

Third Quarter Report 2016

Clavister Holding AB

Increase of procurements

- Revenues for the quarter amounted to 15,7 MSEK (20,1), a decrease of 22% compared to the third quarter of 2015. Revenues increased by 17% over the year's first nine months.
- Gross profit amounted to 9,6 MSEK (14,0) and the gross margin totaling to 61% (69).
- Profit for the period after tax amounted to -10,0 MSEK (-10,7) and was positively influenced by items affecting comparability of 5,5 MSEK relating to a financial gain on the purchase of the remaining share of PhenixID, together with a reversal of depreciation of 2,6 MSEK.
- Adjusted net profit for the period amounted to -18,1 MSEK, compared to -23,1 MSEK during the quarter second.
- Cash and cash equivalents at the end of the quarter to 15,6 MSEK (33,2), (excluding issue payments received in October)

Financial key ratio	3 months			9 months			12 months
	July - Sept			Jan - Sept			Jan - Dec
TSEK	2016	2015	% (Y/Y)	2016	2015	% (Y/Y)	2015
Net sales	15 689	20 133	-22%	51 054	43 698	17%	64 219
Gross profit	9 564	13 952	-31%	33 130	31 141	6%	44 773
Gross margin	61%	69%		65%	71%		70%
EBIT *	-14 727	-9 964	-48%	-52 087	-41 532	-25%	-54 462
Net profit (loss) *	-10 035	-10 679	6%	-50 119	-44 484	-13%	-45 121
Result per share (SEK)	-0,52	-0,63	18%	-2,63	-2,62	0%	-2,59

* The outcome was positively influenced by items affecting comparability of 8,1 MSEK, whereof 5,5 MSEK relating to a financial gain of associate and 2,6 MSEK reversal of depreciation.

The number of contracts increases

- Consolidation of Phenix from August 24 –** PhenixIDs solutions for Identity, Access and Entry Administration complements and strengthens the customer offering and improves the Group's sales, margins and financial position.
- Gross margin** – continued pressure on margins primarily due to product mix and currency movements. Establishment investments were recorded on the Japanese market cumulative January-September.
- Nokia confirms Clavister's unique position** – as a virtualized solution for Telecom on the well-attended seminar on 16 November.
- Increased number of procurements** – Clavister is attracting great interest both in Telecom and in Enterprise sectors, and is currently participating in a score of Telecom procurements.
- Financial position** – Through private placement for gross 83 MSEK, the company has capitalized long-term. The company has previously used a loan facility of 1 MEUR and transferred financial assets equivalent to about 28 MSEK acquisition of PhenixID in the quarter.

In certain cases rounding has occurred, which means that tables and calculations do not always exactly total correctly. Comparisons are done against the same period in the previous year and are placed in parentheses () if not otherwise stated.

CEO's Comments.



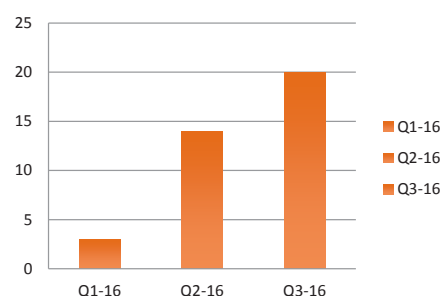
As I write this, I just returned from a very successful event on one of our strategically key growth areas, namely virtualized security. On stage, we had Nokia, which along with Intel and Red Hat have described Clavister's role as a security provider in the now rapidly growing virtualization market. And it is with some pride I can see Clavister take a unique position as a security provider in the area and in the company of reputed companies like Nokia, Intel and Red Hat.

Security is and will be a prerequisite for being able to deliver a cloud-based (Telecom) service. The market potential is illustrated further in the quarterly report, showing that the market, with virtual security is expected to take a significant share of the total market over time. We expect that the first deals will be smaller, but gradually increase as the need for capacity increases. Read more about this in our Telecom update distributed recently.

<https://www.clavister.com/globalassets/documents/resources/white-papers/cla-business-update-october-16-en.pdf>

Over the past six months, the number of Telecom tenders in which Clavister is a part of the offer, increased from 3 to about 20 procurements and our assessment is that we are moving towards a first commercial supply in the near term.

Telekom-tenders



During the summer and late summer (4-5 months), we have had technical problems with functionality for the local Japanese market, which affected sales in the Enterprise area negatively. This is now fixed and the collaboration with Canon is now very good. Canon, which is one of the largest distributors of secu-

CEO's Comments.

rity products for the Japanese market, has now returned to the original commitment to replace two of the biggest US security providers, in favor of Clavister's security solutions. The expected volumes estimated over time will be large ref earlier memo;

<https://www.clavister.com/about-us/clavister-news/canon-it-solutions-to-deliver-clavister-network-security-solutions-to-japanese-market/#.WDLL5yQz5ps>.

We continue our expansion into the African market as planned. It is mainly into French-speaking countries of North and West Africa, i.e. Tunisia, Ivory Coast, Mauritania, Senegal, Niger and Morocco that we focus on initially. Some smaller orders have already been signed by the government authorities.

PhenixID has been consolidated into Clavister since the second half of August. PhenixID, which has a complete portfolio of solutions for Identity, Access and Entry Administration, has generated revenue before tax of 21 MSEK with a profit before tax of 9,7 MSEK during the first 9 months, including the reversal of accruals of 8 MSEK.

Clavister's profit after tax for the 3rd quarter amounted to -10 MSEK. Adjusted for items affecting comparability of 8,1 MSEK, the result amounted to -18,1 MSEK, compared to -23,1 MSEK for the quarter second.

It is also very pleasing with the confidence we have received from the renowned investors when in October invested gross 83 MSEK in Clavister via a private placement.



From the desk of,
Jim Carlsson



Clavister seminar about virtual security with drawing cards from NOKIA, Intel & RedHat.



Events.

Important events during the period (July to September 2016)

The incentive program decided by the AGM, gets buy in from most of the employees. – CEO and management invested to the maximum

2016-07-11

The AGM held in April 2016 determined to establish an incentive program. More than two thirds of the employees has subscribed for options under the program, of which the CEO and management team have signed up the most. The board will be offered options in a separate program.

Clavister intensifies and expands its partnership with Arrow ECS in the Nordic regions

2016-08-25

Clavister expands partnership with Arrow ECS, one of the world's largest value-added distributors of IT solutions for enterprises, ranked 131 on the "Fortune 500" and with a turnover of \$ 23 billion, to address the Nordic market.

The judgement against Clavister is withdrawn

2016-08-25

Clavister announces that the lawsuit against the Clavister AB subsidiary received in December 2014 regarding the interpretation of the agreement is now withdrawn by the plaintiffs and confirmed by Ångermanlands District Court. Each party shall bear their own costs. The amount that was claimed was 13,5 MSEK plus interest accumulated since 2008, an amount that has not been allocated in the company's balance sheet, but observed as a contingent liability.

Clavister acquires remaining shares in PhenixID

2016-08-26

Clavister Holding AB August 25, 2016 entered into an agreement to acquire all shares in PhenixID AB not already held by the Company. The acquisition was concluded, conditional to the Company Management decision to authorize the Board to issue a maximum of 1,210,516 shares to be paid by non-cash issue.

Notice to call an Extraordinary General Meeting of Clavister Holding AB

2016-08-26

Shareholders of Clavister Holding AB were hereby invited to the Extraordinary General Meeting on Tuesday 20 September 2016 kl. 13:00 at Clavister premises at Sjögatan 6J, Örnsköldsvik.

Good growth - Acquisitions - Significant increase in the number of telecom procurements

2016-08-30

Report for the second quarter, April-June 2016

Bulletin from the Extraordinary General Meeting of Clavister Holding AB (publ.), 556017-6612

2016-09-20

Clavister takes a first strategic business in Mauritania

2016-09-29

General Directorate for Taxation commissions the installation of Clavister IT security solution to secure networks and critical data.

Events.

Important events after the period (October - November 2016)

D-Link and Clavister increase security with a new joint product offering

2016-10-03

The market leader, D-Link, uses Clavister software in newly developed security products.

Clavister conducts a private placement of 2 million shares and generates by this around 83 MSEK

2016-10-25

Business Update from Clavister

2016-10-28

Clavister makes a business update of the Telecom Market in the attached document in order to highlight the conditions and scope. Clavister has made extensive investments. The number of Telecom solutions, has gone from 3 to 6. The Clavister is now moving toward a commercial springboard in the area. The interest is significant.

Clavister expands investment in the military and public sectors with the Common Criteria EAL4 +

2016-11-03

Clavister expands investment in the public sector and military organizations with more extensive certification, where a higher level of independent validation is a key requirement.

Clavister explains how communications service providers can safely deploy SDN and NFV in their networks

2016-11-10

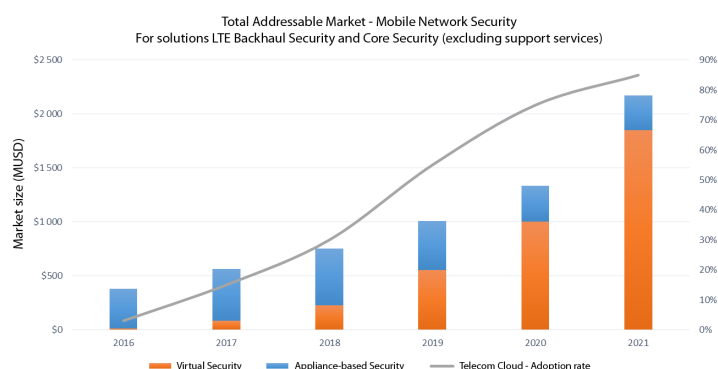
A contemporary guide in the form of a newsletter from Clavister highlights the benefits of SDN / NFV and what strategy should be adopted before a planned network migration.

Market and business update – The Telecom segment.

Clavister's Target Market

Clavister offers a handful of different solutions, all derived from the same software technology, to address a variety of security issues in the Telecom segment. Two examples of solutions LTE Backhaul Security and Core Security (Gi / SGi firewalling). The market value of these two solutions is growing proportionally as data traffic increases in mobile networks and is estimated that it will be over one billion dollars in 2018, with growth to over two billion USD in 2021, resulting in an aggregate turnover of more than \$ 5,7 billion over those four years.

The picture below shows the expected market for LTE Backhaul Security and Core Security (Gi / SGi firewalling). An important feature of the development is the rate at which mobile operators embrace new virtualized technologies, in which Clavister has its foremost competitive advantages. At the end of the period, it is expected that virtualized security clearly will be the dominant technology. The market for other security solutions is also expected to be hugely comprehensive and follow the same trend regarding virtualization.



Clavister's comparative advantages

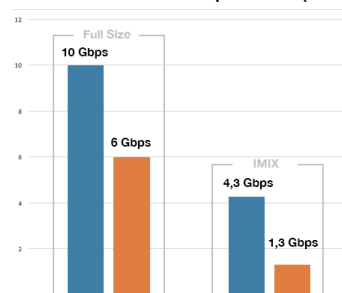
Through a long-standing and close cooperation with leading industrial players in the field, such as Nokia, Ericsson, Intel, and others, Clavister has been able to gain a deep understanding of the Telecom industry's challenges and opportunities. Combined with the experience of the Enterprise segment, and with significant investment in software technology, Clavister has been able to develop a software-based security solution that not only addresses the Telecoms market needs, but also does it in a way that means great competitive advantages for Clavister and their clients. In short, Clavister software is the first security product on the market that has the capacity to replace both, and even perform significantly better than traditional hardware-based products.

Amongst other things, Clavister software delivers:

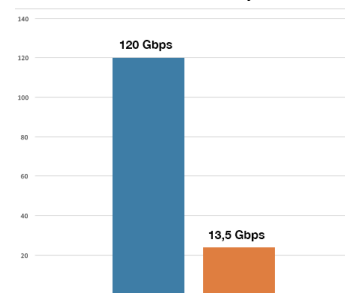
- The highest security performance on the market in virtualized environments
- Full integration with the so-called SDN / NFV-MANO system (overall management and control of the networks)
- Supports many solutions based on the same software, including LTE Backhaul Security, Core Security (Gi / SGi firewalling), Roaming Security, Virtual CPE Security and Domain Security

Given the massive growth of mobile data traffic, it is obvious that just the capacity to transfer large amounts of data (performance) is the most critical success factor to scale mobile networks to the level needed to meet customer requirements. Comparative graphic below shows the performance levels in Clavister's software versus the main competitor virtualized offering.

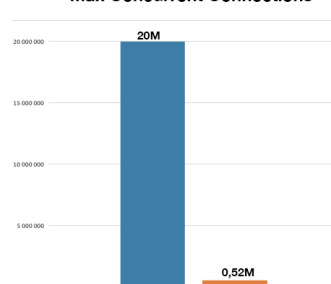
Firewall Performance per vCPU (3Ghz)



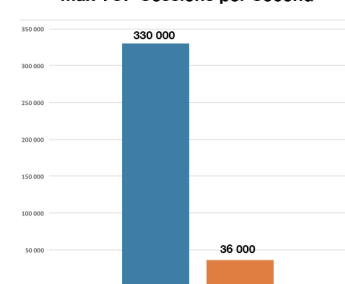
Firewall Performance per VNF



Max Concurrent Connections



Max TCP Sessions per Second



The reference platform for performance data consists of the Intel® Server System R2208WTTYS hardware equipped with Xeon E5-2687WV4 (3 GHz) CPU, with KVM and Clavister VNFs. Performance and capacity tests are carried out in accordance with the general RFC standards, such as RFC2544. All performance data for VPN throughput is measured in traffic with 512 byte packet size. Performance data for the competing products are based on official and publicly available product data sheets.

Market and business update – The Telecom segment.

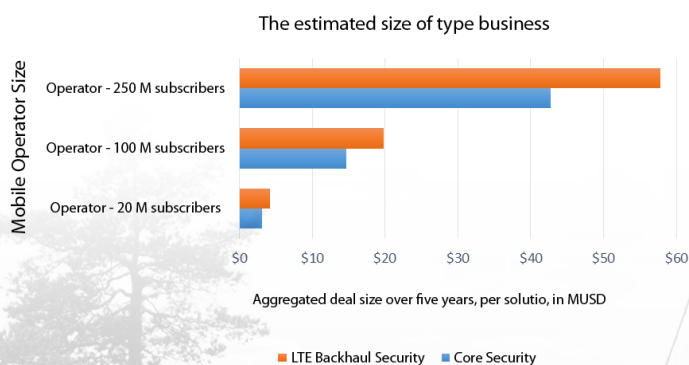
Business Model

The business model Clavister applies in the Telecom segment is based on an indirect sales model, where a system supplier intermediary assumes full responsibility to the end customer i.e. the mobile operators. The typical delivery from Clavister is to system vendors consists of security software, relevant software for administration, required licenses and technical support and upgrades. The software is licensed per primary data set, which means that Clavister revenue increases in line as the volume of data increases in operators' networks. Technical support and upgrades are provided at an annual support charge, which is a percentage of the license cost.

Type of Business - estimated volumes

A typical business has a procurement phase which normally ranges from six to twelve months, depending on the size and complexity. Thereafter, often a smaller pilot installation or proof of concept is performed, wherein the mobile operator verifies the solution functionality, performance and stability. Usually verification continues for two to three months, after which the solution is rolled out on a larger scale. The large-scale rollout may of course be highly variable in both scope (volume) and time, depending on both the type of solution, the operator's size and rollout strategy. In any event, it is relevant to look at aggregated business volumes over a period of at least five years. This is because the rollout itself may extend over several years, after which a growth phase takes place while the mobile operators continues to make investments to meet the increased volumes.

The diagram below provides guidance on estimated sizes of a "typical business" in two solution areas, LTE Backhaul Security and Core Security. For an operator with the order of 20 million subscribers, a rollout of an LTE Backhaul Security solution corresponds to an aggregate business value of approximately three to five million over five years. The corresponding figures for an operator with about 100 million subscribers are approximately fifteen to twenty-five million USD over five years. A typical business does not mean a single large order, but comprises one or more smaller initial orders followed by ongoing orders in line with the roll-out.



Business Status

Clavister has entered into contracts with the following system vendors: Nokia, Ericsson, Artesyn, Mirait and NEC (NetCracker). All contracts are for commercial licensing and / or distributor agreements, and provide system suppliers the right to sublicense Clavister solutions and resell them to mobile operators.

Nokia has chosen to license and sell Clavister software under its own brand, Nokia NetGuard Virtual Firewall. The solution will, through Nokia's extensive sales organization, reach out globally to all mobile operators. During the year, extensive delivery, testing and validation work has been carried out, together with Nokia, to ensure that functionality and quality demands are fulfilled. Already for some time, Clavister's solutions have been formally certified under Nokia's Cloud Ecosystem. Additional integration work will be gradually implemented in conjunction with Nokia to improve competitiveness further and make Clavister solutions even more an integral part of Nokia's product portfolio.

Since some time ago, Clavister has worked with Artesyn to integrate Clavister software onto Artesyn's new hardware platforms. This integration work has recently yielded very good results, and demonstrates a scalability and capacity, that is the leader in today's market. Artesyn intends to accelerate its sales and marketing efforts to specific major operator accounts with a bearing on the common new solution.

We are experiencing a growing interest in Clavister's Telecom solutions also through other contractual system suppliers as well as from other, possibly additional, operators.

New Products

As part of the business strategy for the Telecom segment, Clavister will launch a new product, the Clavister WiFi Access Gateway, which facilitates WiFi service providers to manage the security, quality and service differentiation. Over 50% of all Internet traffic in 2020 is expected to be delivered through WiFi connections, and the number of public WiFi "hot spots" is expected to increase from 64 million in 2015 to 433 million in 2020. This dramatic increase in WiFi traffic means a large addressable market in which Clavister is well placed to leverage the opportunity. The new product will begin shipping in the fourth quarter of 2016.

The PhenixID Subsidiary

Clavister Holding agreed on Aug. 24 to acquire the remaining 69,9% stake in PhenixID AB for a purchase price of 64 MSEK. The acquisition is expected to strengthen Clavister and PhenixIDs capacity to meet market rising demand for integrated and secure login and identity management services. PhenixID will continue to work with the development of Identity & Access Management (IAM). The combination of companies' technologies, network security, authentication and identification, is expected to create good synergy and opportunities for further transmission. In addition, the company will acquire 14 new employees with deep technical expertise in the area.

The rapidly growing market for Internet of Things (IoT) is expected to drive strong growth in the IAM sector. IoT devices are considered to offer hackers and criminals a new arena in which to disrupt and launch attacks and therefore IAM solutions are essential to ensure secure use of these devices with respect to identities, permissions, management and protection of data communication connections.

Sales, earnings and cash equivalents

PhenixIDs sales amounted to 21,0 MSEK for the first three quarters, of which the third quarter amounted to 6,3 MSEK. In order for the Group's accounting policies to remain consistent, the previously shown periodical apportionment of income in PhenixID has been reversed, which boosted turnover for the first three quarters by 8,0 MSEK. Clavister Group for the period 1/7 - 24/8 reported a profit from associates, PhenixID, of 702 TSEK. For the period 25/8 - 30/9, once PhenixID was fully included in the Group, sales for the period amounted to 2,0 MSEK.

By means of the merger, the Group has shown liquid assets of 12,2 MSEK and an endowment. The endowment owns 330,000 shares in Clavister Holding AB, to a value of 13,4 MSEK at 30/9.

	3 months July - Sept 2016	9 months Jan - Sept 2016	12 months Jan - Dec 2015 *
Income statement (TSEK)			
Net sales	6 299**	21 046**	9 309
COGS	-1 315	-2 146	-780
Gross profit	4 984	18 900	8 528
Gross margin, %	79%	90%	92%
Staff costs	-2 276	-8 113	-5 662
Other external costs	-472	-1 106	-805
Depreciation/amortization and impairment of tangible assets	-2	-8	0
EBIT	2 234	9 673	2 061
Other interest income and similar profit (loss) items	14	-5	-7
Profit (loss) after financial items	2 248	9 668	2 054
Provision to allocation reserve*	0	0	-520
Taxes	0	0	-344
Net profit - (loss)	2 248	9 668	1 189

*) Comparative figures are according to the adopted Annual Accounts of 2015

**)The provision to allocation reserve of income has been reversed, which boosted turnover for quarter three by 1,4 MSEK and accumulated for the three quarters by 8,0 MSEK in 2016.

Financial Information.

Sales and earnings

Third-quarter sales amounted to 15,7 MSEK (20,1), a decrease of 22% compared to the third quarter of 2015. Gross profit for the third quarter ended at 9,6 MSEK (14,0) and the gross margin totaling to 61% (69). OPEX increased by 23% to 29,0 (23,6) MSEK where the personnel costs for new hires during the year account for most of the cost increases. Operating profit for the period amounted to -14,7 (-10,0) MSEK. Profit for the period was -10,0 MSEK (-10,7) and thus improved slightly.

For the first nine months, sales increased year on year by 16,8% to 51,1 MSEK (43,7). Gross profit totaled 33,1 MSEK (31,1) and a gross margin of 65% vs. 71% in 2015. OPEX increased by 23% until September or accumulated 90,9 MSEK (73,9), mainly attributable to increased personnel costs due to new hires. The result for the first three quarters was -50,1 MSEK (-44,5), a decrease of -13%.

Items affecting comparability

In connection with the purchase of the remaining part of PhenixID, this was counted as the first interest portion which was divested; this resulted in a gain on disposal of 5,5 MSEK. For the period 1/1 - 24/8 PhenixID reported a profit of 0,7 MSEK. These amounts are included in the financial items and thus have positive impact on earnings.

The company has updated the depreciation of their capitalization, because the depreciation of capitalization began too early and has not yet resulted in profits. Therefore, an amount of 2,6 MSEK has been withdrawn from the earlier depreciation, which resulted in a positive profit of depreciation during the quarter.

Invoicing by Market

For the first three quarters of 2016, the Nordic region increased by 36% and the Benelux region by 66% compared to 2015. Germany has reduced sales by 23% cumulatively. The main decline that occurred in the third quarter can be explained by investments in new partners to expand the network and sales, and the market in general has been somewhat cautious due to macroeconomic factors such as the election results in the country.

The current and implemented market initiatives in Africa have generated a first small order of 0,2 MSEK.

Sales in Asia increased strongly and marketing investment made is beginning to pay off. Sales in Japan have resulted in 6,2 MSEK (1,6), and China has increased its sales by 44%, from 5,7 MSEK to 8,1 MSEK for the three quarters. For the whole APAC, the total increase of 75% over the first three quarters was equivalent to a turnover of 15,2 MSEK (8,7).

Global accounts had a sales volume of 3,0 MSEK (3,5) in the quarter. For the first nine months, sales were at about the same level as in 2015 i.e. 8,0 MSEK (7,8).

In 2015 the third quarter started strongly when a number of products were end-of-life, which got a boost in terms of sales because customers saw the benefits of buying replacement products. The third quarter 2016 reported relatively fewer sales of products from the larger segment such as W50 and W30, which also affected the gross margin, see below.

Basic business enterprise directed towards the channel segment dominates sales and has the potential for continued strong growth going forward. The Telecom segment was considered to have particularly good growth prospects due to both growth in the market, but also by the opportunities for OEM

Clavister (Group)

TSEK - Sales by market	3 months			9 months			12 months
	July - Sept			Jan - Sept			Jan - Dec
	2016	2015	Y/Y %	2016	2015	Y/Y %	2015 *
Nordics	4 679	4 450	5%	13 280	9 766	36%	15 617
EMEA excl Nordics	2 918	6 215	-53%	11 990	14 204	-16%	20 248
America	919	526	75%	1 896	1 125	69%	1 321
Asia	4 347	5 085	-15%	15 190	8 662	75%	14 278
Global Acc. And OEM	2 993	3 463	-14%	8 017	7 766	3%	9 676
Net Sales	15 856	19 739	-20%	50 373	41 523	21%	61 140
Other	-167	393	-142%	681	2 174	-69%	3 079
Total Revenue	15 689	20 132	-22%	51 054	43 697	17%	64 219

Financial Information.

sales of licenses, when subcontractors for Clavister products, marketed customer products under their own brand. Sales in the telecommunications segment is also expected to improve gross margins.

Currency impacts

During the third quarter, sales decreased by 22% compared with last year's third quarter. When comparing the third quarter of this year and the previous year, the currency has affected sales positively by only 0,1 percentage points.

Taking into account the currency effect on China alone, the impact was negative by -5,4 percentage points compared to 2015, which can be explained by the depreciation of the CNY, which was made by the Chinese central bank in the first half of 2015 to kick-start growth and demand in the country, but impacts are now recovering as the economy recovers. The so-called "Trump" effect, with the result that the USD strengthened against both CNY and SEK has not had a negative cross SEK / CNY, but remains at about the same level as before

Gross Margin

The gross margin is 61% and is lower in the third quarter compared with the same quarter last year (69). Price competition in the low-end segment (smaller products) with lower margins than high-end products (larger products) will emerge as demand increases for smaller products. Sales in China rose 23% year on year, but gross margin is lower and summed to 41,5% (64), which also affects the margin for the group as a whole.

Accumulated attributed margin declined both inroads into the Japanese market and the product mix as the high-end segment with higher margins have remained at the same level or lower in terms of numbers as in 2015. Low-end products also have a lower gross margin than in 2015 because of higher purchase prices combined with a stronger USD, which was about 10-15% lower at the end of 2014, in which the products were sold in 2015 were purchased, which positively affected margins during the first half of 2015.

Operating Expenses

The company's investments in personnel, primarily in software development, support and sales are the main reasons for the increase in operating expenses accumulated during the year. Capitalized work for own account is therefore expected to increase in line with the new hires software developers passed the introductory phase and productivity increases.

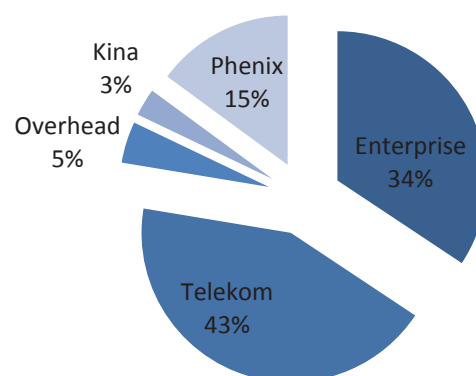
Personnel expenses in the quarter increased by +4,2 MSEK or +27% year on year. The cost of staff was 19,9 MSEK (15,7) and for the year 61,6 MSEK (51,1). The number of employees has increased from 125 to 159, i.e. 27%, this increase includes 14 employees in PhenixID. Other external expenses amounted in the third quarter to 9,1 MSEK (7,9) and mainly relate to marketing expenses, sales commissions, external consultants and legal services. The increase between years and the quarter is at-

tributable to increased marketing costs and sales commissions (market penetration in Africa and Japan).

Summary:

- Drain on the quarter's sales by 22%, but accumulated a further growth of 17%.
- Marginal deterioration due to new market penetration and high demand for products from the so-called the low-end segment with lower margins, along with the growth in China, but at a lower margin.
- Increased operating expenses due to investments in new markets- Japan and the continent of Africa- and in hiring in sales, software development and customer support, as deemed necessary to meet customer demand and the increased market requirements.
- The acquisition of the company PhenixID AB strengthens its market position and Clavister offering in the IAM sector and 14 employees added to the group.
- Profit for the quarter remained -10,0 MSEK (-10,7) and for the first nine months -50,1 MSEK (-44,5), an improvement of 6% and a decrease of -13% respectively.
- The sales process from first contact until the contract and the first orders are signed continues to be time consuming.

Engineering resource distribution in %



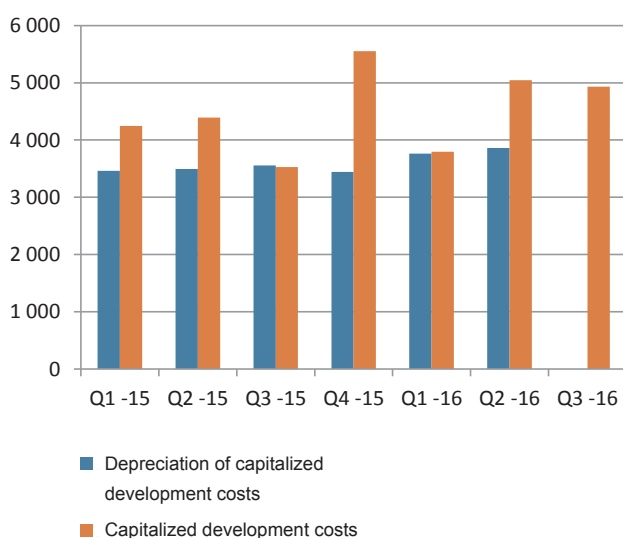
Distribution of developing resources in percent between product segments Enterprise, Telecom, Phenix (IAM), China and overhead.

Financial Information.

Investments, capitalization and amortization

Investments in tangible fixed assets have not been made during the period. The Company continues to capitalize the time spent and therefore to invest in software development, where both existing and new staff developers' time is included. During the quarter, the company has capitalized development costs the equivalent of 60% of the company's total cost of development. Total capitalized work for the period July to September 2016 was 4,9 MSEK (3,5). During the third quarter, depreciation of tangible assets to -0,2 MSEK (-0,1) and amortization of intangible assets, mainly relating to prior engagements, amounted to 0,0 MSEK (-3,7). During the third quarter, the Company updated the depreciation of their capitalization, as depreciation commenced for early activations that have not yet resulted in income, which is why past depreciation added back with an amount of 2,6 MSEK. The quarter's net from amortization of intangible assets therefore amounts to 0,0 MSEK.

Capitalized development costs, TSEK



Cash flow

Cash flow in the period July to September 2016 was -2,0 MSEK (26,8). This is summarized as follows:

- 10,0 MSEK (-10,7) refers to the company's operating profit after financial items, +5,2 MSEK relates to adjustments for depreciation, as well as participating in the purchase of the remaining share of PhenixID, this does not affect cash flow, -0,2 MSEK relates taxes paid and +9,2 MSEK relates to the period's change in working capital.
- Together, it provides a change in cash flow from operating activities, including changes in working capital, totaling 4,2 MSEK (-6,1).

- Cash flow relating to investments and intangible assets amounted to -4,9 MSEK (-3,5).
- Cash flow from financing activities amounted to -1,3 MSEK for the period. Purchase of the remaining part of PhenixID have been made through a non-share issue and thus has no impact on cash flow.

Liquidity and financial position

Cash and cash equivalents at end of period amounted to 15,6 MSEK (33,2).

The Board assesses and monitors ongoing development of the Group's liquidity and financial position in the short and longer term.

Clavister has recently secured several major and significant contracts with among others Nokia Networks and Canon IT Solutions, which together with other strategic initiatives are expected to improve sales and reduce the consumption of liquid funds gradually over time.

The company faces a growing interest in cyber and network security and therefore Clavister's offering, has now been supplemented by IAM through the acquisition of PhenixID. Increased demand is expected to continue to require investment in both developing resources and penetration of new markets, such as now occurs in the countries of northern and western Africa, Japan and even in a new venture in Europe.

In the short term, the company's liquidity is secured through loans of about 9,5 MSEK and the acquisition of PhenixID, which adds liquidity of just over 12,6 MSEK directly. Through a private placement of 2,000,000 shares during October, a further 83 MSEK was generated, before issuing costs, making the company well positioned in the longer term.

Notwithstanding the above, the Board of Directors considers that the financial position is good.

Further information regarding the new issues made in 2016 are in the section Shares, share capital and ownership structure.

Equity

Shareholders' equity amounted to 150,4 MSEK (62,8) 2016-09-30. Opening balance of the second quarter was 92,7 MSEK. See the heading Accounting Principles and dividend The Annual Report for 2015 www.clavister.com/investor-relations/financial-documents/

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Disputes and litigation

There are no disputes or legal proceedings.

Transactions with related parties

No significant transactions between related parties and Clavister have occurred in the group or the parent company during the reporting period.

Auditing

The third quarter report has not been audited by the auditors.

Accounting Principles

This interim report has been prepared for the Group in accordance with IAS 34. The accounting principles are in accordance with International Financial Reporting Standards (IFRS) and interpretations of existing standards approved by the EU. Comparative figures in the interim report have been restated to comply with the same accounting principles.

This is the group's initial application of IFRS. In accordance with IFRS 1 are presented first-time reporting of financial position at the date of transition to IFRS, i.e. 1 January 2015. The main difference between reporting under IFRS and previously applied Swedish accounting principles is mainly amortization of goodwill; these have now been returned from the year 2015 and have had a positive effect.

In connection with the acquisition of PhenixID as applied to goodwill under intangible assets of 60 MSEK, this record will be broken down in goodwill and other intangible assets. Other intangible assets such as capitalized development costs and customer relations are estimated to about 11 MSEK, these will begin to be written off from and including the fourth quarter when the evaluation is completed, amortization of these is estimated at about 0,2 MSEK per month.

Disclosure requirements will be considerably more extensive than the K3 and is valid for the next annual report. The conversion to IFRS is part of the preparation and a requirement for listing on a regulated stock market.

For the parent company, the Annual Accounts Act (1995: 1554) and the Accounting Standards Board according BFNAR 2012: 1 (K3) are applied. The Group's reporting currency is SEK, which is the company's functional currency. The consolidated financial statements are reported in thousands of kronor (TSEK) unless otherwise stated and have been prepared under the going concern assumption.

Dividend

The board decided at the AGM in April 2016 that no dividend is to be paid for fiscal year 2015.

Assumptions

The Board of Directors and company management have made estimates and assumptions that affect the company's results and financial position. The assumptions are continually evaluated and are based on past experience, expectations of future events that are expected to be reasonable under the circumstances. Actual results may differ from these estimates. The areas where estimates and assumptions could result in significant risk of adjustments to the carrying values of the results and financial position in future reporting periods are primarily; estimates of sales and market conditions and the useful life-cycle of the Group's intangible assets, impairment testing of goodwill, valuation of deferred tax assets and accounts receivable.

Any forward-looking statements in this report are based on the Company's best assessment at the time of the report. The company does not provide any forecasts.

Risks and uncertainties

The company refers to the Annual Report 2015 and the website www.clavister.com/investor-relations/financial-documents/ where a more extensive summary is made of the risks and uncertainties in the business that could significantly affect the results and share performance. The Company does not believe that during the reporting period no material changes to the risks and uncertainties have been made, compared with those featured in the annual report. Risks are a natural part of the activities. Clavister works continuously to identify, assess, evaluate and prevent the risks that the business is exposed. If risks occur, they can affect Clavister's sales, earnings and financial position. In brief mention operational risks where market or operational risks such as competition, product development and technical difficulties, product liability and guarantees, the risks to employees and key personnel, declining economic conditions, political events, intangible assets that are not patented and legal risks are included. Interest rates, credit and liquidity risks as well as tax risks, are described under the financial risks.

Regarding currency risk, all sales are either in SEK, USD, EUR regulated by agreements with the customer. Currency EUR dominates, followed by Swedish kronor. Currency fluctuations both in terms of supplier payments and customer payments can create losses or gains and the impact on the financial position. The company in China invoices and reports in the Chinese cur-

Financial Information.

rency CNY (Yuan). As trade and purchase of products in Clavister China for the most part take place locally and in CNY, the exchange rate impact on earnings is limited, but impacts the profits of the Group.

Hedging occurs by offsetting receipts and payments with the same currency. In terms of the overall distribution between different currencies with respect to sales in EUR for around half of group sales, followed by SEK CNY and USD with a third each. The cost is dominated by SEK to around two thirds, and the remainder is distributed between the USD, EUR and CNY.

Employees

2016-09-30 the number of employees amounted to 159 (125), of which 14 in PhenixID AB 30 (33) of Clavister China. This is an increase of the workforce by 27%. Parent Clavister Holding

AB, with limited operations, has one employee. The purchase of PhenixID this period brought 14 people onto the workforce, including subsidiary Phenix ID UG in Germany has one sales employee. Phenix Sweden has an office in Nacka, Stockholm.

In addition to permanent staff, Clavister hires consultants in customer projects and sales representing 10 (5) full-time positions. Clavister employed thus in total, as of 30 September 2016 including employees and consultants, 169 (130) employees.

Employees are the company's most important asset and the strategy is to continue to work for a good and stimulating work environment with challenging tasks, this along with various support from the company to maintain good health, are crucial factors in order to continue to attract, recruit and retain current employees.

Financial Information Group.

Income statement (TSEK)	3 months July - Sept		9 months Jan - Sept		12 months Jan - Dec
	2016	2015	2016	2015	2015 *
Net sales	15 689	20 133	51 054	43 698	64 219
COGS	-6 125	-6 181	-17 924	-12 557	-19 446
Gross profit	9 564	13 952	33 130	31 141	44 773
Gross margin, %	61%	69%	65%	71%	70%
Cap. Dev. Expenses	4 933	3 529	13 774	12 165	17 716
Staff costs	-19 890	-15 678	-61 613	-51 081	-71 232
Other external costs	-9 111	-7 933	-29 256	-22 782	-31 055
Depreciation and impairment loss tangible assets	-231	-109	-470	-464	-701
Amortization and impairment loss in tangible assets **	8	-3 725	-7 652	-10 511	-13 963
EBIT	-14 727	-9 964	-52 087	-41 532	-54 462
Other interest and similar profit (loss) items **	4 714	-696	2 030	-2 917	-3 605
Result after financial items	-10 013	-10 660	-50 057	-44 449	-58 067
Taxes	-22	-19	-62	-35	12 946
Net profit - loss	-10 035	-10 679	-50 119	-44 484	-45 121
<i>Average number of shares</i>	<i>19 371 608</i>	<i>16 962 286</i>	<i>19 037 283</i>	<i>16 946 353</i>	<i>17 429 802</i>
<i>Average number of shares (after dilutive effect)</i>	<i>20 896 325</i>	<i>18 942 743</i>	<i>20 562 000</i>	<i>18 926 810</i>	<i>18 444 719</i>
<i>Result per share, SEK</i>	<i>-0,52</i>	<i>-0,63</i>	<i>-2,63</i>	<i>-2,62</i>	<i>-2,59</i>
<i>Result per share (after dilutive effect), SEK</i>	<i>-0,48</i>	<i>-0,56</i>	<i>-2,44</i>	<i>-2,35</i>	<i>-2,45</i>

Balance sheet (TSEK)	2016-09-30	2015-09-30	2015-12-31 *
Intangible assets	104 678	32 920	35 735
Tangible assets	1 180	1 722	1 565
Financial assets	66 569	37 473	49 815
Inventories	8 811	6 957	5 593
Current receivables	10 168	5 468	6 043
Cash and bank balances	15 614	33 186	43 527
Total assets	207 020	117 726	142 278
Equity	150 367	62 273	88 514
Untaxed reserves	586	0	0
Long-term liabilities	20 119	26 676	18 057
Current liabilities	35 948	28 778	35 708
Equity and liabilities	207 020	117 726	142 278
Pledged assets	24 149	48 622	42 320
Contingent liabilities	0	13 470	13 470

* Comparative figures are according to the adopted Annual Accounts of 2015

**) The outcome was positively influenced by items affecting comparability of 8,1 MSEK, whereof 5,5 MSEK relating to a financial gain of associate and 2,6 MSEK reversal of depreciation.

Financial Information Group.

	3 months		9 months		12 months *
	July - Sept		Jan - Sept		Jan - Dec
Cash flow analysis (TSEK)	2016	2015	2016	2015	2015
Cash, beginning of period	17 602	6 372	43 527	11 655	11 655
Profit (loss) after financial items	-10 013	-10 660	-50 057	-44 449	-58 067
Adjustments for non-cash items, etc.	5 249	3 834	13 656	10 975	15 329
Paid taxes	8 509	-195	-585	-557	-471
Cash flow from operating activities before working capital changes	-4 959	-7 021	-36 986	-34 031	-43 209
Change in W/C	9 171	927	5 711	3 630	11 303
Cash flow from operating activities	4 212	-6 094	-31 275	-30 401	-31 906
Investments in intangible assets	-4 933	-3 529	-13 862	-12 165	-17 286
Cash flow from investing activities	-4 933	-3 529	-13 862	-12 165	-17 286
Cash flow from financing activities	-1 267	36 437	17 224	64 097	81 064
Cash flow	-1 988	26 814	-41 848	21 531	31 872
Cash, end of period	15 614	33 186	15 614	33 186	43 527

	3 months		9 months		12 months
	July - Sept		Jan - Sept		Jan - Dec
Equity (TSEK)	2016	2015	2016	2015	2015
Equity, beginning of period	92 661	37 692	88 515	67 830	67 830
Cash issue	0	38 652	27 105	38 742	60 324
Non-cash issue	16 500	0	16 500	0	5 382
Issue expenses	-15	0	-214	0	-400
Non-registered issue	47 568	0	65 261	0	380
Reversal of depr. 2015	2 414	0	2 414	0	0
Share-based compensation	0	-3 069	0	0	0
Translation difference	1 276	181	907	690	120
Result for the period	-10 035	-10 679	-50 119	-44 485	-45 121
Equity, end of period	150 368	62 777	150 369	62 777	88 515

* Comparative figures are according to the adopted Annual Accounts of 2015

Financial Information

Parent.

	3 months July - Sept		9 months Jan - Sept		12 months Jan - Dec
Income statement (TSEK)	2016	2015	2016	2015	2015 *
Net sales	1 500	850	4 500	1 690	3 400
Staff costs	-366	-231	-895	-710	-951
Other external costs	-376	-205	-1 469	-967	-1 310
EBIT	759	415	2 137	13	1 139
Financial items	-154	-58	-455	-438	-583
Result after financial items	605	357	1 682	-425	556
Taxes	0	0	0	0	10
Net result	605	357	1 682	-425	566

Balance sheet (TSEK)	2016-09-30	2015-09-30	2015-12-31 *
Financial assets	433 925	292 734	299 247
Current receivables	0	17	1
Cash and bank balances	65	5 016	21 515
Total assets	433 990	297 768	320 764
Equity	359 852	288 611	311 008
Provisions	0	0	268
Long-term liabilities	9 266	8 636	8 780
Current liabilities	64 871	521	708
Equity and liabilities	433 990	297 768	320 764
Pledged assets	349 396	293 026	320 751
Contingent liabilities	24 453	19 906	18 781

	3 months July - Sept		9 months Jan - Sept		12 months Jan - Dec
Equity (TSEK)	2016	2015	2016	2015	2015
Equity, beginning of period	359 195	254 771	311 008	250 452	250 452
Cash issue	0	36 552	27 106	36 642	54 086
Non-cash issue	16 500	0	19 010	541	5 923
Issue expenses	-15	0	-215	0	-400
Non-registered issue	-16 432		1 261		380
Share-based compensation	0	-3 069	0	1 400	0
Result for the period	605	357	1 682	-424	566
Equity, end of period	359 852	288 611	359 852	288 611	311 008

* Comparative figures are according to the adopted Annual Accounts of 2015

The impacts of transition to IFRS.

From 1 January 2016 Clavister Holding has established its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU. The date of transition of Clavister Group to IFRS is 1 January 2015. The Group has prepared consolidated financial statements in accordance with the Annual Accounts Act and BFAR 2012: 1 (K3) during the financial year 2015. The transition to IFRS was audited in accordance with IFRS 1, "First-time Adoption of International Financial Reporting Standards". The effect of the change in accounting principles was shown directly against equity. Previously published financial information for the year

2015 prepared in accordance with the Annual Accounts Act and BFAR 2012: 1 (K3), have been recalculated to the IFRS standard. Financial information for periods prior to 2015 has not been recalculated. The main rule is that all applicable IFRS and IAS standards, which come into force and approved by the EU, should be applied retroactively. IFRS 1 contains transitional provisions that give businesses some choice. The following outlines the changes in accounting policies as the introduction of IFRS and transition effects on Clavister Group statements and balance sheets for 2015 and 2016.

Group's statement of financial position
Statement of financial impact due to transition
to IFRS on financial position as per 2015-01-01
(Opening balance)

Balance sheet (TSEK)	Previously applied accounting policies	Total impact of transition to IFRS	As per IFRS
Goodwill	4 401		4 401
Other intangible assets	27 371		27 371
Tangible assets	2 256		2 256
Financial assets	37 468		37 468
Inventories	5 551		5 551
Current receivables	12 279		12 279
Cash and bank balances	11 655		11 655
Total assets	100 981		100 981
Equity	67 830		67 830
Untaxed reserves	0		0
Long-term liabilities	8 852		8 852
Current liabilities	24 299		24 299
Equity and liabilities	100 981		100 981

The impacts of transition to IFRS.

Group's statement of financial position Statement of financial impact due to transition to IFRS full year 2015

Income statement (TSEK)	Previously applied accounting policies	Total impact of transition to IFRS	As per IFRS
Net sales	64 219		64 219
COGS	-19 446		-19 446
Gross profit	44 773		44 773
Gross margin, %	70%		70%
Cap. Dev. Expenses	17 716		17 716
Staff costs	-71 233		-71 233
Other external costs	-31 056		-31 056
Depreciation and impairment loss	-701		-701
Amortization and impairment loss	-14 631	668	-13 963
EBIT	-55 132	668	-54 463
Financial items	-3 605		-3 605
Result after financial items	-58 736	668	-58 068
Taxes	12 946		12 946
Net profit - loss	-45 790	668	-45 121
<i>Refers to:</i>			
Parent Company shareholders	-45 790		-45 121

Group's statement of financial position Impact on balance sheet due to transition to IFRS for the Group as per 2015-12-31

Balance sheet (TSEK)	Previously applied accounting policies	Total impact of transition to IFRS	As per IFRS
Goodwill	3 732	668	4 400
Other intangible assets	31 336		31 336
Tangible assets	1 565		1 565
Financial assets	49 815		49 815
Inventories	5 593		5 593
Current receivables	6 043		6 043
Cash and bank balances	43 527		43 527
Total assets	141 611	668	142 279
Equity	87 847	668	88 515
Long-term liabilities	18 057		18 057
Current liabilities	35 708		35 708
Equity and liabilities	141 611	668	142 279

The impacts of transition to IFRS.

Group's report of financial position Statement of financial impact due to transition to IFRS as per 2015-01-01 to 2015-09-30

Income statement (TSEK)	Previously applied accounting policies	Total impact of transition to IFRS	As per IFRS
Net sales	43 698		43 698
COGS	-12 557		-12 557
Gross profit	31 141		31 141
Gross margin, %	71%		71%
Cap. Dev. Expenses	12 165		12 165
Staff costs	-51 081		-51 081
Other external costs	-22 783		-22 783
Depreciation and impairment loss	-464		-464
Amortization and impairment loss	-11 015	504	-10 511
EBIT	-42 037	504	-41 533
Financial items	-2 917		-2 917
Result after financial items	-44 954	504	-44 450
Taxes	-35		-35
Net profit - loss	-44 989	504	-44 485
<i>Refers to:</i>			
Parent Company shareholders	-44 989		-44 485

Group's statement of financial position Impact on balance sheet due to transition to IFRS for the Group as per 2015-09-30

Balance sheet (TSEK)	Previously applied accounting policies	Total impact of transition to IFRS	As per IFRS
Goodwill	3 896	504	4 400
Other intangible assets	29 024		29 024
Tangible assets	1 722		1 722
Financial assets	37 473		37 473
Inventories	6 957		6 957
Current receivables	5 468		5 468
Cash and bank balances	33 186		33 186
Total assets	117 726	504	118 230
Equity	62 272	504	62 776
Long-term liabilities	26 676		26 676
Current liabilities	28 778		28 778
Equity and liabilities	117 726	504	118 230

The impacts of transition to IFRS.

Group's report of financial position Statement of financial impact due to transition to IFRS as per 2016-01-01 to 2016-09-30

Income statement (TSEK)	Previously applied accounting policies	Total impact of transition to IFRS	As per IFRS
Net sales	51 054		51 054
COGS	-17 924		-17 924
Gross profit	33 130		33 130
Gross margin, %	65%		65%
Cap. Dev. Expenses	13 774		13 774
Staff costs	-61 613		-61 613
Other external costs	-29 256		-29 256
Depreciation and impairment loss	-470		-470
Amortization and impairment loss	-7 988	336	-7 652
EBIT	-52 423	336	-52 087
Financial items	2 030		2 030
Result after financial items	-50 393	336	-50 057
Taxes	-62		-62
Net profit - loss	-50 455	336	-50 119
<i>Refers to:</i>			
Parent Company shareholders	-50 455		-50 119

Group's statement of financial position Impact on balance sheet due to transition to IFRS for the Group as per 2016-09-30

Balance sheet (TSEK)	Previously applied accounting policies	Total impact of transition to IFRS	As per IFRS
Goodwill	63 801	1 004	64 805
Other intangible assets	39 873		39 873
Tangible assets	1 180		1 180
Financial assets	66 569		66 569
Inventories	8 811		8 811
Current receivables	10 168		10 168
Cash and bank balances	15 614		15 614
Total assets	206 016	1 004	207 020
Equity	149 363	1 004	150 367
Untaxed reserves	586		586
Long-term liabilities	20 119		20 119
Current liabilities	35 948		35 948
Equity and liabilities	206 016	1 004	207 020

The impacts of transition to IFRS.

Group's report of financial position Statement of financial impact due to transition to IFRS from 2016-07-01 to 2016-09-30

Income statement (TSEK)	Previously Applied accounting policies	Total impact of transition to IFRS	As per IFRS
Net sales	15 689		15 689
COGS	-6 125		-6 125
Gross profit	9 564		9 564
Gross margin, %	61%		61%
Cap. Dev. Expenses	4 933		4 933
Staff costs	-19 890		-19 890
Other external costs	-9 111		-9 111
Depreciation and impairment loss	-231		-231
Amortization and impairment loss	-160	168	8
EBIT	-14 895	168	-14 727
Financial items	4 714		4 714
Result after financial items	-10 181	168	-10 013
Taxes	-22		-22
Net profit - loss	-10 203	168	-10 035

Refers to:

Parent Company shareholders	-10 203	-10 035
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Group's report of financial position Statement of financial impact due to transition to IFRS from 2015-07-01 to 2015-09-30

Income statement (TSEK)	Previously applied accounting policies	Total impact of transition to IFRS	As per IFRS
Net sales	20 133		20 133
COGS	-6 181		-6 181
Gross profit	13 952		13 952
Gross margin, %	69%		69%
Cap. Dev. Expenses	3 529		3 529
Staff costs	-15 678		-15 678
Other external costs	-7 933		-7 933
Depreciation and impairment loss	-109		-109
Amortization and impairment loss	-3 893	168	-3 725
EBIT	-10 132	168	-9 964
Financial items	-696		-696
Result after financial items	-10 828	168	-10 660
Taxes	-19		-19
Net profit - loss	-10 847	168	-10 679

Refers to:

Parent Company shareholders	-10 847	-10 679
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The impacts of transition to IFRS.

Group's financial report of changes in Equity

Impact on equity for the Group due to transition to IFRS from date of transition, quarterly report 2016-09-30 and closing 2015.

	2015 01 01	2015 09 30	2015 12 31	2016 09 30
Equity in accordance with previous accounting principles	67 830	62 273	87 847	149 363
Reversal of goodwill amortization	0	504	668	1 004
Total adjustments	0	504	668	1 004
Tax effect	0	0	0	0
Total adjustments of equity	0	504	668	1 004
Equity according to IFRS	67 830	62 777	88 515	150 367

Goodwill

IFRS 3 "Business Acquisition's" requires that goodwill and other intangible assets with indefinite useful period are no longer amortized but are tested for depreciation, partially when the transition to IFRS on January 1 2015 and then annually or more frequently if there are indications of depreciation. Such an asset is depreciated if the carrying amount exceeds the recoverable amount. According to Swedish accounting principles, all intangible assets, including goodwill, are amortized over the esti-

mated useful life. This change does not affect equity at the time of transition, because goodwill amortization prior to January 1, 2015 will not be reversed and then no indication of depreciation will be identified.

As a consequence of the transition to IFRS, the amortization of goodwill has been reversed, the positive effect on earnings and the value of intangible assets has increased by the same amount.

Shares, Share Capital and Ownership

Share Capital

The company's share capital amounts to 1 953 660,80 SEK.

Shareholders and shares

Clavister Holding shares are listed on Nasdaq First North. There is only one type of shares. Each share represents one vote at the General Meeting. The number of shareholders is 6 052 as of 2016-09-30 compared to the 6 155 shareholders as of 2016-06-30. The number of registered shares was 19,536,608 as of 2016-09-30 according to the Swedish Companies Registration Office.

Shareholders	Number of shares	% of total number
Försäkringsaktiebolaget, Avanza Pension	2 999 075	15,4%
Nordnet Pensionsförsäkring AB	1 062 135	5,4%
Swedbank Robur	960 501	4,9%
Danica Pension	871 201	4,5%
Banque Öhman S.A	850 828	4,4%
Swiss Life AG	849 750	4,3%
AMF Aktiefond Småbolag	403 000	2,1%
Prioritet Finans	400 000	2,0%
SEB Stock - ISK ACC for Sweden	400 000	2,0%
Keypoint Holdings Limited	339 730	1,7%
Others	10 400 388	53,2%
Total registered shares according Bolagsverket	19 536 608	100,0%

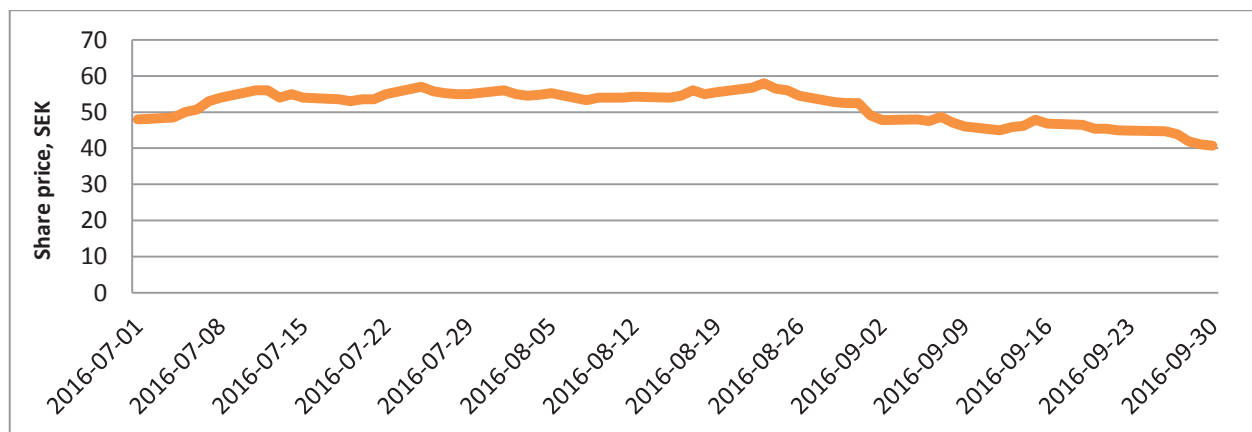
Event	Amount	Date
OB number of shares	18 537 958	2016-01-01
Emission pga teckningsoptioner avseende program 2015-12-31	147 650	2016-01-25
New share issue	400 000	2016-02-16
New share issue *	100 000	2016-03-14
Issue warrants program 2016-12-31	21 000	2016-06-10
New share issue *	330 000	2016-07-01
New share issue *	1 210 516	2016-10-21
New share issue	2 000 000	2016-11-01
CB number of shares	22 747 124	2016-11-11
Possible future share issue during 2016 due to Warrants issued	152 250	
Possible future share issue during 2017 due to Warrants	175 000	
Possible future share issue during 2016 due to Convertible	666 667	
Possible future share issue during 2019 due to Warrants	530 800	
Number of shares after full dilution	24 271 841	

* A disbursement totaling 1.640.516 shares is part of the acquisition of 100% PhenixID AB.

Shares, Share Capital and Ownership

Share Price Performance Clavister Holding AB

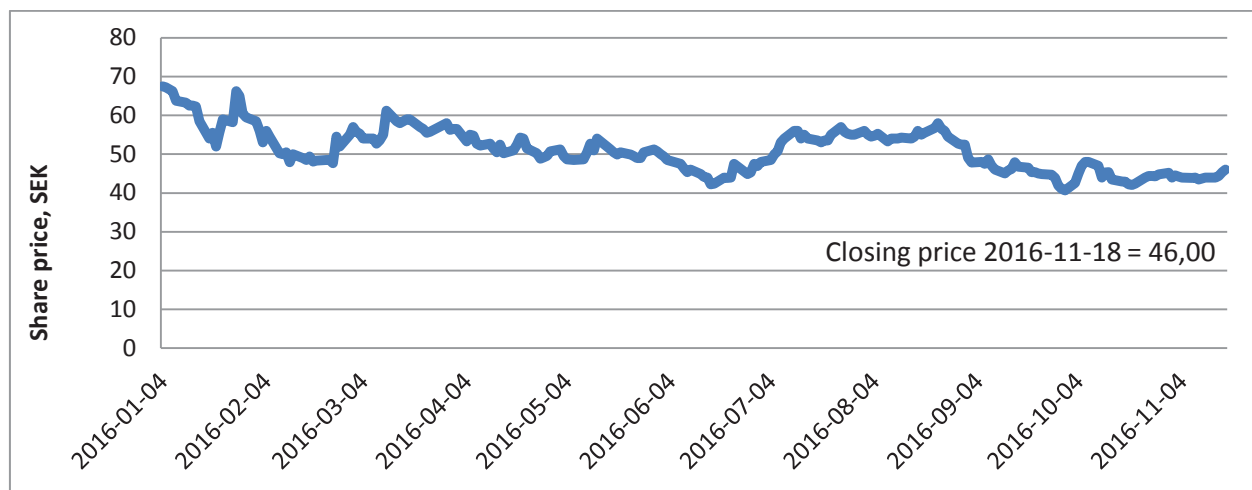
(Period 2016-07-01 – 2016-09-30)



The highest closing value during the third quarter of 2016 was achieved on August 23 with a closing price of 58,00 SEK per share. The lowest closing price in the quarter noted at 40,70 SEK, 30 September 2016. As of 2016-09-30 the share price was 40,70 SEK and market capitalization (Mkt Cap) to 795 140 TSEK.

Share price performance Clavister Holding AB

(2016-01-04 to 2016-11-18)



On 18 of November the closing price was 46,00 and market capitalization was 1 046 368 TSEK.

Shares, Share Capital and Ownership.

Share-based option programs

Warrants

There are three current options programs aimed at directors, key employees and employees of the Company. Pricing is based on the Black-Scholes option pricing model.

Holders of all warrants shall be entitled to subscribe for each warrant, the equivalent of one new share in the company. The number of warrants issued amounted to a total of 858 050 instances.

Warrants	Number issued	Redeemed	Open	Subscription price, SEK
TO 2014 - 2016-12-31	173 250	21 000	152 250	30
TO 2015 - 2017-12-31	175 000		175 000	30
TO 2016 - 2019-06-30	530 800		530 800	72
	879 050	21 000	858 050	

Intentions of the stock option program

Clavister considers that a positively balanced option program will create greater commitment, loyalty and greater interest among stock option owners, which also benefits the company's development.

Convertible Debenture (bonds)

Convertible debenture (10 MSEK, STIBOR 90)	Number issued	Subscription price, SEK
Norrlandsfonden 2017-09-30	666 667	15

The convertible as Norrlandsfonden holds is exhibited at Clavister Holding AB.

The Company.

Background

Clavister is a Swedish company that develops, produces and sells network security solutions in the area of cyber security to customers in the Telecom and Enterprise market sectors. The company was founded in 1997 and has its headquarters in Örnsköldsvik.

Clavister's solutions are based on a proprietary and innovative software with very powerful performance. Thanks to the high degree of own-built software, not only is exceptionally good performance achieved, but the products are also considered to be very secure, especially against the so-called "backdoors", which media and whistleblowers believe are found amongst most competitors. Proprietary software will also provide a very good gross margin and hence price competitiveness, especially in business applications, where licensing can be used.

Clavister's business track started as a consulting company in Örnsköldsvik and initially undertook custom software development for the Defense Industry and the Public Sector. Around the turn of the millennium the company ran a number of Internet-based development projects which eventually laid the foundation for what later became Clavister security products. During the first years as a product company Clavister gradually built up a commercial bundling of network products aimed at small and medium-sized enterprises. Clavister Firewall 8.0 was launched in 2002, with a unique technical architecture, which at the time was the fastest product of its kind on the market. Today the company offers a broad product portfolio and comprehensive technical services portfolio with specialized expertise packages to meet customer needs.



The company's overall strategy

Clavister works in the field of cyber security to protect corporate and customer's company values, those values that can be quickly eroded and adversely affected by the disclosure of erroneous information, unwanted downtime or malicious rumor mongering. Clavister wants to contribute to improved communication that occurs unfettered and which in turn leads to new business, which ultimately generates additional corporate value and customer success.

Clavister's strong and broad product portfolio, aims at addressing the prioritized segments of medium to large companies (enterprises) and partly to operators in Telecom. The technical expertise and proprietary software also allows opportunities for Clavister to license the software and thereby establish new partnerships with much larger partners. The ambition is that

the number of partnerships will continue to grow and develop further. Clavister has signed strategic agreements in recent years, for example with Nokia Networks and Canon IT Solutions. The company's ambition is to consolidate the Clavister Brand further by the ongoing investments in the markets of North Africa, Japan and Europe.

Market conditions with big challenges

Security and cybersecurity, in particular, are areas where the interest and demand is great in the world, something that arises in the news media on a daily basis and unfortunately even many have had personal experience in areas such as Identity hijacking. The difficult balance between personal integrity, efficiency, flexibility and security are just a few aspects that make the area highly complex. In a world of constant technological development and ways to communicate, constant change requires ever more advanced and powerful network security solutions that do not compromise on efficiency and security but are still expected to protect their own privacy.

Telecom and IoT

Close technical partnerships with some of the biggest players in the Telecommunications Industry have given Clavister a good understanding of what needs and demands are evident in the short term as well as in the long term and therefore the company has been able to adapt the products for this particular area. This has subsequently resulted in agreement and continued strong business partnerships with suppliers such as Nokia Networks and Artesyn Embedded Technologies. The combination of the exponential increase in data traffic in Telecom networks, well-adapted technologies and strong cooperation with leading players, constitute a very solid basis for growth and development..

Taking a longer perspective, where new markets are emerging such as the Internet of Things (IoT) and where the fifth generation mobile networks (5G) have been rolled out, highlights a potential additional level and that is where Clavister is exceptionally well positioned.

Enterprise

In the Enterprise market segment, there is a continued development initiative and where the company is stronger with an attractive product portfolio that offers products and solutions for customers' different needs. Clavister has a large customer base as well as an attractive business model. The Enterprise segment is estimated to be able to both increase in volume as well as provide the opportunity to increase market share.

The Group

The Group consists of five subsidiaries. Clavister Holding AB is

The Company.

the parent company of the Group, which has a total of 159 employees. Clavister Holding AB carries out a limited part of the Group's activities such as the management of the company's shares and its activities aimed at shareholders and investors. Clavister AB conducts the vast majority of the Group's operations such as sales, production and software development. The company comprises employees and even agreements with its customers, partners and suppliers. PhenixID, which was acquired in August, has 14 employees in sales, product management, software development and support. The office is located in Nacka, outside Stockholm.

Clavister APAC Ltd. located in Hong Kong, currently has no employees, while the number of employees in the company Amaranten (Asia) Network Co., Ltd. is subject to name change to Clavister (ASIA) Technology Ltd. and totals 30 employees.

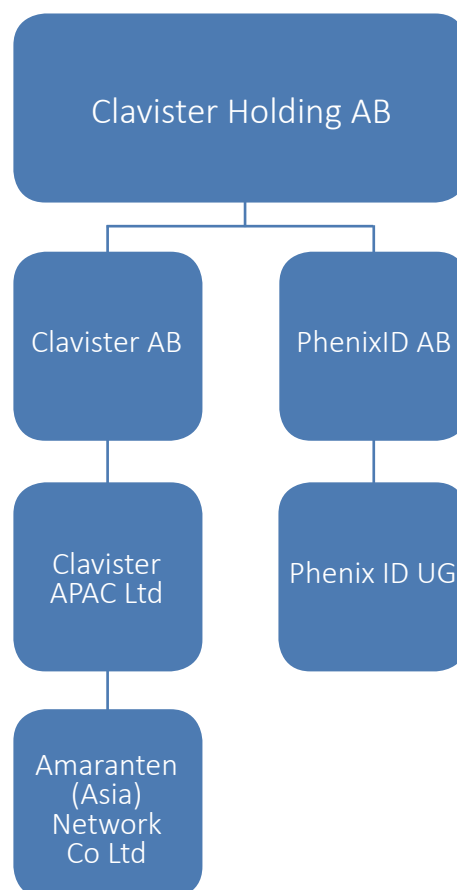
Clavister Holding AB has its head office and the registered office in Örnsköldsvik, where most of the business and employees are located. Operations which are carried out predominantly in the subsidiary Clavister AB located in Örnsköldsvik are product management (PM), product and software development (engineering), economics, management, internal IT (Finance), quality assurance, logistics, warehousing, support (Support and Supply Chain) Professional Services (PS) and education. The main sales office is located in Stockholm, where even the Head of Marketing and IR appears. Since autumn 2015 the company also has an office in Umeå, with about 15 employees who work both with software development (Engineering) and partly in customer support.

Acquisition PhenixID AB

Clavister Holding AB acquired the remaining portion of approximately 70% of PhenixID AB on August 24 after an equity stake of 30% was already acquired on July 1, 2016. PhenixID AB consists of a total of 13 employees, is a subsidiary of Clavister Holding AB and also owns a German company that has one sales employee.



The purpose of the acquisition is to strengthen Clavister's product offering for identity management; Identity, Access and Authorization Management (IAM). In short, this means that the software ensures that the right person or thing gets access to the application and / or service in connection with logging in to the various systems. With the expected growth in the field of Internet of Things (IoT), the Company believes that demand will increase because customers will require the supplier to actually guarantee that the right person has access. Refer subsidiary PhenixID for further information.



Clavister Group:

Clavister Group, with the parent company Clavister Holding AB, and 100% owned subsidiary

Contact information & Calendar.

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Calendar

Year-end Report

October – December 2016; February 28, 2016

Quarterly Report

Janaury – Mars 2017; Maj 31, 2016

Annual General Meeting

27th of April; Örnsköldsvik

Örnsköldsvik 22th of November, 2016

Clavister Holding AB (publ.)
Board of Directors

This information is information that Clavister Holding AB is obliged to make public pursuant to the EU Market Abuse Regulation (MAR) and the Swedish Securities Market Act (2007: 528). The information was submitted for publication through the agency of the contact person set out above, November 22, 2016 at 08:00 AM CET.

