

Stockholm, 19 May 2017

Interim report, January – March 2017

First quarter, January – March 2017

- Net sales increased by 133 percent to SEK 622.2 million (267.2). Organic growth was 20 percent.
- EBITDA amounted to SEK 70.8 million (25.3).
- EBITDA excluding items affecting comparability¹ (adjusted EBITDA) amounted to SEK 80.9 million (25.3).
- EBIT amounted to SEK 41.1 million (23.6).
- Net profit for the quarter amounted to SEK 33.4 million (18.4).
- Basic and diluted earnings per share amounted to SEK 0.67 (0.49).

Significant events during the quarter

- Under the incentive program adopted on 5 December 2016, 1,205,700 warrants have been subscribed for by senior executives and key employees within CLX.
- The acquisition of Xura Secure Communications GmbH was completed on February 16 and will be included in the consolidated accounts from that date.

Significant events after the end of the period

- CLX acquired 100 percent of share capital in Dialogue Group Ltd on 10 May. The purchase consideration was GBP 32.0 million (SEK 368.7 million) on a cash- and debt-free basis. During the period of March 2016–February 2017, Dialogue generated sales of approximately GBP 36.7 million (SEK 417.9 million) and gross profit of about GBP 11.5 million (SEK 59.2 million). EBITDA was about GBP 5.2 million (SEK 59.2 million), with an EBITDA margin of 14.2 percent. The acquisition was financed with expanded credit facilities of GBP 32.7 million (SEK 376.8 million).

1) See the table on page 3 for a specification of items affecting comparability.

Invitation to report presentation by phone or online

The report will be presented at a phone conference at 09.00 CET on May 19.

To participate in the presentation by phone, please call any of the following numbers and state the code 7942048:

SE: +46-8 503 365 39

UK: +44-20 3427 1911

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Register here to watch the presentation via Webcast: <https://edge.media-server.com/m6/p/a6vn36du>

About CLX Communications

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

Message from the CEO

Strong profit trend creating scope for continued growth



CLX's vision is to become the world's leading provider in the market for mobile cloud communications. Through the two acquisitions last year, that of Xura earlier this year and, most recently, the acquisition of Dialogue, we have in short order positioned CLX as global market leader in our branch.

Demand for our solutions and services remains strong, which contributed to good profitability during the first quarter of the year. The gross margin was 31 percent and the adjusted EBITDA margin was 13 percent. Strong growth in the US is still making a positive contribution to the gross margin, as we continue to consolidate the European market to achieve further economies of scale. Net sales during the first quarter were SEK 622 million, with organic growth of 20 percent. The growth rate during the quarter was slightly lower than in the preceding quarters, primarily due to temporary effects.

The acquisition of Dialogue is accelerating our establishment in large parts of Asia. It widens our customer base in areas including Australia and Singapore in parallel with expansion of our "Tier 1 Super Network," including operators in countries such as New Zealand, Singapore, Malaysia, Bangladesh, Vietnam, Cambodia, Japan, the Philippines, Indonesia and Egypt. The acquisition also brought Sentinel, an advanced and innovative security software for mobile operators, to CLX.

With four acquisitions in less than twelve months, the integration processes are both challenging and vital. The integration of the Mblox acquisition has exceeded expectations and had a positive effect on profitability. In the acquisition analysis, we estimated cost synergies of USD 10 million and are pleased to report that these have already been realized.

The work to integrate Xura in the CLX Group began in mid-February and is proceeding as planned.

Sinch launched a video communication app in May that opens new opportunities for developers in areas such as healthcare, dating and mobile gaming. We are also seeing several early examples of cross-selling between Sinch and CLX.

During the Mobile World Congress, we launched a partnership with Google within RCS (Rich Communication Services). RCS is the next generation of messaging services and provides enterprises with even more tools to create an outstanding user experience. We believe RCS will persuade more enterprises to use messaging to communicate with their customers, which will grow our market.

The effort to commercialize IoT (Internet of Things) is ongoing and CLX has delivered its first IoT application to customers. At the same time, development to gradually launch new functionality in 2017 is in progress.

Our focus remains on achieving further organic growth by growing with existing and new customers. We will continue to augment organic growth with attractively valued consolidation acquisitions, as well as acquisitions that expand and reinforce our product portfolio. With our strong earnings capacity and stable balance sheet, we are in prime position to continue strengthening our market position and our status as global leader in mobile cloud communications

Stockholm, 19 May 2017

Johan Hedberg
President and CEO

Operations

The market

CLX operates in a complex global market where a number of factors affect growth and profitability. The market for cloud-based communication services and tools is fragmented, but generally characterized by strong growth. CLX has purposefully built up a leading market position in the segment for cloud-based A2P messaging (automated business-critical messages from enterprises to individuals), which means the company is well positioned to consolidate the market. As a leading market player, with substantial economies of scale and a strong negotiating position vis-a-vis customers and suppliers, CLX also has strong potential to be highly profitable as well.

In order to offer our customers a complete communications solution, CLX continues to increase its venture in complementary product and development areas such as cloud-based voice communication and the Internet of Things (IoT). CLX is focusing on addressing, and growing in, both geographical markets with high gross margins and market segments where profitability has the potential to be higher.

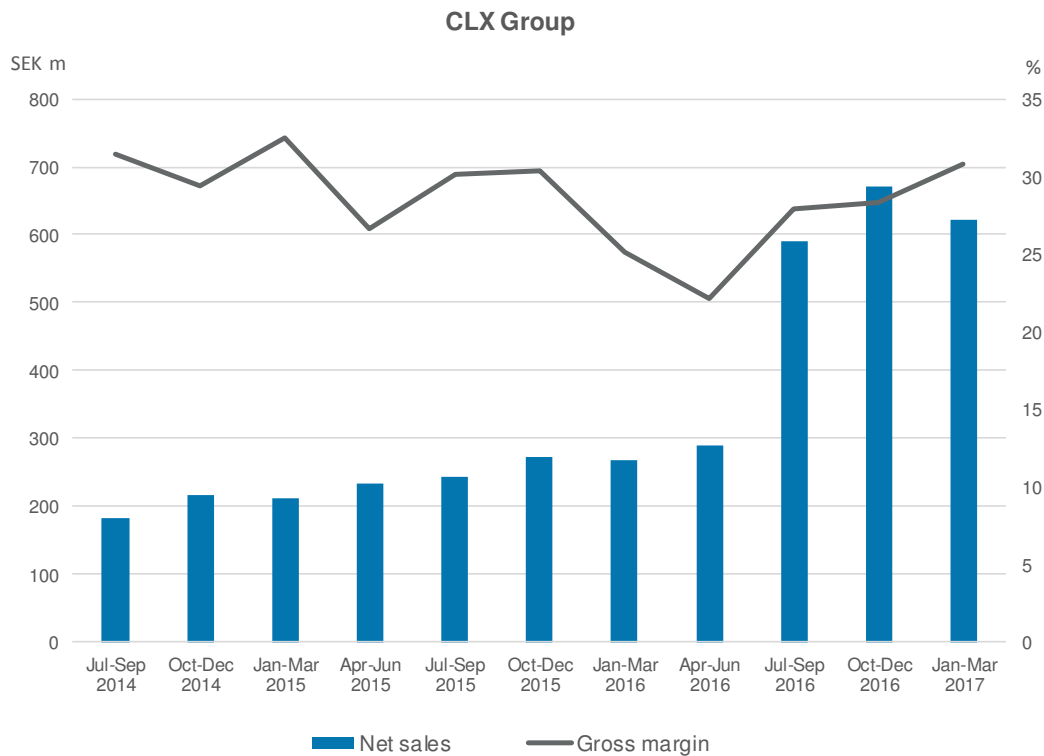
CLX Group overview

For a list and definitions of financial measurements defined under IFRS and those not defined under IFRS, as well as operational measurements, please refer to page 18.

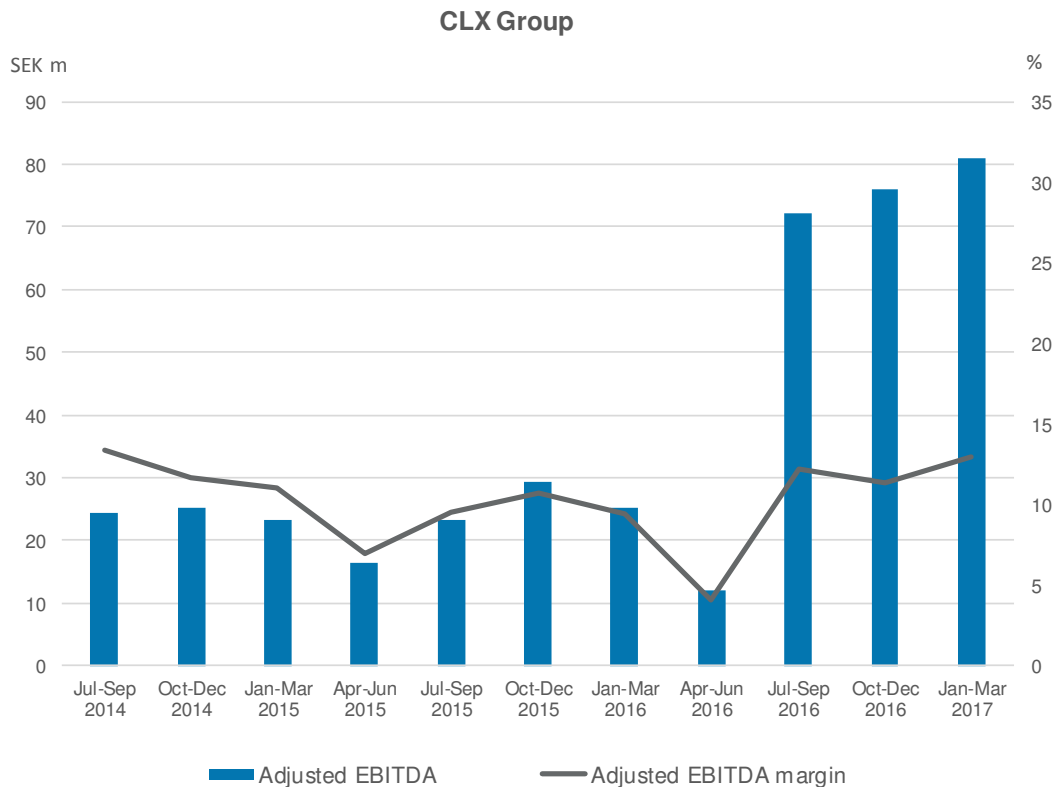
CLX Group, SEK million	Jan - Mar 2017	Jan - Mar 2016	Jul - Dec 15/16 18M	R12M
Net sales	622.2	267.2	2,333.9	2,172.2
Gross profit	191.3	67.2	642.3	610.0
Gross margin	30.7%	25.1%	27.5%	28.1%
Operating profit, EBITDA	70.8	25.3	161.9	166.1
EBITDA margin	11.4%	9.5%	6.9%	7.6%
Adjusted EBITDA	80.9	25.3	238.0	241.1
Adjusted EBITDA margin	13.0%	9.5%	10.2%	11.1%
Adjusted EBITDA / gross profit	42.3%	37.7%	37.1%	39.5%
Operating profit, EBIT	41.1	23.6	112.5	91.9
EBIT margin	6.6%	8.8%	4.8%	4.2%
Adjusted EBIT	51.2	23.6	188.6	166.9
Adjusted EBIT margin	8.2%	8.8%	8.1%	7.7%
Profit for the period	33.4	18.4	111.6	97.3
Net margin	5.4%	6.9%	4.8%	4.5%
Cash flow from operating activities	6.3	0.8	107.6	99.6
Equity ratio	36.4%	22.9%	37.2%	36.4%
Diluted earnings per share, SEK	0.67	0.49	2.56	2.17
Average number of employees	317	154	199	262

Items affecting comparability, SEK m	Jan - Mar 2017	Jan - Mar 2016	Jul - Dec 15/16 18M	R12M
Market listing costs	-	-	-11.2	-
Acquisition costs	-3.1	-	-17.1	-20.2
Restructuring costs	-	-	-35.2	-35.2
Integration costs	-7.0	-	-12.6	-19.6
Total items affecting comparability	-10.1	-	-76.1	-75.0

Net sales and gross margin



Adjusted EBITDA and adjusted EBITDA margin



January–March 2017

Net sales

Consolidated net sales grew in the quarter by 133 percent to SEK 622.2 million (267.2). Amounts in parentheses refer to the corresponding quarter in the previous year. Organic growth was 20 percent.

The strong growth during the quarter, compared to the same quarter in the preceding calendar year, is mainly an effect of the acquisition of Mblox. However, growth during the quarter was lower than during the two preceding quarters, primarily due to a certain seasonal effects and normal market fluctuations, combined with a reduction in traffic from one of our customers, which through acquisition has gained access to its own messaging platform, as well as a temporary reduction in traffic from one of our resellers. We estimate that the latter will return towards the end of the second quarter.

Underlying growth among the majority of our existing customers was strong and we have added new customers.

Gross profit

During the quarter, gross profit amounted to SEK 191.3 million (67.2) and the gross margin amounted to 30.7 percent (25.1).

Strong development in North America had positive impact on the gross margin during the quarter, as did a temporary reduction in traffic from one of our resellers, where the gross margin has been low. As well, current terms and conditions in certain markets in Asia and Oceania are making a positive contribution to the company's gross margin.

The acquisition of Mblox led to a significant strengthening of the gross margin in the Enterprise Division in the second half of 2016. The acquisition increased our exposure to the North American market, where gross margins are high. Gross margin levels vary from one geographical market to the next, and because CLX's growth rate in different markets varies over time, this will lead to some fluctuations in the company's gross margin.

Operating profit

EBITDA amounted to SEK 70.8 million (25.3). EBIT amounted to SEK 41.1 million (23.6).

CLX's strategy is to create economies of scale and thereby ensure that long-term return targets are achieved. In line with this strategy, CLX will focus on continued growth, both organically and through acquisitions.

In the next few quarters, our main focus will be on further efforts to realize the profitability and growth potential offered by the recent acquisitions. These acquisitions have put CLX in a stronger negotiating position vis-à-vis customers and operators. The company is continuing to evaluate and take action with regard to customers where profitability is not expected to contribute to achieving CLX's long-term profitability target.

Ongoing efforts related to profitability and margins also include updated internal pricing policies, automated price barriers etc. within the Group's integrated technology platform, as well as corporate bonus models with sharper on margin targets.

Acquisition costs relating to Xura and integration costs are charged to profit for the quarter at SEK 10.1 million. Adjusted for these items, EBITDA amounted to SEK 80.9 million (25.3) and EBIT to SEK 51.2 million (23.6). Foreign exchange fluctuations affected operating profit for the quarter by SEK -0.9 million (1.4).

Other income and expense items

Net finance expense was SEK -7.6 million (0.4), with interest costs amounting to SEK -4.0 million (-0.3) and foreign exchange differences to SEK -3.9 million (0.5). The Group's effective tax rate was 0.3 percent (23.2). The lower tax rate is largely due to use of loss carry-forwards in Mblox not capitalized as deferred tax assets. Net profit for the period amounted to SEK 33.4 million (18.4).

Investments

Net investments in intangible assets and property, plant and equipment amounted to SEK 5.3 million (5.0). Investments relate primarily to capitalized development expenditure of SEK 5.2 million (4.5) and licenses.

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

The acquisition of Xura Secure Communications GmbH was completed on February 16 and will be included in the consolidated accounts from that date. The purchase consideration was EUR 14.7 million (SEK 138.0 million) on a cash- and debt-free basis. Xura is based in Munich and had 16 employees at 31 December 2016. Xura had sales in 2016 of approximately EUR 25.5 million (SEK 241.5 million) with EBITDA of approximately EUR 2.1 million (SEK 19.9 million). The acquisition was financed with expanded credit facilities of GBP 12.5 million (SEK 133.9 million). See Note 4 for further information about this acquisition.

Cash flow, liquidity and financial position

Cash flow from operating activities amounted to SEK 6.3 million (0.8). A temporary increase in working capital tied up had adverse impact on cash flow during the quarter. CLX is working continuously to collect payments and thus reduce working capital tied up.

Consolidated cash and cash equivalents at 31 March 2017 amounted to SEK 106.0 million (115.3), as well as an unutilized credit facility of SEK 100 million (100). Equity at 31 March 2017 amounted to SEK 900.5 million (865.0), corresponding to an equity ratio of 36.4 percent (12.4). A warrant issue raised SEK 7.7 million in equity, see Note 3. Equity per share was SEK 18.06 SEK (17.34).

Employees

The average number of employees (full-time equivalents) in the Group amounted to 317 (154), of whom 20 percent (15) women. CLX continues to recruit new employees, both in Sweden and internationally. Including consultants, the Group employed an average of approximately 365 persons during the period.

Significant events after the end of the period

- CLX acquired 100 percent of share capital in Dialogue Group Ltd on 10 May. Dialogue will be included in the consolidated accounts from that date. The purchase consideration was GBP 32.0 million (SEK 368.7 million) on a cash- and debt-free basis. Founded in 1994, Dialogue is headquartered in Sheffield, England and the company had 49 employees. During the period of March 2016–February 2017, Dialogue delivered sales of approximately GBP 36.7 million (SEK 417.9 million) and gross profit of about GBP 11.5 million (SEK 130.9 million). EBITDA was about GBP 5.2 million (SEK 59.2 million), with an EBITDA margin of 14.2 percent. Expected net synergies have been estimated at GBP 1 million, realizable within 12-18 months. The accounting for the business combination (acquisition analysis) was not completed by the reporting date, which means it has not been possible to provide certain information in this interim report.
- CLX increased its credit facilities by GBP 32.7 million (SEK 376.8 million) to finance the acquisition of Dialogue.

Enterprise Division

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

Enterprise Division, SEK million	Jan - Mar 2017	Jan - Mar 2016	Jul - Dec 15/16 18M	R12M
Net sales	566.4	230.2	2,080.8	1,994.9
Gross profit	139.6	32.5	406.4	445.2
Gross margin	24.7%	14.1%	19.5%	22.3%
Operating profit, EBITDA	71.4	14.1	173.6	209.0
EBITDA margin	12.6%	6.1%	8.3%	10.5%

The division sustained strong development in the A2P Messaging business during the reporting period, largely through the acquisitions of Mblox and Xura. The acquisition has more than doubled the business area's sales, and improved profitability. Focus is now on further organic growth in the combined customer base.

CLX's venture in the rapidly growing field of IoT continues to develop. CLX has delivered its first commercial application to a limited number of existing beta customers. At the same time, intensive development work is taking place to gradually launch new functionality in 2017.

Net sales

The Enterprise Division continues to grow at a rapid pace. During the quarter, net sales increased by SEK 336.2 million to SEK 566.4 million (230.2), up by 146 percent compared to the same period in the previous year. Organic growth was 20 percent, primarily driven by the following factors:

- CLX's existing customers are expanding their engagement, partly through volume growth and partly through investing in more of CLX's new products and services.
- CLX is winning business from new customers and customer groups.
- Development of CLX's reseller strategy is ongoing.

Profit

Gross profit increased during the quarter to SEK 139.6 million (32.5). The acquisition of Mblox is increasing the division's gross margin significantly, and has created the conditions for a number of active measures to strengthen the gross margin in several major markets.

EBITDA increased during the quarter by SEK 57.3 million to SEK 71.4 million (14.1).

Work to integrate and streamline the operations of Mblox has been ongoing since the acquisition. The process is complete in all material respects and operating costs per sent message for the combined business are at a very competitive level. Further cost reductions will be possible going forward, as synergy effects from the acquisition of Xura are realized. It is the express ambition of CLX to be the market provider with the lowest operating cost per sent message.

Foreign exchange fluctuations impacted the division's operating profit during the quarter by SEK -0.4 million (1.8).

Other

The integration of Xura is in progress. Certain staff adjustment have been carried out. Migration of traffic from Xura's existing platform will occur when development of CLX's new transaction platform is complete.

Operator Division

The Operator Division develops software solutions for mobile operators and other service providers such as mobile virtual network operators (MVNOs). The division supplies software solutions, as both products and services, to enable operators to effectively manage their services in messaging and payments.

The Operator Division continues to develop well, and in line with the company's strategic plans. A number of significant deals were signed in 2016, including one with a leading mobile phone operator in the Middle East. This transaction is worth approximately SEK 32 million and will be recognized as revenue in pace with completion of the project during the first half of 2017. The same applies to a number of other deals, worth approximately SEK 20 million, that were signed in the previous calendar year.

Operator Division, SEK million	Jan - Mar 2017	Jan - Mar 2016	Jul - Dec 15/16 18M	R12M
Net sales	45.6	37.9	260.9	171.5
Gross profit	42.7	34.6	235.6	155.5
Gross margin	93.8%	91.4%	90.3%	90.7%
Operating profit, EBITDA	18.6	12.4	80.0	52.5
EBITDA margin	40.8%	32.9%	30.7%	30.6%

Net sales

Net sales in the Operator Division increased during the quarter by SEK 7.7 million to SEK 45.6 million (37.9).

The launch of the CLX Managed Service offering has attracted great interest from existing and potential customers. Revenues from these activities are of a recurring nature and CLX has a strategic goal to increase the proportion of repeat revenue in the Operator Division. We are thus looking forward to the continued positive development of this offering.

Profit

Gross profit rose during the quarter by SEK 8.1 million to SEK 42.7 million (34.6). EBITDA increased by SEK 6.2 million to SEK 18.6 million (12.4). Foreign exchange fluctuations impacted the division's operating profit during the quarter by SEK -0.4 million (-0.2).

Other

The Operator Division continues to invest in its Platform as a Service (PaaS) offering in order to address the demand among existing and new types of customer groups that want to launch or streamline their communication services.

Sinch

Sinch is a global leading developer of cloud-based voice and video communications solutions.

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

Sinch, SEK million	Jan - Mar 2017	Jan - Mar 2016	Jul - Dec 15/16 18M*	R12M
Net sales	11.4	-	1.4	12.8
Gross profit	8.9	-	0.9	9.8
Gross margin	78.2%	-	62.8%	76.6%
Operating profit, EBITDA	-4.7	-	0.6	-4.1
EBITDA margin	-41.3%	-	43.3%	-32.3%

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

Net sales

Sinch delivered net sales of SEK 11.4 million during the quarter.

Profit

Gross profit for the quarter was SEK 8.9 million. EBITDA was SEK -4.7 million. Foreign exchange fluctuations impacted Sinch's operating profit during the quarter by SEK -0.1 million.

Quarterly summary

	Apr - Jun 2015	Jul - Sep 2015	Oct - Dec 2015	Jan - Mar 2016	Apr - Jun 2016	Jul - Sep 2016	Oct - Dec 2016	Jan - Mar 2017
CLX Group, SEK million								
Net sales	234.4	243.2	273.5	267.2	290.3	590.2	669.6	622.2
Gross profit	62.3	73.4	83.0	67.2	64.4	164.9	189.4	191.3
Gross margin	26.6%	30.2%	30.4%	25.1%	22.2%	27.9%	28.3%	30.7%
Operating profit, EBITDA	10.1	13.5	27.9	25.3	-1.0	28.1	68.1	70.8
EBITDA margin	4.3%	5.5%	10.2%	9.5%	-0.3%	4.8%	10.2%	11.4%

	Apr - Jun 2015	Jul - Sep 2015	Oct - Dec 2015	Jan - Mar 2016	Apr - Jun 2016	Jul - Sep 2016	Oct - Dec 2016	Jan - Mar 2017
Enterprise Division, SEK million								
Net sales	194.7	197.9	224.2	230.2	256.6	552.8	619.1	566.4
Gross profit	34.3	31.2	37.1	32.5	32.5	130.8	142.2	139.6
Gross margin	17.6%	15.8%	16.6%	14.1%	12.7%	23.7%	23.0%	24.7%
Operating profit, EBITDA	13.3	8.5	13.3	14.1	6.8	59.8	69.2	71.4
EBITDA margin	6.8%	4.3%	5.9%	6.1%	2.7%	10.8%	11.2%	12.6%

	Apr - Jun 2015	Jul - Sep 2015	Oct - Dec 2015	Jan - Mar 2016	Apr - Jun 2016	Jul - Sep 2016	Oct - Dec 2016	Jan - Mar 2017
Operator Division, SEK million								
Net sales	47.0	46.6	50.5	37.9	38.2	37.8	50.0	45.6
Gross profit	40.2	42.3	45.9	34.6	31.8	34.1	46.9	42.7
Gross margin	85.5%	90.6%	91.0%	91.4%	83.2%	90.3%	93.7%	93.8%
Operating profit, EBITDA	3.4	16.2	17.4	12.4	6.3	12.8	14.8	18.6
EBITDA margin	7.3%	34.7%	34.5%	32.9%	16.5%	34.0%	29.6%	40.8%

	Apr - Jun 2015	Jul - Sep 2015	Oct - Dec 2015	Jan - Mar 2016	Apr - Jun 2016	Jul - Sep 2016	Oct - Dec 2016	Jan - Mar 2017
Sinch, SEK million								
Net sales	-	-	-	-	-	-	1.4	11.4
Gross profit	-	-	-	-	-	-	0.9	8.9
Gross margin	-	-	-	-	-	-	62.8%	78.2%
Operating profit, EBITDA	-	-	-	-	-	-	0.6	-4.7
EBITDA margin	-	-	-	-	-	-	43.3%	-41.3%

Items affecting comparability

	Apr - Jun 2015	Jul - Sep 2015	Oct - Dec 2015	Jan - Mar 2016	Apr - Jun 2016	Jul - Sep 2016	Oct - Dec 2016	Jan - Mar 2017
CLX Group, SEK million								
Market listing costs	-6.3	-9.7	-1.5	-	-	-	-	-
Acquisition costs	-	-	-	-	-13.0	-2.9	-1.2	-3.1
Restructuring costs	-	-	-	-	-	-35.2	-	-
Integration costs	-	-	-	-	-	-5.9	-6.7	-7.0
Recovered previously impaired accounts rec.	-	-	-	-	-	-	-	-
Total items affecting comparability	-6.3	-9.7	-1.5	-	-13.0	-44.0	-7.9	-10.1

	Apr - Jun 2015	Jul - Sep 2015	Oct - Dec 2015	Jan - Mar 2016	Apr - Jun 2016	Jul - Sep 2016	Oct - Dec 2016	Jan - Mar 2017
CLX Group, SEK million								
Net sales	234.4	243.2	273.5	267.2	290.3	590.2	669.6	622.2
Gross profit	62.3	73.4	83.0	67.2	64.4	164.9	189.4	191.3
Gross margin	26.6%	30.2%	30.4%	25.1%	22.2%	27.9%	28.3%	30.7%
Adjusted EBITDA	16.4	23.2	29.4	25.3	12.0	72.1	76.0	80.9
Adjusted EBITDA margin	7.0%	9.5%	10.7%	9.5%	4.1%	12.2%	11.4%	13.0%
Adjusted EBITDA / gross profit	26.3%	31.6%	35.4%	37.6%	18.6%	43.7%	40.1%	42.3%
Adjusted EBITDA per share - diluted, SEK	0.47	0.66	0.78	0.67	0.32	1.48	1.56	1.63

Condensed income statement

CLX Group, SEK million	Jan - Mar 2017	Jan - Mar 2016	Jul - Dec 15/16 18M	R12M
Net sales	622.2	267.2	2,333.9	2,172.2
Other operating income	4.5	9.1	40.8	29.9
Work performed by the entity and capitalized	5.2	4.5	22.7	18.2
Cost of goods sold and services	-430.9	-200.1	-1,691.6	-1,562.2
Other external costs	-53.4	-17.3	-211.4	-205.2
Employee benefits expenses	-73.3	-35.2	-281.7	-252.7
Other operating expenses	-3.5	-2.9	-50.8	-34.2
Operating profit, EBITDA	70.8	25.3	161.9	166.1
Depreciation and amortization	-29.7	-1.7	-49.5	-74.1
Operating profit, EBIT	41.1	23.6	112.5	91.9
Finance income	24.4	1.6	105.1	127.3
Finance expenses	-32.1	-1.2	-96.2	-126.1
Profit before tax	33.5	24.1	121.4	93.2
Current tax	-0.3	-3.9	-35.7	-22.9
Deferred tax	0.2	-1.7	25.9	27.0
Profit for the period	33.4	18.4	111.6	97.3
Attributable to:				
Owners of the parent	33.2	18.4	111.3	97.2
Non-controlling interests	0.2	0.0	0.2	0.2

Earnings per share

CLX Group, SEK	Jan - Mar 2017	Jan - Mar 2016	Jul - Dec 15/16 18M	R12M
Earnings per share				
- Basic	0.67	0.49	2.62	2.17
- Diluted	0.67	0.49	2.56	2.17

Condensed statement of comprehensive income

CLX Group, SEK million	Jan - Mar 2017	Jan - Mar 2016	Jul - Dec 15/16 18M	R12M
Profit for the period	33.4	18.4	111.6	97.3
Other comprehensive income or loss				
Translation differences	1.5	-0.1	35.2	36.9
Hedge accounting net investments	-9.4	-	-10.4	-19.8
Cash flow hedges	-	-1.5	-	-2.7
Tax effect on items in other comprehensive income	2.4	0.3	-7.5	-4.5
Other comprehensive income for the period	-5.5	-1.2	17.3	9.9
Total comprehensive income for the period	27.9	17.2	128.9	107.3
Attributable to:				
Owners of the parent	27.7	17.2	128.8	107.3
Non-controlling interests	0.1	0.0	0.0	0.0

Condensed balance sheet

CLX Group, SEK million	Note	3/31/2017	3/31/2016	12/31/2016
Assets				
Goodwill		879.4	56.7	803.6
Customer relationships		666.4	-	613.7
Operator relationships		47.0	-	46.4
Proprietary software		97.5	14.8	92.7
Other intangible non-current assets		6.1	4.4	8.4
Tangible non-current assets		13.6	5.1	14.2
Non-current financial assets		9.8	6.4	11.4
Deferred tax assets		23.9	0.0	29.6
<i>Total non-current assets</i>		<i>1,743.7</i>	<i>87.4</i>	<i>1,620.1</i>
Tax receivables		6.3	7.8	6.6
Other current receivables		617.2	252.6	580.6
Cash and cash equivalents		106.0	48.5	115.3
<i>Total current assets</i>		<i>729.6</i>	<i>308.9</i>	<i>702.5</i>
Total assets		2,473.3	396.3	2,322.6
Equity and liabilities				
Equity attributable to owners of the parent		894.4	85.8	859.1
Non-controlling interests		6.0	5.1	5.9
<i>Total equity</i>		<i>900.5</i>	<i>90.9</i>	<i>865.0</i>
Provision for deferred taxes		307.1	9.4	290.1
Provision for restructuring costs		3.7	-	8.9
Other provisions		0.1	-	-
<i>Total provisions</i>		<i>310.9</i>	<i>9.4</i>	<i>299.0</i>
Non-current liabilities, interest bearing		489.9	33.1	413.9
Non-current liabilities, non-interest bearing		40.6	0.6	40.6
<i>Total non-current liabilities</i>		<i>530.5</i>	<i>33.7</i>	<i>454.5</i>
Current liabilities, interest bearing		128.1	26.8	70.1
Tax liabilities		29.9	2.6	29.9
Other current liabilities, non-interest bearing		573.5	232.9	604.2
<i>Total current liabilities</i>		<i>731.5</i>	<i>262.3</i>	<i>704.2</i>
Total equity and liabilities		2,473.3	396.3	2,322.6
Financial instruments measured at fair value				
Derivatives with positive fair value		0.6	3.3	0.6
Derivatives with negative fair value		0.6	0.6	0.6

The carrying amount is considered to be a reasonable estimate of the fair value of all financial assets and liabilities. The financial assets and liabilities are attributable to measurement levels 2 and 3. For information on the measurement techniques, see Note 29 in the 2015/16 Annual Report.

Condensed statement of changes in equity

CLX Group, SEK million	Attributable to owners of the parent					Non-controlling interests	Total equity
	Share capital	Other capital contributions	Reserves	Retained earnings	Total		
Opening balance 1 July 2015	0.1	175.0	-0.4	-138.1	36.6	4.9	41.5
Total comprehensive income			1.9	47.4	49.2	0.3	49.5
Bonus issue	3.2			-3.2	0.0		0.0
Closing balance 31 March 2016	3.2	175.0	1.5	-93.9	85.8	5.1	90.9
Opening balance 1 January 2017	5.0	881.5	17.1	-44.3	859.1	5.9	865.0
Total comprehensive income			-5.5	33.2	27.7	0.1	27.9
Warrants issue		7.7			7.7		7.7
Closing balance 31 March 2017	5.0	889.3	11.6	-11.2	894.5	6.0	900.5

Condensed statement of cash flows

CLX Group, SEK million	Note	Jan - Mar 2017	Jan - Mar 2016	Jul - Dec 15/16 18M	R12M
Cash flow before changes in working capital		58.4	17.3	173.2	177.0
Changes in working capital		-52.1	-16.5	-65.6	-77.3
Cash flow from operating activities		6.3	0.8	107.6	99.6
Net investments in tangible and intangible assets		-5.3	-5.0	-34.0	-23.8
Changes in financial assets		-6.4	-	-1.4	-7.8
Acquisition of subsidiary/net assets	4	-144.9	-	-1,018.0	-1,163.0
Cash flow from investing activities		-156.6	-5.0	-1,053.4	-1,194.5
New loans		133.9	-	468.8	602.7
Amortization of loan		-	-6.7	-79.9	-59.8
Amortization loan ultimate parent company		-	-	-1.0	-
New share issue/w arrants		7.5	-	605.9	613.4
Additional purchase consideration Caleo, previously expensed		-	-	-4.7	-4.7
Cash flow from financing activities		141.4	-6.7	989.2	1,151.7
Cash flow for the period		-8.8	-10.9	43.4	56.8
Cash and cash equivalents at the beginning of the period		115.3	59.4	71.0	48.5
Exchange differences in cash and cash equivalents		-0.5	0.0	1.0	0.7
Cash and cash equivalents at the end of the period		106.0	48.5	115.3	106.0

Other disclosures

CLX Group, SEK million	Jan - Mar 2017	Jan - Mar 2016	Jul - Dec 15/16 18M	R12M
Share information				
Basic earnings per share, SEK	0.67	0.49	2.59	2.17
Diluted earnings per share, SEK	0.67	0.49	2.56	2.17
Basic weighted average number of shares*	49,534,442	37,621,619	42,535,750	44,840,065
Diluted weighted average number of shares*	49,534,442	37,621,619	43,039,427	44,840,065
Number of ordinary shares at the end of the period	49,534,442	32,432,430	49,534,442	49,534,442
Total number of shares at the end of the period	49,534,442	32,432,430	49,534,442	49,534,442
Financial position				
Equity attributable to owners of the parent	894.4	85.8	859.1	894.4
Equity ratio	36.4%	22.9%	37.2%	36.4%
Equity per share, SEK	18.06	2.65	17.34	18.06
Net investments in tangible and intangible assets	5.3	5.0	34.0	23.8
Cash and cash equivalents	106.0	48.5	115.3	106.0
Net debt	511.9	11.4	368.6	511.9
Employees				
Number of FTEs	317	154	199	262
Percentage female	20%	15%	17%	19%
Key figures				
Operating margin, EBITDA	11.4%	9.5%	6.9%	7.6%
Operating margin, EBIT	6.6%	8.8%	4.8%	4.2%
Net margin, profit for the period	5.4%	6.9%	4.8%	4.5%

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

Segment reporting

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

Jan - Mar 2017, SEK million	Enterprise Division	Operator Division	Sinch	Parent company, unallocated items and eliminations	Group
External revenue	565.8	44.9	11.4	-	622.2
Internal revenue	0.5	0.6	-	-1.2	-
Gross profit	139.6	42.7	8.9	0.0	191.3
EBITDA	71.4	18.6	-4.7	-14.4	70.8
Depreciation and amortization					-29.7
EBIT					41.1
Finance expenses					-7.6
Profit before tax					33.5

EBITDA for the parent company amounts to SEK -4.5 million.

Unallocated items include acquisition costs of SEK 3.1 million and integration costs of SEK 7.0 million.

Jan - Mar 2016, SEK million	Enterprise Division	Operator Division	Sinch	Parent company, unallocated items and eliminations	Group
External revenue	230.2	37.0	-	-	267.2
Internal revenue	0.0	0.8	-	-0.8	-
Gross profit	32.5	34.6	-	0.1	67.2
EBITDA	14.1	12.4	-	-1.2	25.3
Depreciation and amortization					-1.7
EBIT					23.6
Finance income					0.4
Profit before tax					24.1

EBITDA for the parent company amounts to SEK -1.2 million.

RTM Apr - Mar 2016/17, SEK m	Enterprise Division	Operator Division	Sinch	Parent company, unallocated items and eliminations	Group
External revenue	1,994.2	165.2	12.8	-	2,172.2
Internal revenue	0.7	6.3	-	-7.0	-
Gross profit	445.2	155.5	9.8	-0.5	610.0
EBITDA	209.0	52.5	-4.1	-95.5	166.1
Depreciation and amortization					-74.1
EBIT					91.9
Finance income					1.3
Profit before tax					93.2

EBITDA for the parent company amounts to SEK -18.0 million, including integration costs of SEK 0.9 million and restructuring costs of SEK 1.1 million. Unallocated items include acquisition costs of SEK 20.2 million, restructuring costs of SEK 34.1 million and integration costs of SEK 18.7 million.

Parent company

CLX Communications AB (publ) owns and manages the shares attributable to the CLX Group. The Group's operational and strategic management functions have been centralized to the parent company. At the end of the period the parent company had 5 (5) employees. The parent company has no external business activities and the risks are mainly related to the operations of the subsidiaries. Equity was increased by SEK 7.7 million through the new issue in the warrants program.

Condensed parent company income statement and balance sheet

CLX Communications AB, SEK million	Jan - Mar 2017	Jan - Mar 2016	Jul - Dec 15/16 18M
Operating revenue	1.8	1.4	7.9
Operating costs	-6.2	-2.6	-36.7
Operating loss, EBIT	-4.5	-1.2	-28.8
Finance income	-17.5	-0.2	93.3
Profit/loss after financial items	-22.0	-1.4	64.5
Appropriations	-	-	-6.6
Tax on profit/loss for the period	4.8	0.3	-8.4
Profit/loss for the period	-17.2	-1.1	49.5

CLX Communications AB, SEK million	3/31/2017	3/31/2016	12/31/2016
<u>Assets</u>			
Non-current assets	1,639.2	350.0	1,659.4
Current assets	20.9	3.4	31.2
Total assets	1,660.1	353.4	1,690.6
<u>Equity and liabilities</u>			
Equity	913.2	16.5	922.8
Untaxed reserves	6.6	-	6.6
Non-current liabilities	489.4	-	453.4
Current liabilities	250.9	336.9	307.9
Total equity and liabilities	1,660.1	353.4	1,690.6
Pledged assets and contingent liabilities	350.0	350.0	350.0

Note 1 - Accounting policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the applicable provisions of the Annual Accounts Act. Disclosures in accordance with IAS 34 Interim Financial Reporting are provided in notes and elsewhere in the interim report. The interim report for the parent company has been prepared in accordance with the Annual Accounts Act, which is in accordance with RFR 2 Accounting of Legal Entities. None of the new or amended IFRS standards or interpretations from the IFRS Interpretations Committee which apply from 1 January 2017 has had any material impact on CLX's financial statements.

From 1 January 2017, CLX applies IFRS 2 Share-based Payment with regard to warrants vested over the term of the warrant program. See Note 3 for further information. A warrant program makes it possible for employees to acquire shares in the company. The fair value of subscribed warrants is recognized as employee benefits expense, with a corresponding increase in equity. Fair value is estimated at grant date and allocated over the vesting period. The fair value of granted warrants is estimated using the Black & Scholes model and takes the terms, conditions and circumstances in effect at grant date into account. The amount recognized as an expense is adjusted to reflect the actual number of warrants vested. Social insurance fees attributable to the employee benefits expense that arises upon vesting are expensed over the vesting period. The provision for social insurance fees is based on the fair value of the warrants at reporting date. Fair value is estimated using the measurement model that was used when the warrants were issued.

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

Note 2 – Pledged assets and contingent liabilities

The shares in CLX Networks AB and Symsoft AB have been pledged as collateral for the obligations within the current loan agreement. The consolidated value of pledged assets at 31 March 2017 amounted to SEK 341.2 million (322.4). In addition, floating charges in these companies of SEK 20 million (20) and SEK 25 million (25), respectively, have been pledged as collateral for the loan agreement. Other guarantees amounted to SEK 6.0 million (4.4).

Note 3 – Incentive program

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

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

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

Warrants	Jan - Mar 2017	Jan - Mar 2016	Jul - Dec 15/16 18M	R12M
Number of outstanding warrants at the beginning of the period	0	-	-	0
New issue of warrants	1,678,000	-	-	1,678,000
Warrants not yet vested	-387,471	-	-	-387,471
Warrants not subscribed, in own custody	-472,300	-	-	-472,300
Number of outstanding warrants at the end of the period	818,229	-	-	818,229

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

Payroll costs for vested warrants are included in profit and loss for the period in the amount of SEK 0.2 million, with a corresponding increase in equity. Social insurance costs are included in profit and loss for the period in the amount of SEK 0.0 million, recognized as a provision in the balance sheet.

Note 4 - Acquisition of group companies

Xura

On 16 February 2017, CLX acquired 100 percent of the share capital in Xura Secure Communications GmbH, one of the leading mobile messaging services providers in Germany, 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.

The purchase consideration was EUR 14.7 million (SEK 138.0 million) on a cash- and debt-free basis. The purchase consideration was paid in cash. The purchase agreement also includes an earn-out based on gross profit performance, and which could amount to a maximum of USD 1.5 million. The anticipated outcome discounted to present value amounts to USD 1.3 million (SEK 11.6 million) and has been recognized as a liability. If the earn-out is triggered it will become due for payment during the second quarter of 2018. Goodwill of SEK 86.5 million arose upon acquisition, mainly attributable to the expertise and expanded geographic range contributed by Xura. The estimated useful lives are ten years for customer relationships, five years for operator relationships and three years for proprietary software.

Preliminary acquisition analysis

	Xura SEKm
Fair value acquired net assets	
Customer relationships	81.2
Operator relationships	2.8
Proprietary software	4.7
Tangible & other intangible non-current assets	1.1
Current assets	43.5
Cash and cash equivalents	9.3
Deferred tax liability	-29.3
Current liabilities	-37.2
Total acquired net assets	76.2

Allocation of purchase consideration

	Xura SEKm
Purchase consideration	
Original purchase consideration	138.0
Additional purchase consideration, debt	11.6
Settlement working capital	11.1
Settlement debt	-7.2
Settlement cash and cash equivalents	9.3
Total purchase consideration	162.7
Fair value acquired net assets	-76.2
Goodwill	86.5

Effects of the acquisition of Xura on consolidated cash and cash equivalents

	Xura SEKm
Investing activities	
Original purchase consideration	138.0
Settlement working capital	11.1
Settlement debt	-7.2
Settlement cash and cash equivalents	9.3
Cash and cash equivalents in acquired entity	-9.3
Expenses directly linked to the acquisition	3.1
Effect on consolidated cash and cash equivalents from acquisitions	144.9

Contributions of Xura to consolidated sales and profit, including integration costs

	Xura
Jan - Mar 2017, SEK million	
Net sales	32.0
Profit for the period	0.8

The table below shows net sales and profit as if the acquisitions of Xura had taken place on 1 January 2017

			Amortization acquired assets	Elimination internal sales	
Jan - Mar 2017, SEK million	Xura	CLX			Total
Net sales	67.3	590.8	-	-0.8	657.3
Profit for the period	2.7	36.2	-1.7	-	37.1

Definitions of financial terms, performance measurements and operational measurements

Financial measurements defined under IFRS

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

The company presents certain financial measurements that are not defined under IFRS. The company believes that these measurements provide useful supplemental information to investors and management, for reasons including that 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

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 and financial leasing liabilities
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 finance income, finance expense and tax
Operating profit, EBITDA	Profit for the period before finance income, finance expense, tax and depreciation, amortization and impairment of intangible assets and property, plant and equipment
Adjusted EBIT	Profit for the period before finance income, finance expense and tax, adjusted for items affecting comparability
Adjusted EBITDA	Profit for the period before finance income, finance expense, tax and depreciation, amortization and impairment of intangible assets and property, plant and equipment, adjusted for items affecting comparability
EBIT margin/Adjusted EBIT margin	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

Operational measurements

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

Forthcoming reporting dates

Half-year report, January – June 2017
Interim report, January – September 2017

21 July 2017
7 November 2017

Outlook

CLX does not publish forecasts.

Risk assessment

CLX is, like all businesses, exposed to various types of risks in its operations. These include risks related to currency fluctuations, dependence on certain strategic partners, technological change, dependence on key personnel, as well as tax risks and political risks related to the multinational nature of the Group's activities. Risk management is an integral part of CLX's management, and risks are described in more detail in the Annual Report 2015/16, Note 30. The risks described for the Group may also have an indirect impact on the parent company.

Forward-looking statements

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

Assurance

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

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Stockholm, 19 May 2017

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Chairman of the Board

Kjell Arvidsson

Charlotta Falvin

Jonas Fredriksson

Helena Nordman-Knutson

Johan Stuart

Johan Hedberg
President and CEO

Note: CLX Communications AB (publ) is required to publish the information in this interim report pursuant to the EU market abuse regulation. The information was submitted for publication on 19 May 2017 at 07.30 CET.

This report is published in Swedish and English. In case of any differences between the English version and the Swedish original text, the Swedish version shall apply. This report has not been subject to review by the company's independent auditor.