

Second Quarter Report 2016

Clavister Holding AB

Revenue increase of +36%

- Net revenue for the quarter came to 17,4 MSEK (12,8), an increase of 36% compared with Q2 last year.
- Gross profit came to 10,9 MSEK(9,3) for Q2 and gross margin came to 62% (72).
- The period's profit after tax was -23,1 MSEK (-17,8).
- Cash and cash equivalents at the end of the quarter were 17,6 MSEK (6,4).

Key figures (group)	3 months			6 months			12 months
		Apr-Jun		Jan – Jun			Jan -Dec
TSEK	2016	2015	% (Y/Y)	2016	2015	% (Y/Y)	2015
Net sales	17 413	12 846	36%	35 365	23 565	50%	64 219
Gross profit	10 883	9 291	17%	23 566	17 189	37%	44 773
Gross margin	62%	72%		67%	73%		70%
EBIT	-21 785	-16 197	35%	-37 696	-32 073	18%	-55 130
Net profit (loss)	-23 079	-17 814	30%	-40 420	-34 310	18%	-45 789
Result per share (SEK)	-1,20	-1,09	-8%	-2,14	-2,10	-8%	-2,63

Growth - Acquisitions - Significant increase in the number of telecom procurement

- **Continued growth in the Enterprise area**
Growth during the second quarter reached 42%. Clavister has a great interest from potential customers and partners in Africa where a sales organization and partner agreements are now established.
- **Acquisition of the remaining 70% of PhenixID**
PhenixID's solutions for identity and access management complements our own offering. The financial status is also strengthened. The additional sales will represent an increase of 23% above our sales for the first half of 2016.
- **Unique Telecom product launch**
The "Virtualized Carrier Grade & Cloud Security Gateway" is our certified security solution, with unparalleled performance, focused on Telecom.
- **Nokia - certification**
Clavister has recently received from Nokia, certification of our software based virtual security solution, as Nokia's Net-Guard Virtual Firewall.
- **Record number of Telecom negotiations**
Clavister right now is, directly or indirectly, involved in more than 14 negotiations with different Telecom operators.
- **Gross margin**
The margin under the second quarter dropped by just under 10%, mostly due to the investment in establishing sales in the Japanese market, but also due to product mix and foreign currency movements.
- **Financial status**
Beyond the existing cash balance, the company has the possibility to make use of a line of credit from Harbert (2 MEUR) which has been in existence since earlier. Besides this, the company will also get financial assets equivalent to approximately 28 MSEK from the acquisition of PhenixID *).
*)BS 2016-06-30. Acquisition conditional on approval of authorization by Clavister's extraordinary shareholder meeting.

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.



Growth and continued investments

We saw continued growth during the year's second quarter and can report a revenue increase of 36% compared with the same period in the previous year. Added together, the increase for the first half of the year is 50%.

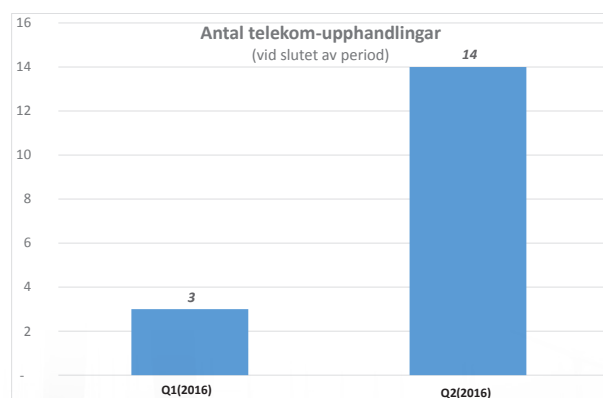
Approximately half of the company's investments are in the Telecom sector but it is so far the traditional business which is growing strongly. The growth is occurring in the enterprise business segment and during the second quarter it is firstly sales in Asia which are growing. The gross margin during the quarter is however lower (-10%) which is largely due to an introductory campaign of Clavister products in the Japanese market but we see also negative foreign exchange effects in purchases from suppliers and impacts due to the product mix.

Continued investments in Telecom...

During the first half of the year we have invested strongly in the development of our offering to the telecom market and it is with pride I can say that during the spring we released a 100% software based "Virtualized Carrier Grade & Cloud Security Gateway". This is a unique security solution which is totally focused on the telecom segment with performance that is nearly 1000% faster than any of our colleagues in the industry on a standard Intel x86 platform.

... and Clavister is already involved in more than 14 Telecom negotiations!

As of today, we are already involved in 14 concrete negotiations, compared with just a few 3 months ago, where we directly or indirectly are offering our software based and virtualized telecom solution to operators.



CEO's Comments.

Certification by Nokia

Clavister has recently received certification by Nokia of our software based security solutions and the Nokia NetGuard Virtual Firewall become part of Nokia Cloud Ecosystem, which is of great importance for the positioning of safety as a part of Nokia's total solution in the cloud.

New subsidiary company – PhenixID AB

It is with great happiness and satisfaction that we can announce that during the summer, negotiations were finalized for the acquisition of the remaining part (we already owned 30%) of PhenixID, a company which lies at the absolute forefront of Identity and Access Management (IAM).

The acquisition will give us a more complete security offering. PhenixID also provides a very interesting customer base with large and medium sized companies and organizations. With PhenixID's solutions within the identity segment, we are broadening our offering in all our business areas – Enterprise, Telecom and Internet-of-Things (IoT).

To administrate and authorize large volumes of devices, sensors and identities connected to the Internet, requires an effective IAM platform. With the acquisition of PhenixID, we get access to both solutions and technical competence within the area. To quote business2community.com: "Identity & Access Management (IAM) is the center of the IoT (Internet of Things) evolution", according to Forrester's latest research.

PhenixID will also strengthen our financial status and our cash flow. The business reported 8,2 MSEK in revenue, with a profit of 0,9 MSEK and has 12,6 MSEK in cash and cash equivalents as of 2016-06-30. (Total financial assets are 28 MSEK.)

Establishing in Africa

During the second quarter a Clavister team consisting of four people was established which will cover the French speaking countries in North and West Africa, one of the fastest growing areas in the telecom and security market. In conjunction with this establishment, we have also signed 14 cooperation agreements with a number of strategic system integrators (partners and distributors) in Tunisia, Morocco, Mauretania, Cote d'Ivoire, Senegal and Burkina Faso and another five are in the pipeline.

Arrow Nordic

We have recently signed a broader and deeper cooperation agreement with one of the world's largest IT distributors, Arrow. The cooperation means that through Arrow's sales channels, we will get access to a larger number of markets for our enterprise products.

In summary, it can be said that it has been very eventful spring and summer and I look forward with great confidence to being able to present the effect on the business of the acquisition of PhenixID as well as the sales developments in both enterprise and telecom.



From the desk of,
Jim Carlsson, Clavister CEO

Events.

Important events during the period (April – June 2016)

Canon IT Solutions continues to break into the Japanese security market with Clavister solutions,

2016-04-01.

Canon IT Solutions orders 300 units of Clavisters firewall E80 at a value of 1,9 MSEK.

Northern European police authorities secure information with Clavister's next generation firewall,

2016-04-05.

An existing North European government customer shows continued confidence in Clavister and extends its contract with Clavister, a deal worth around 260 000 EUR.

Canon IT Solutions broadens its offering with more firewall models from Clavister,

2016-04-21.

Canon announces in a press release dated April 20th 2016 that in conjunction with the international IT show, Security EXPO in Tokyo, they will begin selling Clavister's medium enterprise firewalls W20 and W30 from May 11th 2016.

The annual general meeting of shareholders has chosen Göran Carstedt and Niclas Eriksson as new members of the board of directors

2016-04-21.

Göran has a background in the group management of Volvo AB as well as with IKEA. Niclas has experience as a major shareholder and board member in listed companies, among them NetEnt AB.

Clavister increases its shareholding in PhenixID to 30,1%,

2016-05-10.

Clavister has agreed to increase its ownership of PhenixID by 1,5% to 30,1%. Both parties see clear synergies and exciting possibilities.

Revenue increase of 67%, excluding Nokia and Canon

2016-05-11.

Report for the first quarter January-March 2016.

Clavister signs a partner agreement with Bravo Telecommunication System (Shenzhen) Co, Ltd in China

2016-05-11.

A leading Chinese system integrator for mobile operators will introduce Clavister's security solution in its product portfolio.

Clavister launches strong authentication - Clavister Multi Factor Authentication (MFA),

2016-06-08.

Clavister has released Clavister MFA (Multi Factor Authentication), which combines Clavister MFA Server with the mobile app Clavister Authenticator and an SMS-based One Time Password (OTP) service. This gives reliable and robust authentication and provides secure access to company networks. It also protects user identity and ensures correct user identity, in other words that the person is who they claim to be. Clavister MFA is a cost-effective solution that is designed to fulfill all security and business demands for strong authentication without complicating administration.

Canon IT Solutions orders more firewalls from Clavister as planned,

2016-06-30.

Canon IT Solutions orders more E80 firewalls and adds 3,9 MSEK worth of orders to the 1,9 MSEK announced in Q1.

Events.

Important events after the period (July- August 2016)

The majority of employees invest in the incentive program decided at the shareholder meeting – the CEO and management take up the maximum amount,

2016-07-11.

The annual general meeting of shareholders held in April 2016 decided to introduce an incentive program. More than two thirds of employees have taken up options within the framework of the program, of which the CEO and management have taken up the maximum amount. The board of directors will be offered options in a separate program.

Clavister intensifies and broadens its partnership with Arrow ECS in Scandinavia,

2016-08-25.

Clavister enlarges its partnership with Arrow ECS, one of the world's largest value-added distributors for IT solutions for companies, ranked 131 on the Fortune-500 list and with revenues of 23 billion USD, to address the Scandinavian market.

Legal claim against Clavister dropped,

2016-08-25.

Clavister announces that the legal claim against the daughter company Clavister AB, begun December 2014 concerning the interpretation of a contract, has been dropped by the plaintiff, as communicated by Ångermanlands District Court. Each party will pay their own costs. The amount claimed was 13,5 MSEK including interested accrued since 2008, an amount which has not been set aside in the company's balance sheet but was however taken as a contingent liability.

Clavister acquires the remaining shares in PhenixID,

2016-08-26.

Clavister Holding AB has, as of 25th August 2016, entered into an agreement to acquire all the shares in PhenixID AB which the company does not already own. The acquisition is, amongst other things, conditional on an extraordinary shareholder meeting giving the board approval to issue, at most, 1 210 516 shares for payment in kind.

Notice of extraordinary shareholders meeting,

2016-08-26.

The shareholders in Clavister Holding AB are hereby notified of an extraordinary shareholders meeting which will take place on the 20th September 2016 at 13:00 in Clavister's offices at Sjö-gatan 6J in Örnsköldsvik.

Acquisition of PhenixID.

Clavister Holding AB signed August 25, 2016 an agreement to acquire all the remaining shares in PhenixID AB. The acquisition is expected to strengthen Clavister and PhenixID's capacity to meet increasing market demand for integrated and secure access and identity management services. PhenixID will continue to work with the development of Identity & Access Management in Clavister group. The combination of both companies' technologies, i.e. network security, authentication and identification, is expected to create good synergies, and the possibility of further transmission. In addition, the company will receive 14 new employees with deep technical expertise in area.

Market and customer opportunities

The rapidly growing market for Internet of Things (IoT) is expected to drive strong growth in the IAM sector (Identity, Access and Entry Administration) in coming years, according to a new report from Forrester. IoT devices provide hackers and criminals a new arena to disrupt and launch large-scale attacks. IAM solutions will therefore be crucial to ensuring use of IoT devices existing identities, permissions, manage connections and protect data communication between the second IoT devices. PhenixID also adds a very interesting client base of large and medium-sized companies and organizations.

The acquisition

- Clavister acquired earlier this year, 30,1% of PhenixID
- This acquisition relates to the purchase of the remaining 69,9% stake and include conditioned by the extraordinary general meeting to authorize the Board to issue a maximum of 1,210,516 shares to be paid by capital contributed in kind.
- The purchase price amounts to 64 MSEK and is proposed to be paid through a share issue. Issue will correspond to a maximum dilution of 6,2% for the current shareholders of Clavister Holding AB.
- Extraordinary General Meeting of Clavister Holding AB will be held on September 20, 2016
- PhenixID reported a turnover of 8,2 MSEK and a profit of 0,9 MSEK for the first six months. As of 2016-06-30, liquidity amounted to 12,6 MSEK and other financial assets, 330,000 shares in the Clavister Holding AB, to about 15,5 MSEK, which also strengthens financials of Clavister

Financial Information.

Sales and earnings

The second quarter's revenue was 17,4 MSEK (12,8), which is an increase of 36% compared with Q2 2015. Gross profit for Q2 was 10,9 MSEK (9,3) the gross margin 62% (72). OPEX increased by 28% to 33,5 (26,1) where personnel costs for new employees under Autumn, Winter and Spring made up the majority of the increase in costs. Operating profit was -21,8 MSEK (-16,2) and the periods profit was -23,1 MSEK (-17,8).

For the half year January to June, sales increased on a year by year basis by 50% to 35,4 MSEK (23,6). The gross profit was 23,6 MSEK (17,2) and the gross margin was 67% against 73% in 2015. Breaking into the Japanese market along with greater sales in the "low end" segment affected the margin negatively. OPEX has increased 24%, to and including June, or 61,9 MSEK (50,3), which is mostly attributable to increased personnel costs as a result of new hiring. The profit for the half year was -40,4 MSEK (-34,3), a change of -18%.

Invoicing by Market

During the first half of 2016, Scandinavia has increased by 62%, Benelux by 106% and Germany by 15%. Under the same period, sales in France fell by -44%. Invoicing in Europe totaled 17,6 MSEK (13,3) for the first half of the year, an increase of 33%, while during Q2 they fell by -15% to 6,8 MSEK (8,0).

Invoicing in Asia is increasing strongly and marketing investments are beginning to pay for themselves. Japan revenue was 5,1 MSEK (0,0) and China increased by 53% from 1,6 MSEK to

2,4 MSEK during the quarter. For APAC, the total increase was 203% during the first half of the year with revenues of 10,8 MSEK (3,6).

During the quarter, the Global account's invoicing was 2,2 MSEK, an increase of 20%. For the first half of the year, revenue was 5,0 MSEK (4,3), an increase of 17% year on year.

The result for the first half of the year can be summarized as having continued and strong revenue growth of 50%, continued investments both in the form of new hires, foremost in software development and customer support, as well as marketing investments in Japan and Africa. The investments increase the company's operating costs, but are judged necessary to meet customer requirements and increased demand. The company has been met by a continued strong interest and curiosity in Clavister's offering. The sales process is, however, lengthy from first contact to signed agreement.

The foundational base business for enterprises is developing strongly and dominates sales, with the potential for continued strong growth in the future. Global account's focused on the telecom segment have excellent prospects, both because of growth in the segment but also because of possibilities in so-called OEM-sales, where Clavister operates as a supplier of customer products under their own brand, which is expected to improve the possibilities of a significantly higher gross margin.

	3 months			6 months			12 months
	April - June			Jan - June			Jan - Dec
TSEK - Sales by market	2016	2015	% (Y/Y)	2016	2015	% (Y/Y)	2015 *
Nordics	2 986	3 673	-19%	8 601	5 316	62%	15 617
EMEA excl. Nordics	3 833	4 346	-12%	9 072	7 989	14%	20 248
America	672	446	51%	977	599	63%	1 321
Asia	7 604	1 722	342%	10 843	3 577	203%	14 278
Global Acc. and OEM	2 239	1 859	20%	5 024	4 303	17%	9 676
Net Sales	17 334	12 046	44%	34 517	21 784	58%	61 140
Other	79	800	-90%	848	1 781	-52%	3 079
Total Revenue	17 413	12 846	36%	35 365	23 565	50%	64 219

* Comparison is according to annual report 2015

Financial Information.

Currency impacts

Revenue during Q2 increased by 36% compared with the previous year's Q2. In a comparison between this year's Q2 and last year's, currencies have had a negative effect on revenue of -1,6%. If only China is considered, the negative effect was -10,3% in comparison with 2015. That is consistent with a strong CNY exchange rate against SEK during the first half of 2015 which then weakened in a devaluation carried out by the Chinese central bank because of reduced growth and demand.

Gross Margin

The gross margin for Q2 is 62% and is lower than the same quarter in the previous year (72). The reason is because of both breaking into the Japanese market and the product mix where the demand for low-end products in the enterprise segment has increased when compared with 2015, while the mid and high segments with higher margins have remained at the same numerical level as 2015. Low-end products have a lower gross margin than 2015 because of higher inventory purchase costs in combination with a stronger USD, which was around 10-15% lower at the end of 2014, when the products that were sold in 2015 were bought, which affected margins positively during the first half of 2015. Revenue in China has increased during the quarter by 72%, year over year. The gross margin however is at a lower level 43,5% (44,6), which also affects the margin for the group as a whole.

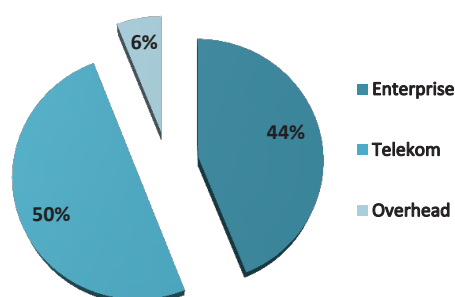
Operating Costs

The company sees a continued need for investment, foremost in software development, support and sales. Capitalized personnel costs are expected therefore to increase in line with newly hired software developers passing through the introduction phase and as their productivity increases. Recruitment of developers, but also for customer support, has been intensive during the winter and has continued during the spring and early summer. This is reflected in increased personnel costs of +3,9 MSEK, or +22% year on year. Personnel costs for the quarter were 22,1 MSEK (18,2) and for the year 41,7 MSEK (35,4). So far this year, the company has hired 31 new employees. The number of employees has increased from 116 to 147, i.e. by 27%. Other external costs in the second quarter came to 11,4 MSEK (7,9) and are from marketing costs, sales commissions and the use of external consultants and legal services. The increase between years and in the quarter is due to increased marketing costs and sales commissions (breaking into both Africa and Japan).

Summary

- Continued increasing growth in sales during the second quarter- +36% and half year +50%.
- Decrease in margins due to establishing in new markets and a continued demand for low-end products in combination with a stronger USD and higher inventory purchase prices.
- Increased operating costs as a result of investments in new markets – Japan and Africa – as well as new employees in software development and customer support.
- The result for the quarter was -23,0 MSEK (-17,8) and for the first half of the year -40,4 MSEK (-34,3), decreases of -29% and -18% respectively.

Engineering resource distribution in %

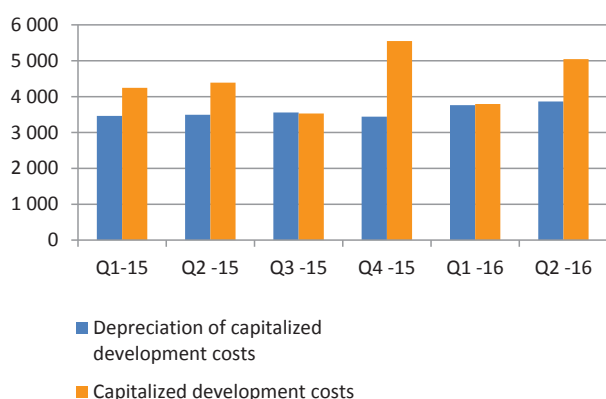


Investments, capitalization and amortization

Investments in tangible fixed assets have not been made during the period. The company continues to capitalize the allocated time and therefore to invest in software development. This is done both by the existing staff and the extensive recruitment of developers that the company has made. During the quarter, the company has capitalized development costs equivalent to 53% of the company's total cost of development and maintenance. Total capitalized work for the period April up to and including June 2016 is 5,0 MSEK (4,4). During the second quarter, depreciation of tangible assets to -0,1 MSEK (-0,2) and amortization of intangible assets, mainly relating to prior capitalization, amounted to -4,0 MSEK (-3,7).

Financial Information.

Capitalized development costs, TSEK



Cash flow

Cash flow during the period April to June 2016 was -29,7 MSEK (-4,6). This was comprised of:

- 23,1 MSEK (-17,8) refers to the company's operating profit after financial items, +4,2 MSEK relates to adjustments for depreciation which does not affect cash flow, -0,2 MSEK relates to taxes paid and +0,9 MSEK relates to the period's change in working capital.
- Together, this results in a change in cash flow from operating activities, including changes in working capital, totaling -18,2 MSEK (-18,6).
- Cash flow relating to investments and intangible assets amounted to SEK -5,0 MSEK (-4,4).
- Cash flow from financing activities amounted to -6,4 MSEK for the period, of which 5,0 MSEK relates to the purchase of around 30% of PhenixID AB.

Liquidity and financial position

Cash and cash equivalents at end of the period amounted to 17,6 MSEK (6,4).

The securing of several weighty contracts by the company during the preceding year, amongst others with Nokia Networks as well as Canon IT Solutions in the enterprise segment, points to improved revenue and with that, a successively reduced rate of cash usage.

Increased demand and customer interest for cyber security and Clavister's offering has involved and is judged to demand investments in development resources and for breaking into new markets, as is happening now in north and west Africa as well as Japan. In the short term, the company's liquidity is assured partly through a loan of around 9,5 MSEK and partly through the acquisition of PhenixID, which will provide directly just over 12,8 MSEK of cash. At the April 21st yearly meeting of share-

holders, it was given an authorization to meet any further need for capital. The board of directors is continuously following changes in the group's liquidity and financial situation for the short and long term. Overall, in consideration of the above, the board of directors believes that the financial position is good.

Further information regarding the new issues made during the first half year of 2016 under the section "Shares, share capital and ownership".

Equity

Shareholder's equity amounted to 91,7 MSEK (37,2) as of 2016-06-30. The opening balance from the first quarter was 96,8 MSEK.

See the heading Accounting Principles and the Annual Report for 2015, www.clavister.com/investor-relations/financial-documents/.

Disputes and litigation

Clavister AB received a legal claim from a customer, submitted to Ångermanlands District Court in December 2014, concerning the interpretation of a contract. The amount claimed was 13,5 MSEK plus interest. The claim was included as a contingent liability. Clavister AB has, after a period of ongoing discussions to find a settlement between the parties, been informed by Ångermanlands District Court that the legal claim has been dropped by the customer. Discussions have also run in parallel of further cooperation which has resulted in a new business agreement.

Transactions with related parties

No transactions have occurred between Clavister and related parties, either in the group or the parent company during the report period.

Auditing

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

Accounting Principles

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

In the next quarterly report, the company intends to convert group accounting from K3 rules to IFRS. This is in preparation for the requirements for listing on regulated markets. An estimate for how IFRS will affect the results has been carried out.

Financial Information.

Most affected is the depreciation of goodwill, which will be reversed from and including 2015. This will give a positive effect of around 0,7 MSEK for the year 2015 as well as around 350 TSEK from the second quarter of 2016. In the current situation, the judgement is that the change will not have any further effect on the results. The information requirement, however, will become significantly more comprehensive in comparison with K3 and will apply for the next yearly report.

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 of 2015 and the website <https://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 material changes to the risks and uncertainties have been made, compared with those featuring in the established annual report. Risks are a natural part of the activities. Clavister works continuously to identify, assess, evaluate and prevent the risks to which the business is exposed. If risks occur, they can affect Clavister's sales, earnings and financial position. Operational risks can be mentioned in brief, where market or operational risks occur such as: competition, product development and technical difficulties, product liability and guarantees, the risks to employees and key per-

sonnel leaving, declining economic conditions, political events, intangible assets that are not patented and legal risks are included. With regard to the financial risks, interest rate, credit and liquidity risks as well as tax risks are identified. Regarding currency risk, all sales are either in SEK, USD and EUR and are regulated in the agreement with the customer. EUR currency dominates, followed by Swedish kronor. Currency fluctuations both in terms of supplier payments and customer payments can create losses or gains and do impact on the financial position.

The company in China invoices and bookkeeps in the Chinese currency CNY (Yuan). In China the CNY currency fell against SEK when the central bank, as a result of a political decision, decided to devalue the CNY against the USD in August 2015, which affected the consolidated result negatively. Since trade and purchase of products in the Clavister China Company for the most part take place locally and in CNY, the exchange rate impact on earnings is limited, but occurs in regard to the earnings of the Group.

Foreign currency hedging occurs through the offsetting of income and expenses in the same currency. In terms of the general distribution between different currencies, EUR accounts for about a half of the group's revenue, followed by SEK, CNY and USD, each accounting for a third of the remainder. Costs are dominated by SEK which accounts for about two thirds, and the remaining third is divided between USD, EUR and CNY.

Employees

The number of employees as of 2016-06-30 totaled 147 (118) of which 32 (31) are in Clavister China. The increase in personnel was 25%. The parent company Clavister Holding AB, with limited operations, has one employee. In addition to permanent staff, Clavister hire consultants in customer projects and sales, representing 10 (5) full-time positions. At 30 June, 2016 Clavister employed thus 157 (123) people including employees and consultants. Employees are the company's most important asset and the strategy is to continue to create a good and stimulating work environment. Through the opening of another office in Umeå in November 2015 the company wants both to attract new employees, but also retain employees who might commute from Umeå to Örnsköldsvik. A good working environment with stimulating and challenging work, along with various initiatives from the company to maintain good health, are crucial factors in order to continue to successfully attract, recruit and retain current employees.

Financial Information group.

Income statement (TSEK)	3 months April - June		6 months Jan - June		2015 *
	2016	2015	2016	2015	
Net sales	17 413	12 846	35 365	23 565	64 219
COGS	-6 530	-3 555	-11 799	-6 376	-19 446
Gross profit	10 883	9 291	23 566	17 189	44 773
Gross margin, %	62,5%	72,3%	67%	73%	70%
Cap. Dev. Expenses	5 046	4 390	8 841	8 636	17 716
Staff costs	-22 096	-18 164	-41 723	-35 403	-71 232
Other external costs	-11 450	-7 889	-20 145	-14 850	-31 056
Depreciation and impairment loss	-119	-165	-239	-355	-701
Amortization and impairment loss	-4 049	-3 660	-7 996	-7 290	-14 631
EBIT	-21 785	-16 197	-37 696	-32 073	-55 131
Financial items	-1 285	-1 613	-2 684	-2 221	-3 605
Result after financial items	-23 070	-17 810	-40 380	-34 294	-58 736
Taxes	-9	-4	-40	-16	12 946
Net profit - loss	-23 079	-17 814	-40 420	-34 310	-45 790
<i>Average number of shares</i>	<i>19 196 108</i>	<i>16 321 646</i>	<i>18 872 283</i>	<i>16 321 646</i>	<i>17 429 802</i>
<i>Average number of shares (after dilutive effect)</i>	<i>20 720 825</i>	<i>18 938 612</i>	<i>20 397 000</i>	<i>18 938 612</i>	<i>18 444 719</i>
<i>Result per share, SEK</i>	<i>-1,20</i>	<i>-1,09</i>	<i>-2,14</i>	<i>-2,10</i>	<i>-2,63</i>
<i>Result per share (after dilutive effect), SEK</i>	<i>-1,11</i>	<i>-0,94</i>	<i>-1,98</i>	<i>-1,81</i>	<i>-2,48</i>

Balance sheet (TSEK)	2016-06-30	2015-06-30	2015-12-31 *
Intangible assets	35 911	33 116	35 068
Tangible assets	1 287	2 036	1 565
Financial assets	71 569	37 405	49 815
Inventories	10 228	8 040	5 593
Current receivables	9 277	7 787	6 043
Cash and bank balances	17 602	6 372	43 527
Total assets	145 872	94 755	141 611
Equity	91 656	37 188	87 847
Long-term liabilities	19 417	28 160	18 057
Current liabilities	34 799	29 407	35 708
Equity and liabilities	145 872	94 755	141 611
Pledged assets	27 086	185 774	42 320
Contingent liabilities	0	13470	13 470

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

Financial Information

group.

	3 months		6 months		12 months *
	April - June		Jan - June		Jan - Dec
Cash flow analysis (TSEK)	2016	2015	2016	2015	2015
Cash, beginning of period	47 279	10 977	43 527	11 655	11 655
Profit (loss) after financial items	-23 070	-17 811	-39 872	-34 295	-58 737
Adjustments for non-cash items, etc.	4 168	3 827	8 235	7 647	15 999
Paid taxes	-195	-195	-390	-362	-471
Cash flow from operating activities before working capital changes	-19 097	-14 179	-32 027	-27 010	-43 209
Change in W/C	860	-4 396	-3 460	2 703	11 303
Cash flow from operating activities	-18 237	-18 575	-35 487	-24 307	-31 906
Investments in intangible assets	-5 046	-4 390	-8 929	-8 636	-17 286
Cash flow from investing activities	-5 046	-4 390	-8 929	-8 636	-17 286
Cash flow from financing activities	-6 394	18 360	18 491	27 660	81 064
Cash flow	-29 677	-4 605	-25 925	-5 283	31 872
Cash, end of period	17 602	6 372	17 602	6 372	43 527

	3 months		6 months		12 months
	April - June		Jan - June		Jan - Dec
Equity (TSEK)	2016	2015	2016	2015	2015
Equity, beginning of period	96 766	52 060	87 846	67 830	67 830
Cash issue	631	90	27 106	90	60 324
Non-cash issue	0	0	0	0	5 382
Issue expenses	-138	0	-199	0	-400
Non-registered issue	17 693	0	17 693	0	380
Share-based compensation	0	3 069	0	3069	0
Translation difference	-217	-217	-370	509	120
Result for the period	-23 079	-17 814	-40 420	-34 310	-45 790
Equity, end of period	91 656	37 188	91 656	37 188	87 846

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

Financial Information

Parent company

	3 months April - June		6 months Jan - June		12 months Jan - Dec
Income statement (TSEK)	2016	2015	2016	2015	2015 *
Net sales	1 500	420	3 000	840	3 400
Staff costs	-288	-241	-529	-480	-951
Other external costs	-566	-499	-1 093	-762	-1 310
EBIT	646	-320	1 378	-401	1 139
Financial items	-139	-236	-301	-380	-583
Result after financial items	507	-556	1 077	-781	556
Taxes	0	0	0	0	10
Net result	507	-556	1 077	-781	566

Balance sheet (TSEK)	2016-06-30	2015-06-30	2015-12-31 *
Financial assets **	357 932	260 679	299 247
Current receivables	0	2 985	1
Cash and bank balances	10 928	179	21 515
Total assets	368 861	263 843	320 764
Equity	359 195	254 771	311 008
Provisions	0	0	268
Long-term liabilities	9 104	8 492	8 780
Current liabilities	562	579	708
Equity and liabilities	368 861	263 843	320 764
Pledged assets	342 580	260 970	320 751
Contingent liabilities	15 960	0	18 781

	3 months April - June		6 months Jan - June		12 months Jan - Dec
Equity (TSEK)	2016	2015	2016	2015	2015
Equity, beginning of period	340 502	251 627	311 008	250 452	250 452
Cash issue	631	90	27 106	90	54 086
Non-cash issue	0	541	2 510	541	5 923
Issue expenses	-138	0	-199	0	-400
Non-registered issue	17 693	0	17 693	0	380
Share-based compensation	0	3 069	0	4 469	0
Result for the period	507	-556	1 077	-781	566
Equity, end of period	359 195	254 771	359 195	254 771	311 008

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

Shares, Share Capital and Ownership

Share capital

The company's share capital totals 1 920 660,80 SEK

Shareholders and shares

Clavister Holding shares are listed on Nasdaq First North. There is only one type of share. Each share represents one vote at a shareholder meeting. The number of shareholders is 6,155 owners as of 2016-06-30 against 6,294 owners on 2016-03-31. The number of registered shares as of 2016-06-30 is 19,206,608 according to the Swedish Companies Registration Office (Bolagsverket).

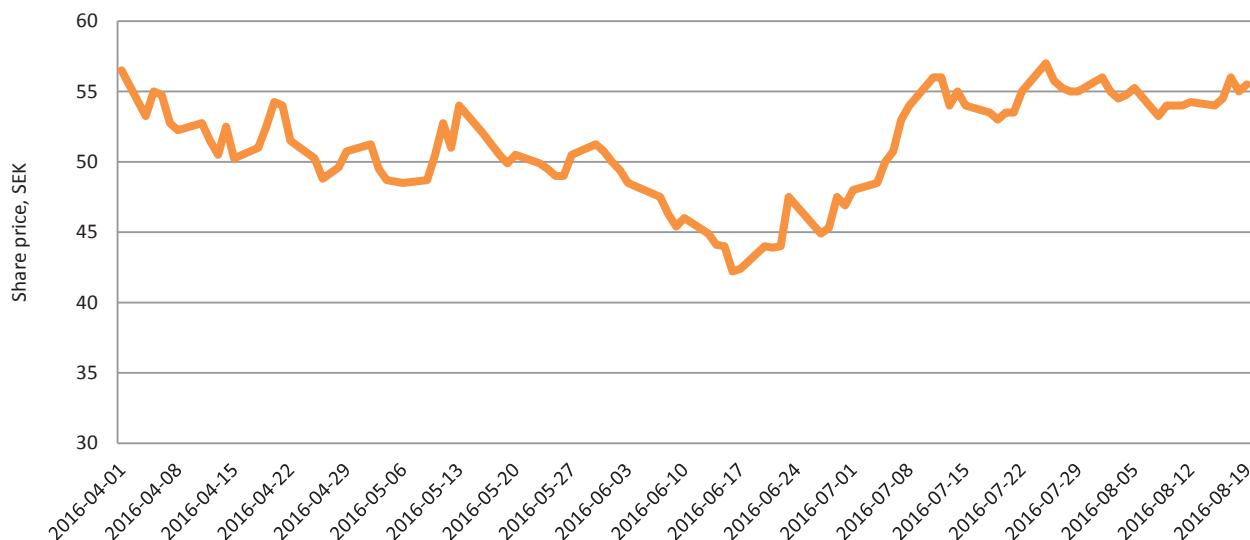
Owner of shares	Number of shares	% of total
Försäkringsaktiebolaget, Avanza Pension	2 920 978	15,2%
Nordnet Pensionsförsäkring AB	1 000 297	5,2%
Swedbank Robur	953 603	5,0%
Banque Öhman S.A	871 228	4,5%
Swiss Life AG	849 750	4,4%
Danica Pension	610 964	3,2%
AMF Aktiefond Småbolag	403 000	2,1%
Prioritet Finans	400 000	2,1%
SEB Stock - ISK ACC for Sweden	400 000	2,1%
Keypoint Holdings Limited	339 730	1,8%
Övriga	10 457 058	54,4%
Sum of registered shares according to Euroclear/Bolagsverket	19 206 608	100,0%

Event	Number	Date
IB number of shares	18 537 958	2016-01-01
Issuance from warrant program 2015-12-31	147 650	2016-01-25
New issue	400 000	2016-02-16
New issue*	100 000	2016-03-14
Issuance from warrant program 2016-12-31	21 000	2016-06-10
New issue *	330 000	2016-07-01
UB number of shares	19 536 608	2016-08-10
Possible new issue during 2016 from warrants	152 250	
Possible new issue during 2017 from warrants	175 000	
Possible new issue during 2017 from convertible debentures	666 667	
Possible new issue during 2019 from warrants	530 800	
Number of shares after full dilution	21 061 325	

* Issuance of a total of 430 000 shares is part of the acquisition of around 30% of PhenixID AB. PhenixID has been assigned shares in Clavister Holding AB, which in turn has issued shares up to 30%, subsequently assigned to Clavister Holding AB.

Shares, Share Capital and Ownership

Share price Clavister Holding AB for period 2016-04-01 to 2016-08-19



The highest closing price during the second quarter of 2016 was reached on April 1st when the closing price was 56,50 SEK. The lowest closing price during the quarter was 42,50 SEK on June 16th, 2016. As of 2016-06-30, the share price reached 46,90 SEK and the market capitalization totaled 900 790 TSEK. As of August 19th, the closing price was 55,50 SEK and the market capitalization 1 084 282 TSEK.

Share price for the period 2015-01-02 to 2016-08-19



Shares, Share Capital and Ownership

Share Related Options

Warrants

There are three current warrant programs aimed at the board of directors and employees of the company. Pricing is based on the Black & Scholes option pricing model. Holders of warrants are entitled to subscribe to one new share in the company for every one warrant held. The number of warrants issued totals 858,050.

Warrants	Number issued	Exercised	Open	Exercise 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	

Mandate for warrants 2016-2019

The Annual General Meeting of Clavister Holding AB, which was held on 21 April 2016, resolved to issue a maximum of 960,000 warrants to the wholly-owned subsidiary, Clavister AB, with the right and obligation of Clavister AB, within the framework of the stock option program, to reassign warrants issued.

In total, just over 68% of employees have acquired a total of 520,800 warrants in Clavister Holding AB at an exercise price of 72 SEK to be exercised 2019-06-30. The warrants were acquired under appropriate market conditions at a price of 2,95 SEK per warrant, calculated according to the Black & Scholes model. The share dilution will be at most 2,7%. Board members have been excluded at this stage in order to comply with The Code for Swedish Company Governance.

Reasons for the incentive program

Clavister considers it a positive that a well-balanced options program creates increased engagement, loyalty and increased interest among option holders, which also favors the company's development.

Convertible Debentures

Convertible debentures (10 MSEK, STIBOR 90)

	Number issued	Subscription Price SEK
Norrlandsfonden 2017-09-30	666 667	15

The convertible debentures which Norrlandsfonden holds, are issued to Clavister Holding AB, since the parties have agreed on conversion by offsetting from Clavister AB to Clavister Holding AB.

The Company.

Background

Clavister, is a Swedish company that develops, produces and sells network security solutions for the telecom and enterprise segments. The company was founded in 1997 and has its headquarters in Örnsköldsvik.

Clavister's solutions are based on proprietary, innovative software with very powerful performance and of high quality. Thanks to the high degree of proprietary software, not only is exceptionally good performance achieved, but the products are also considered extremely secure, especially in regard to so-called "backdoors" that the media and whistleblowers claim could exist with many competitors. Proprietary software also provides very good gross margins and competitiveness, especially in a business model where licensing can be used.

Clavister started as a consulting company in Örnsköldsvik and initially conducted 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's 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. Launched in 2002, Clavister Firewall 8.0 was a unique technical architecture and 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 with specialized expertise packaged to meet customer needs.



Current position

Systems Security and Network Security in particular, are areas that are greatly increasing worldwide. 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 where methods of communication constantly change, it requires ever more advanced and powerful network security solutions that do not sacrifice effectiveness and safety but still safeguard privacy.

Telecom

Thanks to technical collaboration with some of the biggest players in the Telecom Industry, Clavister has gained a unique insight into both short and the long term needs and is able to adapt products for this particular area. This has subsequently resulted in agreements and 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 partnerships with leading players, makes up an exceptionally good foundation for growth.

Taking an even longer term perspective, where IoT (Internet of Things) and fifth generation mobile networks (5G) rolled out, highlighting the potential for an even higher level where Clavister can be considered to be well positioned.

Enterprise

Within the enterprise segment, Clavister is strongly equipped with an attractive portfolio, a large existing customer base, as well as an attractive business model. Clavister sees continued large growth opportunities in the market and the possibility to gain an increased market share.

The Company's Overall Strategy – connect . protect

Clavister is active within the field of cyber-security to protect enterprise and customer value, which can be negatively affected if incorrect information is generated, undesirable downtime occurs or reputational damage takes place. Uninterrupted communications can lead to new business and generate added-value from customer success.

Clavister's strong and broad product portfolio is aimed partly at the important segment of average sized enterprises and partly at the telecom segment. Its technical competence and self-developed products makes possible the conditions for Clavister to license its software and thereby establish new cooperation with significantly larger partners. The ambition is that the number of partner agreements will continue to grow and be developed further. Under recent years, Clavister has signed strategic agreements with Nokia Networks, Canon IT Solutions and most recently PhenixID to further strengthen the Identitet, Access-och Behörighetsadministration (IAM)2FA product offering. The company's ambition is to further strengthen Clavister's brand through ongoing investments in North Africa and Japanese markets.

The Company.

The Group

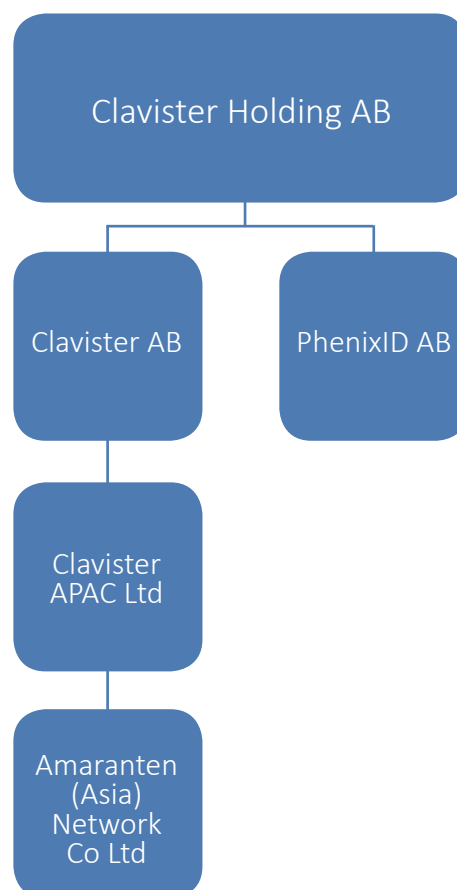
The group is comprised of 4 companies including PhenixID AB, being acquired just recently. Clavister Holding AB is the parent company. The group has 146 employees. Clavister Holding AB carries out a limited part of the group's activities as well as management of the company's shares and activities related to investors. Clavister AB carries out the major part of the group's activities and is party to the agreements with customers, partners and suppliers. Clavister APAC Ltd in Hong Kong presently has no employees while the company Amaranten (Asia) Network co. Ltd is being renamed to Clavister (ASIA) Technology Ltd. has 32 employees.

Clavister Holding AB is a publicly listed company and has its headquarters in Örnsköldsvik where the bulk of the business and employees are located. Business operations are conducted mainly through the daughter company Clavister AB and in Örnsköldsvik are located product management, product and software development (Engineering), finance and administration, internal IT, quality assurance, logistics, warehousing, product support, professional services as well as product education services. The main sales office is located in Stockholm, where also the CEO, marketing department and investor relations is located. Since the autumn of 2015, the company has also had an office in Umeå with 15 employees who work partly with software development and partly with product support.

Acquisition of PhenixID

Conditional on approval of authorization by shareholders, Clavister has the intent of increasing cooperation with PhenixID (www.phenixid.se) through Clavister Holding AB acquiring the remaining 70%, in other words, 100% of PhenixID. Clavister Holding AB has therefore called an extraordinary shareholder meeting to gain authorization by shareholders. Already during the late spring, Clavister acquired 30% of PhenixID, at the same time as both companies signed a cooperation agreement.

The intention with the acquisition is to strengthen Clavister's product offering within identity management, Identity and Access Management (IAM). In summary, this involves software that insures that the right person or thing gets access to the right application and/or service in conjunction with logging in. Through the expected growth in the Internet of Things (IoT) area, the company believes the demand and requirement to be able to insure correct identity will continue to expand further.



Clavister group:

Clavister group with parent company Clavister Holding AB and 100% owned subsidiaries including newly acquired PhenixID, conditional on shareholder approval of authorization. Amaranten (Asia) Network Co. Ltd is undergoing a name change to Clavister (ASIA) Technology Ltd.

Contact information & Calendar.

Contact information

Clavister Holding AB

Organisation nummer: 556917-6612

Sjögatan 6 J
SE-891 60 Örnsköldsvik
Sweden

Telephone: +46 (0)660 29 92 00
E-mail: finance@clavister.com
www.clavister.com

CEO

Jim Carlsson

Investor Relations

Peter Dahlander

Telephone: +46 (0)73 679 67 40
E-mail: peter.dahlander@clavister.com

Head of Marketing

Nikolas Georgii

Telephone: +46 (0)73 311 70 20
E-mail: nikolas.georgii@clavister.com

Listed Shares

Symbol: CLAV
ISIN-code: SE0005308558

Certified Advisor

Remium Nordic AB

Telephone: +46 (8) 454 32 00
E-mail: info@remium.com
www.remium.se

Calendar

Quarterly Report

July – September 2016; November 22, 2016

Year-end Report

October – December 2016; February 28, 2016

Örnsköldsvik 30th of August, 2016

Clavister Holding AB (publ.)
Board of Directors

This information is such information as Clavister Holding AB is required to disclose under EU Market Abuse Regulation (MAR) and the Swedish Securities Market Act (2007: 528). The information was provided by the above contact person's auspices, for publication August 30, 2016 at 08:00 AM.