

**INTERIM REPORT****JULY – SEPTEMBER 2019**

Clavister develops, produces and sells cybersecurity solutions. The company was founded in 1997 and has its headquarters in Örnköldsvik, Sweden. Clavister's solutions are based on proprietary and innovative software with industry-recognized market-leading performance. Proprietary software provides solid gross margins and price competitiveness, especially in mission critical business applications.

**Third Quarter 2019**

- Order intake for the quarter increased by 24% and amounted to 37.3 (30.1) MSEK.
- Net sales amounted to 31.8 (29.4) MSEK.
- Revenues increased by 4% and amounted to 31.9 (30.8) MSEK.
- Gross profit decreased by 2% and amounted to 25.9 (26.5) MSEK, equal to a gross margin of 81 (86)%.
- EBITDA amounted to -4.0 (-5.7) MSEK.
- Adjusted EBITDA before charges related to the divestment of Chinese subsidiary amounted to 0.2 (-5.7) MSEK.
- EBIT amounted to -14.5 (-13.3) MSEK.
- Result before taxes for the period amounted to -25.8 (-17.1) MSEK.
- Earnings per share amounted to -1.05 (-0.73) SEK.
- Operating cash flow amounted to -12.5 (-13.5) MSEK.
- Cash by the end of the period was 42.2 (47.5) MSEK.

**January – September 2019**

- Order intake for the period increased by 29% and amounted to 104.8 (81.2) MSEK.
- Net sales amounted to 91.4 (78.7) MSEK.
- Revenues increased by 14% and amounted to 91.6 (80.4) MSEK.
- Gross profit increased by 18% and amounted to 74.2 (63.0) MSEK, equal to a gross margin of 81 (78)%.
- EBITDA amounted to -19.8 (-45.3) MSEK.
- EBIT amounted to -51.0 (-67.7) MSEK after items affecting comparability.
- Result before taxes for the period amounted to -79.5 (-87.8) MSEK.
- Earnings per share amounted to -3.23 (-3.95) SEK.
- Operating cash flow amounted to -34.1 (-55.1) MSEK.

## Comments by the President and CEO

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In the third quarter we reached a positive EBITDA result before adjustments related to the divestment of our Chinese subsidiary.

In the quarter, we continued to see momentum in our focused go-to-market activities, with a year-on-year order intake growth of 24%. The largest growth for the quarter, 158% year-on-year, came from the Communication Service Provider vertical. My assessment is that we are advancing into larger business opportunities across the board. I see the proof-points of this as we continue to secure orders with new light-house customers, representing very relevant growth scaling engines for Clavister.

Revenues for the quarter grew 4%, mainly impacted by last quarter's restructuring of the Nordics sales organization. In the medium to long term perspective, I see no reasons why the Nordics sales growth would not return to our previous solid levels.

Gross margin amounted to 81% for the quarter and are in-line with our expectations. After the end of the quarter, we executed the third draw-down of 5 MEUR from our financing facility with the European Investment Bank (EIB). With this draw-down, we continue to ensure that we have sufficient funding to continue our focus on growth and improved margins.

In the macro perspective, the cybersecurity market continues to demonstrate strong growth, fueled by rapidly increasing cybersecurity incidents. According to analyst Fortune Business Insights, a 10.6% blended CAGR is expected between 2019 and 2026. A relevant sub-market, Cloud Security, is predicted to show annual growth rates above 40%. Some of the key drivers behind the increased demand for cybersecurity include more pervasive regulations such as the NIS directive and GDPR, a growing adoption of IoT connectivity, rising e-commerce activities and geopolitical tensions.

As a clear objective in our business plan, we have defined Clavister's desired market position to be the leading cybersecurity expert in Europe. Part of this entails clear financial metrics, such as continuous strong topline growth and solid operating margins. Equally important is the aspiration of Clavister being the preferred independent European cybersecurity provider. As geopolitical tensions related to cybersecurity are increasing with a vendor landscape where the incumbents are dominantly of non-European origin, Clavister has become a highly relevant choice, and not only for European customers.

The cybersecurity industry is certainly going through a highly interesting transformation, and Clavister is poised to be an important player in this space.

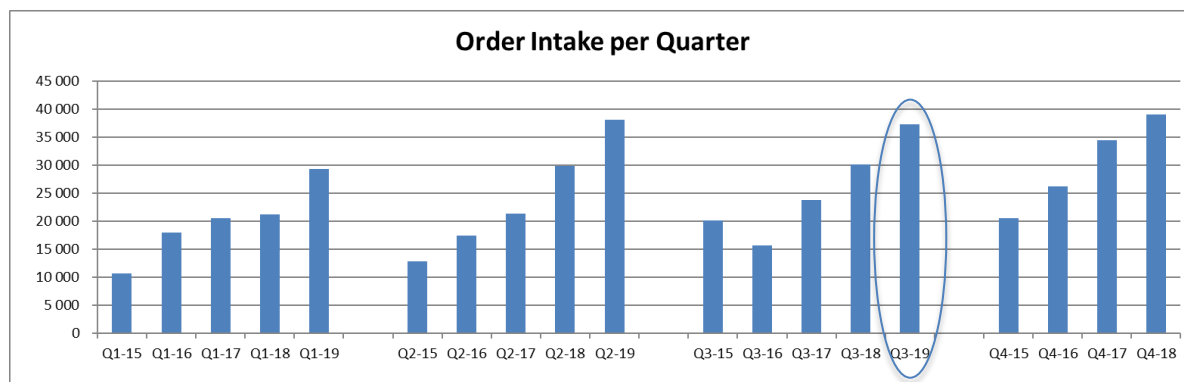
**John Vestberg,**  
*President and CEO*

## Sales and Order Intake

Clavister reports sales bookings expressed as **order intake**, as it provides a consistent view of Clavister's growth, without any impact from IFRS accounting. The order intake is presented below in its totality, as well as broken down into individual markets.

### Total Order Intake per Quarter

The third quarter of 2019 saw a growth in order intake amounting to 24%, compared to the corresponding quarter last year. In absolute numbers the order intake amounted to 37.3 (30.1) MSEK. Adjusted for currency order intake amounted to 36.5 MSEK corresponding to a growth of 21%.



Quarterly Order Intake from Q1 2015 – Q3 2019 (TSEK)

### Order Intake per Market

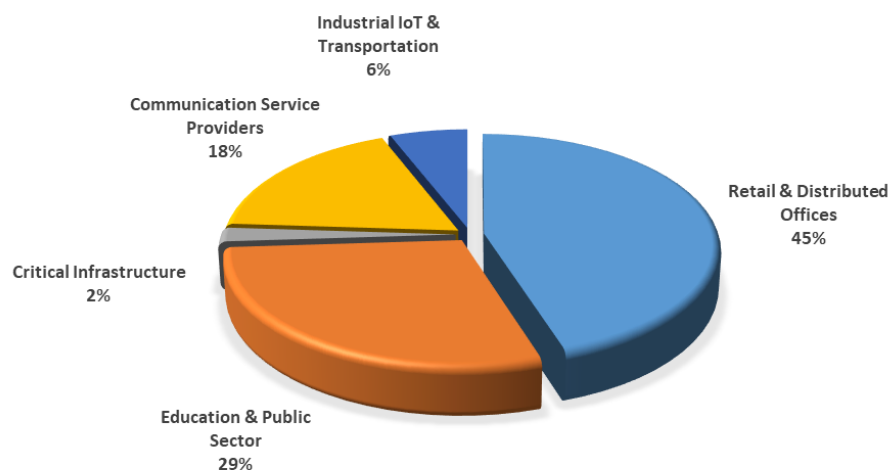
The table below shows order intake broken down by market; the primary geographic markets where Clavister has operations with its own staff, "Rest of the World" representing all sales outside the primary geographic markets, and "Global Key Accounts" which consists of sales to specific larger customers with global operations.

Order Intake per Market (TSEK)	Jul - Sep 2019	Jul - Sep 2018	Jul - Sep Growth (%)	Jan - Sep 2019	Jan - Sep 2018	Jan - Sep Growth (%)
Nordics	10 495	12 657	-17%	34 192	33 165	3%
DACH	3 443	2 974	16%	12 638	9 979	27%
Japan	1 883	1 166	61%	5 410	7 057	-23%
Rest of the World	6 437	8 439	-24%	17 408	17 891	-3%
Global Key Accounts (including CSP)	15 086	4 852	211%	35 152	13 086	169%
- whereof Communication Service Provider.	6 522	2 532	158%	17 107	4 882	250%
<b>Total</b>	<b>37 343</b>	<b>30 088</b>	<b>24%</b>	<b>104 799</b>	<b>81 178</b>	<b>29%</b>

## Order Intake per End-Customer Vertical

Clavister focuses primarily upon five end customer verticals, based on established use cases; Education & Public Sector, Retail & Distributed Offices, Industrial IoT & Transportation, Communication Service Providers and Critical Infrastructure. The chart below shows the order intake split by end-customer verticals. As the end-customers are served by partners and distributors through Clavister's indirect channel strategy, the split is only indicative.

Quarterly Order intake by End-Customer Vertical (%)



## Revenues and Gross Profits

Total accounted revenues for the quarter amounted to 31.9 (30.8) MSEK, a year-on-year increase of 4%.

The implementation of the IFRS 15 standard has on a net level affected the revenues as well as the bottom line for the quarter by -0.3 MSEK. For further info, see the section "Accounting Policies, IFRS 15 Revenue from Contracts with Customers".

The gross margin for the third quarter amounted to 81 (86)%. The decreased gross margin between the years relates mainly to the product mix. The total gross margin is well above the communicated target of +70%. The gross profit for the quarter amounted to 25.9 (26.5) MSEK, corresponding to a decrease by 2%

The quarterly revenues are broken down by revenue type as follows:

	Jul - Sep 2019	Jul - Sep 2018	Jul - Sep Growth (%)	Jul - Sep Prop. 2019 (%)	Jan - Sep 2019	Jan - Sep 2018	Jan - Sep Growth (%)	Jan - Sep Prop. 2019 (%)
<b>Total revenues (TSEK)</b>								
Products	12 447	14 676	-15%	39%	38 182	35 182	9%	42%
Support and Maintenance Contracts	11 848	11 212	6%	37%	36 213	35 728	1%	40%
Professional Services and Others	7 638	4 905	56%	24%	17 162	9 521	80%	19%
<b>TOTAL</b>	<b>31 933</b>	<b>30 794</b>	<b>4%</b>	<b>100%</b>	<b>91 558</b>	<b>80 431</b>	<b>14%</b>	<b>100%</b>

The revenue type "Products" consists of revenues from Clavister's products - regardless if they are sold as hardware appliances, SaaS, or as perpetual software licenses.

"Support and Maintenance Contract" revenues consists of recurring revenues from support and maintenance contracts. Normally these types of contracts are signed for periods between 12 and 60 months.

The revenue type "Professional Services and Others" consists primarily of professional services, directly linked to own products.

## Costs and Operating Result after Depreciation/Amortization

Operating expenses before items affecting comparability amounted to 35.3 (41.0) MSEK, a decrease of 5.7 MSEK. Comparative items for the quarter relate to the divestment of operations in China, amounted to 4.2 MSEK, which is accounted for as an operating expense.

The largest part of operating expenses are personnel cost, which during the quarter amounted to 28.4 (30.1) MSEK.

Other external costs consist mainly of marketing, IT and external consultants. During the quarter, other external costs before items affecting comparability amounted to 6.9 (10.9) MSEK, a decrease of 4.0 MSEK.

IFRS 16 was implemented by Q4 2018, but with full retroactive effect for 2018. During the quarter, lease expenses were reduced by net 1.6 MSEK compared to 2018 as a result of the implementation of IFRS 16.

Depreciation amounted to 10.5 (7.6) MSEK during the third quarter, mainly attributable to capitalized R&D expenses, which are amortized evenly over 3-5 years.

## Result after Taxes

Result after taxes for the quarter amounted to -25.8 (-17.2) MSEK. Interest expenses for the period have mainly had no cash impact on the Group's liquidity.

Out of the total financial net of -11.3 (-3.8 MSEK during the quarter), only 0.1 MSEK had a cash effect (interest rate for factoring and leases due to IFRS 16), while 11.2 MSEK of the financial cost had no cash effect during the quarter. In connection with the European Investment Bank (EIB) and Tagehus financing, the lenders were granted warrants. The costs for the warrants are amortized over the duration of the loan and have affected the financial net for the quarter by -3.3 (-3.2) MSEK. Foreign exchange fluctuations in the Euro/SEK ratio had an impact of -2.6 (-1.3) MSEK, due to the EIB loan taken in Euros. Remaining amount within the financial net amounts to 5.4 MSEK and refers mainly to non-cash interest cost for the EIB and Tagehus loans.

## Investments and Capitalized Development Costs

During the third quarter capitalized expenditures amounted to 9.6 (8.8) MSEK. Capitalization of development cost is driven by development working hours as applied to a growing product portfolio.

During the third quarter, no investments in tangible assets were made.

## Cash and Cash Equivalents, Financing and Financial Position

Cash flow from operating activities amounted to -12.5 (-13.5) MSEK.

Cash flow from investment activities amounted to -10.0 (-8.8) MSEK and relates primarily to the capitalization of development costs, see above under the heading "Investments and Capitalized Development Costs".

Cash flow from financing activities amounted to -0.8 (4.5) MSEK.

The total cash flow amounted to -23.4 (-17.8) MSEK for the third quarter.

The net debt by the end of the period amounted to -195.3 (-113.5) MSEK, of which cash holdings amounted to 42.2 (47.5) MSEK. Interest-bearing liabilities were distributed between long-term of 231.4 (161.0) MSEK and short-term of 6.1 (0) MSEK. The increase in net debt is mainly attributed to the loan from the European Investment Bank (EIB) and the Group's recognition of leasing liabilities (23.0 MSEK), in connection with the implementation of IFRS 16.



The Clavister group has two external loans:

- Clavister Holding AB signed a loan agreement of 50 MSEK in September, 2017 with TageHus Holding AB as lender. The loan has a maturity of three years. The loan, with its accrued interest may, be repaid in full by warrants based on a subscription price of 19.76 SEK. For further information, see section "Share Related Programs (warrants) and Convertible loan.
- A debt facility totally amounting to 20 MEUR signed in December 2017 between the European Investment Bank (EIB) and the borrower Clavister AB. The loan facility is contractually split into a three drawdowns, each with a maturity of five years, of which two (10 MEUR and 5 MEUR, respectively) have already been drawn. The remaining amount is subject to the borrower meeting certain revenue and EBITDA conditions. After the end of the reporting period, Clavister has received the remaining 5 MEUR as conditions have been fulfilled.

## Impairment Testing

Impairment tests by year-end 2018 did not result in any group external adjustments. No need for impairment adjustments has been identified during this quarter.

## Market

For market information, see our latest annual report on the company's website: <https://www.clavister.com/company/investor-relations/financial-reports/>.

## Personnel and Organization

As per end of the quarter, the number of full-time equivalents (FTE) within the group amounted to 170 (179). Apart from own employees, Clavister uses external consultants for customer projects and sales, in total 6 (8) FTEs. The total workforce, including consultants, as per quarter end hence amounted to 176 (187).

## Accounting Policies

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee (IFRS IC) as adopted by European Union (EU). This report has been prepared in accordance with IAS 34, Interim Financial Reporting, ÅRL (the Swedish Annual Accounts Act) and RFR 2, Accounting for legal entities, issued by the Swedish Financial Reporting Board.

During 2018, two IFRS standards with material implications on Clavister's group statements were implemented.

### IFRS 15 Revenue from Contracts with Customers

The revenue recognition standard IFRS 15 was implemented by the Group from January 1, 2018 and will initially (primarily during the years 2018-2020) have a negative impact on the company's revenue accounting, compared to previous accounting recognition rules. This is because the support and maintenance components from a new order in 2018 will be accounted for in the balance sheet, then evenly allocated to the income statement as recognized revenues over the contractual period – normally during one up to five years. Before IFRS 15, Clavister recognized both its license and support and maintenance revenues immediately when the order was won – without any revenue allocation over the contractual period. For the full year of 2018 the net negative revenue impact from implementing the IFRS 15 revenue recognition method amounted to 8.8 MSEK, but at the same time the balance sheet value of accrued revenues per year-end amounted to 34.0 MSEK, which eventually will be recognized as revenues during the coming years.

The company estimates that the negative full year impact from the implemented IFRS 15 standard in 2019 will amount to circa 10 MSEK, compared with the prior revenue recognition model. From this first quarter of 2019 the recognized revenues were fully comparable with the corresponding 2018 figures, since both figures are

accounted for in line with IFRS 15.

### **IFRS 16 Leasing**

IFRS 16 was applied from January 1, 2018 and replaced IAS 17 Leasing.

Clavister used the simplified implementation method. The simplified method implies that only remaining rental periods will be taken into account while transferring to the new standard, the previous year's figures are not restated and contracts with fewer than 12 remaining months do not have to be considered and low value contracts.

According to the IFRS 16 standard, the lessee shall, as a general rule, report the leased asset in the balance sheet. Depreciation of the asset is then recognized in the income statement. The leasing fee is to be divided into interest and amortization. Clavister's 2018 income statement was affected by this standard mainly through the treatment of the office rentals in Örnsköldsvik, Umeå and Nacka. Clavister's rental costs for 2018 decreased by 6.2 MSEK as a consequence, while at the same time Clavister's cost for amortization and interest rose by 6.8 MSEK.

The company estimates that the effect on the 2019 on the lease costs and amortizations will be somewhat higher than in 2018. As this standard was launched in the fourth quarter of 2018, with full retroactive effect for 2018, it will mean that the quarterly figures will not be full comparable until the first quarter 2020.

The same accounting principles and methods of computation are followed in this interim financial statement, as in the most recent annual financial statements.

### **Disputes and Litigations**

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There were no significant disputes or legal proceedings in which Clavister was involved.

### **Transactions with Related Parties**

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No significant business transactions between related parties and Clavister have occurred within the group during the reporting period.

### **Risks and Uncertainties**

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The company refers to the Annual Report 2018 and the website, [www.clavister.com/investor-relations/financial-documents/](http://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.

Clavister is dependent on external funding, more specifically the remaining EIB tranche amounting to 5 MEUR. See also the financing section above.

### **Material Post-closing events**

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Clavister announced on October 23 that it has drawn the third and final tranche of 5 MEUR from its existing European Investment Bank (EIB) loan facility. The total loan facility of 20 MEUR was granted to Clavister in December 2017.

Clavister announced on October 24 that Håkan Rippe has been employed as new CFO, effective November 1, 2019.

### **Upcoming reporting days**

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Clavister will distribute its financial report for October – December 2019 on February 20, 2020. The Annual General Meeting will be held on May 19, 2020.

Financial reports, press releases, and other business information is available from the date of publication on Clavister's website; [www.clavister.com](http://www.clavister.com)

Any forward-looking statements in this report are based on the Company's best assessment at the time of the report. Actual result may be materially different.

Clavister do not publish any forecasts.

The President and CEO ensures that the interim report gives a true and fair view of the Group's and the Parent Company's business, position and results and describes significant risks and uncertainties faced by the company and the companies included in the Group.

**John Vestberg**  
*President and CEO*

*This quarterly report has not been subject to special review by the Company's auditor.*



## Condensed Consolidated Income Statement and Statement of Total Income for the Group

	Jul - Sep 2019	Jul - Sep 2018	Jan - Sep 2019	Jan - Sep 2018	Jan-Dec 2018*
<b>Income statement (TSEK)</b>					
Net sales	31 816	29 413	91 420	78 736	111 772
Other revenue	117	1 381	138	1 695	745
<b>Total revenue</b>	<b>31 933</b>	<b>30 794</b>	<b>91 558</b>	<b>80 431</b>	<b>112 517</b>
COGS	-6 048	-4 275	-17 380	-17 400	-26 480
<b>Gross profit</b>	<b>25 885</b>	<b>26 519</b>	<b>74 178</b>	<b>63 031</b>	<b>86 037</b>
Cap. Dev. Expenses	9 640	8 760	34 551	27 942	39 573
Staff costs	-28 440	-30 054	-100 203	-94 500	-131 768
Other external costs	-11 075	-10 945	-28 294	-41 789	-48 076
<b>EBITDA</b>	<b>-3 990</b>	<b>-5 720</b>	<b>-19 768</b>	<b>-45 316</b>	<b>-54 234</b>
Depreciation and amortization	-10 475	-7 605	-31 223	-22 366	-35 884
<b>EBIT</b>	<b>-14 465</b>	<b>-13 325</b>	<b>-50 991</b>	<b>-67 682</b>	<b>-90 118</b>
Financial items	-11 287	-3 821	-28 500	-20 126	-28 118
<b>Result after financial items</b>	<b>-25 752</b>	<b>-17 146</b>	<b>-79 491</b>	<b>-87 808</b>	<b>-118 236</b>
Taxes	-13	-7	-46	-5 231	-4 693
<b>Net profit - loss</b>	<b>-25 765</b>	<b>-17 153</b>	<b>-79 537</b>	<b>-93 039</b>	<b>-122 929</b>
<i>Average number of shares before dilution</i>	<i>24 610 800</i>	<i>23 562 050</i>	<i>24 610 800</i>	<i>23 562 050</i>	<i>23 562 050</i>
<i>Average number of shares after dilution</i>	<i>32 929 633</i>	<i>31 256 875</i>	<i>32 280 754</i>	<i>31 238 524</i>	<i>31 238 524</i>
<i>Earnings per share before dilution, SEK</i>	<i>-1,05</i>	<i>-0,73</i>	<i>-3,23</i>	<i>-3,95</i>	<i>-5,22</i>
<i>Earnings per share after dilution, SEK</i>	<i>-1,05</i>	<i>-0,73</i>	<i>-3,23</i>	<i>-3,95</i>	<i>-5,22</i>
<b>Net profit relating to</b>					
<b>Shareholders of the Parent Company</b>	<b>-25 765</b>	<b>-17 153</b>	<b>-79 537</b>	<b>-93 039</b>	<b>-122 929</b>
<i>Total results of the Group:</i>					
Net profit (loss) end of the period	-25 765	-17 153	-79 537	-93 039	-122 929
Other profit	-34	-292	343	-1 059	40
<b>Net profit (loss)</b>	<b>-25 799</b>	<b>-17 445</b>	<b>-79 194</b>	<b>-94 098</b>	<b>-122 889</b>

\* Comparative figures are according to the adopted Annual Accounts of 2018

## Condensed Consolidated Balance Sheet for the Group

(1:2)

Balance sheet (TSEK)	2019-09-30	2018-09-30	2018-12-31**
<b>Assets</b>			
<b>Non current assets</b>			
Capitalized development costs	75 157	62 497	66 277
Goodwill	51 875	52 569	52 569
Program rights	0	11	0
Right of use assets ***	21 499	0	26 827
Tangible fixed assets	0	1 702	117
Deferred tax asset	76 771	76 661	76 771
Other long-term receivables *	31 114	41 386	31 334
<b>Total non current assets</b>	<b>256 416</b>	<b>234 826</b>	<b>253 894</b>
<b>Current assets</b>			
Inventories	11 051	8 312	5 444
Current receivables *	34 030	33 001	44 277
Cash and bank balances	42 225	47 511	82 176
<b>Total current assets</b>	<b>87 306</b>	<b>88 824</b>	<b>131 897</b>
<b>Total assets</b>	<b>343 722</b>	<b>323 650</b>	<b>385 791</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity *	19 694	95 703	66 738
<b>Total equity</b>	<b>19 694</b>	<b>95 703</b>	<b>66 738</b>
<b>Liabilities</b>			
<b>Long-term liabilities</b>			
Convertible debentures	8 411	7 886	8 011
Liabilities to credit institutions	206 122	151 234	202 632
Interest-bearing liabilities	16 850	1 885	21 503
Deferred tax liabilities	1 302	1 791	1 302
<b>Total long-term liabilities</b>	<b>232 686</b>	<b>162 796</b>	<b>233 448</b>

## Condensed Consolidated Balance Sheet for the Group

(2:2)

Balance sheet (TSEK)	2019-09-30	2018-09-30	2018-12-31**
<b>Current liabilities</b>			
Interest-bearing liabilities	6 144	0	6 144
Accounts payments from customers	8 529	10 544	9 647
Other liabilities	4 910	4 194	5 898
Accrued expenses and deferred income	71 759	50 413	63 916
<b>Total current liabilities</b>	<b>91 342</b>	<b>65 151</b>	<b>85 605</b>
<b>Total liabilities</b>	<b>324 028</b>	<b>227 947</b>	<b>319 053</b>
<b>Total equity and liabilities</b>	<b>343 722</b>	<b>323 650</b>	<b>385 791</b>

\* The lenders, EIB and Tagehus, have been given warrants as part of their respective funding agreements. The interest have been accrued over the loan period. During the current quarter, the interest cost from these loans amounted to 3.3 MSEK, while the equity rose by 54.8 MSEK in connection with the loan financing.

\*\* Comparative figures are according to the adopted Annual Accounts of 2018

\*\*\* The group applies IFRS 16 Leases as of 1 January 2018. The Group recognises leasing liabilities of app. 23.0 MSEK, as well as right of use assets app. 21.5 MSEK, at the end of the reporting period. For further information, see Accounting Policies, IFRS 16 Leasing.

**Note Pledged assets**

Mortgage	50 000	50 000	50 000
Mortgaged shares in subsidiaries	66 611	66 611	66 611
Cash and cash equivalent	12 764	657	987
<b>Sum</b>	<b>129 375</b>	<b>117 268</b>	<b>117 598</b>

**Note Contingent liabilities**

No contingent liabilities	0	0	0
<b>Sum</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Condensed Consolidated Cash Flow Statements for the Group

	Jul - Sep 2019	Jul - Sep 2018	Jan - Sep 2019	Jan - Sep 2018	Jan - Dec 2018*
<b>Cash flow analysis (TSEK)</b>					
Profit (loss) before taxes	-25 752	-17 146	-79 491	-87 808	-118 236
Reversal of depreciation and write-downs	10 474	7 605	31 222	22 366	35 884
Other adjustments for non-cash items, etc **	2 294	-1 143	7 618	4 953	5 460
Disposal of subsidiaries - equity	3 514	0	3 514	0	0
Disposal of subsidiaries - goodwill	694	0	694	0	0
Paid taxes	-451	-864	-1 298	-1 904	-2 202
<b>Cash flow from operating activities before working capital changes</b>	<b>-9 227</b>	<b>-11 548</b>	<b>-37 740</b>	<b>-62 393</b>	<b>-79 094</b>
Changes in inventories	-1 175	-1 836	-5 645	-255	2 612
Changes in operating receivables	6 442	1 652	14 328	1 303	-10 177
Changes in operating liabilities	-8 556	-1 797	-5 019	6 244	22 055
<b>Cash flow from operating activities</b>	<b>-12 516</b>	<b>-13 529</b>	<b>-34 076</b>	<b>-55 102</b>	<b>-64 604</b>
Acquisition of property, plant and equipment	0	0	0	0	-2 250
Acquisition of utilization rights assets	0	0	0	0	-5 841
Investment of capitalized development work	-9 640	-8 760	-34 551	-27 942	-39 915
	-388	0	-388	0	0
Other acquisition of financial fixed assets	0	0	0	0	10 075
<b>Cash flow from investing activities</b>	<b>-10 028</b>	<b>-8 760</b>	<b>-34 939</b>	<b>-27 942</b>	<b>-37 931</b>
Borrowings	0	0	0	98 367	150 043
New share issue, incl transaction cost	0	0	33 158	0	0
Other changes in financing activities	-832	4 503	-4 093	5 696	8 176
<b>Cash flow from financing activities</b>	<b>-832</b>	<b>4 503</b>	<b>29 064</b>	<b>104 063</b>	<b>158 219</b>
<b>Cash flow</b>	<b>-23 375</b>	<b>-17 785</b>	<b>-39 951</b>	<b>21 019</b>	<b>55 684</b>
Cash, beginning of period	65 600	65 296	82 176	26 492	26 492
<b>Cash, end of period</b>	<b>42 224</b>	<b>47 511</b>	<b>42 224</b>	<b>47 511</b>	<b>82 176</b>

\* Comparative figures are according to the adopted Annual Accounts of 2018. In addition, 4.087 TSEK refers to the feared foreign exchange loss regarding loans (in other currencies than SEK) that were in the annual report during the financing operations, which have been moved to "Other adjustments for items that are not included in cash flow."

\*\* "Other adjustments for non-cash items, etc" consist of exchange rate gains/loss for loans in other currencies, capitalized expenses associated with loans and interest convertible loans.

## Condensed Consolidated Changes in Equity for the Group

Equity (TSEK)	Jul - Sep 2019	Jul - Sep 2018	Jan - Sep 2019	Jan - Sep 2018	Jan - Dec 2018*
Equity, beginning of period	44 934	108 599	66 738	209 728	209 728
Issue expenses	0	0	-2 500	0	0
Non-registered issue	0	0	35 658	0	0
Due, not redeemed warrants	0	0	-1 566	0	0
Non-registered issue	0	104	0	104	121
Share-based compensation	558	0	558	625	625
Holdings of own shares	0	4 445	0	4 445	4 455
Deferred revenues from 2017, due to IFRS 15	0	0	0	-25 100	-25 303
Other total income for the period	-34	-292	343	-1 060	40
Result for the period	-25 765	-17 153	-79 537	-93 039	-122 929
<b>Equity, end of period</b>	<b>19 694</b>	<b>95 703</b>	<b>19 694</b>	<b>95 703</b>	<b>66 738</b>

## Consolidated Key Data and Figures for the Group

Key data and figures	Jul - Sep 2019	Jul - Sep 2018	Jan - Sep 2019	Jan - Sep 2018	Jan - Dec 2018
Net sales (TSEK)	31 816	29 413	91 420	78 736	112 517
Gross profit (TSEK)	25 885	26 519	74 178	63 031	86 037
Gross margin (%)	81%	86%	81%	78%	76%
EBITDA (TSEK)	-3 990	-5 720	-19 768	-45 316	-54 234
Operating profit (TSEK)	-14 465	-13 325	-50 991	-67 682	-90 118
Net profit (loss) (TSEK)	-25 765	-17 153	-79 537	-93 039	-122 929
Earnings per share (SEK) before dilution	-1,05	-0,73	-3,23	-3,95	-5,22
Earnings per share (SEK) after dilution	-1,05	-0,73	-3,23	-3,95	-5,22
Price per earnings (SEK)	N/A	N/A	N/A	N/A	-2,90
Equity per share	1,03	4,06	1,03	4,06	2,83
Number of shares before dilution at the end of the period	25 659 550	23 562 050	25 659 550	23 562 050	23 562 050
Number of shares after dilution at the end of the period	32 929 633	31 631 875	32 929 633	31 631 875	31 631 875
Average number of shares before dilution	24 610 800	23 562 050	24 610 800	23 562 050	23 562 050
Average number of shares after dilution	32 929 633	31 256 875	32 280 754	31 238 524	31 238 524
Number of employees at the end of period (FTE)	170	179	170	179	176
Average number of employees (FTE)	169	170	173	170	178
Number of employees and external resources at end of period	176	187	176	187	183
Equity/assets ratio (%)	6%	30%	6%	30%	17%
Quick ratio (%)	83%	124%	83%	124%	148%
Net debt (-), Net cash (+) (TSEK)	-195 303	-113 494	-195 303	-113 494	-156 114

## Segment Reporting

A business segment is a part of the Group which operates independently and can generate revenue and incur costs and for which there is separate and individual financial information available.

Management reviews the Group's business performance from an order intake perspective, totally and broken down into separate markets, in combination with a total and functional cost base breakdown. Hence, no segment reporting is applicable to the group.

## Order Intake

Order intake being the sum of all valid customer orders booked within the accounting period. The order intake for the quarter and for the year has been described in detail earlier in this report.

Order Intake per Market (TSEK)	Jul - Sep 2019	Jul - Sep 2018	Jul - Sep Growth (%)	Jan - Sep 2019	Jan - Sep 2018	Jan - Sep Growth (%)
Nordics	10 495	12 657	-17%	34 192	33 165	3%
DACH	3 443	2 974	16%	12 638	9 979	27%
Japan	1 883	1 166	61%	5 410	7 057	-23%
Rest of the World	6 437	8 439	-24%	17 408	17 891	-3%
Global Key Accounts (including CSP)	15 086	4 852	211%	35 152	13 086	169%
- <i>wherof Communication Service Provider</i>	6 522	2 532	158%	17 107	4 882	250%
<b>Total</b>	<b>37 343</b>	<b>30 088</b>	<b>24%</b>	<b>104 799</b>	<b>81 178</b>	<b>29%</b>



## Share Capital

The company's share capital amounts to 2,565,955 SEK, with a par value of 0.1 SEK per share.

## Shareholders and Shares

Clavister Holding's shares are listed on Nasdaq First North. There is only one type of share in existence. Each share represents one vote at the General Meeting. The number of shareholders per end of September amounted to 5 265. The number of registered shares as per September 30 were 25,659,550.

	Number of shares 2019-09-30	% of total number
<b>The 10 largest shareholders</b>		
Försäkringsaktiebolaget, Avanza Pension	2 427 116	9,5%
HSBC Trinkhaus and Burkhardt AG (Lloyds)	1 567 930	6,1%
Goldman Sachs International Ltd, W8IMY	1 237 500	4,8%
RGG Adm-Gruppen AB	1 113 006	4,3%
Pension, Danica	1 079 213	4,2%
Clearstream Banking S.A, W8IMY	907 789	3,5%
Fondita 2000+	753 000	2,9%
Ålandsbanken i ägares ställe	746 580	2,9%
AMF Aktiefond Småbolag	741 060	2,9%
Nordnet Pensionsförsäkring AB	695 223	2,7%
Other Shareholders	14 391 133	56,1%
<b>Shares registered under the Companies Registration Office as of 2019-09-30</b>	<b>25 659 550</b>	<b>100,0%</b>
In additional, new share issues in 2020-2038, due to warrants and convertibel loan	7 270 083	
<b>Number of shares after full dilution</b>	<b>32 929 633</b>	

## New share issues

During the second quarter, Clavister has carried out a directed new share issue of 2,097,500 shares at a subscription price of SEK 17 per share. The Company has received proceeds of approximately SEK 33.2 million after transaction cost for the new share issue.

During the third quarter the number of shares in the Company have increased with 2,097,500 and the share capital with 209,750. The new share issue entailed a dilution effect for existing shareholders of approximately 8.2 percent based on the total number of shares in Clavister after the new share issue.

## Share Related Programs (warrants) and Convertible loan

### Warrants

There are four current incentive programs addressed to key employees, totally 1,195,000 warrants. Pricing is based on the Black & Scholes option-pricing model. Payment of the warrant options has been made in accordance with the extrapolated price according to the Black & Scholes model and has therefore not affected the Group's Income statement by any charges.

There are additionally five warrant programs linked to loan financing, of which a total of 4,043,666 warrants mature in 2020, 19,801 warrants mature in 2026 and 1,770,079 warrants in 2037, and an additional program was added with a total amount of warrants of 36,703, with maturity date in 2038. The total numbers of warrants linked to financing amounts to 5,870,249.

Holders of warrants will be entitled to subscribe for one new share in the company for each warrant. The number of warrants issued amounts to a total of 7,065,249 warrants.

For further info, see <http://www.clavister.com/investor-relations>.

Clavister considers it a positive undertaking to offer warrants in order to foster commitment, interest and loyalty among warrant holders, something that is beneficial to the company.

Warrants	Number issued	Redeemed/ Due	Open	Share Price, SEK
TO 2016-2026	19 801	0	19 801	0,1
TO 2017 - 2020-02-28	70 000	0	70 000	72
TO 2017 - 2020-02-28	75 000	0	75 000	79
TO 2017 - 2020*	2 793 666	0	2 793 666	19,76
TO 2017 - 2020	1 250 000	0	1 250 000	0,1
TO 2017 - 2037	1 770 079	0	1 770 079	0,1
TO 2017 - 2020-06-30	300 000	0	300 000	30
TO 2018 - 2038-04-30	36 703	0	36 703	0,1
TO 2018 - 2021-05-31	750 000	0	750 000	36,3
	<b>7 065 249</b>	<b>0</b>	<b>7 065 249</b>	

\*Warrants connected to loan financing. In connection with new share issue, the number of warrants and the conversion price have been adjusted. The conversion price has been changed from 20 SEK to 19.76 SEK per share.

Due to a lowered interest rate for one of the loans, the loan agreement stipulates a reduction of warrants. The reduction amounts to 268,942 warrants.

#### Convertible loan

Norrlandsfonden currently has a convertible debenture of 10 MSEK. In case of conversion, approximately 204,834 shares in Clavister Holding AB will be added and the conversion price amounts to 48.82 SEK. The maturity date of the convertible is in 2022. The interest rate is based on STIBOR 90. If there is still a negative interest rate, no interest payment will be paid to Norrlandsfonden.

Convertible loan	Number issued	Redeemed/ Due	Open	Share Price, SEK
Norrlandsfonden 2022-05-31	204 834	0	204 834	48,82
	<b>204 834</b>	<b>0</b>	<b>204 834</b>	

## Condensed Parent Company Income Statement

Income statement (TSEK)	Jul- Sep 2019	Jul - Sep 2018	Jan - Sep 2019	Jan - Sep 2018	Jan - Dec 2018*
Net sales	90	3 900	340	11 700	500
<b>Total revenue</b>	<b>90</b>	<b>3 900</b>	<b>340</b>	<b>11 700</b>	<b>500</b>
Staff costs	-1 645	-2 168	-4 915	-6 731	-8 601
Other external costs	-1 414	-2 313	-4 583	-8 498	-10 408
<b>EBIT</b>	<b>-2 969</b>	<b>-581</b>	<b>-9 158</b>	<b>-3 529</b>	<b>-18 509</b>
Write-down of shares in subsidiaries	0	0	0	0	-98 000
Financial items	-2 106	-2 011	-4 645	-6 124	-8 136
<b>Result after financial items</b>	<b>-5 075</b>	<b>-2 592</b>	<b>-13 803</b>	<b>-9 653</b>	<b>-124 645</b>
Taxes	0	0	0	-17	93
<b>Net result</b>	<b>-5 075</b>	<b>-2 592</b>	<b>-13 803</b>	<b>-9 670</b>	<b>-124 552</b>

\* Comparative figures are according to the adopted Annual Accounts of 2018

## Condensed Parent Company Balance Sheet

Balance sheet (TSEK)	2019-09-30	2018-09-30	2018-12-31*
<b>Assets</b>			
<i><b>Fixed assets</b></i>			
Shares in group companies	533 295	611 295	513 295
Receivables from group companies	0	2 148	0
Long-term receivables	3 719	0	3 816
Deferred tax asset	361	251	360
<b>Total fixed assets</b>	<b>537 375</b>	<b>613 694</b>	<b>517 471</b>
<i><b>Current assets</b></i>			
Current receivables	1 936	8 038	8 948
Cash and bank balances	12 764	657	987
<b>Total current assets</b>	<b>14 700</b>	<b>8 695</b>	<b>9 935</b>
<b>Total assets</b>	<b>552 075</b>	<b>622 389</b>	<b>527 407</b>
<b>Equity and liabilities</b>			
<i><b>Equity</b></i>			
Equity	459 743	556 261	441 396
<b>Total equity</b>	<b>459 743</b>	<b>556 261</b>	<b>441 396</b>
<i><b>Liabilities</b></i>			
<i><b>Long-term liabilities</b></i>			
Convertible debentures	8 411	7 886	8 011
Liabilities to credit institutions	49 144	48 289	48 503
Liabilities to Group companies	28 006	3 835	23 319
<b>Total long-term liabilities</b>	<b>85 562</b>	<b>60 010</b>	<b>79 832</b>
<i><b>Current liabilities</b></i>			
Accounts payments from customers	503	1 102	379
Other liabilities	286	528	689
Accrued expenses and deferred income	5 982	4 487	5 112
<b>Total current liabilities</b>	<b>6 771</b>	<b>6 117</b>	<b>6 179</b>
<b>Total liabilities</b>	<b>92 333</b>	<b>66 127</b>	<b>86 011</b>
<b>Total equity and liabilities</b>	<b>552 075</b>	<b>622 389</b>	<b>527 407</b>
<b>Note Pledged assets</b>			
Pledged shares in Group companies	85 500	85 500	85 500
Mortgage	50 000	50 000	50 000
Cash and cash equivalent	12 764	657	987
<b>Sum</b>	<b>148 264</b>	<b>136 157</b>	<b>136 487</b>
<b>Note Contingent liabilities</b>			
Contingent liabilities	0	0	0
<b>Sum</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* Comparative figures are according to the adopted Annual Accounts of 2018

## Definitions

<b>Order intake</b>	Sum of all valid customer orders within a given accounting period
<b>Revenues</b>	Revenues plus other income
<b>Gross profit</b>	Operating revenues minus cost of goods sold
<b>Gross margin</b>	Gross profit in relation to operating revenues
<b>Operating costs</b>	Personnel costs and Other external expenses
<b>EBITDA</b>	Gross profit after Capex minus operating costs, and before depreciation and amortization
<b>EBIT</b>	EBITDA after depreciation and amortization
<b>Net profit/loss</b>	Operating profit minus, financial items and taxes
<b>Earnings per share (SEK) before dilution</b>	Profit for the period divided by the average number of shares outstanding during the period, before dilution from options
<b>Earnings per share (SEK) after dilution</b>	Profit for the period divided by the average number of shares outstanding during the period, after dilution from options  <i>According to IAS 33, earnings per share, profit after dilution shall be reported to the same amount as earnings per share before dilution</i>
<b>Price-Earnings Ratio</b>	Market value per Share divided by the earnings per Share, full year
<b>Equity per share</b>	Shareholders' equity divided by the number of shares outstanding at the end of the period
<b>Number of shares before dilution at the end of the period</b>	Number of shares outstanding before dilution from options, at the end of the period
<b>Number of shares after dilution at the end of the period</b>	Number of shares outstanding after dilution from options, at the end of the period
<b>Average number of shares before dilution</b>	Average number of shares during the period, before dilution from options
<b>Average number of shares after dilution</b>	Average number of shares during the period, after dilution from options
<b>Number of employees at the end of period (FTE)</b>	The number of employees at the end of the period, defined as full-time equivalents
<b>Average number of employees (FTE)</b>	The average number of employees during the period, defined as full-time equivalents
<b>Number of employees and external resources at end of period (FTE)</b>	The number of employees and external resources such as dedicated persons with contracted suppliers and subcontractors at the end of the period, defined as full-time equivalents
<b>Equity/assets ratio (Solidity)</b>	Equity at the end of period as a percentage of total assets at the end of the period
<b>Quick ratio</b>	Current assets, excl inventories, in relation to current liabilities
<b>Net debt, Net cash</b>	Cash equivalents minus interest-bearing short-term and long-term liabilities.

## Contact information

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### Listed Shares

Symbol: CLAV

SIN-code: SE0005308558

**Örnsköldsvik, November 20, 2019**  
**Clavister Holding AB**