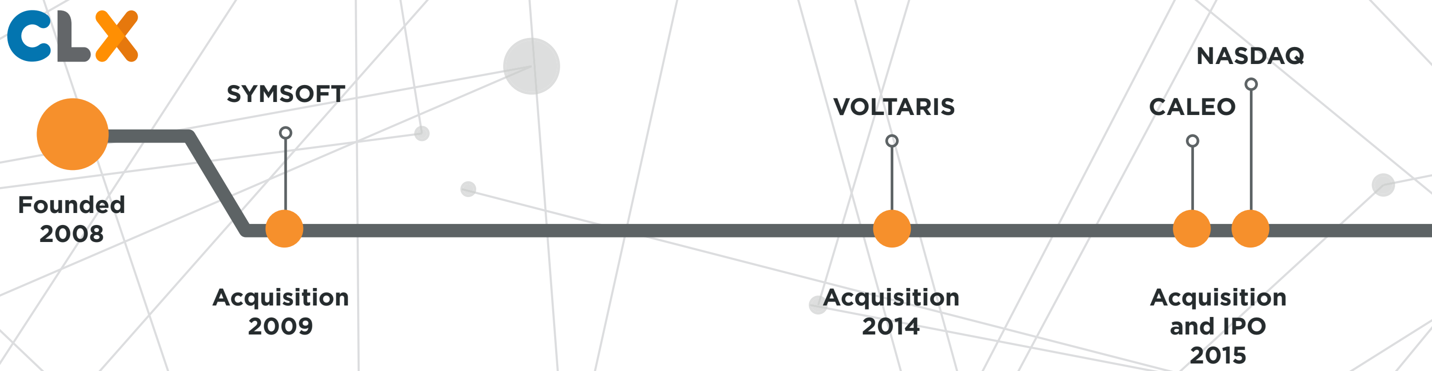
2014

CLX ACQUIRES VOLTARIS

CLX acquires Voltaris's mobile messaging business in the US and Canada. The acquisition gives CLX access to unique operator agreements in North America and key customer contracts. Powerful growth continues and CLX now has more than 500 customers.

The company's CEO and co-founder Johan Hedberg wins Ernst & Young's Entrepreneur of the Year Award.

CLX expands its enterprise service portfolio with the introduction of voice applications.



2015

CLX ACQUIRES CALEO

CLX acquires Caleo Technologies and expands the product portfolio. The acquisition means CLX can offer complete solutions to small and virtual operators.

The CLX Tier One Super Network comprises technical and commercial relationships with more than 100 mobile network operators all over the world.

CLX LISTED ON NASDAQ

The CLX share was listed on Nasdaq Stockholm Mid Cap on 8 October. CLX gains access to capital in order to drive consolidation in the segments where the company operates.

2016

GLOBAL LICENSE AGREEMENTS WITH ERICSSON AND SAP

The CLX Operator Division closes agreements with Ericsson and SAP. The agreements enhance CLX's capacity to attract the world's largest telcos. Ericsson licenses SMS software solutions for mobile network operators and SAP licenses firewall solutions to protect mobile operator networks.

CLX ACQUIRES MBLOX

CLX acquires Mblox and takes a leading role in the ongoing market consolidation. Headquartered in the US, Mblox Inc. is one of the largest messaging service providers in the world.

With the acquisition, the CLX Enterprise Division more than doubles its sales and the company strengthens its global presence, especially in the US, UK and Australia.

The acquisition also reinforces the global CLX Tier 1 Super Network, which now includes more than 200 mobile network operators.

CLX ACQUIRES SINCH

CLX acquires Sinch AB, a leading supplier of cloud communications services, primarily voice-based.

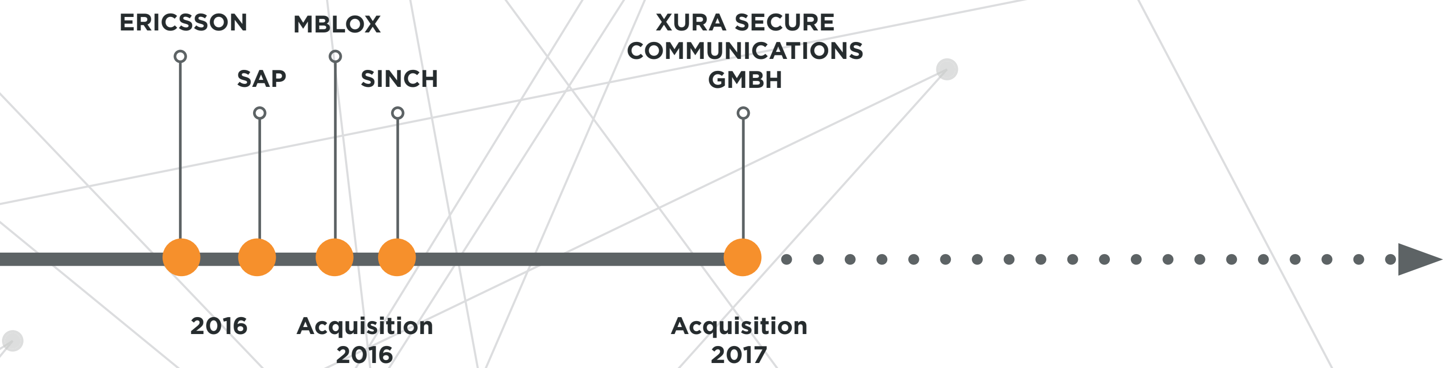
The acquisition strengthens the CLX product portfolio in voice services and CLX can now offer globally leading solutions to enterprises in all three mobile communications channels: text messaging, voice-based solutions and data for IoT.

2017

AFTER THE END OF THE REPORTING PERIOD, CLX ANNOUNCED THAT IT HAD ACQUIRED XURA SECURE COMMUNICATIONS GMBH

Xura Secure Communications GmbH is a leading provider of cloud communications services in Germany. Its customer base includes some of the largest banks, logistics companies and airlines in the country.

The acquisition gives CLX a leading presence in Germany.



CLX operates through two complementary business divisions

The Enterprise Division targets the corporate market. The Operator Division is a leading supplier of software and services to mobile network operators all over the world. Both divisions offer their customers products and services based on CLX's proprietary communications platform and software. During the 18 month reporting period that ended 31 December 2016, the Enterprise Division accounted for 89 percent of CLX's net sales and the Operator Division for 11 percent.

ENTERPRISE DIVISION

The CLX Enterprise Division combines programmable APIs and cloud services to create, in partnership with its extensive network of mobile network operators, opportunities for enterprise customers and developers to easily build global communications, including messaging, voice, video services and data connectivity, into applications, business processes and IoT devices.

Offering

The CLX Enterprise Division's offering includes APIs for mobile messaging services from enterprises to customers, primarily SMS, but also MMS and USSD. These make it possible for enterprises to send and receive customized text messages to and from their customers, employees and connected devices worldwide, fast and easily.

Examples of how these APIs are used:

Banking and finance sector

To reach and communicate with customers via the channel they prefer, improve and streamline customer service and enhance security by implementing verification and/or two-factor authentication.

Retail and brands online

To increase sales through relevant messages to customers at precisely the right moment and enhance security by implementing verification and/or two-factor authentication.

APIs for voice services

These APIs enables enterprises to activate calls via the cloud from an app to landline and mobile phones, initiate phone-to-phone or app-to-app calls and connect incoming and outgoing voice calls to their applications and systems. Examples of how voice APIs are used include flight and hotel reservations, where customers can call a central reservations service directly from an app while relevant customer information is simultaneously transmitted digitally for smooth and efficient reservations and customer relationships.

APIs for verification services

Application developers and enterprises can use phone number and identity verification services to quickly verify that a person's phone number is correct and that the person is who they claim to be. This is usually managed with a PIN that is sent by text message or voice call.

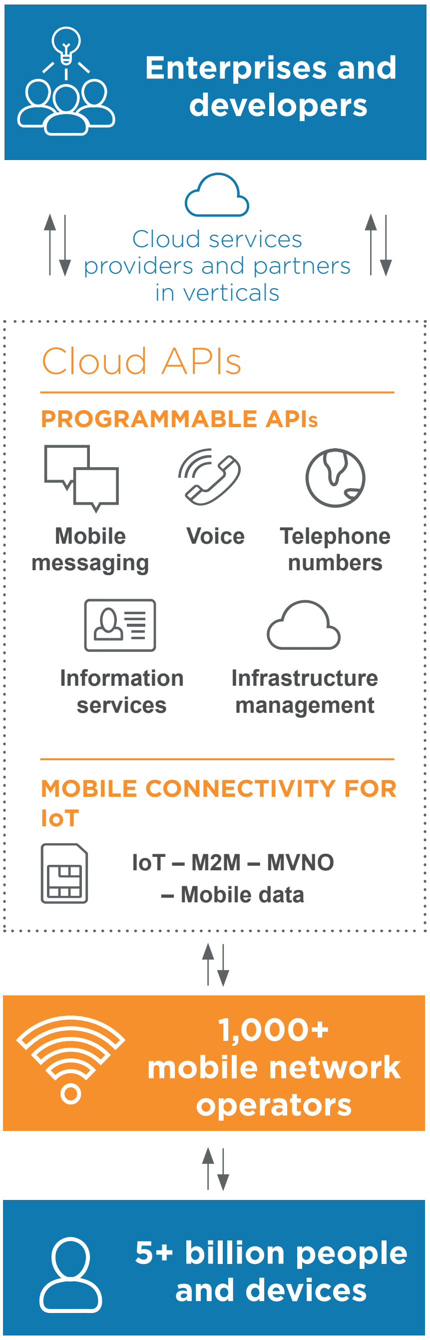
APIs for video services

Developers and enterprises can use these APIs to easily add high-quality video services to an existing app or website.

Data connectivity

CLX provides mobile connectivity services for IoT. The service makes it easy to connect IoT devices to the internet, regardless of location.

CLX has more than 3,000 active enterprise customers including Air Canada, L'Oréal, Panasonic, Microsoft, Viber, Renault, Uber, Badoo, Truecaller, Snapdeal, Rebtel and Domino's Pizza.



OPERATOR DIVISION

The CLX Operator Division (Symsoft) is a partner to more than 80 mobile network operators in more than 40 countries. The division offers innovative, stable and scalable software and services to customers in the areas of IoT platforms, real-time BSS, VAS, fraud prevention solutions for revenue retention and full-service solutions for virtual operators (MVNO).

Solutions can be provided as local installations for operators, as managed outsourcing services or as cloud services in public or private clouds.

The Division creates value for its customers by making them more competitive in terms of shorter time-to-market (TTM), access to new revenue streams, the opportunity to prevent fraud and substantially lower costs of ownership and operation. CLX offers a wide range of flexible usage options and several different levels of service.

In 2016, the division achieved a customer satisfaction score of 86 percent, while 96 percent of the customer base regards the Operator Division as a long-term partner. Other highlights in 2016 were that Symsoft was the first supplier in the world to bill a cash-card subscriber for a VoLTE call and we won the world's largest multi-market contract for SS7 signaling.

The Operator Division's product portfolio simplifies many of the greatest challenges mobile network operators are facing.

1. Transition to providing customers of mobile network operators mainly digital services and enabling service innovation to sharpen competitiveness

Symsoft contributes here with products like Real-Time Business Support System (BSS), which contains tools for creating high-quality customer experiences for end users, and Integrated Policy and Online Charging, which provides the flexibility and control required for mobile network operators to create differentiated products in a highly competitive market.

2. Reduce operating costs in the operators' base networks

Symsoft offers consolidated, leaner and more efficient SMSC and MMSC products that can replace costlier systems and those about to be phased out.

3. Generate revenues from wholesale SMS

Symsoft's SMS platform (SMSC) and revenue retention solutions make it possible for mobile network operators to capture revenues for traffic for which fees are not currently charged.

4. Prevent fraud

Symsoft's firewall solution for SMS and SS7, along with filter solutions, help mobile network operators prevent fraud. Our products are updated in real-time with a specific update service so that all vulnerabilities are quickly detected.

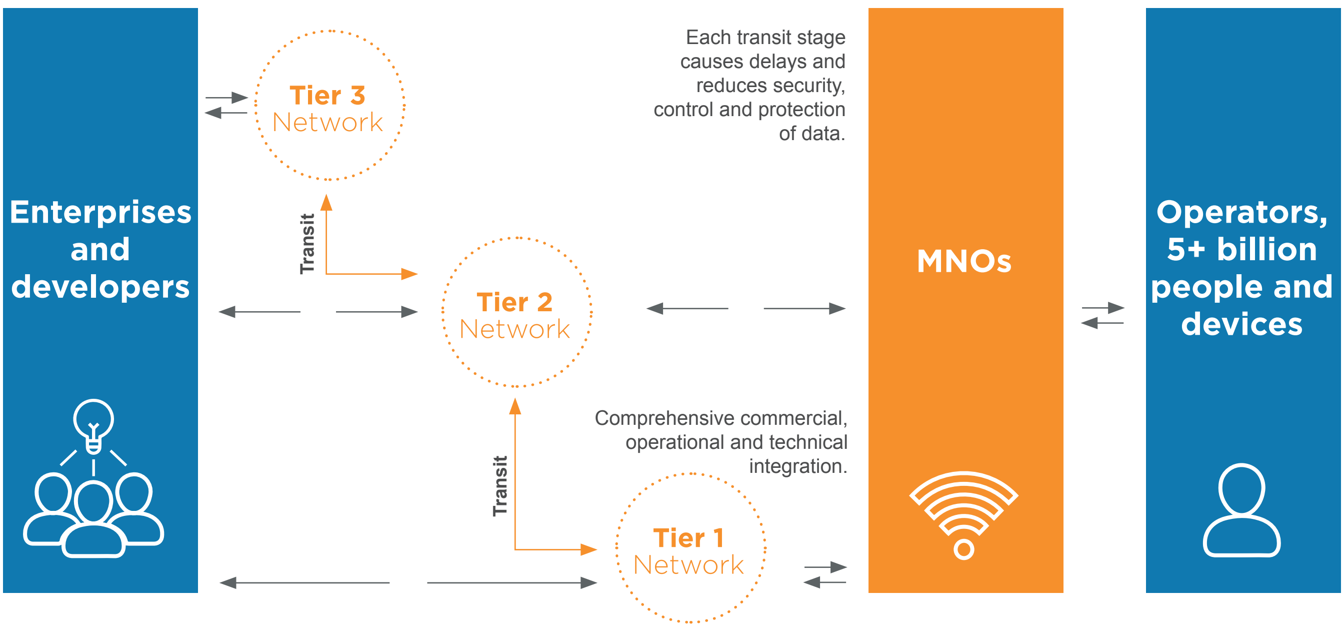
5. Thrive as a virtual operator

Symsoft provides mobile virtual network operators (MVNO) a full-coverage solution: voice, messaging, mobile data services and more. We create short time-to-market through a complete MVNO solution that is included in our MVNCloud offer.

6. Monetize IoT

Symsoft can help mobile network operators launch IoT products for their existing business customers via the same underlying software that the Enterprise Division uses for cloud communications services in IoT.

Symsoft's customers include Virgin Mobile, 3, Mobile One, Telefonica, Rebtel, Telia and Tango.



USE CASES

Banking

- Confirmation
- Notifications
- Two-factor authentication, one-time pin codes
- Passwords

Healthcare

- Patient monitoring
- Voice authentication
- Appointment reminders

E-commerce

- Authentication
- Two-factor authentication
- Virtual phone numbers

Industry and public sector

- Utility meter reading
- IoT connection
- Human resources planning

Travel

- Flight and ticket status
- Local phone numbers
- Sponsored data

Transport

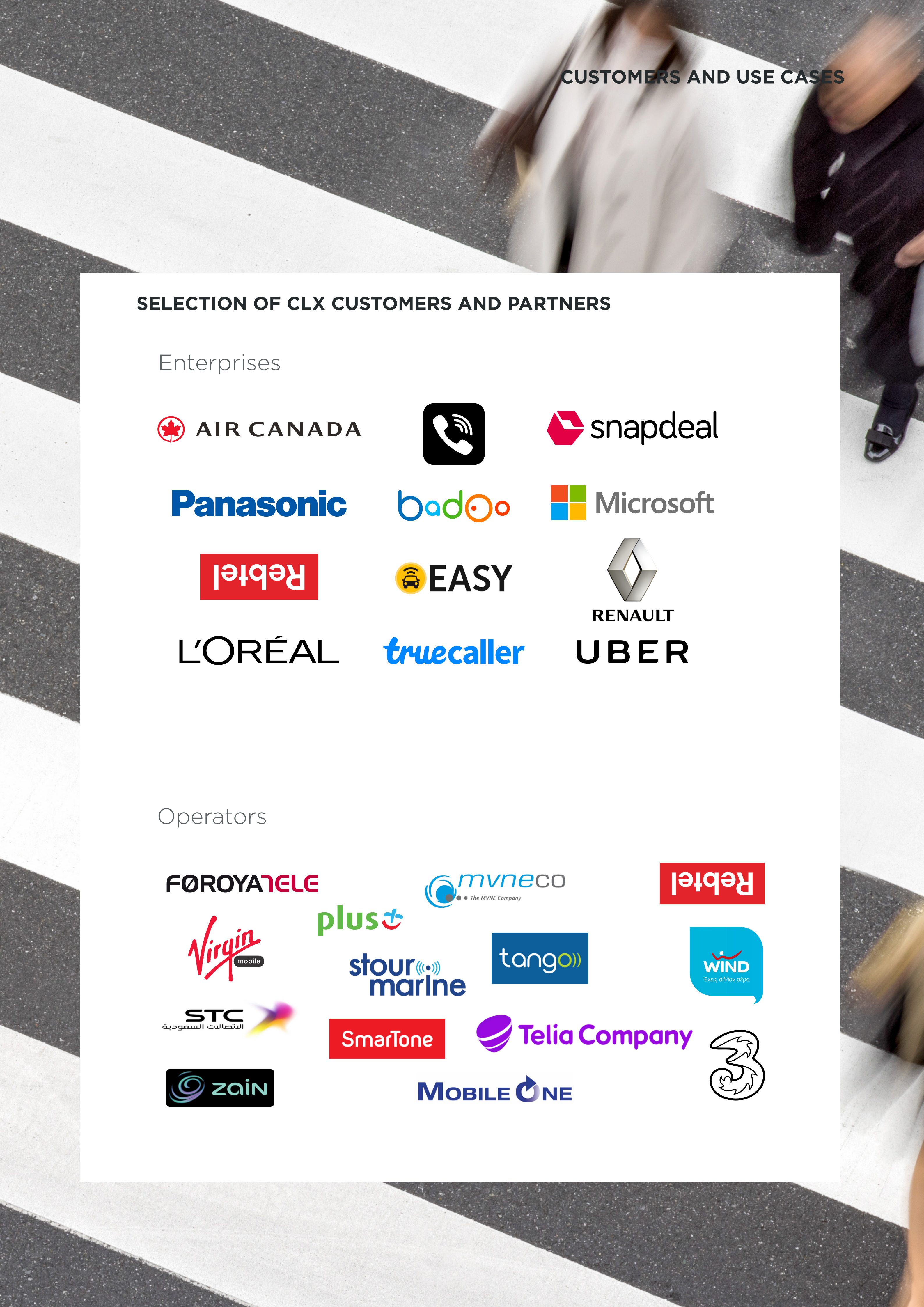
- Process monitoring
- Delivery confirmation

Connected cars

- Service notification and downloads
- IoT connections
- Always local connection

Media

- News notifications and updates
- Sponsored data
- Data from commercial advertisements



SELECTION OF CLX CUSTOMERS AND PARTNERS

Enterprises

AIR CANADA
snapdeal
Panasonic
badoo
Microsoft
Rebtel
EASY
RENAULT
L'ORÉAL
truecaller
UBER

Operators

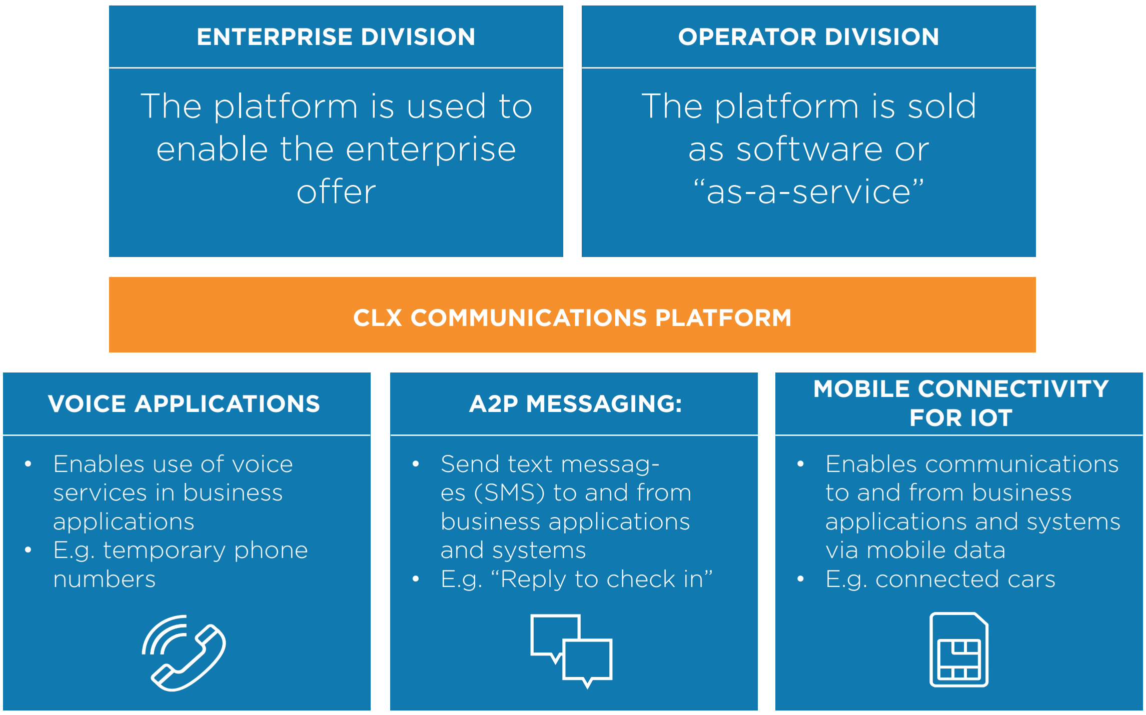
FØROYATELE
mvneco The MVNE Company
Rebtel
plus
Virgin mobile
stour marine
tango
WIND Έχεις άλλον αέρα
STC الاتصالات السعودية
SmarTone
Telia Company
3
zain
MOBILEONE

The communications platform

The proprietary, software-based CLX communications platform can handle message, voice and mobile data traffic and is extremely reliable and thoroughly tested in environments that require 99.999 percent availability. CLX handles all traffic that its Enterprise Division customers generate in its own communications platform. The same platform is also sold to and used by mobile network operators in their businesses, generating revenues for the CLX Operator Division. CLX thus uses the same infrastructure and technology in its Enterprise Division operations as the Operator Division sells to its customers. This achieves substantial and advantageous synergies, such as shared costs of R&D, support and operation, but also generates excellent relationships and stronger trust in CLX in the mobile industry.

The platform is modular and scalable, which creates flexibility of use while offering comprehensive functionality. In 2016, the platform managed about 15 billion billable transactions from CLX's enterprise customers and is used in the operations of more than 80 mobile operators.

Through its communications platform, CLX offers its enterprise customers efficient direct access to about five billion mobile phone subscribers and connected devices all over the world. The communications program is easily accessed through secure and versatile APIs. The company has a substantial number of direct uplinks to mobile network operators and provides its enterprise customers direct access to a global mobile network. Powered by the CLX communications platform, this global mobile network enables cost-effective, high-quality, secure and scalable services and solutions for mobile-based business communications. CLX's communications services can lower investments, costs and barriers in connection with an enterprise's launch of a global communications service.



THE CLX TIER 1 SUPER NETWORK™ – WHAT IS IT AND HOW DOES IT STRENGTHEN OUR MARKET POSITION AND OUR CUSTOMER VALUE PROPOSITION?

The CLX Tier 1 Super Network comprises more than 200 direct commercial relationships and technical connections with the world's largest mobile network operators (MNO). It reaches five billion people and devices. These direct connections with more than 200 MNOs give CLX a major competitive advantage that is difficult for others to achieve.

Direct connections and relationships are important because they produce both commercial and performance advantages. That gives CLX a competitive edge that sets us apart from the competitors. CLX benefits from the lowest possible cost by buying capacity directly from the recipient subscribers' mobile network operators. In addition, direct connections are more reliable, cut queue times and increase security, because messages and calls never leave the CLX network. As a result, CLX offers enterprises the best level of service in the business. Another advantage is that CLX has direct access to subscribers' operators and can swiftly diagnose and correct faults, with no need to deal with a long chain of third parties and intermediaries.

Establishing these direct connections is no easy task. It takes complex technical integration, contract negotiations and high start-up fees. It has taken CLX more than ten years to build up this network and we are still adding new links: about 35 in 2016 alone. Mobile network operators can sometimes be reluctant to take on new partners, because it generates higher administrative costs but no new revenue. This is a major barrier for new entrants to the market.

The need for direct connections is going to increase as more mobile network operators choose to install SMS firewalls (from the CLX Operator Division or another supplier) in their mobile networks, because the firewalls only let through messages delivered via direct connections.

CLOUD COMMUNICATIONS PLATFORM

Our cloud communications platform is based on the same software developed by the Operator Division and is used by more than 80 mobile network operators worldwide.

The platform is available via developer-friendly APIs for cloud-based applications as well as APIs based on industry standards (such as SMPP). We make it easy for developers to integrate with our platform by giving them software development kits (SDK), code examples and guidance. Combined with our e-commerce capability, this means enterprises can get online fast and easily, without having to talk to a salesperson.

The platform is placed in a geographically redundant set-up in both the US and the EU with complete error-tolerant redundancy that ensures zero-downtime service to customers even if a problem should arise in a data center. If customers require their data to be held within the USA or the EU, we can accommodate that as well.

Our industry-leading platform has one of the highest levels of service in the business. We have the highest delivery performance with the lowest queue times while handling more than one billion API transactions per month from six continents. The CLX platform is linearly scalable and works no matter how many customers connect.

The platform is optimized and totally adapted for our Tier 1 Super Network of more than 200 mobile network operators, which ensures that all signals from the mobile networks are used to optimize all connections.

Last but not least, we take security and regulatory compliance extremely seriously. Our data centers are certified under PCI and ISO 27001. We perform regular penetration tests and have a full-coverage continuity plan.

EMPLOYEES

Our people

Working at CLX means coming every day to a workplace where passion is a main ingredient – something we are very proud of! We are energetic, pragmatic and humble. And we get things done. Working for us, as a truly global company, means having the freedom and independence you need to succeed. We constantly challenge ourselves and each other to be the best at what we do. We motivate and encourage our people to be the best they can be, every single day. We also believe in maintaining a good work/life balance by making it possible to relax, be ourselves and enjoy the workday and the challenges it brings.

To us, a strong company culture is a key prerequisite for success. The culture is inevitably affected by the relatively large number of acquisitions we have made. But the essence of what makes us CLX is so strong that we have maintained its vibrancy through structural changes and acquisitions.

We value and reward our employees' deep expertise in their fields and we have developed a rigorous recruitment process to ensure that we attract and select the top talents. We devote a great deal of time to selection and discussion with potential candidates. We are very picky and put a lot of energy into interviewing applicants. The point of it all? We want to make sure this is the start of a long and mutually rewarding relationship.

We do business in more than 30 countries and together our people speak more than 40 languages at the native speaker or professional level. That means we can often talk to our customers in their own language. And that is only one of the competitive advantages that diversity brings – we are convinced that diversity in every respect generally creates success.

> "Our people are hand-picked, world-class communications experts – they are here to help our customers!"

CLX COMPANY VALUES

Be the trusted partner
Provide solutions pro-actively, always exceed customer expectations.

Be cost-conscious
Be smart, act smart. Drive value creation with a culture of frugality.

Listen and learn
Be open, humble and learn to continuously improve.

Embrace and drive change
Be agile, flexible and act fast. Think ahead and drive change.

It's one global network
Think big and act local. We are part of a global ecosystem.

Empower others
Share knowledge and give guidance to feed creativity. We grow and succeed together.

EMPLOYEES

At 31 December 2016, CLX had 309 employees, of whom 249 were men, working across more than 30 countries.

EMPLOYEES AND CONSULTANTS BY COUNTRY	NUMBER
Australia	2
Canada	9
Colombia	2
Czech Republic	2
Ecuador	2
France	3
Germany	1
Greece	1
Guatemala	1
Hungary	1

	NUMBER
Malaysia	1
Poland	12
Singapore	1
Spain	3
Sweden	156
Turkey	3
Ukraine	1
United Arab Emirates	9
United Kingdom	39
United States	52

Sustainability management at CLX

CLX shall run its business responsibly with consideration for the environment, society, customers and employees. The company aspires to steadily reduce the environmental impact of its operations. Generally speaking, since the aim of CLX's business is for users of the company's products and services to communicate virtually to a greater extent. CLX thereby helps to reduce the use of paper, which is good for the environment. CLX's products and services also help reduce the need for travel and transport in a variety of ways, including delivery of cloud services.

Customer benefit is number one for CLX and in recent years the company has been ranked the best A2P supplier in the market.

SUSTAINABILITY MANAGEMENT AT CLX

CLX has established a Code of Conduct that applies to all companies in the Group. The Code requires compliance with the Ten Principles of the UN Global Compact, which sets out how businesses around the world should approach human rights, labor law and workers' rights, the environment and corruption.

CLX allocates resources, and will continue doing so, to nurture employee health, safety and social welfare in the workplace. This also applies to others who are affected by the company's operations.

The company endeavors to uphold high standards for employee conduct in relation to how the company does business – and CLX expects the same approach from its business partners.

CLX is committed to having a healthy business in terms of environmental impact. And, it goes without saying, the company does not tolerate corruption in any form.

CLX supports the organization Hand-in-Hand, which is working to eradicate poverty through job creation.

SYMSOFT

CLX's subsidiary Symsoft, which constitutes the company's Operator Division, is a signatory to the UN Global Compact. Accordingly, Symsoft publishes an annual Communication of Progress report in which it describes its progress in the relevant areas. The next report will be published on the website during the first half of 2017. Symsoft supports the following initiatives:

- EICC Code of Conduct
- GeSI (Global e-Sustainability Initiative)
- EICC-GeSI Extratives Working Group
- iNEMI (International Electronics Manufacturing Initiative)
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas
- AA1000
- UN Global Compact 10 Principles
- GRI

For the second year in a row, Symsoft was awarded the Gold CSR medal by EcoVadis, a CSR agency, in 2016. Gold is the highest CSR recognition level that EcoVadis awards. Symsoft received the medal for the environmental, social and ethical aspects of its business and the award is an important acknowledgment of Symsoft's ongoing sustainability efforts. The Gold recognition level means that EcoVadis considers Symsoft among the top-ranked 3.3 percent in its industry.

STAKEHOLDERS

CLX's key stakeholders are customers, employees, suppliers, industry players, shareholders and society as a whole.

CLX strives to maintain fruitful dialogue with its stakeholders and communicates with them in the following ways:

Customers

The company's communications with customers are mainly direct, through meetings, email and phone calls. A customer satisfaction survey is performed every year in which CLX asks its customers what they think about the company and what it delivers. The results of the latest survey were enthusiastic. The survey showed, for example, that 95 percent of the respondents think their account manager at CLX listens to them, reacts to their needs and provides accurate information.

ROCCO, a consulting firm, performs a survey of operators every year. CLX was voted the best A2P provider in both 2015 and 2016. In fact, the only category in which CLX was not voted one of the three best in the industry was "Brand Recognition," which could be interpreted to mean that CLX is the world's best-kept secret! CLX's subsidiary Symsoft was ranked No. 1 SMS Firewall Vendor by ROCCO in 2016.

> In 2016, for the second year in a row, Symsoft was awarded the Gold CSR medal by EcoVadis for the environmental, social and ethical aspects of the business. The award are an important acknowledgment of Symsoft's ongoing sustainability efforts."

Employees
Employee health and wellbeing is critically important to CLX. The company communicates with employees through face-to-face meetings, email, phone, etc.

CLX performs an employee satisfaction survey twice a year. Happily enough, the latest survey showed that the company is above average compared to other companies in our industry with regard to most of the parameters measured. One of several areas of strength is our employees' sense of freedom, both when it comes to organizing their own work, but also the freedom to express their opinions.

CLX believes the company culture is a key prerequisite for success. CLX values deep expertise and employees are happy to share their knowledge, both internally and externally. The company has developed a rigorous recruitment process, which has proven successful when it comes to recruiting the right people. CLX has more than 300 employees in more than 30 locations around the world, where more than 40 languages are spoken – diversity is a success factor for CLX!

Suppliers
CLX communicates with its suppliers on a daily basis – through face-to-face meetings, email, phone, etc.

Industry players
In 2016, MNOs (Mobile Network Operators) ranked CLX the "Leading Tier 1 Global A2P SMS Messaging Provider" for the second consecutive year.

Shareholders
CLX demonstrates responsibility to its owners by working to maximize value within the framework of laws, regulations and norms. The company reports to its owners by publishing interim and annual reports and by holding general meetings.

Society
CLX makes its best to ensure that the company's interactions with government agencies, the media and the rest of society are managed in accordance with generally accepted practice.

CLX communicates with all stakeholders indirectly through the media.

Financial information

30 Management report

38 Income statement Consolidated

39 Balance sheet Consolidated

40 Statement of changes in equity Consolidated

41 Cash flow statement Consolidated

42 Income statement Parent company

43 Balance sheet Parent company

44 Statement of changes in equity Parent company

45 Cash flow statement Parent company

46 Multi-year review Consolidated

48 Definitions

49 Notes

75 Certification and signatures

76 Auditor's report

80 Corporate governance report

85 Board of directors and Group management

87 Auditor's report on the corporate governance report

88 Annual general meeting, addresses, terms and abbreviations

Management report

The board of directors and chief executive officer of CLX Communications AB (publ), company registration number 556882-8908 submit herewith the annual report and consolidated financial statements for the operations of the Group and the parent company for the extended financial year of 18 months beginning 1 July 2015 and ending 31 December 2016. Unless otherwise stated, amounts are reported in thousands of Swedish kronor (SEKk). Terms such as “CLX,” “the company,” “the Group,” and comparable refer in all cases to the parent company, CLX Communications AB, and its subsidiaries.

BUSINESS AND ORGANIZATION

CLX Communications AB was founded, under the name Seitse 1 Holding AB, on 1 February 2012 and has been listed on Nasdaq Stockholm since 8 October 2015.

CLX is a leading supplier 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 people and connected devices, swiftly, securely and cost-effectively. CLX Communications’ solutions enable business-critical communication worldwide via mobile messaging services (SMS), voice services, and mobile data services.

The CLX Enterprise Division provides enterprises cloud communications services. CLX’s agreements with leading global mobile operators give enterprises access to five billion mobile phone users worldwide.

The CLX Operator Division develops software solutions for mobile operators that make it possible for them to offer modern communications services to consumers and businesses. CLX's software is provided both as a product and as a service. CLX offers a complete service platform to mobile virtual network operators, which allows them to focus exclusively on their value propositions and customer relationships.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

IPO

The company’s shares were listed on Nasdaq Stockholm on 8 October 2015. The introduction price was SEK 59 per share. In conjunction with the listing, the majority of existing principal shareholders sold approximately half of their holdings. In return, a number of, primarily Swedish, institutional investors, became shareholders in the company.

Acquisition of Mblox

It was announced on 13 May 2016 that CLX had made a binding agreement to acquire 100 percent of the share capital in Mblox Inc. (Mblox). The acquisition was finalized on 11 July 2016 and included in the consolidated accounts from that date.

Mblox was founded in 1999 and is one of the pioneers of the SMS industry. Like the CLX Enterprise Division, Mblox operates in the market for enterprise cloud communications. In 2015, Mblox had net sales of USD 140.4 million and EBITDA of USD 6.9 million. The average number of employees in 2015 was 171.

The purchase consideration was USD 117 million on a cash- and debt-free basis. See Note 32 for further information about the acquisition of Mblox.

Rights issue

In order to partially finance the acquisition of Mblox, an extraordinary general meeting held 7 June 2016 endorsed the board of directors’ proposal to issue a maximum of 16,216,215 new shares in a private placement to existing shareholders.

Registered shareholders on the record date received one subscription right for every share held in CLX. Two subscription rights conferred the right to subscribe for one new share, which were issued at SEK 38.50.

The fully subscribed issue was executed in early July 2016 and the proceeds to CLX were SEK 624.3 million before issue costs, which amounted to SEK 14.4 million after tax.

Change of financial year

An extraordinary general meeting held 13 June 2016 resolved to change the company's financial year to coincide with the calendar year. Consequently, the current financial year was extended and covers a period of 18 months beginning 1 July 2015 and ending 31 December 2016.

New financing

CLX arranged new credit facilities to finance the remaining portion of the consideration paid for Mblox. An existing bank loan of SEK 67.7 million was repaid in July 2016 and replaced by new loans of USD 24.6 million, EUR 21.5 million and GBP 5.1 million. The term of all loans is three years. See Note 22 for further information about repayment and interest conditions.

Restructuring

The acquisition of Mblox is expected to provide opportunities for annual cost and efficiency synergies of approximately USD 10 million. The most important areas for the estimated synergies are efficiency improvements in the sales and support organizations and reductions in overhead and administrative costs.

As one element of achieving the expected synergies, the business was restructured in conjunction with the acquisition. Restructuring costs are estimated at SEK 35.2 million and include employee benefits expense of SEK 24.5 million for 66 individuals and other external expenses of SEK 10.6 million for premises and advisory services.

Incentive program

On 5 December 2016, an extraordinary general meeting resolved to introduce a long-term incentive scheme for senior management and key employees within CLX by issuing a maximum of 1,500,000 warrants with expiry after three, four and five years, respectively, and an exercise price of SEK 127.67. If fully exercised, dilution will be approximately 3 percent.

Due to different tax rules, participants in the United States and the United Kingdom received the warrants against no monetary consideration. Other participants paid a premium of SEK 9.56 per warrant. The warrants were allotted in January 2017.

Acquisition of Sinch

CLX acquired 100 percent of the share capital in Sinch AB (Sinch) on 20 December 2016. Sinch is a leading developer of solutions for cloud-based voice communications. Founded in 2014, Sinch has become a successful vendor to several global app and web vendors. In 2016, Sinch had net sales of approximately SEK 60 million, EBITDA of about SEK -15 million and 42 full-time employees.

The acquisition was paid with SEK 55 million in cash and a non-cash issue of 885,797 shares in CLX at SEK 94.75 each for total consideration of SEK 138.9 million on a debt-free basis.

The purchase agreement also includes an earn-out based on gross profit and EBITDA performance, which could amount to a maximum of SEK 144 million. The anticipated outcome discounted to present value amounts to SEK 40 million and has been recognized as a liability. If the earn-out is triggered it will become due for payment in late 2018 or early 2019. See Note 32 for further information about the acquisition of Sinch.

CLX GROUP OVERVIEW

CLX GROUP, SEK MILLION	2015/16 18 MON	2014/15 12 MON	CHANGE
Net sales	2,333.9	844.4	176%
Gross profit	642.3	251.9	155%
Gross margin	27.5%	29.8%	
Operating profit, EBITDA	161.9	93.1	74%
EBITDA margin	6.9%	11.0%	
Adjusted EBITDA	238.0	89.1	167%
Adjusted EBITDA margin	10.2%	10.6%	
Operating profit, EBIT	112.5	88.7	27%
EBIT margin	4.8%	10.5%	
Adjusted EBIT	188.6	84.7	123%
Adjusted EBIT margin	8.1%	10.0%	
Profit for the year	111.6	52.9	111%
Cash flow from operating activities	107.6	94.9	13%
Cash and cash equivalents	115.3	71.0	62%

See page 48 for a list and definitions of financial measurements defined or not defined under IFRS, as well as operating measurements.

Net sales

Consolidated net sales increased during the 2015/16 financial year by 176 percent to SEK 2,333.9 million (844.4) year on year. Organic growth accounted for 107 percent.

Growth during the year is primarily attributable to organic growth in the Enterprise Division. Underlying growth among existing customers was strong and CLX added new customers that have made a positive contribution.

Gross profit

Consolidated gross profit grew during the 2015/16 financial year by 155 percent to SEK 642.3 million (251.9) year on year. The gross margin decreased from 29.8 percent to 27.5 percent.

The gross profit trend during the year is explained in part by the company's primary focus on gaining market shares in certain markets with relatively lower gross margins, which squeezed the gross margin slightly. In return, Mblox generated a large portion of its revenues from the US, where the gross margin is higher, which had positive impact on gross margin for the Enterprise Division. The company is still prioritizing growth to achieve global scale advantages on the customer and product sides in order to optimize gross margin in the future.

The gross margin is lower for the Enterprise Division than for the Operator Division, but is growing faster. This has adverse impact on the consolidated gross margin.

Operating profit

Consolidated operating profit before interest and taxes (EBIT) grew during the 2015/16 financial year by 27 percent to SEK 112.5 million (88.7) year on year.

Consolidated operating profit before interest, taxes, depreciation and amortization (EBITDA) grew during the 2015/16 financial year by 74 percent to SEK 161.9 million (93.1) year on year.

Operating profit for 2015/16 includes market listing costs, restructuring costs and integration costs of SEK 76.1 million. Operating profit for the previous year includes market listing costs of SEK 6.3 million and recovered previously impaired accounts receivable of SEK 10.3 million. Adjusted for these items, EBIT was SEK 188.6 million (84.7) and EBITDA was SEK 238.0 million (89.1).

Profit for the year

Profit for the year rose during the 2015/16 financial year by 111 percent to SEK 111.6 million (52.9) year on year.

Consolidated liquidity and financial position

Cash flow from operating activities amounted to SEK 107.6 million (94.9). At the end of the period, the Group had SEK 115.3 million in cash and cash equivalents (71.0) and an undrawn overdraft facility of SEK 100 million (100).

ENTERPRISE DIVISION

ENTERPRISE DIVISION SEK MILLION	2015/16 18 MON	2014/15 12 MON	CHANGE
Net sales	2,080.8	711.8	192%
Gross profit	406.4	132.5	207%
Gross margin	19.5%	18.6%	
Operating profit, EBITDA	173.6	54.4	219%
EBITDA margin	8.3%	7.6%	

Net sales

The Enterprise Division delivered sustained good performance during the year and is experiencing powerful growth. Revenue increased by 192 percent to SEK 2,080.8 million (711.8) year on year. Organic growth accounted for 110 percent.

Organic growth is driven primarily 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 by 207 percent to SEK 406.4 million (132.5) year on year. The gross margin rose to 19.5 percent (18.6).

The acquisition of Mblox is increasing the Division's gross margin through greater exposure to the North American market, where gross margins are higher. Mblox has been part of the Enterprise Division since the acquisition on 11 July 2016.

EBITDA rose to SEK 173.6 million (54.4) year on year. The EBITDA margin increased to 8.3 percent (7.6).

OPERATOR DIVISION

OPERATOR DIVISION SEK MILLION	2015/16 18 MON	2014/15 12 MON	CHANGE
Net sales	260.9	154.6	69%
Gross profit	235.6	137.8	71%
Gross margin	90.3%	89.2%	
Operating profit, EBITDA	80.0	34.7	130%
EBITDA margin	30.7%	22.5%	

Net sales

Net sales in the Operator Division increased by 69 percent to SEK 260.9 million (154.6) year on year.

The launch of CLX Managed Service has attracted great interest from existing and potential customers. Revenues from this business are of a recurring nature and CLX has set a strategic objective to increase the share of recurring revenues in the Operator Division.

Profit

Gross profit rose to SEK 235.6 million (137.8) year on year. In addition to the extended financial year, the increase is attributable mainly to a good product mix with a high proportion of recurring revenue (support and traffic-based revenue) and license upgrades.

EBITDA rose to SEK 80.0 million (34.7) year on year. The EBITDA margin increased to 30.7 percent (22.5).

RESEARCH AND DEVELOPMENT

CLX develops software within several parts of its operations. Main development occurs in the Operator Division, whose platform has been deployed by many mobile operators worldwide. The platform is also the basis of the Enterprise Division's cloud communications service. Most software development is done in the Development Department in Kista, but there are additional development centers in Sweden and Canada.

Development resources were reinforced during the year through the acquisition of Mblox, which has a development company in Lund, and through new recruitments in Sweden.

Important development in the pipeline includes the IoT initiative and integration of the Mblox platform with the CLX platform.

Development costs are capitalized as specified in Note 1 and amortized over three years. Capitalized costs during the year amounted to SEK 22.7 million (3.3).

Total research and development costs charged to expense during the year amount to SEK 66.8 million (31).

THE ENVIRONMENT

CLX's core business – software development and management of digital transactions – has very limited environmental impact. CLS has impact on the environment mainly through travel and operation and disassembly of hardware. Although the company does not have a formal environmental policy or objectives, CLX aims to minimize this impact by replacing travel with online communications to the extent possible and by choosing the mode of transport that has the least possible environmental impact, such as train travel. The company also aspires to send outmoded hardware for recycling.

EMPLOYEES

During the period, the Group employed an average of 199 persons (138). Women make up 17 percent of the workforce (14). The average age of the workforce is 40 (39).

The company applies a rigorous recruitment process and uses both its own networks and external expertise to attract talents. We select our employees with care and are proud to have some of the best and most experienced people in the business working for us. Our business is dependent upon every individual contributing and assuming responsibility for their own work. It is critically important to recruit motivated employees with the potential to grow within the company.

CLX has employees in five parts of the world and broad representation of employees of diverse background. CLX believes differences can generate competitive advantages. Mixing diverse backgrounds, skills, experience, talents, qualifications and personalities in an inclusive organization helps us understand the needs of the entire market.

The company will continue to grow and recruit within our growth areas and expand support functions where required.

Guidelines for compensation to senior management

Compensation to the CEO and other senior management must reflect CLX's need to recruit and motivate qualified employees by means of compensation packages perceived as fair and competitive. The board of directors is empowered to depart from the guidelines set out below if special reason exists.

Compensation consists of the following components:

- Fixed base pay
- Short-term and long-term variable pay
- Pension benefits
- Other benefits
- Pay during period of notice of termination or resignation

BASE PAY AND VARIABLE PAY

Fixed pay must be market-based and reflect the employee's position, qualifications, experience and individual performance.

Variable pay must be measured against predefined financial performance targets. Non-financial objectives may also be used to sharpen focus on achieving the Group's strategic plans. Objectives must be specific, clear, measurable, subject to deadlines and adopted by the board of directors. Variable pay is limited to 30 percent of fixed base pay.

During the 2015/16 financial year, the board of directors resolved, in accordance with established guidelines, in favor of one-time compensation for a number of senior management members, two for their contributions in connection to the acquisition of Mblox and one since his employment contract was not re-negotiated upon becoming senior management. This compensation was not based on predefined targets.

Long-term variable pay may encompass share-related incentive programs. Each year, the board of directors evaluates whether a long-term share-related incentive program should be proposed to the annual general meeting. The purpose of offering a share-related incentive program is to ensure that the interests of senior executives coincide with those of shareholders. Individual, long-term ownership among key individuals can be expected to stimulate keener interest in the business and its profitability, increase motivation and enhance the sense of belonging with the company.

PENSIONS

Pension benefits for the CEO and other senior management must reflect customary market terms, compared with that which generally applies to executives in comparable positions with other companies and should normally be based upon defined contribution pension plans.

OTHER BENEFITS

Other employee benefits must consist primarily of health insurance and fitness/wellness programs. Other benefits may also include customary compensation to senior management in connection with employment or transfer abroad.

TERMINATION OF EMPLOYMENT

If the company terminates the CEO's employment, the period of notice shall be a maximum of six months. If the CEO resigns, the period of notice shall be six months.

A period of notice of three to six months applies between the company and other senior management, whether the employee resigns or is terminated.

RISKS AND RISK MANAGEMENT

CLX is exposed to a number of risks that may impact the Group's business, earnings and financial position. CLX continuously evaluates, identifies and manages the risks to which it is exposed. The risks assessed as most material to the company are described below.

Risks attributable to the company, its operations and the industry

MACROECONOMIC FACTORS

CLX does business in several markets around the world. As a result, CLX is affected, like other companies, by general economic, financial and political developments at the international level.

DOWNTIME AND COMPARABLE

CLX relies on its technical systems and infrastructure to deliver services and solutions to its customers. The company's operations may be impeded by damage or breakdowns in its technical systems, infrastructure and software and may be affected by faults in a customer's, mobile operator's or service supplier's network, system, infrastructure, software or hardware. This can cause loss of revenue as well as existing and potential customers, which may have material adverse impact on CLX's business, earnings and financial position.

TECHNICAL SHORTCOMINGS

The services and solutions that CLX delivers to its customers are complex by nature and may contain significant shortcomings or faults. Any shortcomings in functionality or faults that cause interruptions in the availability of CLX's services and solutions, including user errors, may lead to loss of or delayed market acceptance and usage of the company's services and solutions. This may also lead to warranty claims, issuance of customer credits or refund of prepaid charges for unused services, loss of customers or reallocation of resources to development and customer service. Finally, such shortcomings may damage CLX's reputation.

STRATEGIC PARTNERSHIPS

CLX's services and solutions are dependent upon third parties, mobile operators in particular. CLX relies on mobile operators' telecommunications networks to provide connectivity in various regions and countries worldwide. If CLX does not successfully establish or maintain direct uplinks to mobile operators, or if mobile operators terminate their agreements and relationships with CLX, CLX may not be able to attract new customers, existing customers may experience interruptions in service and the company's costs for purchasing network capacity from mobile operators may rise. These circumstances can have material impact on the company's reputation and profitability and may cause serious adverse impact on CLX's business, earnings and financial position.

MARKET CHANGES

The market for enterprise cloud communications is changing rapidly in pace with technical progress, the availability of new or alternative services and changing customer requirements, which may require significant investments in research and development. The company is dependent upon its ability to adapt to this rapidly changing market by improving functions and the reliability of existing services and solutions through development, launch and marketing of new functions, services, solutions and customizations to meet customer demands.

INTELLECTUAL PROPERTY

CLX is dependent upon protection of its intellectual property such as copyright, brands and trade secrets. Such protection is afforded by law and agreements (primarily license and non-disclosure agreements) with customers, employees, partners and other parties. However, it may prove that the measures CLX takes to protect its intellectual property are inadequate and do not prevent competitors from copying or reverse engineering the company's services and solutions or independently developing and marketing services that are similar to or better than the company's. Furthermore, a third party might successfully contest, object to, invalidate, or circumvent the intellectual property that the company uses in its business.

DEPENDENCE UPON KEY INDIVIDUALS

CLX is dependent upon senior management and other key individuals, including a skilled sales force and software developers with detailed knowledge about the company and the industry.

PROJECT LOSSES

A portion of CLX's sales are the result of projects carried out at a fixed price. Revenues from fixed-price contracts are recognized with reference to the percentage-of-completion. In order to ensure that CLX projects are carried out efficiently and within budget, the company relies on experts in project management, in particular with regard to project pricing, time allocation and achieving optimal performance. In practice, poor project management and erroneous cost estimates may have material adverse impact on CLX's business, earnings and financial position.

CURRENCY RISK

Currency risk refers to the risk that fluctuations in exchange rates will have adverse impact on CLX's cash flow, income statement and balance sheet. The company's presentation currency is SEK. CLX is a global operation, which entails significant cash flows in currencies other than SEK. Thus, fluctuations in exchange rates may have material adverse impact on CLX's business, earnings and financial position. See Note 30 for further information.

TAX RISKS

CLX operates through subsidiaries in several countries. Intragroup transactions take place in accordance with the internal pricing policy and in conformance with CLX's understanding or interpretation of applicable tax law, taxation agreements, other tax rules and the requirements of relevant tax authorities. CLX's tax position with regard to the current and earlier years may change due to a decision by a tax authority or as a consequence of changes in laws, treaties or other regulations. These decisions or changes, which may have retroactive effect, may cause material adverse impact on CLX's business, earnings or financial position.

SHARE PERFORMANCE AND OWNERSHIP STRUCTURE

The share

CLX's share was listed on Nasdaq Stockholm on 8 October 2015. The introduction price was SEK 59 per share. The share is traded under the ticker CLX.

Share capital

Share capital in CLX Communications AB amounts to SEK 4,953,444.20 (54,054.05) divided among 49,534,442 outstanding shares (1,081,081). All shareholders have equal rights to a share in the company's assets and profit. The quotient value of the shares is 0.10 (0.05). See Note 21 for further information about the development of share capital.

Dividend

CLX's target is to distribute at least 30 percent of annual profits. The board will consider CLX's financial position, cash flow, acquisition opportunities and outlook prior to proposing any distribution of dividends. The board has proposed that no dividend should be distributed for the 2015/16 financial year (-).

Shareholders

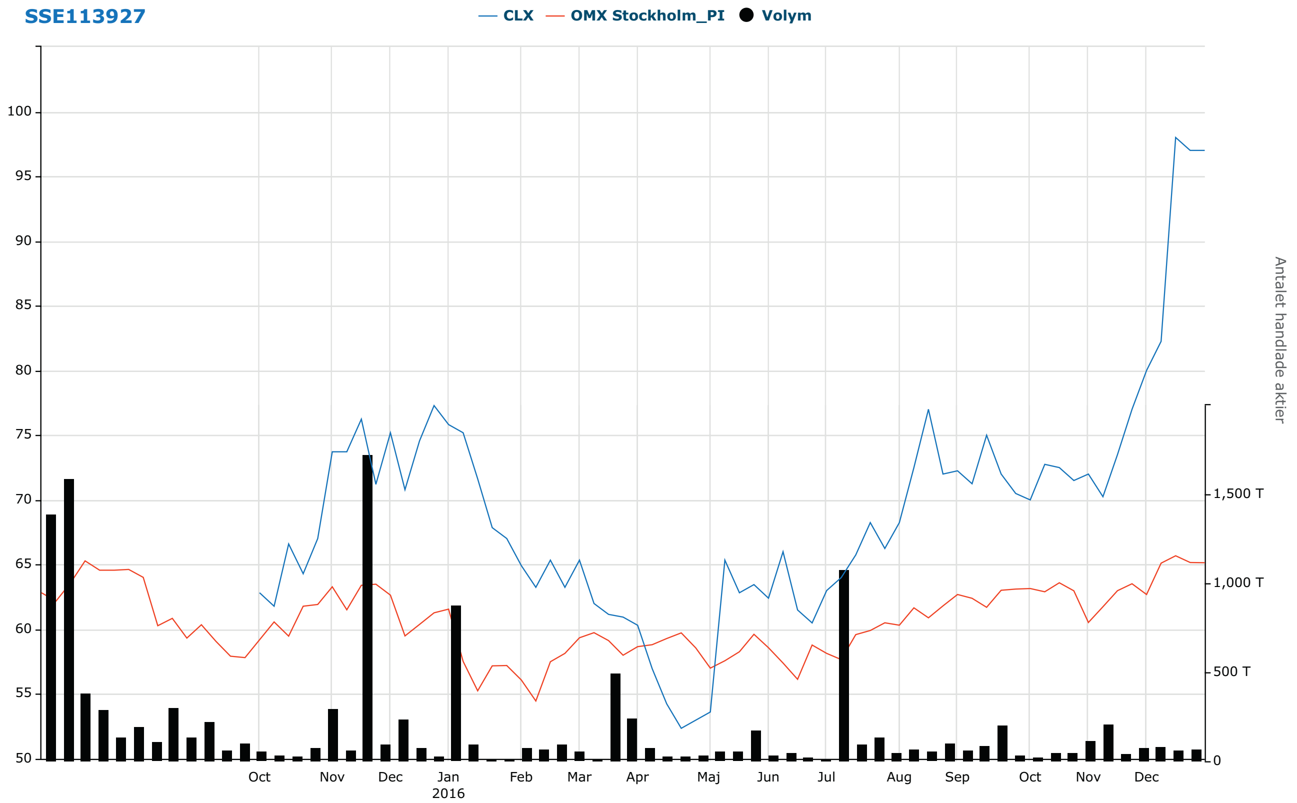
At the end of the financial year, CLX had about 2,000 shareholders. The ten largest shareholders combined owned 85.3 percent of equity in CLX.

The company is not aware of any agreement between shareholders that limits their rights to transfer their shares.

Largest shareholders in terms of holdings as of 31 December 2016

NAME	SHARES HELD	% OF EQUITY
Neqst D1 AB	9,808,201	19.8
Cantaloupe AB	8,925,596	18.0
Kjell Arvidsson AB	4,544,430	9.2
Swedbank Robur	4,478,085	9.0
First National Swedish Pension Fund	3,442,372	6.9
Fourth National Swedish Pension Fund	2,833,863	5.7
Alecta Pensionsförsäkring, ömsesidigt	2,467,372	5.0
Handelsbanken fonder	2,454,386	5.0
Salvis Investment Ltd.	2,231,232	4.5
RAM ONE	1,050,018	2.1
Total	**42,235,555**	**85.3**
Other shareholders	7,298,887	14.7
Total shares outstanding	**49,534,442**	**100.0**

SHARE PRICE PERFORMANCE



Turnover of instruments during 2016, including OTC, Nasdaq Stockholm

TURNOVER	Volume, number of shares	Number of transactions	Average daily turnover	Average daily volume	Average daily transactions	Trading days
603,843,587	8,233,462	15,753	2,386,734	32,543	62	100%

Turnover of instruments compared to total turnover during 2016 on Nasdaq Stockholm

SHARE TURNOVER, CLX SHARE	Share turnover, Stockholm	% of total share turnover, Stockholm	Total share turnover, Stockholm, SEK billion
20%	52%	0.02%	3,953

Prices during 2016 (adjusted), Nasdaq Stockholm

Volume-weighted average price	Highest price paid	Highest price paid date	Lowest price paid	Lowest price paid date
74.51	100.50	16 Dec 2016	51.94	22 April 2016

Market cap, last trading day of 2016

NUMBER OF SHARES	Share price	Market cap
49,534,442	97.00	4,804,840,874

Price performance during 2016, Nasdaq Stockholm

CLOSING PRICE, PREVIOUS YEAR	ADJUSTED CLOSING PRICE, PRECEDING YEAR	CLOSING PRICE, THIS YEAR	ADJUSTED CLOSING PRICE, THIS YEAR	PERCENTAGE CHANGE, CLX SHARE	PERCENTAGE CHANGE, OMX STOCKHOLM INDEX
90.50	75.82	97.00	97.00	28%	6%

Ten most active brokers of CLX shares during 2015/16*

STOCK BROKER	Turnover	Market share, turnover	Number of transactions	Market share, number of transactions
Carnegie Investment Bank AB	145,295,400	24.2%	827	5.3%
Svenska Handelsbanken AB	139,185,243	23.1%	2,039	12.9%
Danske Bank A/S	118,044,186	19.6%	159	1.0%
Skandinaviska Enskilda Banken AB	53,804,808	8.9%	1,431	9.1%
Avanza Bank AB	42,952,643	7.1%	3,741	23.8%
Nordnet Bank AB	21,738,455	3.6%	1,715	10.9%
Neonet Securities AB	14,636,292	2.4%	316	2.0%
Nordea Bank AB (publ)	11,593,179	1.9%	556	3.5%
SSW Trading GmbH	6,540,398	1.1%	752	4.8%
Goldman Sachs International	6,497,524	1.1%	608	3.9%

Note: All amounts are stated in local currency and single-counted based on one side of the transaction. Market shares are estimated according to official guidelines.

Share turnover is calculated according to the following formula: ((Total number of shares traded during the period/average market capitalization during the period) divided by 250)/number of listed days.

“Closing price” means the market price for the share at the end of the last day of trading 2016.

“Trading days” means the number of days of trading divided by the number of listed days.

“Volume-weighted average price” means turnover divided by volume during the period, with reference to transactions that update the average day price (transactions executed in continuous trading within the spread).

“Adjusted closing price” means the closing price on a given day adjusted for corporate actions.

*From CLX IPO on 8 October 2015 to the last day of trading 2016.

OUTLOOK

CLX is well-positioned to benefit from the strong growth in the market for enterprise cloud communications. The company operates in an attractive segment of the market in which CLX links enterprises and mobile operators and its customers include both mobile operators and enterprises. The flexible and robust CLX Communications Platform contributes to ensuring that the company is well-equipped to meet its customers' present and future communications needs.

CLX does not issue forecasts.

PARENT COMPANY

The parent company's operations consist only of certain group management functions. At the end of the period the parent company had 5 (0) employees. The average number of employees during the period was 5 (0).

- Net sales amounted to SEK 7,430 thousand (150).
- The operating loss was SEK -29,823 thousand (-6,280).
- Net profit for the period amounted to SEK 49,505 thousand (1,032).
- Equity amounted to SEK 922,773 thousand (179,419).
- Investments in non-current tangible and intangible assets amounted to SEK 0.3 thousand (-).

Please refer to the management report for the Group for further information concerning the parent company's operations, financial position and performance.

PROPOSED ALLOCATION OF PROFIT

The board of directors will propose to the annual general meeting that no dividend is distributed for fiscal year 2015/16.

The following non-restricted equity in the parent company is at the disposal of the annual general meeting, SEK:

Share premium reserve	856,539,288
Retained earnings	11,776,953
Profit for the year	49,505,399
Total	**917,821,640**

The Board of Directors proposes that profit be allocated as follows, SEK:

Carried forward to the share premium reserve	856,539,288
Retained	61,282,352
Total	**917,821,640**

Income statement
Consolidated

	NOTE	2015/16 18 MON	2014/15 12 MON
Net sales	3	**2,333,937**	**844,394**
Other operating expenses	4	40,834	29,624
Work performed by the entity and capitalized	14	22,729	3,304
Cost of goods and services sold		-1,691,626	-592,519
Other external costs	5,6,7	-211,368	-58,307
Employee benefits expenses	8	-281,744	-124,737
Other operating expenses	4	-50,819	-8,624
Operating profit before depreciation and amortization, EBITDA		**161,943**	**93,135**
Depreciation and amortization	14,15	-49,455	-4,446
Operating profit, EBIT		**112,488**	**88,689**
Financial income	9	105,072	890
Financial expenses	9	-96,176	-19,809
Profit before tax		**121,384**	**69,770**
Current tax	11	-35,727	-11,059
Deferred tax	11	25,911	-5,776
Profit for the year		**111,568**	**52,935**
Attributable to:			
Owners of the parent		111,324	53,198
Non-controlling interests		244	-263
Earnings per share, SEK			
Basic	12	2.62	1.53
Diluted	12	2.56	1.53

Consolidated statement of comprehensive income

	NOTE	2015/16 18 MON	2014/15 12 MON
Profit for the year		111,568	52,935
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss for the period			
Translation differences		34,995	156
Hedge accounting, net investment		-10,354	–
Tax effect of items in other comprehensive income	11	-7,521	–
Other comprehensive income for the year		**17,120**	**156**
Comprehensive income for the year		**128,688**	**53,091**
Attributable to:			
Owners of the parent		128,641	53,391
Non-controlling interests		47	-300

Balance sheet
Consolidated

	NOTE	31 DEC 2016	30 JUN 2015
Assets			
Non-current assets			
Goodwill	13	803,634	56,799
Other intangible assets	14	761,230	9,101
Property, plant and equipment	15	14,166	4,698
Financial assets	16	11,413	2,600
Deferred tax assets	17	29,626	228
Total non-current assets		**1,620,069**	**73,426**
Current assets			
Inventory		40	215
Accounts receivable	18	372,400	135,317
Tax assets		6,613	6,191
Other current receivables	19	30,202	8,405
Accrued income and prepaid expenses	20	177,913	39,645
Cash and cash equivalents	31	115,342	70,974
Total current assets		**702,510**	**260,747**
Total assets		**2,322,579**	**334,173**
Equity and liabilities			
Equity	21		
Share capital		4,953	54
Other capital contributions		881,542	174,999
Reserves		16,920	-397
Accumulated losses including profit for the year		-44,348	-138,079
Equity attributable to owners of the parent		**859,067**	**36,577**
Non-controlling interests		5,890	4,879
Total equity		**864,957**	**41,456**
Non-current liabilities			
Deferred tax liabilities	17	290,149	8,162
Other non-current liabilities	22	454,456	86,091
Total non-current liabilities		**744,605**	**94,253**
Current liabilities			
Advance payments from customers		15,184	9,624
Provision for restructuring	23	8,895	–
Accounts payable		259,073	90,455
Tax liabilities		29,948	2,707
Other current liabilities	24	99,559	6,087
Accrued expenses and prepaid income	25	300,358	89,591
Total current liabilities		**713,017**	**198,464**
Total equity and liabilities		**2,322,579**	**334,173**

Statement of changes in equity
Consolidated

	SHARE CAPITAL	OTHER CAPITAL CONTRI-BUTIONS	RESERVES	RETAINED EARN-INGS	TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	NON-CON-TROLLING INTER-ESTS	TOTAL EQUITY
Opening balance at 1 July 2014	**50**	**63,003**	**-122**	**-191,277**	**-128,346**	**0**	**-128,346**
Profit or loss for the year				53,198	53,198	-263	52,935
Other comprehensive income			193		193	-37	156
Acquisition, 66.67% of Caleo Technologies AB					–	5,179	5,179
Put option, Caleo Technologies AB			-468		-468		-468
Repayment, conditional shareholder contribution		-38,000			-38,000		-38,000
Rights issue	4	149,996			150,000		150,000
Closing balance at 30 June 2015	**54**	**174,999**	**-397**	**-138,079**	**36,577**	**4,879**	**41,456**
Profit for the year				111,324	111,324	244	111,568
Other comprehensive income			17,317		17,317	-197	17,120
Bonus issue	3,189			-3,189	0		0
Non-cash issue	89	83,841			83,930		83,930
Rights issue	1,621	622,702			624,323	964	625,287
Issue expenses, net after tax				-14,404	-14,404		-14,404
Closing balance at 31 December 2016	**4,953**	**881,542**	**16,920**	**-44,348**	**859,067**	**5,890**	**864,957**

Cash flow statement
Consolidated

	NOTE	2015/16 18 MON	2014/15 12 MON
Cash flow from operating activities			
Profit before tax		121,384	69,770
Adjustment for non-cash items	31	61,160	-18,044
Income tax paid		-9,374	-22,944
Cash flow from operating activities before changes in working capital		**173,170**	**28,782**
Change in inventories		175	-172
Change in accounts receivable		-159,848	-45,062
Change in other current receivables		-48,669	33,371
Change in accounts payable		-71,643	43,561
Change in other current liabilities		214,426	34,459
Cash flow from operating activities		**107,611**	**94,939**
Investing activities			
Acquisition of intangible assets	14	-27,867	-3,304
Acquisition of property, plant and equipment	15	-6,141	-3,952
Change in financial receivables		-1,369	–
Acquisition of subsidiaries, net effect on cash and cash equivalents	32	-1,018,012	-2,555
Cash flow from investing activities		**-1,053,389**	**-9,811**
Financing activities			
New borrowing	22	468,807	79,851
Amortization of bank loan	22	-79,851	–
Amortization of loan, ultimate parent company		-971	-150,539
Rights issue	21	605,858	–
Consideration paid, Caleo, previously recognized as liability	32	-4,669	–
Contribution from non-controlling interests		–	507
Cash flow from financing activities		**989,174**	**-70,181**
Cash flow for the year		**43,396**	**14,947**
Cash and cash equivalents at the beginning of the financial year		70,974	55,876
Exchange rate differences in cash and cash equivalents		972	151
Cash and cash equivalents at the end of the financial year	31	**115,342**	**70,974**

Income statement
Parent company

	NOTE	2015/16 18 MON	2014/15 12 MON
Net sales		**7,430**	**150**
Other operating expenses	4	429	–
Operating expenses			
Other external expenses	5,6	-20,644	-6,430
Employee benefits expenses	8	-15,847	–
Other operating expenses	4	-191	–
Operating loss		**-28,823**	**-6,280**
Profit from investments in group companies	9	20,000	–
Interest income and similar profit items	9	106,730	0
Other interest income and similar profit items	9	-33,420	-19,502
Profit or loss after net financial income/expenses		**64,487**	**-25,782**
Appropriations	10	-6,578	27,105
Profit before tax		**57,909**	**1,323**
Tax on profit for the year	11	-8,404	-291
Profit for the year [1)]		**49,505**	**1,032**

[1)] Profit for the year coincides with comprehensive income for the year.

Balance sheet
Parent company

	NOTE	31 DEC 2016	30 JUN 2015
Assets			
Non-current assets			
Intangible assets	14	350	–
Financial assets			
Shares in subsidiaries	16	530,105	349,950
Non-current receivables, group companies	16	1,128,972	–
Deferred tax assets	17	–	0
Total financial assets		**1,659,077**	**349,950**
Total non-current assets		**1,659,427**	**349,950**
Current assets			
Receivables from group companies		9,009	0
Other current receivables	19	177	413
Accrued income and prepaid expenses	20	805	–
Cash and bank balances	31	21,210	846
Total current assets		**31,201**	**1,259**
Total assets		**1,690,628**	**351,209**
Equity and liabilities			
Equity			
Share capital	21	4,953	54
Total restricted equity		**4,953**	**54**
Share premium reserve		856,539	149,996
Retained earnings		11,777	28,337
Profit for the year		49,505	1,032
Total non-restricted equity		**917,821**	**179,365**
Total equity		**922,774**	**179,419**
Untaxed reserves	26	**6,578**	**–**
Non-current liabilities			
Liabilities to credit institutions	22	413,413	79,851
Debt to ultimate parent before IPO	22	–	971
Additional purchase consideration, Sinch	22,32	40,000	–
Total non-current liabilities		**453,413**	**80,822**
Current liabilities			
Accounts payable		1,585	–
Tax liabilities		4,216	274
Liabilities to group companies		220,635	84,007
Liabilities to credit institutions	24	70,091	–
Other current liabilities	24	683	2,064
Accrued expenses and prepaid income	25	10,653	4,623
Total current liabilities		**307,863**	**90,968**
Total equity and liabilities		**1,690,628**	**351,209**

Statement of changes in equity
Parent company

	SHARE CAPITAL	SHARE PREMIUM RESERVE	RETAINED EARNINGS	TOTAL EQUITY
Opening balance at 1 July 2014	**50**	**–**	**66,337**	**66,387**
Profit for the year			1,032	1,032
Repayment, conditional shareholder contribution			-38,000	-38,000
Rights issue	4	149,996		150,000
Closing balance at 30 June 2015	**54**	**149,996**	**29,369**	**179,419**
Profit for the year			49,505	49,505
Bonus issue	3,189		-3,189	0
Non-cash issue	89	83,841		83,930
Rights issue	1,621	622,702		624,323
Issue expenses, net after tax			-14,404	-14,404
Closing balance at 31 December 2016	**4,953**	**856,539**	**61,281**	**922,773**

Cash flow statement
Parent company

	NOTE	2015/16 18 MON	2014/15 12 MON
Cash flow from operating activities			
Profit/loss after net financial income/expenses		64,487	-25,782
Adjustment for non-cash items	31	16,185	–
Income tax paid		-399	–
Cash flow from operating activities before changes in working capital		**80,273**	**-25,782**
Change in other current receivables		-9,578	-562
Change in accounts payable		1,674	–
Change in other current liabilities		-80,847	6,687
Cash flow from operating activities		**-8,478**	**-19,657**
Investing activities			
Acquisition of intangible assets		-350	–
Change in financial receivables, group companies		-1,128,972	–
Acquisition of subsidiaries, net effect on cash and cash equivalents	32	-56,225	–
Cash flow from investing activities		**-1,185,547**	**–**
Financing activities			
Bank loans raised		468,807	79,851
Amortization of bank loan		-79,851	–
Loan raised, ultimate parent company		–	64,006
Amortization of debt to ultimate parent before IPO		-971	-150,539
Change in financial liabilities, group companies		220,546	–
Rights issue		605,858	–
Dividend received		–	20,000
Group contribution received		–	7,105
Cash flow from financing activities		**1,214,389**	**20,423**
Cash flow for the year		**20,364**	**766**
Cash and cash equivalents at the beginning of the financial year		846	80
Cash and cash equivalents at the end of the financial year	31	**21,210**	**846**

Multi-year review
Consolidated

INCOME STATEMENT, SEK MILLION	2015/16 18 MON	2014/15 12 MON	2013/14 12 MON	2012/13 17 MON
Net sales	2,333.9	844.4	605.5	478.5
Cost of goods and services sold	-1,691.6	-592.5	-372.6	-252.6
Gross profit	**642.3**	**251.9**	**232.9**	**225.9**
Other revenue	40.8	29.6	13.8	19.2
Work performed by the entity and capitalized	22.7	3.3	3.8	5.8
Employee benefits expenses	-281.7	-124.7	-102.3	-121.1
Other expenses	-262.2	-66.9	-70.0	-65.9
EBITDA	**161.9**	**93.1**	**78.3**	**63.9**
Depreciation, amortization and impairments	-49.5	-4.4	-2.0	-1.2
EBIT	**112.5**	**88.7**	**76.2**	**62.7**
Financial income	105.1	0.9	0.6	0.6
Financial expenses	-96.2	-19.8	-32.8	-38.4
Profit before tax	**121.4**	**69.8**	**44.1**	**25.0**
Tax	-9.8	-16.8	-10.8	-7.7
Profit for the year	**111.6**	**52.9**	**33.3**	**17.2**
Attributable to:				
Owners of the parent	111.3	53.2	33.3	17.2
Non-controlling interests	0.2	-0.3	0.0	–

BALANCE SHEET, SEK MILLION	31 DEC 2016	30 JUN 2015	30 JUN 2014	30 JUN 2013
Intangible assets	1,564.9	65.9	54.5	50.1
Property, plant and equipment	14.2	4.7	1.7	1.4
Financial assets	11.4	2.6	–	–
Deferred tax assets	29.6	0.2	4.4	0.8
Current assets excluding cash and cash equivalents	587.2	189.8	192.2	167.3
Cash and cash equivalents	115.3	71.0	55.9	61.0
Total assets	**2,322.6**	**334.2**	**308.7**	**280.6**
Equity	865.0	41.5	-128.3	-161.7
Non-current liabilities	744.6	94.3	308.8	345.4
Current liabilities	713.0	198.5	128.3	96.9
Total equity and liabilities	**2,322.6**	**334.2**	**308.7**	**280.6**

CASH FLOW STATEMENT, SEK MILLION	2015/16 18 MON	2014/15 12 MON	2013/14 12 MON	2012/13 17 MON
Cash flow from operating activities	107.6	94.9	-5.1	46.6
Cash flow from investing activities	-1,053.4	-9.8	13.5	14.4
Cash flow from financing activities	989.2	-70.2	-13.5	-
Cash flow for the year	**43.4**	**14.9**	**-5.1**	**61.0**
Cash and cash equivalents at the beginning of the financial year	71.0	55.9	61.0	0.1
Exchange rate differences in cash and cash equivalents	1.0	0.2	0.1	-0.1
Cash and cash equivalents at the end of the financial year	**115.3**	**71.0**	**55.9**	**61.0**

KEY DATA	2015/16 18 MON	2014/15 12 MON	2013/14 12 MON	2012/13 17 MON
Return on equity, %	24.6	-121.8	-23.0	-10.7
Return on total assets, %	8.4	16.5	11.3	6.1
Gross margin, %	27.5	29.8	38.5	47.2
Operating profit, EBITDA, %	6.9	11.0	12.9	13.4
Operating profit, EBIT, %	4.8	10.5	12.6	13.1
Net margin, %	4.8	6.3	5.5	3.6
Equity/assets ratio, %	37.2	12.4	-41.6	-57.6
Net debt, SEK million	368.6	8.9	245.6	278.2
Debt/EBITDA ratio, multiple	2.3	0.1	3.1	4.4
Interest coverage ratio, multiple	14.2	4.5	2.3	1.6

SHARE DATA	2015/16 18 MON	2014/15 12 MON	2013/14 12 MON	2012/13 17 MON
Total shares outstanding at the end of the financial year	49,534,442	1,081,081	1,000,000	1,000,000
Equity per share, SEK	17.34	33.83	33.30	17.23
Weighted average shares outstanding, before dilution	42,535,750	34,800,000	34,800,000	34,800,000
Weighted average shares outstanding, after dilution	43,039,427	34,838,652	34,800,000	34,800,000
Basic earnings per share, SEK	2.62	1.53	0.96	0.50
Diluted earnings per share, SEK	2.56	1.53	0.96	0.50
Dividend per share, SEK	0	0	0	0

Definitions

FINANCIAL MEASUREMENTS DEFINED UNDER IFRS

Earnings per share, basic and diluted
Net profit for the period attributable to owners of the parent divided by volume-weighted average shares outstanding in the period before/after dilution.

Gross profit
Net sales less the cost of goods and services sold.

OPERATING MEASUREMENTS

Average number of employees

Average number of employees during the period, recalculated as full-time equivalents

Ordinary shares outstanding at the end of the period
Number of ordinary shares at the end of the period

Organic growth
Change in net sales excluding the contribution of acquired units to net sales in relation to net sales in the comparison period

Percentage women
Average number of women in relation to the average total number of employees during the period, recalculated as full-time equivalents

Total shares outstanding at the end of the period
Total number of ordinary shares and preference shares at the end of the period

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 management, in part because they enable evaluation of the company's performance. 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

Adjusted EBIT
Profit for the period before financial income, financial expenses and tax, adjusted for items affecting comparability.

Adjusted EBITDA
Profit for the period before financial income, financial expenses, tax and depreciation, amortization and impairment of intangible assets and property, plant and equipment, adjusted for items affecting comparability.

Average total assets
Total assets at the end of the preceding year plus total assets at the end of the current year divided by two.

Average total equity
Total equity at the end of the preceding year plus total equity at the end of the current year divided by two.

Debt/EBITDA ratio
Net debt divided by EBITDA.

EBIT margin/Adjusted EBIT margin
Operating profit EBIT/Adjusted EBIT in relation to net sales.

EBITDA margin/Adjusted EBITDA margin
Operating profit EBITDA/Adjusted EBITDA in relation to net sales.

Equity/assets ratio
Equity as a percentage of total assets.

Equity per share
Equity at end of period attributable to owners of the parent divided by number of shares at the end of period.

Gross margin
Gross profit in relation to net sales.

Interest-bearing liabilities
Bank loans, debt to ultimate parent before IPO and finance leasing liabilities.

Interest coverage ratio
EBIT plus interest income divided by interest expense.

Net debt
Interest-bearing liabilities less cash and cash equivalents.

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.

Operating profit, EBIT
Profit for the period before financial income, financial expenses and tax.

Operating profit, EBITDA
Profit for the period before financial income, financial expenses, tax and depreciation, amortization and impairment of intangible assets and property, plant and equipment.

Return on equity
Profit or loss for the year divided by average total equity.

Return on total assets

Profit or loss for the year divided by average total assets.

ITEMS AFFECTING COMPARABILITY, SEK MILLION	2015/16 18 MON	2014/15 12 MON
Market listing costs	-11.2	-6.3
Acquisition costs	-17.1	–
Restructuring costs	-35.2	–
Integration costs	-12.6	–
Recovered previously impaired accounts receivable	–	10.3
Total items affecting comparability	**-76.1**	**4.0**

Notes

NOTE 1 – ACCOUNTING POLICIES

GENERAL INFORMATION

CLX Communications AB (publ), corporate registration number 556882-8908, is a public limited liability company incorporated in Sweden and domiciled in Stockholm. Company headquarters are at Färögatan 33, 164 51 Kista. The business of the company and its subsidiaries comprises mobile messaging services for enterprises and development and sales of software that supports messaging services.

COMPLIANCE WITH LAW AND STANDARDS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRIC), as adopted by the EU. The Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR1 Supplementary Accounting Rules for Groups have also been applied. The parent company and the Group apply the same accounting policies, except where specified under “Parent company accounting policies".

MEASUREMENT BASES APPLIED IN PREPARING THE FINANCIAL STATEMENTS

Assets and liabilities are recognized at historical cost, other than certain financial instruments measured at fair value.

FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The parent company’s functional currency is the Swedish krona (SEK), which is also the presentation currency for the parent and the Group. Accordingly, the financial statements are presented in SEK. If not otherwise stated, all amounts are rounded to the nearest thousand.

JUDGMENTS AND ESTIMATES IN THE FINANCIAL STATEMENTS

Preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect application of the accounting policies and the recognized amounts of assets, liabilities, revenues and costs. Actual outcomes may differ from these estimates and judgments.

Estimates and assumptions must be reviewed regularly. Changes in estimates are reported in the period the change is made if the change affects only that period, or in the period the change is made and future periods if the change affects both current and future periods.

Key sources of estimation uncertainty

The sources of estimation uncertainty outlined below are such that entail a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revenue

CLX applies the percentage-of-completion method to commitments in projects of a fixed-price nature and makes continuous provisions for risks and non-conformances. These estimates are based on past experience and other factors deemed reasonable under the circumstances. Actual outcomes may differ from these estimates if other commitments are made or other circumstances exist.

Portions of consolidated sales originate from large and complex projects under fixed-price contracts. Projects are recognized in revenue successively as they are completed. The percentage of completion is determined based on services performed at the reporting date pro rata to the total performance. The percentage of services performed is estimated based on the total costs of each project. An inaccurate estimate of the percentage of completion may result in misstatement of consolidated sales and profit.

A sensitivity analysis shows that a change in estimated percentage of completion by 10 percentage points could affect profit by SEK 10,172 thousand (7,056).

Accounts receivable

Accounts receivable are reported net of provisions for doubtful receivables. The net value corresponds to the value expected to be received, based on circumstances known at the reporting date. An altered financial position of a significant customer could result in a different valuation. The Group monitors the financial stability of its customers and the conditions under which they operate in order to estimate the probability that individual claims will be paid. The total provision for doubtful accounts receivable at 31 December 2016 was SEK 17,619 thousand (743) or 4.5 percent (0.5) of total accounts receivable.

Impairment test of goodwill

In calculating the recoverable amount of cash-generating units in order to test for possible goodwill impairment, several assumptions about future conditions and estimates of parameters have been made. These are disclosed in Note 13. As understood by the description in Note 13, changes in the conditions for these assumptions and estimates could have material effect on the value of goodwill.

Tax

Significant estimates are made in order to measure current and deferred tax liabilities and tax assets, particularly the value of deferred tax assets. Consequently, the company must estimate the probability that future taxable profit will be available against which the deferred tax assets can be offset. The actual outcome may differ from these estimates for reasons including changes in the future business climate, amendments to tax rules or the outcome of an audit by the tax authority of submitted tax returns.

At 31 December 2016, the carrying amount of deferred tax assets was SEK 29,626 thousand (228) and the carrying amount of deferred tax liabilities was SEK 290,149 thousand (7,934).

NEW AND AMENDED IFRS AND INTERPRETATIONS

None of the new or amended IFRS or interpretations effective 1 July 2015 have had any material impact on CLX's financial statements. From 1 October 2015, the Group applies hedge accounting of currency forward contracts for hedging of future cash flows. Due to this change, the effect is recognized in other comprehensive income rather than profit for the period.

NEW AND AMENDED IFRS AND INTERPRETATIONS NOT YET EFFECTIVE

A number of new or amended standards and interpretations will not become effective until the next reporting period or later and have not been early applied in the preparation of these financial statements. There is no plan to early apply new standards or amendments that become effective for annual periods subsequent to 2017. Where new or amended standards and interpretations are not described below, CLX has determined that these will have no impact on the financial statements.

IFRS 9 Financial Instruments

IFRS 9 will replace IAS 39 Financial Instruments: Recognition and Measurement effective 1 January 2018. The standard provides new requirements for classification and measurement of financial instruments Determination of the measurement category to which a financial asset must be classified is based on the entity's business model (the objective of holding the financial asset) and upon the contractual cash flows of the asset. The new standard also contains new rules for estimating loss allowances (impairment testing) for financial assets, by which the former "incurred loss model" was replaced by a new "expected loss model".

The new rules on impairments in IFRS 9 are based on a three-step approach where recognition of loss allowances is governed by changes in the credit risk of financial assets. In other words, it is no longer required that a default event must have occurred before a loss allowance is recognized. However, the standard simplifies the rules applicable to accounts receivable and leasing receivables. Under these rules, an allowance for credit losses may be recognized immediately and no estimation of changes in credit risk is required.

As regards hedge accounting, the three types of hedge accounting models included in IAS 39 (cash flow hedges, fair value hedges and hedges of net investments) are retained. IFRS 9, however, provides greater flexibility as to the transactions to which hedge accounting can be applied. IFRS 9 expands opportunities to hedge risk components of non-financial items and permits more types of instruments to be included in a hedging relationship. Moreover, the quantitative hedge effectiveness requirement of 80–125 percent has been eliminated.

Analysis of the effects of the introduction of IFRS 9 has begun and management's preliminary opinion is that IFRS 9 will have no material impact on the Group's financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers will supersede IAS 18 Revenue and IAS 11 Construction Contracts and application is mandatory from 1 January 2018. IFRS 15 introduces a five-step model for revenue recognition that is based on when control over a goods or service is passed to the customer. The core principle of IFRS 15 is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 provides much more guidance in specific areas and disclosure requirements are extensive.

The clarification in IFRS 15 Revenue from Contracts with Customers addresses the areas of identification of performance obligations, principal versus agent considerations, licensing and transition rules pertaining to contractual amendments and completed contracts.

CLX does not plan early application of IFRS 15. CLX is analyzing the potential effects of IFRS 15 by identifying and analyzing significant revenue streams. As the analysis is ongoing, no final conclusions can yet be drawn. When the analysis is complete, it will be possible to quantify any effects, which will be disclosed in future financial reports. The company has not yet selected a transition model. It should also be noted that IFRS 15 contains extended disclosure requirements regarding revenue, which will expand the contents of disclosures in the notes to the financial statements.

IFRS 16 LEASES

IFRS 16 Leases will supersede IAS 17 Leases and application is mandatory from 1 January 2019. IFRS 16 requires the lessee to report virtually all leases on the statement of financial position (balance sheet). Consequently, leases will no longer be classified as either operating leases or finance leases. The underlying asset in the lease is recognized in the balance sheet. In subsequent periods, the right-of-use asset is carried at cost less accumulated depreciation and impairment, if any, and adjusted for any remeasurement of the lease liability. The lease liability is recognized in the balance sheet and is continuously recognized at amortized cost less the amount of lease payments made. The lease liability is subsequently remeasured to reflect changes in items including the lease term, residual value guarantees and future lease payments. The income statement will be affected through that present operating expenses attributable to operational leases will be replaced by depreciation and interest expenses. Balance sheet recognition of short-term leases (12 months or less) and leases where the underlying asset has a low value is not required. These will be recognized in operating profit in the same way as the present operating leases.

The most significant leases in terms of value are rental agreements for office premises. Analysis of the effects of the implementing IFRS 16 is in progress. It is too early to quantify the effects of implementing IFRS 16, but there will be impact on aspects including key figures used in covenant calculations in existing financing agreements.

In management's opinion, other new and amended standards and interpretations that have not yet taken effect will have no material impact on the consolidated financial statements upon first-time adoption.

CLASSIFICATIONS

Non-current assets and liabilities comprise in all material respects amounts expected to be recovered or paid more than twelve months after the reporting date. Current assets and liabilities comprise in all material respects amounts expected to be recovered or paid less than twelve months after the reporting date.

OPERATING SEGMENTS

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses and for which financial information is available. An operating segment's results are subsequently reviewed by the entity's chief operating decision maker in order to assess performance and allocate resources to the operating segment. See Note 2 for further information concerning the categorization and presentation of operating segments.

CONSOLIDATION POLICIES

Subsidiaries

Subsidiaries are entities that CLX Communications AB controls. Control exists if CLX Communications AB has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Potential voting rights and whether de facto control exists are taken into account when assessing whether control exists. Subsidiaries are reported using the acquisition method of accounting. This means that an acquisition of a subsidiary is viewed as a transaction in which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The consolidated cost is determined by means of an acquisition analysis in conjunction with the acquisition. The cost of the shares or the business is determined in the analysis, as well as the acquisition-date fair values of acquired identifiable assets and assumed liabilities and contingent liabilities. The cost of shares in the subsidiary or the business corresponds to the sum of the acquisition-date fair values of assets transferred, liabilities incurred or obligations assumed and the equity interests issued in exchange for the acquired net assets. Acquisition-related transaction costs are charged to expense directly in profit for the year. In a business combination where the cost exceeds the fair value of acquired assets and assumed liabilities and contingent liabilities that are recognized separately, the difference is recognized as goodwill. When the difference is negative, it is recognized directly in profit for the year. The financial statements of subsidiaries are included in the consolidated financial statements from acquisition date until control is lost.

Transactions eliminated on consolidation

Intragroup receivables and liabilities, revenues and costs and unrealized gains or losses arising from intragroup transactions are eliminated in full when the consolidated financial statements are prepared.

FOREIGN CURRENCY

Transactions in foreign currency

Transactions denominated in foreign currency are translated to the functional currency at the exchange rate prevailing at transaction date. The functional currency is the currency of the primary economic environment in which the entity operates. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at the exchange rate prevailing on the reporting date. Exchange differences arising in the translations are recognized in profit and loss. Non-monetary assets and liabilities carried at historical cost are translated at the exchange rate prevailing at transaction date. Non-monetary assets and liabilities carried at fair value are translated to the functional currency at the exchange rate prevailing fair value was determined.

Financial statements of foreign operations

Assets and liabilities in foreign operations, including goodwill and other consolidated surpluses and deficits, are translated from the functional currency of the foreign operation to the presentation currency of the Group, SEK, at the exchange rate prevailing at the reporting date. Revenues and costs in a foreign operation are translated to SEK at an average rate that is an approximation of the exchange rates prevailing at each respective transaction date. Translation differences arising in foreign operations are recognized in other comprehensive income and accumulated in the translation reserve in equity. When a foreign operation is sold, the cumulative translation differences attributable to the operation are realized from the translation reserve in profit for the year.

REVENUE

Revenue is recognized at the fair value of the consideration received or receivable, net of VAT, discounts and comparable allowances. Revenue is recognized when the amount can be reliably measured, when it is probable that future economic benefits will flow to the company and prescribed conditions are met for each type of Group revenue.

CLX's revenues arise mainly from sales of mobile messaging services, initial software licenses and upgrades, hardware and support.

Sale of services

Revenue from sale of services on running account is recognized in the accounting period when the services are rendered; that is, revenues and costs are recognized in the period they are earned and incurred, respectively.

The percentage-of-completion method is applied to sales of services on fixed-price contracts. This means that revenue and costs are recognized in proportion to the percentage of completion at the reporting date. The percentage of completion is determined by calculating the ratio of contract costs incurred for work performed at the reporting date and estimated total contract costs. An anticipated loss on a service contract is immediately charged to expense. When the outcome of a service contract cannot be reliably estimated, revenue is recognized only in the amount that corresponds to contract costs incurred that are likely to be recovered from the customer. Contract costs are charged to expense in the period in which they are incurred. To the extent it can be estimated, an anticipated loss is immediately charged to expense.

Revenue from separate support contracts

Revenue from separate support contracts is recognized on a straight-line basis over the term of the contract.

Revenue from separate upgrades of software licenses

Revenue from separate upgrades of software licenses is recognized when the software is delivered. When modifications to the software are to be performed after the initial delivery, revenue is recognized as sales of services at fixed prices.

Sale of goods

Revenue from sales of hardware is recognized when the goods are delivered.

LEASES

See the section on leased assets under "Property, plant and equipment" with regard to classification of leases.

Operating leases

Costs related to operating leases are recognized in profit and loss on a straight-line basis over the term of the lease. Incentives received in conjunction with operating leases are recognized in profit and loss as a reduction of the lease expense on a straight-line basis over the term of the lease. Variable charges are charged to expense in the periods they are incurred.

Finance leases

Minimum lease payments are apportioned between the finance charge (interest expense) and reduction of the outstanding liability. The finance charge is apportioned over the term of the lease so that an amount is allocated to each period that corresponds to a constant periodic rate of interest on the liability recognized in the respective period. Variable charges are charged to expense in the periods they are incurred.

FINANCIAL INCOME AND EXPENSES

Financial income consists of interest income on cash and cash equivalents and short-term investments, dividend income, exchange gains and gains upon changes in value of financial assets or liabilities at fair value through profit and loss. Interest on financial instruments is recognized using the effective interest method. Dividend income is recognized when the right to receive payment is established. Financial expenses consist of interest expenses, exchange losses and losses upon change in value of financial assets and liabilities at fair value in profit and loss, as well as losses on hedge instruments recognized in profit for the year. Borrowing expenses are recognized in profit and loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or the financial liability. The calculation includes all charges paid or received from the parties to the contract that are part of the effective interest rate, transaction costs and all premiums and discounts.

TAXES

Tax expense comprises current and deferred tax. Tax expense is recognized in profit for the year except when the underlying transaction is recognized in other comprehensive income or equity, whereupon the associated tax effect is recognized in other comprehensive income or equity. Current tax is tax that will be paid or refunded for the current year at the tax rates enacted or substantively enacted as of the reporting date. Adjustment of current tax attributable to earlier periods is also included in current tax. Deferred tax is calculated using the balance sheet method, based on temporary differences between the carrying amounts and tax values of assets and liabilities. Temporary differences are not taken into account if they arise upon initial recognition of goodwill or initial recognition of assets and liabilities (other than in a business combination) in transactions that do not affect either accounting profit or taxable profit. Measurement of deferred tax is based on how the underlying assets or liabilities are expected to be realized or settled. Deferred tax is calculated using the tax rates and tax rules that have been enacted or substantively enacted as of the reporting date. Deferred tax assets arising from deductible temporary differences and loss carryforwards are recognized only to the extent it is probable that the temporary differences can be utilized. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilized. Any additional income tax that arises upon distribution of dividends is recognized when the dividend is recognized as a liability.

FINANCIAL INSTRUMENTS

Financial instruments recognized as assets in the balance sheet include cash and cash equivalents, deposits received, derivatives and accounts receivable. Instruments recognized as liabilities include accounts payable, accrued interest expense, additional purchase consideration recognized as a liability, derivatives and loan debt.

Recognition and derecognition in the balance sheet

A financial asset or financial liability is recognized in the balance sheet when the company becomes a party in accordance with the contractual terms of the instrument. A receivable is recognized when the company has performed and the other party has a contractual payment obligation, even if an invoice has not yet been issued. Accounts receivable are recognized in the balance sheet when an invoice has been issued. Liabilities are recognized when the other party has performed and there is a contractual payment obligation, even if an invoice has not yet been received. Accounts payable are recognized when an invoice has been received. A financial assets, or a portion of a financial asset, is removed from the balance sheet when the contractual rights have been realized or extinguished or the company loses control over the asset. A financial liability, or portion of a financial liability, is removed from the balance sheet when the contractual obligation is performed or is otherwise extinguished. Financial assets and financial liabilities are offset and recognized net in the balance sheet only when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Classification and measurement

Non-derivative financial instruments are initially recognized at cost, corresponding to the fair value of the instrument plus transaction costs except those in the category of financial assets at fair value through profit or loss, which are recognized at fair value less transaction costs. Financial instruments are classified upon initial recognition based upon criteria including the purpose of acquiring the instrument. The classification determines how the financial instrument is measured subsequent to initial recognition. Derivatives are initially recognized at fair value, meaning that transaction costs are charged against profit for the period. Subsequent to initial recognition, derivatives are recognized as set out below. If derivatives are used for hedge accounting and to the extent the hedging relationship meets effectiveness requirements, changes in the value of derivatives are recognized on the same line in profit for the year as the hedged item at maturity, but the effects of the cash flow hedge are presented in other comprehensive income. If hedge accounting is not applied, increases or decreases in the value of derivatives are recognized as income or expense in operating profit or loss or in financial income/expenses, depending upon the objective of using the derivative and whether the use is related to an operating item or a financial item. In connection with hedge accounting, the ineffective portion of the instrument is recognized in the same way as for derivatives not used for hedge accounting. Cash and cash equivalents consist of cash and immediately available balances with banks and equivalent institutions and short-term liquid investments that will mature less than three months after acquisition date and are exposed to only insignificant risk of changes in value.

Financial assets and liabilities at fair value through profit or loss

This category consists of financial assets and liabilities held for trading. Financial instruments in this category are continuously measured at fair value with value changes recognized in profit or loss for the year. The category includes derivatives with positive or negative fair value except for derivatives that are identified and effective hedging instruments in hedge accounting.

Loan receivables and accounts receivable

Loan receivables and accounts receivable are non-derivative financial assets that have determined or determinable payments and are not listed on an active market. These assets are measured at amortized cost, which is determined based on the effective interest rate calculated upon acquisition. Accounts receivable are recognized in the amounts expected to be received, i.e., less doubtful receivables.

Other financial liabilities

Loans and other financial liabilities, such as accounts payable, are included in this category. Liabilities are measured at amortized cost. The categories in which the Group's financial assets and liabilities have been placed are presented in Note 29 Financial assets and liabilities. Recognition of financial income and expenses is also discussed under principal recognition of financial income and expenses.

DERIVATIVES AND HEDGE ACCOUNTING

The Group has acquired derivatives to financially hedge the risks of its currency exposures. Derivatives are initially recognized at fair value, meaning that transaction costs are charged against profit for the period. Subsequent to initial recognition, derivatives are measured at fair value and changes in value are recognized as set out below. In order to meet the requirements for hedge accounting under IAS 39, there must be a clear link to the hedged item. The hedge must also effectively protect the hedge item, the hedging relationship must be formally documented and it must be possible to reliably measure effectiveness. Gains and losses arising from cash flow hedges and net investments are recognized in profit or loss for the year simultaneously with recognition of gains and losses for the hedged items. CLX applies hedge accounting with regard to currency forward contracts and hedging of net investments in foreign subsidiaries.

Receivables and liabilities denominated in foreign currency

Currency forward contracts are used for financial hedging of receivables or liabilities. Hedge accounting is not applied against currency risk because financial hedges are reflected in the accounts in that both the underlying receivable or liability and the hedging instrument are recognized at the closing day rate and exchange rate changes are recognized in profit or loss for the year. Exchange rate changes relating to operating receivables and liabilities are recognized in operating profit or loss while exchange rate changes relating to financial receivables and liabilities are recognized in financial income or expenses.

Hedging of currency risk in foreign net investments

Investments in foreign subsidiaries (net assets including goodwill) have been partially hedged through the raising of loans in foreign currency that are translated to the closing rate at the reporting date. Translation differences arising from financial instruments used as hedging instruments in a hedge of net investments in a Group company are recognized, to the extent the hedge is effective, in other comprehensive income and accumulated in the translation reserve in equity. This is done to neutralize the translation differences that affect equity when Group companies are consolidated. When a subsidiary is sold, the cumulative value change related to the sold business is transferred from the translation reserve in equity to profit or loss for the year.

PROPERTY, PLANT AND EQUIPMENT

Owned assets

Items of property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost includes the purchase price and costs directly attributable to the asset to deliver the asset and bring it to working condition for its intended use. The accounting policies related to impairments are set out below. The carrying amount of an item of property, plant or equipment is removed from the balance sheet when it is withdrawn from use or disposed of or when no future economic benefits are expected from the use or disposal of the asset. The gain or loss on disposal or withdrawal from use of an asset is the difference between the selling price and the carrying amount of the asset less direct costs to sell.

Costs incurred subsequently

Costs incurred subsequently are added to the cost of the asset only when it is probable that the future economic benefits associated with the asset will flow to the company and the cost of the asset can be measured reliably. All other costs incurred subsequently are charged to expense in the period they are incurred.

Leased assets

Leases are classified as either finance leases or operating leases. A lease is classified as a finance lease if it transfers to the lessee substantially all the risks and rewards incidental to ownership of the underlying lease. All other leases are operating leases. Assets rented under finance leases are recognized as non-current assets in the balance sheet and initially measured at the lower of the fair value of the leased property and the present value of minimum lease payments on the date the contract is made. Obligations to pay future leasing charges are recognized as non-current and current liabilities. Leased assets are depreciated over the useful life of the asset, while lease payments are recognized as interest and repayment of the liability. Assets rented under operating leases are not recognized as assets in the balance sheet and operating leases do not give rise to a liability.

Depreciation policies

Assets are depreciated on a straight-line basis across the estimated useful life of the asset. Leased assets are depreciated over the shorter of the estimated useful life of the asset or the contractual term of the lease. Estimated useful lives:

- Computers, 3-5 years
- Equipment, 3-5 years

Depreciation methods applied, residual values and estimated useful lives are reviewed at the end of each year.

INTANGIBLE ASSETS

Goodwill

Goodwill is measured at cost less cumulative impairment losses, if any. Goodwill is allocated to cash-generating units and tested for impairment annually and whenever there is any indication that the asset in question has declined in value.

Research and development

Research and development costs aimed at obtaining new scientific or technical knowledge are recognized when they are incurred. Costs for development, research findings or other knowledge applied to achieve new or improved products or processes are recognized as an asset in the balance sheet if the product or process is technologically and commercially feasible and the company has adequate resources to complete the development and thereafter use or sell the intangible asset. The carrying amount includes all directly attributable costs, such as for materials and services, compensation to employees, registration of a legal right and amortization on patents and licenses. Other development costs are recognized in profit or loss for the year when they are incurred. Development costs recognized in the balance sheet are carried at cost less accumulated amortization and impairment losses, if any.

Other intangible assets

Other intangible assets comprise licenses, customer relationships, operator relationships, trademarks and proprietary software and are carried at cost less accumulated amortization and impairment losses (see accounting policies for impairment losses).

Costs incurred subsequently

Costs incurred subsequently for capitalized intangible assets are recognized in the balance sheet as an asset only if they increase the future economic benefits of the specific asset to which they relate. All other costs are charged to expense as incurred.

Amortization policies

Amortization of intangible assets is recognized in profit and loss on a straight-line basis over the estimated useful life of the asset, unless the useful life is indefinite. Estimated useful lives are reassessed at least once a year. Intangible assets with definite useful lives are amortized as of the date they are ready to be used.
Estimated useful lives:

- Licenses 3-5 years
- Customer relationships 5-10 years
- Operator relationships 5-10 years
- Trademark 1 year
- Proprietary software 3-5 years

Estimated useful lives are reassessed annually.

IMPAIRMENT

At each reporting date, the Group's recognized assets are assessed to determine whether there is any indication of impairment.

Impairment of property, plant and equipment and intangible assets

If there is indication of impairment loss, the recoverable amount of the asset is estimated. The recoverable amount of goodwill is also estimated annually. When a largely independent cash flow cannot be determined for an individual asset and its fair value less costs to sell cannot be used, the assets are grouped for impairment testing in a cash-generating unit, which is the lowest level at which largely independent cash flows can be identified. An impairment loss is recognized when the carrying amount of an asset or cash-generating unit exceeds the recoverable amount. Impairment losses are charged to profit and loss. When indication of an impairment loss has been identified for a cash-generating unit (CGU), the impairment loss is allocated primarily to goodwill. Thereafter, the remaining loss is proportionately allocated to the other assets included in the CGU. The recoverable amount is the higher of fair value less costs to sell and value in use. In measuring value in use, future cash flows are discounted using a discount rate that reflects the current market assessment of the time value of money (the risk-free rate of interest) and the risks associated with the specific asset.

Impairment of financial assets

At the end of each reporting period, the company assesses financial assets to determine whether there is objective evidence of impairment. Objective evidence includes observable events that have occurred and which have adverse impact on the ability to recover the cost of the asset. Late payment of an invoice, for example, is an observable event. CLX has established rules for how doubtful receivables must be managed. Past-due accounts receivable are impaired after individual assessment.

Reversals of impairment losses

Impairment losses for assets covered by IAS 36 are reversed if there is both an indication that the impairment loss no longer exists and there has been a change in the assumptions used to determine the recoverable amount. Impairment losses for goodwill are never reversed. Impairment losses are reversed only to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that would have been recognized, less any depreciation, if the impairment had not been recognized. Impairment losses for loan receivables and accounts receivable recognized at amortized cost are reversed if a later increase in the recoverable amount can be objectively attributed to an event that occurred after the impairment loss was recognized.

EARNINGS PER SHARE

Calculation of earnings per share is based on consolidated profit or loss attributable to owners of the parent and on weighted average shares outstanding during the year. When calculating diluted earnings per share, profit or loss and the average number of shares are adjusted to account for the effects of potentially dilutive ordinary shares.

EMPLOYEE BENEFITS

Defined contribution pension plans

All pension solutions in the Group are classified as defined contribution pension plans. Accordingly, the Group's obligation is limited to the contributions it has committed to pay. In such case, the size of the employee’s pension depends upon the contributions the company pays to the plan or to an insurance company and upon the return on capital generated by these contributions. Consequently, the actuarial risk (that pension benefits will be lower than expected) and the investment risk (that the invested assets will be insufficient to generate the expected benefits) are borne by the employee. The company's obligations to pay contributions to defined contribution plans are recognized as a cost in profit and loss at the rate they are earned through employee services rendered to the company during a period.

Severance pay

The Group recognizes a cost for severance pay only when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal time. When compensation is offered to encourage voluntary termination of employment, a cost is recognized if it is likely that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

Short-term employee benefits

The undiscounted amount of short-term employee benefits is recognized in the accounting period when the related service was rendered. A provision is recognized for the expected cost of bonus payments when the Group has a legal or constructive obligation to make such payments as a result of employee services rendered and the obligation can be reliably measured.

PROVISIONS

Provisions differ from other liabilities in that the timing or amount to settle the provision is uncertain. Provisions are recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are recognized in the amounts that are the best estimates of the outflows that will be required to settle the existing obligation at the reporting date. Where the time value of money is material, provisions are measured by discounting the expected future cash flow at a pretax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

Restructuring

A provision for restructuring is recognized when a detailed formal restructuring plan has been adopted and has started being implemented, or has been announced to those affected. No provisions are made for future operating expenses.

Onerous contracts

A provision for onerous contracts is recognized when the economic benefits expected to be received from the contract are lower than the unavoidable costs of meeting the contractual obligations.

CONTINGENT LIABILITIES

A contingent liability is recognized when there is a possible obligation arising from past events and whose existence will be confirmed only by one or more uncertain future events or when there is an obligation not recognized as a liability or provision because the possibility of an outflow of resources is remote.

PARENT COMPANY ACCOUNTING POLICIES

The parent company's annual accounts were prepared in accordance with the Swedish Annual Accounts Act (ÅRL) and recommendation RFR 2 Accounting of Legal Entities issued by the Swedish Financial Accounting Standards Council (FASC). Opinions issued by the FASC applicable to listed companies were also applied. RFR 2 requires the parent to apply all IFRSs and interpretations endorsed by the EU to its annual accounts for the legal entity to the extent possible within the framework of the Annual Accounts Act and the Swedish Pension Obligations Vesting Act, while observing the relationship between accounting and taxation. RFR 2 specifies the mandatory exceptions and additions to IFRS.

Changed accounting policies

If not otherwise stated below, the parent company's accounting policies have changed in accordance with that stated concerning the Group. The amendments to RFR 2 that have taken effect and apply to the 2015/16 financial year have had no material effect on the parent company financial statements.

Differences between consolidated and parent company accounting policies

Differences between consolidated and parent company accounting policies are disclosed below. The parent company accounting policies specified below have been applied consistently in all periods presented in the parent company's financial statements.

Classification and presentation

The parent company income statement and balance sheet are presented as set out in the Swedish Annual Accounts Act. The main differences compared to IAS 1 Presentation of Financial Statements, which was applied to the consolidated financial statements, are the presentation of financial income, financial expenses and equity.

Subsidiaries

The parent company accounts for investments in subsidiaries using the cost method and includes transaction costs directly attributable to the acquisition. Any contingent consideration is recognized when a probable and reliable amount can be estimated and any revaluations are recognized only in the balance sheet. Policies for impairment of investments in subsidiaries are consistent with the section "Impairment of property, plant and equipment and equipment and intangible assets" for the Group.

Revenue

Services performed by the parent company are recognized in profit and loss when the service is complete. Revenue in the parent company refers in all material respects to internal Group services.

Financial instruments and hedge accounting

By reason of the relationship between accounting and taxation, the rules in IAS 39 are not applied to the parent company as a legal entity. Financial assets in the parent company are measured at cost less impairment losses, if any.

Anticipated dividends

Anticipated dividends from subsidiaries are recognized when the parent company has the unilateral right to determine the amount of the dividend and the parent company has decided the amount of the dividend before publishing its financial statements.

Taxes

Untaxed reserves are recognized in the parent company balance sheet with no division between equity and deferred tax liabilities. Correspondingly, there is no allocation of a portion of appropriations to deferred tax expense in the parent company income statement.

NOTE 2 – OPERATING SEGMENTS

2015/16 18 MON, SEKM	Enterprise Division	Operator Division	Sinch	Corporate and eliminations	Group
Revenue from external customers	**2,079.9**	**252.6**	**1.4**	–	**2,333.9**
Revenue from other segments	0.8	8.3	–	-9.1	–
Gross profit	**406.4**	**235.6**	**0.9**	**0.3**	**642.3**
EBITDA	**173.6**	**80.0**	**0.6**	**-92.2**	**161.9**
Depreciation and amortization					-49.4
EBIT					**112.5**
Financial items					8.9
Profit before tax					**112.5**
Non-current assets[1]	**1,342.5**	**40.7**	**195.5**	**0.4**	**1,579.0**

[1] Of which Sweden SEK 288.0 million, USA SEK 1,287.9 million and rest of the world SEK 3.1 million.

Corporate includes EBITDA for the parent company in the amount of SEK -28.8 million.

2014/15 12 MON., SEKM	Enterprise Division	Operator Division	Corporate and eliminations	Group
Revenue from external customers	**704.0**	**140.4**	–	**844.4**
Revenue from other segments	7.8	14.3	-22.0	–
Gross profit	**132.5**	**137.8**	**-18.4**	**251.9**
EBITDA	**54.4**	**34.7**	**4.0**	**93.1**
Depreciation and amortization				-4.4
EBIT				**88.7**
Financial items				-18.9
Profit before tax				**69.8**
Non-current assets[1]	**45.6**	**25.0**	**–**	**70.6**

[1] Of which Sweden SEK 69.5 million and rest of the world SEK 1.1 million.

Corporate includes EBITDA for the parent company in the amount of SEK -6.3 million.

Group operations are divided into operating segments based on which parts of operations are monitored by executive management. CLX management monitors the EBITDA that the segment generates. Each operating segment has a managing director who is responsible for day-to-day operations and regularly reports the outcomes of the operating segment's performance to executive management.

Directly attributable items have been included in operating profit or loss for the segment. Acquisition costs, restructuring costs, integration costs and other non-regularly recurring items are not allocated to the Group's operating segments. Assets and liabilities are not monitored by executive management broken down by segment. Non-current assets include intangible assets and property, plant and equipment.

The Group's operating segments consist of the Enterprise Division and the Operator Division. As no decision has been made as to which segment Sinch will be included in, Sinch will be reported separately until further notice.

- Enterprise Division revenues consist of fees for handling messages for enterprises. The costs consist mainly of fees to telecom operators and payroll.
- Operator Division revenues consist mainly of software licenses including upgrades and support fees. The costs consist mainly of payroll.
- Corporate consists of the parent company and unallocated items.

Sales within and between the operating segments of the Group are transacted on market terms.

No single customer contributed 10 percent or more to the Group's revenue.

NOTE 3 - NET SALES

NET SALES DISTRIBUTED BY PRODUCTS AND SERVICES	Group 2015/16 18 mon	Group 2014/15 12 mon
Messaging services	2,072,686	704,040
Initial software licenses and upgrades	123,550	61,056
Hardware	3,683	5,398
Support	121,698	73,414
Other	12,320	486
Total net sales	**2,333,937**	**844,394**

NET SALES DISTRIBUTED BY REGION	Group 2015/16 18 mon	Group 2014/15 12 mon
Sweden	128,917	73,868
EU excluding Sweden	1,433,881	453,901
United States	420,736	174,592
Rest of the world	350,403	142,033
Total net sales	**2,333,937**	**844,394**

Based on where customers are located.

NOTE 4 - OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

OTHER OPERATING INCOME	Group 2015/16 18 mon	Group 2014/15 12 mon	Parent company 2015/16 18 mon	Parent company 2014/15 12 mon
Exchange rate gains	38,956	26,057	429	–
Fair value gain derivatives	–	3,434	–	–
Recovered previously impaired accounts receivable	1,435	–	–	–
Other	443	133	–	–
Total	**40,834**	**29,624**	**429**	**–**

OTHER OPERATING EXPENSES	Group 2015/16 18 mon	Group 2014/15 12 mon	Parent company 2015/16 18 mon	Parent company 2014/15 12 mon
Exchange rate losses	-39,241	-17,143	-191	–
Recovered previously impaired accounts receivable	–	10,320	–	–
Provision for doubtful receivables	-11,578	-1,801	–	–
Total	**-50,819**	**-8,624**	**-191**	**–**

NOTE 5 - AUDIT FEES

	Group 2015/16 18 mon	Group 2014/15 12 mon	Parent company 2015/16 18 mon	Parent company 2014/15 12 mon
Statutory audit services				
Deloitte	2,171	826	358	660
Other audit firms	738	–	–	–
Audit-related services				
Deloitte	52	565	52	565
Other audit firms	15	–	–	–
Tax services				
Deloitte	–	80	–	80
Other audit firms	481	–	–	–
Other services				
Deloitte	5,686	25	1,449	–
Other audit firms	444	–	–	–
Total	**9,587**	**1,496**	**1,859**	**1,305**

Other services, Deloitte:
Fees related to the IPO amount to SEK 1,041 thousand (-) and are recognized in profit and loss as market listing expenses.

Fees related to the rights issue amount to SEK 388 thousand (-) and are recognized directly against equity.

Fees related to due diligence in connection with acquisitions amount to SEK 4,237 thousand (-) and are recognized in profit and loss as acquisition costs.

NOTE 6 - OTHER EXTERNAL EXPENSES

OTHER EXTERNAL EXPENSES	Group 2015/16 18 mon	Group 2014/15 12 mon	Parent company 2015/16 18 mon	Parent company 2014/15 12 mon
Market listing costs	-11,198	-6,330	-11,198	-6,330
Acquisition costs	-17,112	–	–	–
Restructuring costs	-35,166	–	-1,219	–
Integration costs	-12,659	–	-919	–
Other external costs	-135,503	-51,977	-7,308	-100
Total	**-211,638**	**-58,307**	**-20,644**	**-6,430**

Restructuring costs refer to employee benefits expense of SEK 24,536 thousand and other external expenses of SEK 10,630 thousand for premises and advisory services.

NOTE 7 - LEASING

OPERATING LEASES	Group 31 Dec 2016	Group 30 Jun 2015	Parent company 31 Dec 2016	Parent company 30 Jun 2015
Payable < 1 year	18,158	3,528	–	–
Payable > 1 year, < 5 years	12,166	124	–	–
Payable > 5 years	–	–	–	–
Total	**30,324**	**3,652**	**–**	**–**

The nominal value of future minimum lease payments referring to non-cancellable operating leases is distributed as shown in the table above. In all material respects, operating leases consist of rental contracts for premises and a minor portion of office equipment.

OPERATING LEASES IN PROFIT FOR THE YEAR	Group 2015/16 18 mon	Group 2014/15 12 mon	Parent company 2015/16 18 mon	Parent company 2014/15 12 mon
Leasing expenses	14,864	7,905	–	–
Total	**14,864**	**7,905**	**–**	**–**

FINANCE LEASING	Group 31 Dec 2016 Minimum lease payments	Interest	Principal
Payable < 1 year	169	8	161
Payable > 1 year, < 5 years	344	40	305
Payable > 5 years	–	–	–
Total	**513**	**48**	**466**

Non-cancellable finance leases mature as shown in the table above. Assets under finance leases consist of office furniture. There were no finance leases in the preceding year.

FINANCE LEASES IN PROFIT FOR THE YEAR	Group 2015/16 18 mon	Group 2014/15 12 mon
Variable charges included in profit or loss for the period	0	–

NOTE 8 - EMPLOYEES, EMPLOYEE BENEFITS EXPENSE AND COMPENSATION TO SENIOR MANAGEMENT

	Group		Parent company	
SALARIES AND OTHER COMPENSATION	2015/16 18 mon	2014/15 12 mon	2015/16 18 mon	2014/15 12 mon
Salaries and other compensation	200,324	88,298	7,863	65
(Of which variable pay)	21,291	–	560	–
Other benefits	3,779	–	–	–
Pension expenses	15,938	8,482	1,156	–
Other social security expenses	45,116	20,521	2,773	20
Total	**266,157**	**117,301**	**11,792**	**85**

	2015/16 18 MONTHS					
COMPENSATION TO SENIOR MANAGEMENT – GROUP	Base pay/fee	Variable pay	Other benefits	Pension expenses	Other social security expenses	Total
Erik Fröberg, chairman*	225	–	–	–	71	**296**
Kjell Arvidsson, director*	944	–	–	280	365	**1,589**
Charlotta Falvin, director*	225	–	–	–	71	**296**
Jonas Fredriksson, director*	225	–	–	–	71	**296**
Helena Nordman-Knutson, director*	225	–	–	–	71	**296**
Johan Stuart, director*	225	–	–	–	71	**296**
Johan Hedberg, CEO*	912	–	–	115	314	**1,341**
Johan Hedberg, CEO	569	–	990	–	63	**1,622**
Other senior management (1 individual)*	1,973	348	–	436	835	**3,592**
Other senior management (3 individuals, of which 1 for part of the year)	3,259	986	–	456	1,250	**5,951**
Total senior management	**8,782**	**1,334**	**990**	**1,287**	**3,180**	**15,573**

*Parent company

	2014/15 12 MONTHS					
COMPENSATION TO SENIOR MANAGEMENT – GROUP	Base pay/fee	Variable pay	Other benefits	Pension expenses	Other social security expenses	Total
Erik Fröberg, chairman*	13	–	–	–	4	**17**
Charlotta Falvin, director*	13	–	–	–	4	**17**
Jonas Fredriksson, director*	13	–	–	–	4	**17**
Helena Nordman-Knutson, director*	13	–	–	–	4	**17**
Johan Stuart, director*	13	–	–	–	4	**17**
Kjell Arvidsson, director	559	–	–	193	222	**974**
Björn Zethraeus, director	577	–	1	42	192	**812**
Henrik Sandell, director	564	–	2	123	208	**897**
Robert Gerstmann, director	579	–	69	122	233	**1,003**
Kristian Männik, director	564	–	35	118	217	**934**
Johan Hedberg, CEO	569	–	20	93	208	**890**
Other senior management (2 individuals)*	566	–	–	83	198	**847**
Total senior management	**4,043**	**–**	**127**	**774**	**1,498**	**6,442**

*Parent company

COMPENSATION TO GROUP MANAGEMENT – GROUP

Board of directors

As resolved by the 2015 annual general meeting, a director's fee of SEK 150 thousand is paid to non-executive directors. The extraordinary general meeting held 13 June 2016 resolved to change the company's financial year to coincide with the calendar year. Consequently, the current financial year was extended and comprises 18 months. The general meeting also resolved to extend the directors' term in office until the close of the next annual general meeting. In view of the extended term in office, the general meeting also resolved to adjust directors' fees to a corresponding extent, which entailed an increase of SEK 75 thousand per director, for a total fee of SEK 225 thousand. Executive directors receive base pay in their capacity as senior management.

Chief executive officer

In accordance with the guidelines adopted fore 2015/16, the CEO is entitled to fixed pay, variable pay and other compensation. Variable pay is limited to 30 percent of fixed pay. A six-months' period of notice of termination or resignation applies between the company and the CEO. Upon termination no severance is paid. Other benefits consist of health insurance and reimbursement of additional costs related to relocation to the United States.

Other senior management

The executive management team for 2015/16 includes the managing directors of the Enterprise Division and the Operator Division and, from 1 August 2016, the VP European Sales for the Enterprise Division. Other senior management are entitled to fixed pay, variable pay and other compensation. Variable pay is based on business targets and, in accordance with the guidelines adopted by the 2015 annual general meeting, is limited to a maximum of 30 percent of fixed pay. During the 2015/16 financial year, the board of directors resolved, in accordance with established guidelines, in favor of one-time compensation to a number of senior management members, two for their contributions in connection to the acquisition of Mblox and one since his employement contract was not re-negotiated upon becoming senior management. This compensation was not based on predefined targets. Other benefits consist of health insurance.

Pensions

The age of retirement for the CEO and other senior management is 65. Pension premiums for the CEO and other senior management reflect customary conditions generally applicable to executives in comparable positions with other companies and are based on defined contribution pension plans. Pension benefits are calculated upon base pay only. There are no commitments to pension benefits for non-executive directors.

Incentive program

On 5 December 2016, an extraordinary general meeting resolved to introduce a long-term incentive scheme for senior management and key employees within CLX, by issuing a maximum of 1.5 million warrants with expiry after three, four and five years respectively and an exercise price of SEK 127.67 per share. Due to different tax rules, participants in the United States and the United Kingdom received the warrants against no monetary consideration. Other participants paid a premium of SEK 9.56 per warrant. Of senior management, the CFO, the Managing Director of the Operators Division and the VP European Sales for the Enterprise Division were invited to participate in the incentive program. These individuals have respectively subscribed for 50,000, 60,000 and 50,000 warrants each. The warrants were allotted in January 2017.

AVERAGE NUMBER OF EMPLOYEES	2015/16 18 mon	Of whom, men	2014/15 12 mon	Of whom, men
Sweden	134	116	108	97
Australia	1	–	–	–
France	1	1	–	–
United Arab Emirates	11	10	10	9
Canada	9	6	8	6
Singapore	1	1	–	–
Spain	3	3	–	–
United Kingdom	19	14	7	4
Turkey	2	2	–	–
United States	20	15	5	3
Total	**199**	**168**	**138**	**119**
Of which parent company (Sweden)	5	3	–	–

NOTE 9 - FINANCIAL INCOME AND EXPENSES

GROUP	2015/16 18 mon	2014/15 12 mon
Interest income	1,518	260
Call option, Caleo Technologies AB	–	600
Exchange rate gains	103,433	–
Other financial income	121	30
Financial income	**105,072**	**890**
Interest expenses	-8,054	-19,769
Exchange rate losses	-87,939	-40
Other financial expenses	-183	–
Financial expenses	**-96,176**	**-19,809**
Net financial income or expenses	**8,896**	**-18,919**

PARENT COMPANY	2015/16 18 mon	2014/15 12 mon
Interest income	19	–
Interest income, Group companies	439	–
Exchange rate gains	106,272	–
Interest income and similar profit items	**106,730**	**–**
Interest expenses	-7,799	–
Interest expenses, Group companies	-995	-19,502
Exchange rate losses	-24,599	–
Other financial expenses	-27	–
Other interest income and similar profit items	**-33,420**	**-19,502**

PROFIT FROM INVESTMENTS IN SUBSIDIARIES	2015/16 18 mon	2014/15 12 mon
Dividend	20,000	–
Total	**20,000**	**–**

NOTE 10 - APPROPRIATIONS

PARENT COMPANY	2015/16 18 mon	2014/15 12 mon
Provision to tax allocation reserve	-6,578	–
Group contribution received	–	27,105
Total	**-6,578**	**27,105**

NOTE 11 - TAXES

	Group		Parent company	
TAX IN PROFIT AND LOSS	2015/16 18 mon	2014/15 12 mon	2015/16 18 mon	2014/15 12 mon
Current tax	-38,918	-11,041	-8,404	-274
Tax attributable to previous years	3,191	–	–	–
Deferred tax related to timing differences	25,982	-5,777	–	–
Deferred tax on loss carryforwards	-71	-17	–	-17
Total	**-9,816**	**-16,835**	**-8,404**	**-291**

Current tax recognized directly against equity amounts to SEK 4,063 thousand (-) and refers to tax on issue costs. Deferred tax recognized directly against equity amounts to SEK – thousand (132) and refers to the tax portion of the recognized put option in Caleo Technologies AB.

Deferred tax recognized in other comprehensive income amounts to SEK -7,521 thousand (-) and refers to the tax portion of hedge accounted amounts arising from net investments in subsidiaries.

	Group		Parent company	
RECONCILIATION OF TAX EXPENSE FOR THE YEAR	2015/16 18 mon	2014/15 12 mon	2015/16 18 mon	2014/15 12 mon
Profit before tax	121,384	69,770	57,909	1,323
Tax calculated at Swedish tax rate, 22%	-26,704	-15,350	-12,740	-291
Tax attributable to previous years	3,191	–	–	–
Tax effect of non-deductible expenses	-1,102	-318	-64	–
Tax effect of non-taxable revenue	825	1	4,400	–
Tax on standard interest rate, tax allocation reserves	-37	-34	–	–
Tax effect of non-capitalized loss carryforwards	-29	-128	–	–
Tax effect of utilized, non-capitalized loss carryforwards	7,545	–	–	–
Foreign tax deducted at source	-30	-960	–	–
Effect of foreign tax rates	6,525	-46	–	–
Tax on profit for the year according to income statement	**-9,816**	**-16,835**	**-8,404**	**-291**

TAX RATE

The parent company's current tax rate is 22 percent (22). The Group's effective tax rate is 8.1 percent (24.1).

NOTE 12 - EARNINGS PER SHARE

BASIC EARNINGS PER SHARE	2015/16 18 mon	2014/15 12 mon
Profit for the year attributable to owners of the parent	111,324	53,198
Weighted average ordinary shares outstanding, before dilution	42,535,750	34,800,000
Basic earnings per share, SEK	**2.62**	**1.53**

BASIC EARNINGS PER SHARE	2015/16 18 mon	2014/15 12 mon
Profit for the year attributable to owners of the parent	111,324	53,198
Interest on preference shares	-942	-48
Adjusted profit attributable to owners of the parent	**110,382**	**53,150**
Weighted average ordinary shares outstanding, before dilution	42,535,750	34,800,000
Weighted average preference shares outstanding	503,677	38,652
Weighted average shares outstanding, after dilution	**43,039,427**	**34,838,652**
Diluted earnings per share, SEK	**2.56**	**1.53**

The average number of shares outstanding was recalculated after the 1:30 split and the rights issue.

NOTE 13 - GOODWILL

GROUP	2015/16 18 mon	2014/15 12 mon
Cost on the opening date	56,799	45,438
Through acquisitions of Group companies	711,695	11,307
Reclassifications	306	–
Translation differences	34,834	54
Accumulated cost on the closing date	**803,634**	**56,799**

GOODWILL PER CASH-GENERATING UNIT	31 Dec 2016	30 Jun 2015
CLX Networks AB	42,009	42,009
Symsoft AB	2,478	2,478
Caleo Technologies AB	11,307	11,307
Mblox Inc.	655,559	–
Sinch AB	90,920	–
CLX Networks Canada	1,101	770
CLX Networks Inc.	260	235
Total	**803,634**	**56,799**

IMPAIRMENT TEST OF GOODWILL

Goodwill is tested for impairment annually or when there are indications that an impairment loss has occurred. The recoverable amount for a cash-generating unit is determined based on estimated value in use. These estimates are based on cash flow projections, which are based on financial budgets approved by the management covering a five-year period. In the assessment of future cash flows assumptions are made, primarily concerning sales growth, operating margin and discount rate. The estimated growth rate and the forecast operating margin are based on the company's budgets and forecasts for each unit.

The growth rate after the forecast period coincides with the Group's long-term assumptions about inflation and long-term market growth. The discount rate reflects specific risks associated with the asset.

In the company's judgment, the cash-generating units Mblox Inc., CLX Networks AB and Symsoft AB can be categorized as tech companies in a growth phase but with strong and stable cash flows. Caleo Technologies AB and Sinch AB are in a development phase, which justifies a higher risk premium.

	Discount rate before tax		Long-term growth rate	
CASH-GENERATING UNIT	2015/16	2014/15	2015/16	2014/15
CLX Networks AB	8%	10%	2%	2%
Symsoft AB	8%	10%	2%	2%
Caleo Technologies AB	12%	12%	2%	3%
Mblox Inc.	8.9%	–	2%	–
Sinch AB	18%	–	2%	–

SENSITIVITY ANALYSIS

The recoverable amount exceeds the carrying amount for all cash-generating units and CLX has judged that reasonable changes in underlying assumptions would not lead to a need for impairment.

The sensitivity analysis for Mblox, which comprises the majority of surplus values in CLX, shows that the recoverable amount is on par with the carrying amount at a WACC before tax 4.5 percentage points above that assumed, a negative difference regarding the growth assumption of 2 percentage points, which would entail zero growth, or a negative difference against the Group's long-term profitability target by 3.4 percentage points.

NOTES

NOTE 14 - **OTHER NON-CURRENT INTANGIBLE ASSETS**

	2015/16 18 MONTHS					
GROUP	Proprietary software	Licenses	Customer relationships	Operator relationships	Trademark	Total other non-current intangible assets
Cost on the opening date	13,955	–	–	–	–	13,955
Capitalized expenditure/ purchases for the year	22,729	4,831	–	–	–	27,560
Through acquisitions of Group companies	68,000	13,716	613,417	46,434	1,000	742,567
Reclassifications	-1,023	1,106	–	–	–	83
Disposals/retirements	–	-3,723	–	–	–	-3,723
Translation differences	1	535	35,172	2,447	–	38,155
Accumulated cost on the closing date	**103,662**	**16,465**	**648,589**	**48,881**	**1,000**	**818,597**
Amortization on the opening date	**-4,854**	–	–	–	–	**-4,854**
Amortization for the year	-6,312	-3,789	-32,784	-2,306	-33	-45,224
Through acquisitions of Group companies	–	-8,813	–	–	–	-8,813
Reclassifications	216	-216	–	–	–	0
Disposals/retirements	–	3,723	–	–	–	3,723
Translation differences	–	89	-2,140	-149	–	-2,200
Accumulated amortization on the closing date	**-10,950**	**-9,006**	**-34,924**	**-2,455**	**-33**	**-57,368**
Carrying amount	**92,712**	**7,459**	**613,665**	**46,426**	**967**	**761,230**

	2014/15 12 MONTHS					
GROUP	Proprietary software	Licenses	Customer relationships	Operator relationships	Trademark	Total other non-current intangible assets
Cost on the opening date	10,626	–	–	–	–	10,626
Capitalized expenditure/ purchases for the year	3,329	–	–	–	–	3,329
Through acquisitions of Group companies	–	–	–	–	–	–
Reclassifications	–	–	–	–	–	–
Translation differences	–	–	–	–	–	–
Accumulated cost on the closing date	**13,955**	–	–	–	–	**13,955**
Amortization on the opening date	**-1,584**	–	–	–	–	**-1,584**
Amortization for the year	-3,270	–	–	–	–	-3,270
Through acquisitions of Group companies	–	–	–	–	–	–
Reclassifications	–	–	–	–	–	–
Translation differences	–	–	–	–	–	–
Accumulated amortization on the closing date	**-4,854**	–	–	–	–	**-4,854**
Carrying amount	**9,101**	–	–	–	–	**9,101**

LICENSES	Parent company 2015/16 18 mon	2014/15 12 mon
Cost on the opening date	–	–
Purchases for the year	350	–
Accumulated cost on the closing date	**350**	–
Amortization on the opening date	–	–
Amortization for the year	–	–
Accumulated amortization on the closing date	–	–
Carrying amount	**350**	–

SHARES IN SUBSIDIARIES	Parent company 31 Dec 2016	30 Jun 2015
Cost on the opening date	349,950	349,950
Acquired subsidiary	180,155	–
Accumulated cost on the closing date	**530,105**	**349,950**

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT

GROUP, COMPUTERS AND EQUIPMENT	2015/16 18 mon	2014/15 12 mon
Cost on the opening date	20,295	16,122
Purchases for the year	6,141	4,124
Through acquisitions of Group companies	24,164	235
Reclassifications	969	–
Disposals/retirements	-2,204	-186
Translation differences	325	–
Accumulated cost on the closing date	**49,690**	**20,295**
Depreciation on the opening date	-15,597	-14,420
Depreciation for the year	-4,671	-1,177
Through acquisitions of Group companies	-15,842	–
Reclassifications	-1,078	–
Disposals/retirements	1,778	–
Translation differences	-114	–
Accumulated depreciation on the closing date	**-35,524**	**-15,597**
Carrying amount	**14,166**	**4,698**

NOTE 16 - FINANCIAL ASSETS

	Group		Parent company	
NON-CURRENT RECEIVABLES	31 Dec 2016	30 Jun 2015	31 Dec 2016	30 Jun 2015
Derivative instruments	600	2,600	–	–
Non-current VAT receivable	5,139	–	–	–
Deposits	248	–	–	–
Non-current receivables, Group companies	–	–	1,128,972	–
Non-current accounts receivable	3,032	–	–	–
Other non-current receivables	2,394	–	–	–
Total	**11,413**	**2,600**	**1,128,972**	**–**

SUBSIDIARIES IN THE GROUP	Corporate ID	Registered office	% of equity and votes 31 Dec 2016	% of equity and votes 30 Jun 2015	Carrying amount 31 Dec 2016	Carrying amount 30 Jun 2015
CLX Networks AB	556747-5495	Stockholm	100	100	249,950	249,950
CLX Networks South Africa (PTY) Ltd	2013/128948/07	South Africa	100	100	–	–
CLX Networks Nigeria Limited	1210794	Nigeria	99.99	99.99	–	–
CLX Networks Italy S.R.L.	4265200230	Italy	100	100	–	–
CLX Networks Inc.	20-3937075	USA	100	100	–	–
CLX Networks Canada	924-4933	Canada	100	100	–	–
CLX Networks UK Ltd	9068965	United Kingdom	100	100	–	–
CLX Networks Singapore PTE LTD	201423573W	Singapore	100	100	–	–
CLX Networks AB Telekomünikasyon LTD. STI.	866349	Turkey	51	51	–	–
Symsoft AB	556353-1333	Stockholm	100	100	100,000	100,000
Caleo Technologies AB	556227-0780	Gothenburg	66.67	66.67	–	–
CLX Communications Holding AB	559061-2791	Stockholm	100	–	50	–
CLX U.S. Holding Inc.	20163012208	USA	100	–	–	–
Mblox Inc.	77220277010	USA	100	–	–	–
Mblox Brazil	16.462.330	Brazil	100	–	–	–
CLX Networks Australia PTY Ltd	608286979	Australia	100	–	–	–
Bitmo CA US Inc.	C2180875	USA	100	–	–	–
mBlox GmbH	143/160/50205	Germany	100	–	–	–
Mblox Spain Telecomunicaciones SL	B82966078	Spain	100	–	–	–
Mblox Malaysia Sdn Bhd	870260-U	Malaysia	100	–	–	–
Mblox Asia Pacific PTE LTD	200007936G	Singapore	100	–	–	–
Mblox Ltd	03049312	United Kingdom	100	–	–	–
Mblox UK Ltd	04334317	United Kingdom	100	–	–	–
Mblox France S.R.L.	448324285	France	100	–	–	–
mBlox Italia S.R.L.	04491540961	Italy	100	–	–	–
CLX Networks Lund AB	556715-6418	Lund	100	–	–	–
Convaneer US LLC	4567684	USA	100	–	–	–
Mblox SA (PTY) Ltd	2012/217923/07	South Africa	100	–	–	–
Mblox Northern Europe A B	556587-6843	Stockholm	100	–	–	–
Nextgen Mobile Ltd	04775987	United Kingdom	100	–	–	–
Sinch AB	556969-5397	Stockholm	100	–	180,105	–
Sinch Incitament AB	559068-5441	Stockholm	100	–	–	–
Sinch Mobile Inc.	37-1539008	USA	100	–	–	–
Sinch Ltd	09600484	United Kingdom	100	–	–	–
Carrying amount in the parent company					**530,105**	**349,950**

NOTE 17 - **DEFERRED TAX**

DEFERRED TAX ASSETS	Group 31 Dec 2016	Group 30 Jun 2015
Loss carryforward	17,050	71
Warrants and derivatives	8,239	–
Provisions	4,337	157
Total deferred tax assets	**29,626**	**228**
DEFERRED TAX LIABILITIES		
Untaxed reserves	-11,597	-5,722
Options and derivatives	–	-615
Proprietary software	-20,329	-1,825
Customer relationships	-240,459	–
Operator relationships	-17,551	–
Trademark	-213	–
Total deferred tax liabilities	**-290,149**	**-8,162**
Net deferred tax	**-260,523**	**-7,934**

Temporary differences exist when the carrying amount and the amount attributed to the asset or liability for tax differ. Temporary differences relating to the items above have resulted in deferred tax assets and deferred tax liabilities. The changes have been recognized in comprehensive income for the year.

The majority of loss carryforwards are in Sweden, where the utilization period is unlimited.

As discussed in Note 32, an analysis is ongoing of which loss carryforwards can be utilized in the acquired Mblox companies and no deferred tax assets have been recognized for the losses under analysis.

INCLUDED IN THE BALANCE SHEET	Group 31 Dec 2016	Group 30 Jun 2015
Deferred tax asset utilized after more than 12 months	25,289	–
Deferred tax liability settled after more than 12 months	252,958	1,217

NET CHANGE IN DEFERRED TAX	Group 2015/16 18 mon	Group 2014/15 12 mon
Net balance on the opening date	-7,934	-2,113
Through acquisitions of Group companies	-257,046	-159
Change in comprehensive income for the year	18,390	-5,794
Change against equity	–	132
Translation differences	-13,933	–
Net balance on the closing date	**-260,523**	**-7,934**

NOTE 18 - **ACCOUNTS RECEIVABLE**

ACCOUNTS RECEIVABLE	Group 31 Dec 2016	Group 30 Jun 2015
Accounts receivable	390,019	136,060
Doubtful receivables		
Opening balance	-743	-15,092
Through acquisitions of Group companies	-6,391	–
Reversals of previous provisions	1,292	10,320
Confirmed customer losses	2,841	4,772
Provisions for the year	-14,762	-743
Translation differences	144	–
Balance on the closing date	**-17,619**	**-743**
Net accounts receivable	**372,400**	**135,317**

The carrying amount for accounts receivable, net after provisions for doubtful receivables, has been estimated as equal to fair value.

AGING REPORT: ACCOUNTS RECEIVABLE	Group 31 Dec 2016	Group 30 Jun 2015
Not due	331,150	105,458
Past due 1-30 days	36,482	18,348
Past due 31-60 days	7,799	7,455
Past due 61-90 days	6,443	2,250
Past due >91 days	8,145	2,549
Total	**390,019**	**136,060**

The company's assessment is that payment will be received for accounts receivable that are past due but which have not been impaired because the customer's payment history is good.

NOTE 19 - **OTHER CURRENT RECEIVABLES**

OTHER CURRENT RECEIVABLES	Group 31 Dec 2016	Group 30 Jun 2015	Parent company 31 Dec 2016	Parent company 30 Jun 2015
VAT receivable	19,286	2,342	176	413
Derivatives	–	1,210	–	–
Advances to suppliers	1,385	–	–	–
Other current receivables	9,531	4,853	1	–
Total other current receivables	**30,202**	**8,405**	**177**	**413**

NOTE 20 - PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent company	
PREPAID EXPENSES AND ACCRUED INCOME	31 Dec 2016	30 Jun 2015	31 Dec 2016	30 Jun 2015
Prepaid rent	4,474	656	–	–
Prepaid leasing charges	134	–	–	–
Prepaid insurance premiums	2,830	–	771	–
Prepaid services	5,331	–	–	–
Prepaid interest expense/ accrued interest expense	10	16	–	–
Prepaid license fees	742	–	35	–
Prepaid data communications	47	–	–	–
Accrued income and prepaid traffic costs	156,086	31,284	–	–
Other	8,259	7,689	–	–
Total prepaid expenses and accrued income	**177,913**	**39,645**	**806**	**–**

NOTE 21 - EQUITY

SHARES AND SHARE CAPITAL, SEK	Ordinary shares	Preference shares	Share capital
Opening balance at 1 July 2014	1,000,000	–	50,000
Rights issue	–	81,081	4,054
Closing balance at 30 June 2015	**1,000,000**	**81,081**	**54,054**
Bonus issue	–	–	3,189,189
Share split 1:30	29,000,000	2,351,349	–
Conversion of preference shares to ordinary shares	2,432,430	-2,432,430	–
Rights issue	16,216,215	–	1,621,622
Non-cash issue	885,797	–	88,580
Closing balance at 31 December 2016	**49,534,442**	**0**	**4,953,444**

At 31 December 2016, authorized share capital comprised 49,534,442 shares. The quotient value of the shares is 0.10 (0.05). All shares are fully paid-in.

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 and to execute a 1:30 stock split, which increased the number of shares in the company to 32,432,430. In connection with the IPO in October 2015 all 2,432,430 preference shares were converted into ordinary shares.

A rights issue was executed in July 2016 in which existing shareholders were invited to subscribe for one share for each two shares held at a price of SEK 38.50 per share. The issue increased shares outstanding by 16,216,215. The proceeds to the company were SEK 624.3 million before issue costs of SEK 14.4 million after tax.

Part of the purchase consideration for Sinch AB was paid through a non-cash issue of 885,797 shares at SEK 94.75 each. The proceeds of the non-cash issue to the company were SEK 83.9 million.

On 5 December 2016, an extraordinary general meeting resolved to introduce a long-term incentive scheme for senior management and key employees within CLX, by issuing a maximum of 1.5 million warrants with expiry after three, four and five years respectively and an exercise price of SEK 127.67 per share. If fully exercised, dilution will be approximately 3 percent. Due to different tax rules, participants in the United States and the United Kingdom received the warrants against no monetary consideration. Other participants paid a premium of SEK 9.56 per warrant. The warrants were allotted in January 2017.

RESERVES	Translation reserve	Revaluation reserve
Opening balance at 1 July 2014	-122	–
Put option, Caleo	–	-600
Deferred tax	–	132
Translation differences	193	–
Closing balance at 30 June 2015	**71**	**-468**
Translation differences	35,192	–
Hedge accounting, net investment in foreign operations	-10,354	–
Deferred tax	-7,521	–
Closing balance at 31 December 2016	**17,388**	**-468**

The translation reserve includes all exchange rate differences that arise upon translation of financial statements in a currency other than SEK, the Group's presentation currency. The translation reserve also includes exchange rate differences that arise upon revaluation of liabilities taken up as hedging instruments for a net investment in a foreign operation.

NOTE 22 - OTHER NON-CURRENT LIABILITIES

	Group		Parent company	
OTHER NON-CURRENT LIABILITIES	31 Dec 2016	30 Jun 2015	31 Dec 2016	30 Jun 2015
Bank loan	413,413	79,851	413,413	79,851
Debt to ultimate parent before IPO	–	971	–	971
Additional purchase consideration, Caleo	–	4,669	–	–
Additional purchase consideration, Sinch	40,000	–	40,000	–
Finance leasing	443	–	–	–
Derivatives	600	600	–	–
Total other non-current liabilities	**454,456**	**86,091**	**453,413**	**80,822**

In connection with the acquisition of Mblox Inc. in July 2016, the existing bank loan was repaid and replaced by new credit facilities of USD 24.6 million, GBP 5.1 million and EUR 21.5 million. The first payment is due 30 June 2017, after which the USD and EUR loans will be paid down quarterly at 5.44 percent through 31 March 2019 and the remainder upon maturity in May 2019, when the GBP loan will also be repaid in full. The bank loans accrue three-month interest with LIBOR and EURIBOR 3M as the interest base.

CLX has a bank overdraft facility of SEK 100 million (100). As of 31 December 2016, SEK 0 million (0) had been drawn.

See Note 32 for further disclosures concerning additional purchase consideration for Sinch AB.

NOTE 23 - PROVISION FOR RESTRUCTURING MEASURES

PROVISION FOR RESTRUCTURING MEASURES	Group 2015/16 18 mon	2014/15 12 mon
Balance at opening date	–	–
Provisions made during the year	35,166	–
Amounts used during the year	-26,662	–
Translation differences	391	–
Balance on the closing date	**8,895**	**–**

The provision for restructuring measures refers to employee benefits expense of SEK 24,536 thousand and other external expenses of SEK 10,630 thousand for premises and advisory services.

The expected outward payments for 2017 amount to SEK 8,895 thousand.

NOTE 24 - OTHER CURRENT LIABILITIES

	Group		Parent company	
OTHER CURRENT LIABILITIES	31 Dec 2016	30 Jun 2015	31 Dec 2016	30 Jun 2015
Bank loan	70,091	–	–	–
Derivatives	–	415	–	–
VAT, tax withheld at source	28,994	4,698	683	–
Other current liabilities	474	974	–	2,064
Balance on the closing date	**99,559**	**6,087**	**683**	**2,064**

The bank loan accrues three-month interest with LIBOR and EURIBOR 3M as the interest base.

NOTE 25 - ACCRUED EXPENSES AND PREPAID INCOME

	Group		Parent company	
ACCRUED EXPENSES AND PREPAID INCOME	31 Dec 2016	30 Jun 2015	31 Dec 2016	30 Jun 2015
Accrued salaries	14,168	9,169	4,403	–
Accrued annual leave pay	11,894	8,327	369	–
Accrued social security contributions, including pension	17,213	6,021	1,525	–
Accrued interest expenses	1,501	–	1,501	–
Accrued external services	11,591	4,623	1,490	4,623
Accrued traffic costs	236,000	52,978	–	–
Other items	7,991	8,473	1,365	–
Total accrued expenses and prepaid income	**300,358**	**89,591**	**10,653**	**4,623**

NOTE 26 - UNTAXED RESERVES

UNTAXED RESERVES	Parent company 31 Dec 2016	30 Jun 2015
Tax allocation reserve	6,578	–
Total untaxed reserves	**6,578**	**–**

NOTE 27 - PLEDGED ASSETS

	Group		Parent company	
PLEDGED ASSETS	31 Dec 2016	30 Jun 2015	31 Dec 2016	30 Jun 2015
As collateral for own debt and provisions				
Shares	322,449	211,986	349,950	349,950
Corporate mortgages	45,000	45,000	–	–
Guarantees	4,402	5,630	–	–
Total pledged assets	**371,851**	**262,616**	**349,950**	**349,950**

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 amounts to SEK 322.4 million (212.0). According to the agreement, the lenders have the right to sell the collateral if an event of default exists and agreement cannot be reached. The collateral can only be sold if an event of default is still ongoing; that is, it exists when the sale is executed. In addition, corporate mortgages of SEK 45 million (45) were pledged as collateral for the loan agreement.

NOTE 28 - RELATED-PARTY TRANSACTIONS

Intragroup transactions between the parent company and its subsidiaries have been eliminated on consolidation and disclosures concerning the Group are therefore not provided. Transactions between the Group and other related parties were as follows:

	Group	
PURCHASE OF GOODS AND SERVICES FROM RELATED PARTIES	2015/16 18 mon	2014/15 12 mon.
MI Carrier Services AB	–	160

MI Carrier Services AB is owned by the founders of CLX and has performed occasional consultancy services in the area of telecom licenses. Sales and purchases of goods and services are transacted on market terms.

	Group and parent company	
LIABILITIES TO RELATED PARTIES	31 Dec 2016	30 Jun 2015
Loan from Cantaloupe AB	–	971

Loan from Cantaloupe AB, which was the ultimate parent of CLX before the IPO, was repaid in full in October 2015. The loan accrued interest at 10 percent during the period of 17 April 2012 until 31 December 2014 and at 3 percent thereafter.

Sales to Group companies comprise 100 percent of net sales in the parent company.

Receivables and liabilities to other Group companies are presented in the parent company balance sheet.

Disclosures concerning compensation to senior management are provided in Note 8.

NOTE 29 - FINANCIAL ASSETS AND LIABILITIES

GROUP 31 DEC 2016	Loan and accounts receivable	Other liabilities	Financial assets and liabilities at fair value through profit or loss	Total carrying amount and fair value
Deposits paid, Note 16	248	–	–	248
Derivatives, Level 3, Note 16	–	–	600	600
Non-current accounts receivable, Note 16	3,032	–	–	3,032
Accounts receivable, Note 18	372,400	–	–	372,400
Cash and cash equivalents	115,342	–	–	115,342
Total	**491,022**	**–**	**600**	**491,622**
Long-term loans payable, Note 22	–	413,413	–	413,413
Short-term loans payable, Note 24	–	70,091	–	70,091
Accounts payable	–	259,073	–	259,073
Derivatives, Level 3, Note 22	–	–	600	600
Additional purchase consideration, Level 3, Note 22	–	40,000	–	40,000
Accrued interest expense, Note 25	–	1,501	–	1,501
Total	–	**784,078**	**600**	**784,678**

GROUP 30 JUNE 2015	Loan and accounts receiv-able	Other liabilities	Financial assets and liabilities at fair value through profit or loss	Total carrying amount and fair value
Derivatives, Level 2 & 3, Note 16 & 19	–	–	3,810	3,810
Accounts receivable, Note 18	135,317	–	–	135,317
Cash and cash equivalents	70,974	–	–	70,974
Total	**206,291**	**–**	**3,810**	**210,101**
Long-term loans pay-able, Note 22	–	79,851	–	79,851
Accounts payable	–	90,455	–	90,455
Derivatives, Level 2 & 3, Note 22 & 24	–	–	1,015	1,015
Additional purchase consideration, Level 3, Note 22	–	4,669	–	4,669
Total	–	**174,975**	**1,015**	**175,990**

LEVELS

Financial assets and liabilities measured at fair value in the balance sheet or where fair value is disclosed are classified in one of three levels based on the information used to measure fair value.

Level 1 – Financial instruments whose fair value is determined based on observable (unadjusted) quoted prices in an active market for identical assets or liabilities. A market is considered active if quoted prices from a stock exchange, broker, industry group, pricing service or supervisory body are readily and regularly available and those prices represent actual and regularly occurring market transactions at arm's length.

Level 2 – Financial instruments whose fair value is determined using valuation techniques based on observable market data other than quoted prices for the asset or liability included in level 1, either directly (as prices) or indirectly (derived from prices). Examples of observable data in level 2 are:

- Quoted prices on similar assets or liabilities.
- Data upon which a judgment of a price can be based, such as market interest rates and yield curves.

Level 3 – Financial instruments whose fair values are determined using valuation techniques where significant input is based on unobservable data.

DETERMINATION OF FAIR VALUE

CLX uses the following methods and assumptions to determine the fair value of recognized financial instruments.

Derivatives – Foreign currency forward contracts are measured at level 2. The measurement is performed by discounting future cash flows based on the difference between the contractual forward rate and spot rate on the reporting date. Call options related to acquisition of the remaining shares in subsidiaries are measured at level 3. Liabilities for put options relating to acquisition of the remaining shares in subsidiaries are measured at level 3 to the present value of future payment.

Additional purchase consideration - Additional purchase consideration relating to acquisition of shares in subsidiaries is measured at level 3 to the present value of future payment.

The carrying amounts of other financial assets and liabilities are deemed a good approximation of fair values due to short maturity or short fixed-interest periods and no change in the credit margin.

Net gains/losses from financial assets and liabilities by measurement category

GROUP 2015/16 18 MONTHS	Loan and accounts receivable	Other liabilities	Financial assets and liabilities at fair value through profit or loss	Total
Net financial income/expenses				
Interest income/expenses	1,358	-7,984	–	-6,626
Exchange rate differences	4,856	9,971	63	14,890
Total	**6,214**	**1,987**	**63**	**8,264**
GROUP 2014/15 12 MONTHS				
Operating profit				
Fair value gain derivatives	–	–	3,434	3,434
Net financial income/expenses				
Exchange rate differences	37	–	–	37
Call option, Caleo Technologies AB	–	–	600	600
Total	**37**	–	**4,034**	**4,071**

Operating profit for 2015/16 includes net exchange rate differences of SEK -285 thousand (-). As the amount is considered immaterial, no distribution by measurement category has been made.

NOTE 30 - RISK EXPOSURE AND RISK MANAGEMENT

In the course of its operations, CLX is exposed to various types of financial risks. Financial risk refers to fluctuations in the company's earnings and cash flow consequent upon changes in exchange rates, interest rates, refinancing risks and credit risks. CLX aims to minimize the effects of these risks by using derivatives to hedge risk exposure. The frameworks for exposure, management and monitoring of financial risks are set by the board of directors in the finance policy which is revised annually. Compliance with policies and exposure limits is reviewed on an ongoing basis. The Group does not engage in speculative trading in financial instruments.

LIQUIDITY RISK AND FINANCING RISK

Liquidity risk is the risk that the Group might have difficulty performing its obligations associated with financial liabilities. Liquidity planning is used to manage liquidity risk and minimize the cost of financing the Group. The Group's policy is to minimize the borrowing requirement by using surplus liquidity in the Group in cash pools. Liquidity risks for the Group are managed centrally within the parent company. CLX has a granted bank overdraft facility of SEK 100 million (100), none of which had been drawn as of 31 December 2016 (-). Loan financing is subject to covenants, i.e., that certain performance indicators are met. The performance indicators are calculated based on CLX's EBITDA, cash flow, equity/assets ratio and net debt. CLX analyzes these indicators on an ongoing basis and meets the limits specified in the covenants.

At year-end, CLX's financial liabilities amounted to SEK 784.7 million (176.0) and the maturity structure is shown in the table below. Future payments of principal and interest on loan debt are estimated on the basis of the exchange rate and interest rate on the reporting date.

				31 Dec 2016		
GROUP	ORIGINAL CURRENCY	Total	0-3 months	4-12 months	13-24 months	25-36 months
Bank loan	GBP	60,334	342	995	1,330	57,667
Bank loan	EUR	213,000	910	36,148	47,513	128,429
Bank loan	USD	236,455	1,576	40,991	53,470	140,418
Derivatives	SEK	600	–	–	600	–
Accounts payable	See table	259,073	259,073	–	–	–
Additional purchase consideration	SEK	40,000	–	40,000	–	–
Total		**809,462**	**261,901**	**118,134**	**102,913**	**326,514**

				30 Jun 2015		
GROUP	ORIGINAL CURRENCY	Total	0-3 months	4-12 months	13-24 months	25-36 months
Bank loan	SEK	82,237	7,048	20,962	27,544	26,683
Derivatives	SEK	1,015	–	415	–	600
Accounts payable	–	90,455	90,455	–	–	–
Additional purchase consideration	SEK	4,669	–	–	4,669	–
Total		**178,376**	**97,503**	**21,377**	**32,213**	**27,283**

MARKET RISK

Market risk is the risk that the fair value of, or future cash flows from, a financial instrument will fluctuate due to changes in the market price. Market risk is categorized by IFRS into three types: interest rate risk, currency risk and other price risks. The market risks that primarily affect the Group are interest rate risk and currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value of or future cash flows from a financial instrument will fluctuate due to changes in market rates. Interest rate risk can lead to a change in cash flows. The fixed interest term is a significant factor affecting the interest rate risk. Interest on CLX's loan financing is carried at a three-month rate. An interest change of 100 points based on interest-bearing liabilities at the reporting date would affect the Group's future profit before tax by SEK 0.9 million (0.8). The sensitivity analysis assumes that all other factors, such as exchange rates, remain constant.

Currency risk

The risk that fair values and cash flows relating to financial instruments may fluctuate when the value of foreign currencies change is called currency risk. CLX is exposed to various types of currency risks. The primary exposure originates in sales and purchases denominated in foreign currencies. These currency risks consist of the risk of fluctuations in the value of accounts receivable and accounts payable and the currency risk in expected and contracted payment flows, i.e., transaction exposure. The Group engages in currency hedging only to a very limited extent. In the past, CLX hedged forecast currency flows, but no longer does this. CLX always aims to match revenues and costs in the same currency to the greatest extent possible.

Currency risk also arises in the translation of the assets and liabilities of foreign subsidiaries to the parent company's functional currency, i.e., translation exposure. Hedge accounting is applied when the criteria for doing so are met. Exchange rate differences are included in the Group's income statement at SEK -0.3 million (8.9) in operating profit and at SEK 15.5 million (-0) in financial income and expenses.

Transaction exposure

CLX's transaction exposure is distributed among the following currencies. Amounts in SEK thousands translated at the closing day rate.

	31 Dec 2016						
ORIGINAL CURRENCY	Accounts receivable	Accrued income	Cash and cash equivalents	Accounts payable	Accrued traffic costs	Bank loan	Total
SEK	4,232	1,992	-55,153	-17,345	-4,420	2,985	-67,709
AED	304	–	257	–	–	–	561
AUD	6,838	6,322	5,882	-7,922	-5,714	–	5,406
CAD	2,285	1,217	518	-615	-2,225	–	1,180
CHF	–	354	–	-1,909	-1,014	–	-2,569
DKK	17	–	8,716	-49	-58	–	8,626
EUR	243,834	52,248	100,732	-116,518	-93,431	-205,688	-18,823
GBP	41,715	29,639	7,755	-44,912	-83,898	-57,011	-106,712
NOK	1,021	3,283	246	-3,430	-2,155	–	-1,035
PLN	–	–	-558	-667	-664	–	-1,889
SGD	–	–	2,126	-4,789	-2,371	–	-5,034
TRY	56	–	2,032	-615	–	–	1,473
USD	69,705	60,752	42,977	-57,521	-36,905	-223,789	-144,781
ZAR	95	19	-211	-7	-199	–	-303
Other currencies	2,298	260	23	-2,774	-2,946	–	-3,139
Total	**372,400**	**156,086**	**115,342**	**-259,073**	**-236,000**	**-483,503**	**-334,748**

Sensitivity to transaction exposure

Based on transaction exposure at 31 December 2016 and excluding any currency hedges, CLX's profit before tax would have been affected by SEK 26.7 million if exchange rates against SEK were to change by 10 percent. The largest exposures are against EUR, GBP and USD. If exchange rates for these currencies against SEK were to change by 10 percent, CLX's profit before tax would be affected by SEK 1.9 million (31.6), SEK 10.7 million (3.7) and SEK 14.5 million (2.6), respectively.

TRANSLATION EXPOSURE

Foreign net assets in the Group are distributed among the following currencies:

	31 Dec 2016			30 Jun 2015		
ORIGINAL CURRENCY	Net investment	Hedged net investment	Net exposure	Net investment	Hedged net investment	Net exposure
AUD	1,982	–	1,982	–	–	–
CAD	3,633	–	3,633	1,525	–	1,525
EUR	19,042	-19,042	0	65	–	65
GBP	236,584	-57,011	179,573	99	–	99
MYR	-269	–	-269	–	–	–
NGN	326	–	326	525	–	525
PLN	25	–	25	–	–	–
SGD	118	–	118	61	–	61
TRY	1,416	–	1,416	492	–	492
USD	1,593,961	-1,079,844	514,117	824	–	824
ZAR	125	–	125	-2	–	-2
Total	**1,856,943**	**-1,155,897**	**701,045**	**3,589**	**–**	**3,589**

Sensitivity to translation exposure

Consolidated equity would be affected by SEK 70.1 million (3.6) if the value of SEK were to change by 10 percent against all the currencies against which CLX has translation exposure, based on the exposure at 31 December 2016 as above, including hedges but excluding any effect on equity due to the currency translation of other items included in profit for the year. See Note 1 Accounting policies with regard to hedge accounting.

CREDIT RISK

The risk that CLX's customers will not meet their obligations, i.e., that payment will not be received from customers, is a customer credit risk. CLX has historically had very low credit losses. Many of the Group's customers are exceedingly reputable companies with high credit ratings. As standard policy, CLX also runs credit checks on all customers, whereupon information about customers' financial position is obtained from credit rating firms. Credit classifications are done to a certain extent; for example, a customer might be required to pay in advance. CLX has established rules for how doubtful receivables must be managed. Past-due accounts receivable are impaired after individual assessment.

The maximum credit exposure for the financial assets of CLX amounts to SEK 493.4 million (206.3), see Note 29. CLX holds no collateral that can be claimed.

CAPITAL MANAGEMENT

CLX defines its managed capital as consolidated equity. CLX must have a robust financial position and good liquidity. This provides the financial scope for action and independence required to run the business and manage variations in the need for capital employed and to benefit from business opportunities. The board of directors of CLX decides the company's capital structure and dividend policy.

Management of the capital structure is aimed at creating balance among equity, loan financing and liquidity so that CLX assures the financing of the business at a reasonable cost of capital. CLX endeavors to finance growth, normal investments and dividends to shareholders by generating sufficient positive cash flow from operating activities.

DIVIDEND POLICY

CLX's target is to distribute at least 30 percent of profit for the year. The board consider CLX's financial position, cash flow, acquisition opportunities and outlook prior to proposing any distribution of dividends.

DEBT POLICY

CLX's capital structure should enable a high degree of financial flexibility and enable acquisitions. CLX's target is maximum net debt of two times EBITDA for the preceding 12 months.

NOTE 31 - **CASH FLOW STATEMENT**

	Group		Parent company	
CASH AND CASH EQUIVALENTS	31 Dec 2016	30 Jun 2015	31 Dec 2016	30 Jun 2015
Cash and bank balances	115,342	70,974	21,210	846

	Group		Parent company	
INTEREST	2015/16 18 mon	2014/15 12 mon	2015/16 18 mon	2014/15 12 mon
Interest received	1,535	290	458	–
Interest paid	-6,565	-19,810	-7,304	-19,502
Net interest	**-5,030**	**-19,520**	**-6,846**	**-19,502**

	Group		Parent company	
ADJUSTMENT FOR NON-CASH ITEMS	2015/16 18 mon	2014/15 12 mon	2015/16 18 mon	2014/15 12 mon
Depreciation and amortization	49,455	4,446	–	–
Change in provision for doubtful receivables	11,579	-14,350	–	–
Unrealized exchange rate differences	-12,680	242	14,696	–
Fair value derivatives	2,795	-8,382	–	–
Not paid/received interest	1,506	–	1,489	–
Provisions	8,505	–	–	–
Total	**61,160**	**-18,044**	**16,185**	**–**

NOTE 32 - ACQUISITION OF GROUP COMPANIES

MBLOX

CLX acquired 100 percent of the share capital in Mblox Inc. on 11 July 2016. Mblox is one of the largest vendors in the A2P segment. Like CLX, Mblox has a global presence and customer base. CLX's strong position in Europe is complemented by Mblox's strong position in the United States, United Kingdom and Australia. Mblox had sales of USD 140.4 million in 2015 and EBITDA of USD 6.9 million. The average number of employees in 2015 was 171.

The purchase consideration was SEK 966.6 million (USD 117 million) on a cash- and debt-free basis. The consideration was paid in cash. The agreed level of working capital was settled in November 2016 and a payment was made of SEK 0.7 million (USD 81 thousand). Upon acquisition, goodwill of SEK 620.7 million (USD 76.2 million) arose, mainly attributable to the expertise and expanded geographic range contributed by Mblox. Customer and operator relationships are estimated to have a useful life of ten years.

SINCH

CLX acquired 100 percent of the share capital in Since AB on 20 December 2016. Sinch is a leading developer of solutions for cloud-based voice communication and has, since it was founded in 2014, become a successful vendor to a number of global app and internet companies. In 2016, Sinch had net sales of approximately SEK 60 million, EBITDA of about SEK -15 million and 42 full-time employees.

The acquisition was paid with SEK 55.0 million in cash and a non-cash issue of 885,797 shares in CLX at a price of SEK 94.75, for total consideration of SEK 138.9 million. The purchase agreement also includes an earn-out based on gross profit and EBITDA performance, which could amount to a maximum of SEK 144 million. The anticipated outcome discounted to present value amounts to SEK 40 million and has been recognized as a liability. If the earn-out is triggered it will become due for payment in late 2018 or early 2019.

Upon acquisition, goodwill of SEK 91.0 million arose, mainly attributable to the expertise contributed by the employees at Sinch. Customer and operator relationships and software developed in-house by Sinch are estimated to have a useful life of five years. The Sinch brand is estimated to have a useful life of one year.

ACQUISITION ANALYSIS

The preliminary acquisition analysis, which may be subject to change due to factors including the value of deferred tax assets for Mblox, is under review.

FAIR VALUE OF ACQUIRED NET ASSETS	Mblox	Sinch
Trademark	–	1,000
Customer relationships	585,417	28,000
Operator relationships	40,734	5,700
Proprietary software	–	68,000
Other intangible assets	4,903	–
Tangible assets	6,016	2,305
Financial assets	6,334	–
Deferred tax assets	2,068	13,932
Current assets	170,999	33,596
Cash and cash equivalents	61,046	21,430
Deferred tax liabilities	-250,460	-22,594
Non-current liabilities	–	-443
Current liabilities	-219,412	-62,961
Total acquired net assets	**407,645**	**87,965**

ALLOCATION OF PURCHASE CONSIDERATION

PURCHASE CONSIDERATION	Mblox	Sinch
Original purchase consideration	966,587	138,926
Additional purchase consideration, recognized as a liability	–	40,000
Settlement, working capital	746	–
Settlement, cash and cash equivalents	61,046	–
Total consideration	**1,028,379**	**178,926**
Fair value of acquired net assets	-407,645	-87,965
Goodwill	**620,734**	**90,961**

EFFECTS OF ACQUISITIONS ON CONSOLIDATED CASH AND CASH EQUIVALENTS

INVESTING ACTIVITIES	Mblox	Sinch
Purchase consideration settled in cash	966,587	54,997
Settlement, working capital	746	–
Settlement, cash and cash equivalents	61,046	–
Cash and cash equivalents in acquired group comp.	-61,046	-21,430
Direct costs relating to acquisitions	15,934	1,178
Effects of acquisitions on consolidated cash and cash equivalents	**983,267**	**34,745**

CONTRIBUTION OF ACQUIRED COMPANIES TO CONSOLIDATED SALES AND PROFIT, INCLUDING RESTRUCTURING COSTS

2015/16	Mblox	Sinch
Net sales	584,816	1,361
Profit for the year	47,109	657

THE TABLE BELOW SHOWS SALES AND PROFIT AS IF THE ACQUISITIONS OF MBLOX AND SINCH HAD TAKEN PLACE ON 1 JULY 2015

2015/16	Mblox	Sinch	CLX	Depreciation/ amortization of acquired assets	Elimination internal sales	Total
Net sales	1,751,466	74,869	1,803,839	–	-96,231	3,533,943
Profit for the year	125,141	-28,180	94,158	-87,176	–	103,943

CALEO TECHNOLOGIES AB

CLX acquired 66.67 percent of share capital in Caleo Technologies AB on 8 January 2015. The purchase consideration totaled SEK 4,669 thousand, plus conditional consideration of SEK 4,669 thousand, which was recognized as a liability. The conditions for the additional consideration were met and the sellers were paid in July 2016. Goodwill arose upon the acquisition that is primarily attributable to the expertise of Caleo employees in the BSS area.

FAIR VALUE OF ACQUIRED NET ASSETS	Caleo
Tangible assets	182
Current assets	1,998
Cash and cash equivalents	2,114
Deferred tax liabilities	-159
Current liabilities	-1,435
Total acquired net assets	**2,700**

ALLOCATION OF PURCHASE CONSIDERATION

PURCHASE CONSIDERATION	Caleo
Original purchase consideration	4,669
Additional purchase consideration, recognized as a liability	4,669
Total consideration	**9,338**
Fair value of acquired net assets	-2,700
Non-controlling interests measured at fair value	4,669
Goodwill	**11,307**

EFFECTS OF ACQUISITIONS ON CONSOLIDATED CASH AND CASH EQUIVALENTS INVESTING ACTIVITIES	Caleo
Purchase consideration settled in cash	4,669
Cash and equivalents in acquired subsidiary	-2,114
Effect of acquisition on consolidated cash and cash equivalents	**2,555**

Caleo had no material impact on consolidated sales and profit in 2014/15.

NOTE 33 - EVENTS AFTER THE END OF THE FINANCIAL YEAR

ACQUISITION OF XURA SECURE COMMUNICATIONS GMBH

The acquisition of 100 percent of the share capital in Xura Secure Communications GmbH was executed on 16 February 2017. The company will be included in the consolidated financial statements from that date. The purchase consideration was USD 15.5 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 approximately EUR 25.5 million and EBITDA of approximately EUR 2.1 million. The accounting of the business combination was not completed by the reporting date and it was consequently impossible to provide certain information in this annual report.

INCREASED CREDIT FACILITIES

CLX increased its credit facilities by GBP 11.5 million to finance the acquisition of Xura Secure Communications GmbH. After the increase, total borrowings in GBP amount to GBP 17.6 million, which are repaid in installments of GBP 0.8 million per quarter beginning 30 June 2017 and through 31 March 2019. The remainder will be repaid when loan matures in May 2019.

INCENTIVE PROGRAM

Under the incentive program resolved by the extraordinary general meeting on 5 December 2016, nearly 1,200,000 warrants have been subscribed for by senior management and key employees within CLX. The program has thus achieved a subscription rate of approximately 80 percent. The warrants expire after three, four and five years, and the exercise price is SEK 127.67. Due to different tax rules, participants in the United States and the United Kingdom received the warrants against no monetary consideration. Other participants paid a premium of SEK 9.56 per warrant. The proceeds of the allotment to CLX amount to SEK 7.3 million. Of senior management, the CFO, the Managing Director of the Operator Division and the VP European Sales for the Enterprise Division were invited to participate in the incentive program. These individuals have respectively subscribed for 50,000, 60,000 and 50,000 warrants each.

NOTE 34 - PROPOSED ALLOCATION OF PROFIT

The board of directors will propose to the annual general meeting that no dividend is distributed for the financial year of 2015/16.

The following non-restricted equity in the parent company is at the disposal of the annual general meeting, SEK:

Share premium reserve	856,539,288
Retained earnings	11,776,953
Profit for the year	49,505,399
Total	**917,821,640**

The Board of Directors proposes that profit be allocated as follows, SEK:

Carried forward to the share premium reserve	856,539,288
Retained	61,282,352
Total	**917,821,640**

Certification and signatures

The board of directors and the CEO certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, IFRS, and that the annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden. The annual accounts and the consolidated financial statements present fairly, in all material respects, the financial position and financial performance of the parent company and the Group. The management report for the parent company and the Group presents a fair overview of the development of the parent company's and the Group's operations, financial position and financial performance and describes significant risks and uncertainties faced by the parent company and the companies included in the Group. The consolidated financial statements and the parent company financial statements will be presented to the annual general meeting for adoption on 19 May 2017.

Stockholm, Sweden, 28 April 2017

ERIK FRÖBERG
Chairman

CHARLOTTA FALVIN
Director

JOHAN STUART
Director

HELENA NORDMAN-KNUTSON
Director

KJELL ARVIDSSON
Director

JONAS FREDRIKSSON
Director

JOHAN HEDBERG
CEO

Our audit report was submitted
28 April 2017, Deloitte AB

ERIK OLIN
Authorized Public Accountant

Auditor's report

To the annual meeting of the shareholders in CLX Communications AB (publ), corporate registration number 556882-8908.

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED FINANCIAL STATEMENTS

Opinions

We have audited the annual accounts and consolidated accounts of CLX Communication AB (publ) for the financial year 2015-07-01–2016-12-31. The annual accounts and consolidated accounts of the company are included on pages 30-75 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2016 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2016 and its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

ALLOCATION AND CUT-OFF OF REVENUE

CLX Communications revenue are generated from messaging services and sales of software licenses, updates, equipment and support. Revenue recognition is considered to be a key audit matter due to revenue being a singifnicant financial statement item and due to revenues being derived from a large number of smaller transactions that are priced individually as well as customer-specific agreements where the allocation and cut-off of revenue requires judgment and estimates by the company.

The group's policy for revenue recognition and a description of critical accounting estimates and judgments are described in note 1, and in note 2 revenue are presented separately for the Enterprise and Operator division.

OUR AUDIT PROCEDURES

Our audit procedures included, but were not limited to:

- assessing key controls and processes supporting revenue recognition,
- assessing the group's accounting policy for revenue recognition to ensure compliance with IFRS,
- on a sample basis testing sales transactions for revenue recognition in the accounting period when performance obligations has been met
- on a sample basis testing recognition of revenue related to service contracts ensuring revenue is recognised as services are being delivered.

ACCOUNTING FOR BUSINESS COMBINATIONS

In 2016 CLX Communication made one significant acquisition, Mblox. Accounting for business combinations requires significant judgments and estimates to determine the fair value of acquired assets and assumed liabilities.

The group's accounting policy for business combinations is described in note 1 and further disclosures regarding effects of the business combinations can be found in note 32.

OUR AUDIT PROCEDURES

Our audit procedures included, but were not limited to:

- testing the purchase price allocation using internal valuation specialists in order to assess the identification of acquired assets and liabilities and the fair values allocated to acquired assets and liabilities, and
- review of accounting principles applied and disclosures made for business combinations to ensure compliance with IFRS.

VALUATION OF INTANGIBLE ASSETS

As a result of historical business combinations CLX Communications recognizes significant intangible assets. On an annual basis (goodwill) and when indicators of impairment are identified (all intangible assets including goodwill), management tests the carrying value for impairment based on identified cash generating units. The impairment tests are complex and require significant management estimates and judgment in determining the group's cash generating units as well as future growth rates, profit margins, investment levels and discounts rates to be applied.

The group's accounting policy for impairment testing is described in note 1, and note 13 describes the key assumptions applied by management in the annual impairment tests for cash generating units to which goodwill have been allocated.

OUR AUDIT PROCEDURES

Our audit procedures included, but were not limited to:

- assessing CLX Communications policies and procedures for preparing its impairment tests to ensure compliance with IFRS,
- evaluating key assumptions applied by management in testing cash generating units, and assessing the sensitivity of the key assumptions, and
- testing of the models used for discounting future cash flows.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-29. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of CLX Communication AB (publ) for the financial year 2015-07-01–2016-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinion

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Stockholm 28 April 2017
Deloitte AB

Erik Olin
Authorized Public Accountant

Corporate governance report

INTRODUCTION

CLX Communications AB was founded 1 February 2012 and is the parent company of the CLX Communications Group ("CLX" or "the Group"). CLX has been listed on Nasdaq Stockholm since 8 October 2015. The board of directors of CLX presents herewith the corporate governance report for the extended financial year of 2015/16.

This corporate governance report was adopted by the board of directors on 28 April 2017 and is a report of how corporate governance was pursued at CLX during the financial year of 2015/16. The corporate governance report is not part of the statutory management report.

PRINCIPLES OF CORPORATE GOVERNANCE

In addition to the corporate governance principles based upon law or other statute, CLX complies with the Swedish Corporate Governance Code ("the Code"). Please refer to the Swedish Corporate Governance Board's website, www.bolagsstyrning.se. The internal regulations for governance of the company consist of the articles of association, the board charter (including instructions for board committees), the instruction to the CEO, instructions for financial reporting, and other policies and guidelines.

SHAREHOLDERS

At 31 December 2016, the company had approximately 2,000 shareholders.

Significant shareholdings

SHAREHOLDER	NUMBER OF SHARES	% OF EQUITY
Neqst D1 AB	9,808,201	19.8
Cantaloupe AB	8,925,596	18.0
Kjell Arvidsson AB	4,544,430	9.2
Swedbank Robur	4,478,085	9.0
First National Swedish Pension Fund	3,442,372	6.9
Fourth National Swedish Pension Fund	2,833,863	5.7
Alecta Pensionsförsäkring, ömsesidigt	2,467,372	5.0
Handelsbanken	2,454,386	5.0
Salvis Investment Ltd.	2,231,232	4.5
RAM ONE	1,050,018	2.1

Cantaloupe AB is owned by Björn Zethraeus, Kristian Männik, Henrik Sandell and Robert Gerstmann and J.A.W. Consulting AB is owned by Johan Hedberg, all co-founders of CLX.

Voting rights

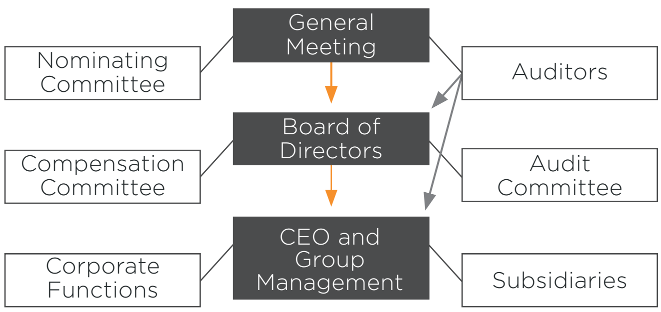
The articles of association of CLX Communications impose no limitations to the number of votes each shareholder may cast at a general meeting.

ARTICLES OF ASSOCIATION

The current articles of association (see the company's website, www.clxcommunications.com) were adopted by the extraordinary general meeting held 13 June 2016. The articles of association contain no specific provisions concerning the appointment and dismissal of directors or concerning amendments to the articles of association.

GENERAL MEETING

The general meeting is the company's supreme governing body. The general meeting affords shareholders the opportunity to exert their influence. Under the Swedish Companies Act, several matters of business are under the purview of the general meeting, such as adoption of the income statement and balance sheet, allocations related to the company's profit or loss, discharge of liability, election of directors, and election of auditors.



The chart illustrates CLX's corporate governance model and how central corporate functions are appointed and cooperate.

At its discretion, the board may also convene an extraordinary general meeting during the year. This occurs, for example, if decisions must be made concerning matters under the sole purview of the general meeting and it would not be appropriate to delay the decisions until the next annual general meeting.

Shareholders who wish to participate in a general meeting must be recorded as shareholders in a printout or other presentation of the entire share book regarding the state of affairs five business days prior to the meeting and must notify the company that they will be attending by the date specified in the notice to attend. This date may not be a Sunday, other public holiday, Saturday, Midsummer's Eve, Christmas Eve, or New

Year's Eve and may not fall any earlier than the fifth business day prior to the meeting.

ANNUAL GENERAL MEETING

CLX Communications held the 2014/15 annual general meeting on 7 September 2015 at the company's headquarters in Kista. Two shareholders representing 100 percent of votes and share capital attended the meeting. The annual general meeting resolved to adopt the financial statements for 2014/15, endorse the proposed disposition of profit, and discharge the CEO and board of directors from liability for the past financial year. The annual general meeting elected directors and decided directors' fees.

The 2015/16 annual general meeting will be held at company headquarters in Kista on 19 May 2017.

EXTRAORDINARY GENERAL MEETINGS

Three extraordinary general meetings were held during 2015/16.

The meeting on 7 June 2016 at company headquarters in Kista was held to resolve a new share issue for the acquisition of Mblox Inc.

The meeting on 13 June 2016 at company headquarters in Kista was held to resolve to change the financial year to coincide with the financial year beginning in 2017 and to extend the current financial year to 18 months.

The meeting on 5 December 2016 at company headquarters in Kista was held to resolve to implement an incentive program and to issue warrants and employee stock options to key employees and senior management.

AUTHORIZATIONS

The annual general meeting held 7 September 2015 resolved to authorize the board of directors to decide on one or more occasions prior to the next annual general meeting to increase the company's share capital through new issue of shares in the company. Under this authorization, the company's share capital may be increased by a maximum of ten percent of authorized share capital as of the date the board of directors exercises the authorization for the first time.

The board of directors is authorized to decide to issue shares with a waiver of shareholders' preemptive rights and/or provisions concerning non-cash consideration, offset or comparable. The issues shall be carried out at a market-based subscription price with a reservation for market-based issue discounts where applicable.

The purpose of the authorization and the possible waiver of shareholders' preemptive rights is to enable issues to finance acquisitions of companies or parts of companies.

Decisions in accordance with the board of directors' proposal require the support of shareholders by at least two thirds of votes cast and shares represented at the general meeting.

NOMINATING COMMITTEE

The annual general meeting appoints the Nominating Committee and decides which tasks the Nominating Committee must perform before the next annual general meeting. As resolved by the annual general meeting held 7 September 2015, the four largest shareholders or shareholder groups (thus referring to directly registered shareholders and nominee-registered shareholders) per the share register printed by Euroclear Sweden AB ("Euroclear") as of 31 March 2016 shall each appoint one representative to constitute the Nominating Committee, in addition to the chairman of the board, for a term of office ending upon the appointment of a new Nominating Committee as mandated by the 2016 annual general meeting.

The majority of the members of the Nominating Committee shall be independent in relation to CLX and executive management. At least one member of the Nominating Committee shall be independent in relation to the largest shareholder or group of shareholders in CLX, in terms of votes, who are involved in the management of CLX. The chief executive officer or any other member of executive management shall not be a member of the Nominating Committee. Directors may be members of the Nominating Committee, but shall not constitute a majority of its members. If more than one director is included in the Nominating Committee, no more than one of them may be dependent in relation to major shareholders in CLX.

The Nominating Committee shall appoint the chairman of the committee. The chairman of the board or any other director shall not serve as chairman of the Nominating Committee. The composition of the Nominating Committee shall be announced not later than six months before the annual general meeting. This announcement was made in the interim report for the period of July 2015-March 2016.

If one or more shareholders who appointed representatives to the Nominating Committee is no longer among the four largest shareholders in CLX at a point in time more than two months prior to the annual general meeting, the representatives of these shareholders shall step down and new members shall be appointed to represent the new shareholders that are then among the four largest shareholders. If a member of the Nominating Committee resigns before its tasks have been completed, the same shareholder who appointed the resigning member shall, if it is considered necessary, have the right to appoint a new member, or, if that shareholder is no longer among the four largest shareholders, the next largest shareholder in line, as per the principles set out above, but based upon Euroclear's printout of the share register, as soon as possible after the member has stepped down. Changes in the composition of the Nominating Committee shall be immediately publicized.

The extraordinary general meeting held 13 June 2016 resolved to extend the financial year to cover the period of July 2015–December 2016 and that the annual general meeting would accordingly be scheduled during spring 2017. This led to certain changes in the Nominating Committee because the four largest shareholders had changed more than two months prior to the annual general meeting.

Immediately prior to the 2017 annual general meeting, the composition of the CLX Nominating Committee was therefore as follows:

- Oscar Werner, representing Cantaloupe AB
- Björn Fröling, representing Neqst D1 AB
- Anders Ingeström, representing Kjell Arvidsson AB
- Joachim Spetz, representing Swedbank Robur
- Erik Fröberg, chairman of the board, CLX

The final composition of the Nominating Committee was published in the year-end report for 2015/16.

Directors' remuneration

The Nominating Committee presents a proposal concerning directors' fees to the annual general meeting for endorsement. The 2015 annual general meeting resolved in favor of the Nominating Committee's proposal.

The extraordinary general meeting held 13 June 2016 resolved to change the company's financial year to coincide with the calendar year, as above. The general meeting also resolved to extend the directors' term in office until the close of the next annual general meeting. In view of the extended term in office, the general meeting also resolved to adjust directors' fees, which entailed an increase of SEK 75,000 per director from SEK 150,000 to SEK 225,000.

The Nominating Committee's proposal to the 2017 annual general meeting concerning directors' remuneration is set out in the notice to attend the meeting.

BOARD OF DIRECTORS

Board composition

During the financial year, the board was composed of the following directors: Erik Fröberg, Jonas Fredriksson, Kjell Arvidsson, Charlotta Falvin, Helena Nordman-Knutson and Johan Stuart. Erik Fröberg served as chairman of the board. The chairman presides over and allocates board duties, maintains continuous contact with the CEO and CFO, ensures that board meetings are thoroughly prepared and represents CLX in acquisition discussions and the like.

Board independence

The positions of dependency of directors in relation to the company, management, and shareholders is shown on the table below. As shown in the table, CLX Communications complies with applicable rules concerning the independence of directors in relation to the company, management, and the company's major shareholders.

BOARD DUTIES

The duties of the board of directors is pursued in the manner required by the Swedish Companies Act, the Code and other ordinances and rules applicable to the company. The board works according to a charter and yearly plan, which are adopted annually.

The company's CEO and CFO attend board meetings. The CFO normally acts as the recording secretary. Other Group management members and Group officers participate at board meetings to present reports as required.

In addition to the meeting after election by the annual general meeting, the board of directors met 22 times in 2015/16 (of which three meetings were held by telephone). The primary focus of the board during the year was on strategy, the business plan and the budget. Preparations for listing the company's shares on Nasdaq Stockholm, including new processes and internal controls, took a great deal of time at the beginning of the financial year. Later during the year, focus was largely on the two acquisitions carried out.

The board of directors has met with the auditor one time during the year without the presence of the CEO or any other management representative.

External evaluation of the work of the CEO and the board 2015/16 has been performed in early 2017.

The board of directors monitors the work of management by means of monthly reports covering financial performance, key figures, progress in prioritized activities, etc.

Board meetings

The board holds scheduled meetings according to the plan below:

- **February** Year-end report
- **March/April** Corporate governance meeting – agenda and notice to attend the annual general meeting, corporate governance report, annual report, review of insurance policies and pensions
- **May/June** The first board meeting after election, decisions on the board charter, CEO instruction, and instructions for financial reporting, the board's yearly plan, authorized signatory, interim report for the first quarter
- **July** Compensation to senior management, pay review, interim report for the second quarter
- **August/September** Strategy meeting, financial targets, instructions pertaining to the budget process
- **October/November** Interim report for the third quarter
- **December** Forecast meeting, evaluation of board and CEO

The CEO presents an operations report at all scheduled meetings. The board of directors engages in discussions in connection with review of auditor's reports.

BOARD COMMITTEE DUTIES

The board of directors has two committees: the Audit Committee and the Compensation Committee. The duties of the committees is governed by the board charter. Both committees are composed of all directors.

Board committees deal with the matters within their respective purview and issue reports and recommendations upon which board decisions are based. The committees have defined decision authority within the frameworks of board directives. The minutes of committee meetings are made available to the board of directors.

Audit Committee

The entire board carries out the duties of the Audit Committee. Johan Stuart presides over the management of issues under the purview of the Audit Committee.

The CFO attends Audit Committee meetings and acts as recording secretary. The company's auditor must attend at least one meeting of the Audit Committee.

Compensation Committee

The entire board carries out the duties of the Compensation Committee. Erik Fröberg is the chairman. Directors' and committee members' attendance at board meetings during the year is shown on the table below.

AUDITORS

The audit firm, elected for term of one year by the annual general meeting held 7 September 2015, is Deloitte AB. At the extraordinary general meeting held 13 June 2016, the auditor's term was extended to coincide with the extended financial year of 2015/16. Erik Olin, authorized public accountant, is the principal auditor.

The auditors' remit is to examine the company's annual report and accounting records and management of the company by the board of directors and the CEO on behalf of the shareholders. The auditors report regularly to the board. Auditor's fees are specified in Note 5 to the annual report.

GROUP MANAGEMENT

The board of directors appoints the CEO. The CEO oversees group management and makes decisions in consultation with other members of the management team. At 31 December 2016, group management comprised the Chief Executive Officer, the Chief Financial Officer, Head of Corporate Development, the Managing Director of the Enterprise Division, the Managing Director of the Operator Division and VP European Sales for the Enterprise Division.

Work of group management

The CEO meets regularly with all members of the group

NAME	Year elected	Independent of the company	Independent of the owners	Position	Committee	Attendance board meetings	Attendance Audit Committee	Attendance Compensation Committee	Director's fee, SEK thousand, 2015/16, 18 mon	Number of shares/ warrants in CLX, direct and indirect holdings
Erik Fröberg	2012	Yes	No	Chairman of the Board, Chairman of the Compensation Committee	All	22 (22)	22 (22)	22 (22)	225	262,500 direct holding and 9,808,201 indirect holding
Jonas Fredriksson	2012	Yes	No	Director	All	22 (22)	22 (22)	22 (22)	225	9,808,201 indirect holding
Kjell Arvidsson	2012	No	No	Director	All	22 (22)	22 (22)	22 (22)	0	4,544,430
Charlotta Falvin	2015	Yes	Yes	Director	All	21 (22)	21 (22)	21 (22)	225	0
Helena Nordman-Knutson	2015	Yes	Yes	Director	All	22 (22)	22 (22)	22 (22)	225	750
Johan Stuart	2015	Yes	Yes	Director, Chairman of the Audit Committee	All	21 (22)	21 (22)	21 (22)	225	13,021

management team for business updates, to receive reports, set objectives and for general business discussions. This includes monthly management team meetings, which are documented. In addition, the CEO holds several personal meetings with each member of the management team every year for more in-depth discussions and planning.

Governance and monitoring of the management team is based on the charter adopted by the board, the instruction for the CEO, and reporting instructions. The management team and other managerial personnel manage day-to-day operations primarily through instruments such as budgets, performance management, and reward systems, regular reporting and monitoring and personnel meetings, and via a delegated decision structure with functional hierarchies (development, marketing, support, finance, etc.) from the parent company to subsidiary management teams.

Focus during the year was on profitable growth. At the beginning of the financial year, a great deal of effort was devoted to adjusting certain core processes in the company in preparation for the IPO on Nasdaq Stockholm. Later during the year, focus was largely on various acquisition processes.

INTERNAL CONTROL OF FINANCIAL REPORTING

The board of directors' responsibility for internal control is governed by the Companies Act and the Code. In accordance with the Annual Accounts Act, the corporate governance report includes a description of the key elements of the company's internal control and risk management system. Internal control of financial reporting has two primary aims: to provide reasonable assurance of the reliability of external financial reporting and to ensure that external financial reports have been prepared in compliance with law, applicable accounting standards and other requirements imposed upon listed companies.

Control environment

The board has overall responsibility for internal control related to financial reporting. The control environment for financial reporting is based on an allocation of roles and responsibilities in the organization, adopted and communicated decision paths, instructions regarding authority and responsibility, and accounting and reporting instructions. The company has decided that the duties that must be carried out by the Audit Committee according to Companies Act will be managed by the board of directors as a whole.

Internal control is integrated within the group finance department. The board of directors has considered whether there is a need to establish a separate audit function. The board has found that until further notice internal control can be performed in the necessary and satisfactory manner by the finance function and that the company does not need a separate audit function.

The board has adopted a charter, CEO instruction, and instructions for financial reporting, authorization rules, CLX Communications Group Accounting Principles, the CLX Communications Group Financial Policy, and the CLX Communications IT Policy. In addition to these, there are operational polices and guidelines in several areas.

Risk assessment

As an integrated component of the management process, the board and executive management work with risk assessment from a broad perspective, including but not limited to financial risks and important business risks. Regular risk reports are presented to the board of directors. During the year, the board regularly discussed various types of risks and the company's risk management process. A risk map with regard to the company's financial core processes has been drawn up and will form the basis for continuous improvement of internal processes and controls.

Control activity

The Group's control activities relating to financial core processes are described in the risk map approved by the board as a basis for ongoing efforts to continuously improve internal processes and controls. Controls are performed at both the subsidiary level and the Group level. The operating subsidiaries have accounting managers who are responsible for ensuring that financial figures are verified and reported on a monthly basis. This includes reconciliation of financial figures against sales and cost data from the Group’s transaction system, reconciliation of intragroup transactions and reconciliation of bank accounts. These figures are then checked at the Group level in conjunction with the monthly consolidation of Group figures. Efforts are ongoing to continuously improve these processes through, for example, advanced training of relevant employees, greater automation of reconciliations and through the checking of important figures by several individuals in parallel.

Information

Information about internal financial reporting control documents is available to relevant employees on the CLX intranet. The CFO and Head of Human Resources are responsible for ensuring that all employees are informed about applicable policies. Information and training related to the internal control documents is also provided through activities aimed directly at finance managers and controllers within the Group.

Monitoring

The effectiveness of internal control of financial reporting is monitored by the board, the Audit Committee, the CEO, executive management, and group companies. Follow-up includes continuous quality control by the board of directors of the company’s monthly financial reports, ongoing monitoring of central financial processes, such as management of potential customer losses and review of CLX's external audit reports. Members of the staff of CLX's group finance department also regularly visit the operating subsidiaries to verify that CLX's financial processes are being correctly implemented and continuously developed to ensure accurate financial reporting.

Stockholm, 28 April 2017

The Board of Directors of CLX Communications AB (publ)

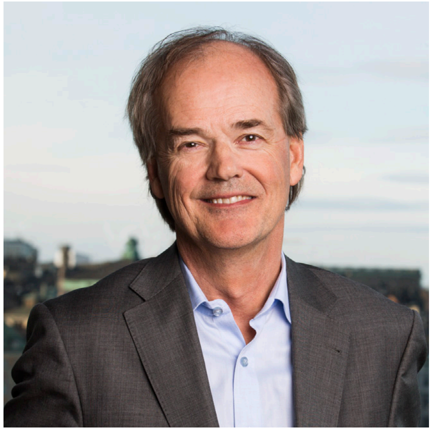
Board of directors

ERIK FRÖBERG
Born: 1957

Director of CLX Communications since: 2012
Shareholding in CLX (total, private & via companies): 262,500
Warrants in CLX: 0
Principal employer and position or other main occupation: Partner and founder of Neqst.
Other directorships (company and position): Digital Route AB, chair; Xlent AB, chair; HDR AB, chair; Varnish AB, chair; Cybernetics AB, director.
Brief summary of key career positions: Vice CEO Cap Gemini Sweden; Vice CEO LHS Group Inc; CEO Digiquant Inc; Special Advisor General Atlantic LP.
Education and school: Erik holds an MSc in Technical Physics from KTH Royal Institute of Technology, Stockholm.
Relationship of dependency to the company and its major shareholders: Dependent

HELENA NORDMAN-KNUTSON
Born: 1964

Director of CLX Communications since: 2015
Shareholding in CLX (total, private & via companies): 750
Warrants in CLX: 0
Principal employer and position or other main occupation: Senior Director, Hallvarsson & Halvarsson AB.
Other directorships (company and position): Alimak, director and audit committee chair; Bygga Bostäder, director; Rejlers, director and audit committee member; Exel Composites (Finland), director.
Brief summary of key career positions: Senior Executive and partner, Hallvarsson & Halvarsson; Head of Sector Analysis (Tech) Enskilda Securities; Öhman and Pareto Securities.
Education and school: MSc Economics, Hanken School of Economics, MSc Political Science, University of Helsinki.
Relationship of dependency to the company and its major shareholders: Independent



JOHAN STUART
Born: 1957

Director of CLX Communications since: 2015
Shareholding in CLX (total, private & via companies): 13,021
Warrants in CLX: 0
Principal employer and position or other main occupation: CFO, Affibody Medical AB.
Other directorships (company and position): E. Öhman J:or Asset Management AB, director; HD Resources Sweden AB (including group companies), director; Best Practice Scandinavia AB, director.
Brief summary of key career positions: Johan Stuart has more than 25 years of experience as CFO of listed and unlisted companies including Affibody Medical AB, Tradimus AB, XCounter AB, Hi3G Access AB, Utfors AB and companies within the Axel Johnson Group.
Education and school: Johan Stuart holds an MSc in Economics from the Stockholm School of Economics.
Relationship of dependency to the company and its major shareholders: Independent

CHARLOTTA FALVIN

Born: 1966

Director of CLX Communications since: 2015
Shareholding in CLX (total, private & via companies): 0
Warrants in CLX: 0
Principal employer and position or other main occupation: Board professional and advisor.
Other directorships (company and position): Invisio Communications AB, director; NetInsight AB, director; Bure Equity AB, director; Ideon Open AB, chair; Fasiro AB, chair.
Brief summary of key career positions: CEO TAT – The Astonishing Tribe AB; CEO Decuma AB; Vice CEO Axis Communications AB.
Education and school: MBA Lund University.
Relationship of dependency to the company and its major shareholders: Independent

KJELL ARVIDSSON

Born: 1961

Director of CLX Communications since: 2012
Shareholding in CLX (total, private & via companies): 4,544,430
Warrants in CLX: 0
Principal employer and position or other main occupation: Head of Corporate Development,CLX Communications AB
Other directorships (company and position): Coach & Capital Nordic 1 AB, director; Gardio AB, director; Kjell Arvidsson AB, director.
Brief summary of key career positions: Founder and General Manager Ericsson IPX; Co-founder and CEO CLX Networks; CEO Symsoft AB.
Education and school: Studies in economics at Stockholm University and Uppsala University.
Relationship of dependency to the company and its major shareholders: Dependent

JONAS FREDRIKSSON

Born: 1965

Director of CLX Communications since: 2012
Shareholding in CLX (total, private & via companies): 0
Warrants in CLX: 0
Principal employer and position or other main occupation: Founder and partner of Neqst AB.
Other directorships (company and position): Redpill Linpro AB, chair; Hemverket AB, chair; Neqst's other operational portfolio companies, director.
Brief summary of key career positions: Founder and partner of Neqst; asset manager for Öhman Asset Management and Brummer & Partners; analyst for Alfred Berg.
Education and school: Computer Science, Karlstad University.
Relationship of dependency to the company and its major shareholders: Dependent

Group management

JOHAN HEDBERG

CEO, co-founder – born 1973

Johan Hedberg has more than 15 years of experience in the mobile messaging industry. Before co-founding CLX Networks, he was head of messaging at Ericsson and held several sales and business development positions at Mblox. Johan co-founded Cotraveller, a start-up in the wireless industry, in 2000, prior to which he was an IT consultant in the CRM and ERP segments. He has a strong track record from his work with high-growth firms. Johan holds an MSc in Industrial Economics and Management from the KTH Royal Institute of Technology, Stockholm.

Shareholding in CLX (total, private & via companies): 2,231,232

JOHAN ROSENDAHL

Managing Director, Operator Division – born 1966

Johan Rosendahl joined CLX in March 2015, bringing 20 years of experience in mobile value added services and the telecoms industry to the company. Johan has held several senior management positions in Sweden and abroad. Prior to joining CLX, Johan Rosendahl was a management consultant in the mobile value added services segment. Johan holds an MSc in Business Administration from Linköping University.

Shareholding in CLX (total, private & via companies): 2,550

Warrants in CLX: 60,000

ROBERT GERSTMANN

Managing Director, Enterprise Division, co-founder – born 1975

Robert Gerstmann is the Managing Director of the Enterprise Division, responsible for the division's growth and overall efficiency. He has been active in the mobile industry for more than 15 years, always with high-growth innovation firms, and has extensive international experience. Before Robert co-founded CLX Networks, he held commercial management positions at Mblox as head of the global messaging business line and at Netgiro/Digital River. Robert holds an MSc in Industrial Economics and Management from the Institute of Technology at Linköping University.

Shareholding in CLX (total, private & via companies): 2,402,275

ODD BOLIN

Chief Financial Officer, born 1963

Earlier in his career, Odd was an equity analyst and head of research at Hagströmer & Qviberg Fondkommission. In 2003, he founded Ceres Corporate Advisors, a provider of financial advice to tech companies. In 2009, he was appointed CFO of Cybercom Group, listed on Nasdaq Stockholm, and was appointed CEO of Cybercom Sweden in 2011. He was appointed CFO of G5 Entertainment AB in 2013, which was listed on Nasdaq Stockholm in 2014. Odd Bolin joined CLX Communications in his current role in 2014. Odd holds an MSc in Technical Physics and a PhD in Plasma Physics, both from KTH Royal Institute of Technology, Stockholm.

Shareholding in CLX (total, private & via companies): 2,550

Warrants in CLX: 50,000

KJELL ARVIDSSON

Head of Corporate Development, co-founder – born 1961

Kjell Arvidsson has more than 25 years of industry experience including various positions with Ericsson and TeliaSonera in Sweden, Europe and Southeast Asia. Kjell has held a variety of management positions in marketing, product management and sales in Sweden, the United Kingdom and China. Prior to co-founding CLX Networks, he co-founded Ericsson IPX AB in 2002 with Björn Zethraeus and successfully developed the company until 2005. Kjell is an engineer, holds an IHM Diploma in Business Administration, and has studied economics at Uppsala University and Stockholm University.

Shareholding in CLX (total, private & via companies): 4,544,430

NEIL WARNER

VP Sales EMEA and APAC – born 1974

Neil has extensive experience in various technical roles with companies including Mblox, McAfee, HSBC Bank and Sainsbury's. In addition, Neil has more than 12 years of experience in the messaging industry. Prior to joining CLX and heading up the establishment of CLX's first sales office abroad, Neil was with Mblox.

Shareholding in CLX (total, private & via companies): 47,500

Warrants in CLX: 50,000

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE REPORT

To the Annual General Meeting of the shareholders of CLX Communications AB (publ), corporate identity number 556882-8908

It is the Board of Directors who is responsible for the corporate governance report for the time between 2015-07-01–2016-12-31 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the corporate governance report and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the corporate governance report has been prepared in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts are in accordance with the Annual Accounts Act.

Stockholm 28 April 2017
Deloitte AB

Erik Olin
Authorized Public Accountant

ANNUAL GENERAL MEETING, ADDRESSES, TERMS AND ABBREVIATIONS

ANNUAL GENERAL MEETING

Notice is hereby given to the shareholders in CLX Communications AB (publ) that the annual general meeting will be held on Friday, 19 May 2017 at 14:00 at company headquarters, Färögatan 33, Kista Stockholm.

REGISTRATION

Shareholders who wish to attend the annual general meeting must be entered in the share register kept by Euroclear Sweden AB by Friday, 12 May 2017, and must notify the company of their intend to attend by 15 May 2017. Notice of intent to attend may be made by email to agm2017@clxcommunications.com, telephone on +46 (0) 8-32 75 10, weekdays between 10:00 and 16:00, or by post to CLX Communications AB, Box 1206, 164 28 Kista, Sweden.

The notice must specify the shareholder's name, civic or corporate identity number, address, daytime telephone number, shareholder and proxies for the shareholder, if any (maximum of two).

PROXIES

Shareholders who intend to be represented by proxies must, well in advance of the annual general meeting, submit a written and dated proxy form (in the original) and, if the shareholder is a legal person, certificate of registration (or equivalent authorization appointing the authorized signatory for the company) by post to CLX Communications AB, Box 1206, 164 28 Kista, Sweden. Proxy forms are available on the company's website, www.clxcommunications.com or may be ordered by telephone on +46 (0) 8-32 75 10.

NOMINEE-REGISTERED SHARES

Shareholders whose shares are registered to a nominee must temporarily re-register the shares in their own name to be entitled to attend the meeting. Such registration must be executed by Friday, 12 May 2017. The shareholder should contact the nominee in good time before the aforementioned date.

FUTURE REPORTING DATES

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

CLX KEY TO TERMS AND ABBREVIATIONS

A2P:	Application-to-Person, which describes communication from an enterprise application (or system) to a person's mobile phone. This is as opposed to Person-to-Person (P2P) communication.
API:	Application Programming Interface, an interface between systems that defines functions and calls between application programming makes it possible to easily link applications and systems.
BSS:	Business Support Systems.
CPaaS:	Communications Platform as a Service.
Facebook Messenger:	A proprietary chat service app for smart phones with text and voice communication provided by Facebook.
Facetime:	A proprietary chat service app for smart phones with video and VoIP provided by Apple.
GSMA:	Groupe Spéciale Mobile Association, an organization of more than 1,000 members that are stakeholders in the mobile ecosystem.
IoT:	Internet of Things, a general term for the connected society where different things, devices, etc. are connected and thus able to communicate so that their behavior can be adapted to the situation to get smarter.
ISO certification:	Certification of a business or organization against ISO standards, which is evidence that the business or organization applies a systematic quality management system to assure the quality of the objects of quality assurance.
LoRa:	Long Range Radio, a long range, low power wireless platform that uses unlicensed bands under 1 GHz. Used mainly for IoT communication.
LTE-M:	LTE Cat-M1 or Long Term Evolution (4G) Category M1, a technical process to make it possible for IoT devices to connect directly to a 4G network, with no gateway or batteries.
M2M:	Machine-to-Machine communication, the technical process that enables communication between devices. M2M is an integrated component of IoT. This is as opposed to Person-to-Person (P2P) communication.
MMS:	Multimedia Messaging Service, a further development of SMS that enables sending of multimedia, such as pictures and video clips between mobile phones.
MMSC:	Multimedia Messaging Service Center, the equipment mobile operators use to handle MMS.
MNO:	Mobile Network Operator.
Cloud services:	ITC services provided over the internet on an external resource instead of the user’s own computers; i.e. the option to manage programs, data storage, capacity and processing power via the internet.
MVNO:	Mobile Virtual Network Operator.
NB-IoT:	Narrow Band IoT, a wireless platform (Low Power Wide Area Network, LPWAN) developed to enable connection of a wide selection of devices and services.
OTT:	Over-The-Top, which in the telecommunication context is used as a general term for communication sent over IP-based networks, primarily the internet, instead of using telecom operator networks.
PCI certification:	Payment Card Industry Data Security Standard (PCI DSS) is a set of policies and methods developed to protect credit card transactions and prevent misuse of cardholder data.
RCS:	Rich Communication Services, a further development of SMS and MMS that enables the sending of more advanced communications, such as text, pictures and video, between individuals or groups.
SaaS:	Software-as-a-Service, a type of cloud service that provides programs and applications over the internet.
Skype:	A proprietary application that enables IP-based communication, primarily IP telephony, and is provided by Microsoft.
SMPP:	Acronym for Short Message Peer-to-Peer, an open standardized protocol designed to exchange SMS messages between SMSC.
SMS:	Short Message Service, a service for short text messages sent to and from mobile phones.
SMSC:	Short Message Service Center, the equipment mobile operators used to handle SMS.
SS7:	Signalling System No. 7, a set of telephony signaling protocols that describe communication between public switched telephone networks.
Tier 1 Super Network:	The CLX Tier 1 Super Network comprises more than 200 direct commercial relationships and technical connections with the world’s largest mobile operators. It reaches all five billion people who own a mobile device and gives CLX a major competitive advantage that others have difficulty achieving.
TTM:	Acronym for Time To Market, the time it takes from when a product or service is created until it is available for sale.
USSD:	Unstructured Supplementary Service Data, a protocol that can be used for simple, session-based communication to and from GSM mobile phones.
VAS	Value Added Services, a popular term in the telecoms industry for non-core services, originally referring to all services beyond standard voice calls. However, in recent years, SMS, MMS and data access have increasingly become core services.
Viber:	A proprietary chat service app for smart phones that provides text and voice communication developed by Viber Media.
VoIP:	Voice over IP, which enables transmission of voice calls via IP-based computer networks, as opposed to traditional circuit-switched telephone service.
VoLTE:	Voice over Long-Term Evolution (4G), a standard for high-speed communication for mobile phones and data terminals defined by GSMA.
WebRTC:	Web Real-Time Communication, an API for web programming that supports direct communication between web browsers for, e.g., VoIP, video calling and file sharing.
WeChat:	A proprietary social media app for smart phones developed by Tencent in China, providing communications, e-commerce and payment services, etc. WeChat is one of the world’s biggest chat service apps that has been hugely successful, especially in China.
WhatsApp:	A proprietary chat service app for smart phones that offers text and voice communication and is provided by Facebook.

ANNUAL GENERAL MEETING, ADDRESSES, TERMS AND ABBREVIATIONS

CLX MAIN LOCATIONS:	Country	Address	Telephone
STOCKHOLM - CORPORATE HEADQUARTERS	**Sweden**	Kista Science Tower Färögatan 33 PO Box 1206 SE-164 28, Stockholm, Sweden	+46 (0) 8 32 75 10
ATLANTA	**United States**	7000 Central Park Suite 1150 Atlanta, Georgia 30328, USA	
LONDON	**UK**	CAP House 4th Floor 9-12 Long Lane London, EC1A 9HA	

CLX Other office locations

CITY	COUNTRY	CITY	COUNTRY
Baghdad	Iraq	Madrid	Spain
Bangalore	India	Melbourne	Australia
Bogota	Bogota	Miami	United States
Canterbury	United Kingdom	Montreal	Canada
Dallas	United States	München	Germany
Dortmund	Germany	New York	United States
Dubai	United Arab Emirates	Paris	France
Guatemala City	Guatemala	Prague	Czech Republic
Gothenburg	Sweden	Quito	Ecuador
Istanbul	Turkey	San Francisco	United States
Kalmar	Sweden	Seattle	United States
Kiev	Ukraine	Singapore	Singapore
Kuala Lumpur	Malaysia	Sydney	Australia
Lima	Peru	Warszawa	Poland
Lund	Sweden		