

INTERIM REPORT

CLAVISTER HOLDING AB (PUBL)

JANUARY – MARCH 2022

CLAVISTER®

CONNECT • PROTECT

SUMMARY OF PERIOD JANUARY - MARCH 2022

FINANCIAL SUMMARY JANUARY – MARCH 2022

- Order Intake amounted to 37.0 (36.1) MSEK.
- Net Sales amounted to 32.6 (30.6) MSEK. FX adjusted Net Sales amounted to 32.1 (31.6), an increase of 0.5 MSEK.
- Recurring revenue grew with 15 (12) %.
- Gross Profit amounted to 27.7 (26.7) MSEK, corresponding to a gross margin of 81.9 (85.7) %.
- EBITDA amounted to -5.4 (-7.0) MSEK.
- EBIT amounted to -15.1 (-16.0) MSEK.
- Net Profit amounted to -26.2 (-26.3) MSEK and earnings per share to -0.46 (-0.49) SEK.
- Cash and cash equivalents amounted to 84.4 (110.7) MSEK.
- After the period end, Clavister AB and the European Investment Bank (EIB) have rescheduled Clavister's repayment plan for the EUR 20 million loan facilities. The repayment schedule has been amended to an amortizing repayment plan and the repayment schedule spans the years 2023 – 2026. Repayments in 2023 will thus be reduced from EUR 15 million to EUR 0.5 million. For further information see page 7.



” A new security order in Europe drives demand in the defence vertical. The first quarter saw a nominal order intake increase, while recurring revenue grew with a solid 15%. Cost optimizations are progressing according to plan, and cash position has improved substantially in the period.



John Vestberg,
President and CEO, Clavister

Comparative figures are according to the adopted Annual Accounts of 2021. Numbers within parentheses refer to the corresponding period or date of last year, unless otherwise specified.

*Change in net sales refers to FX adjusted net sales.

COMMENTS BY THE CEO

A new security order in Europe drives demand in the defence vertical. The first quarter saw a nominal order intake increase, while recurring revenue grew with a solid 15%. Cost optimizations are progressing according to plan, and cash position has improved substantially in the period.

FINANCIAL DEVELOPMENT

The first quarter provided for an order intake of 37 (36) MSEK, a growth of 2.5% year-on-year. The order intake increase should be seen in the light of a relatively strong comparative quarter 2021 which was driven by a few large orders. The order intake in this quarter, as in the fourth quarter of 2021, was driven by a wide mix of deals, primarily within the Next-Generation Firewall and Identity and Access Management (IAM) solution areas.

Net sales amounted to 33 (31) MSEK, a growth of 7% year-on-year. Our recurring revenues continue to grow steadily; in this quarter with 15% compared to the first quarter of 2021 and represented 68% of the total net sales in the period.

Gross margin for the first quarter was 82% (86%). The margin was burdened partly by more expense hardware driven by the global component shortage and partly as a consequence of the new business model.

Operating expenses for the period amounted to -43 (-43) MSEK. Investments in go-to-market have been offset with lowered costs in other areas following our cost optimization program which was launched in the fourth quarter.

EBITDA was improved to -5 (-7) MSEK in the period. Cash flow from operating activities amounted to 47 (-36) MSEK. The increase is primarily driven by liquidity improvement initiatives.

THE WAR IN UKRAINE AND IMPACT ON CLAVISTER

A new security order has been established in Europe following the Russian invasion of Ukraine, and no one is left unmoved by the ongoing war. Europe is coming together as never before, with European cybersecurity becoming more relevant than ever.

For Clavister, it is imperative that our solutions are not being used by corrupt or criminal actors, or in any other way that can jeopardize freedom and democracy. Historically, our business has had limited exposure to Russia. In the first quarter, we have however terminated our cooperation with a Russian subsupplier, and cancelled customer orders where we suspect that Clavister's products risk being used for Russian purposes.

Right now, there is an unprecedented increase of European defence funding. One of the challenges though is to be able to ramp-up production of defence equipment keeping pace with the increased budget allocations. This opens a window of opportunity for Clavister, in which Clavister Cyber Armour is a standardized solution that can be implemented into a wide variety of defence platforms without extensive development. Since the war started in Ukraine, we note a substantially higher interest for our solution.

KEY BUSINESS EVENTS

In the quarter, we have launched a new product, the Clavister NetWall 300. The new addition to our product portfolio closes a previously known gap. Shipments in quantities will start during the second quarter.

We continue delivering licenses and services related to our 5G Security solution. In the quarter, we signed a contract with a large northern European mobile operator who intends to virtualize its entire mobile core network. The order is initially worth 4 MSEK for Clavister.

Our IAM solution saw strong demand during the period, and we could welcome several new Swedish public agencies and municipalities as new customers. We also note an increased interest on the solution from customers outside Sweden, with new users from both Finland, Norway and Germany.

COST-OPTIMIZATION PROGRAM

We launched a substantial cost optimization program in the fourth quarter, with the purpose of accelerating Clavister's journey to profitability. The goal is to reduce our cash operating expenses with 20% from 2021 exit run-rate level.

We have had good progress in the program in the first quarter and have reached the saving goals we established for the period. Remaining parts of the program get implemented in coming periods. We expect to see the full effects from the program in the fourth quarter of 2022.

IMPROVED LIQUIDITY

We have executed on a number of initiatives during the first quarter to strengthen Clavister's cash position, both short-term and long-term. The purpose is to reduce the financing risk for the company as we continuously improve cash-flow from the business.

One of the most important initiatives has been a renegotiation of the terms for the 20 MEUR loan from the European Investment Bank (EIB). Rather than repaying the loan in its entirety during 2023 and 2024, the loan will instead be repaid in small tranches during the period 2023 through 2026.

Clavister has also been able to enjoy Swedish tax payment support related to the Covid-19 pandemic, improving liquidity with approximately 50 MSEK in the period.

Furthermore, the 10 MSEK convertible loan from Norrlandsfonden, due for payment in May 2022, is replaced with a new convertible loan with a duration until May 2027.

OUTLOOK

Because of the impact of the transition to the subscription-based business model, we expect a moderate net sales growth in 2022 over 2021. As the effects of the transition normalize, we believe the net sales growth to increase to an average growth (CAGR) of 20% over the years 2023 through 2025.

On the back of our cost-optimization program, we expect to establish a significantly lower run-rate cash OPEX level which will have a clear positive impact on cash flow and EBITDA already in 2022.

I would like to thank all Clavister colleagues, partners, and our shareholders for their commitment to building a European cybersecurity leader!

*John Vestberg, President and CEO
Örnsköldsvik, Sweden, 12 May 2022*

COMMENTS ON CLAVISTER'S INTERIM FINANCIAL STATEMENTS

ORDER INTAKE

Total Order Intake for the quarter amounted to 37.0 (36.1) MSEK, a year-on-year increase of 2.5%.



The order book balance on 31 March 2022 amounted to 87.3 (29.5) MSEK. Deferred revenue from pre-paid contracts and prepaid consulting services amounted to 63.1 (59.2) MSEK on 31 March 2022, whereof 43.5 MSEK will be recognized as revenue during the coming 12-month period.

NET SALES

Net Sales for the quarter amounted to 32.6 (30.6) MSEK, a year-on-year increase of 6.5%. Adjusted for currency effects Net Sales amounted to 32.1 (31.6) MSEK, an increase of 1.6%.

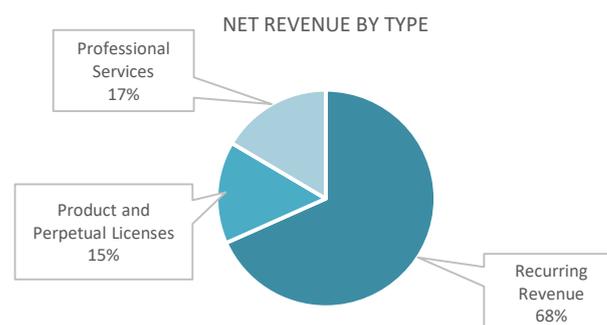


The subscription-based business model, launched during the fourth quarter 2021, has a short-term negative impact on recognized revenues as more of the contract value is linked to software license recognized over time.

Recurring revenue from software subscriptions and other term-based contracts grew with 14.5% in the quarter and represented 68% (64%) of total net sales.

NET REVENUE BY TYPE

(TSEK)	2022	2021	Y/Y (%)	2021
	Jan - Mar	Jan - Mar		Jan - Dec
Recurring Revenue from subscriptions	22 291	19 463	14,5%	88 520
Product and perpetual license revenue	4 965	7 130	-30,4%	21 644
Professional services	5 386	4 013	34,2%	19 136
Net Sales	32 642	30 606	5,8%	129 300



GROSS MARGIN AND GROSS PROFIT

Gross margin amounted to 81.9% (85.7%). The change in margin is explained by increased COGS due to component shortages, impact from the new business model in which the margin at initial delivery of new hardware is lower, which gives a negative impact on the gross margin during the remainder of the contract period the margin is higher as the pricing of the software component has increased. The change in margin is also explained by nominal variations in product mix.

Gross profit for the quarter amounted to 27.7 (26.7) MSEK, an increase by 3.7%.

OPERATING EXPENSES AND OPERATIONAL RESULT

Total operating expenses amounted to -43.4 (-42.6) MSEK.

Whereof personnel expenses amounted to -33.6 (-35.8) MSEK.

Other external expenses amounted to -9.8 (-6.8) MSEK and consist mainly of marketing, IT and communication and external consultants. The increase in other external expenses in the period compared to the comparative period mainly relates to increased expenses for marketing and external consultant related to software development.

EBITDA amounted to -5.4 (-7.0) MSEK.

Depreciation amounted to -9.6 (-9.0) MSEK, whereof -1.2 (-2.2) MSEK is attributed to IFRS 16.

EBIT amounted to -15.1 (-16.0) MSEK.

COST OPTIMIZATION PROGRAM

The cost optimization program that was launched in the end of the fourth quarter 2021 with the aim to reduce run-rate cash OPEX with 20 % is proceeding according to plan.

During the quarter, the reductions of FTE's that was launched as part of the cost optimization program late in the fourth quarter 2021 has been finalized. Additional measures have been identified and initiated with good progress, such measures include review of the office space and contractual costs. Assessed reached saving per 31 March 2022 in reduction of run-rate cash OPEX amounts to 26.5 MSEK at an annual rate. From this, we assess that the target of finalizing the program in Q3 2022 as reachable.

The full reduced run-rate cash OPEX is assessed to be achieved during Q4 2022.

The table below illustrates the savings objective of the program.

MSEK	
Run rate cash OPEX per exit 2021	-196
Further investment in go to market 2022	-8
Cost optimization program	40
Run rate cash OPEX per exit 2022	-164*

* Note that run-rate cash OPEX and P&L OPEX will differ, hence there will be a lag between reduced run-rate Cash OPEX and OPEX visible in the P&L.

FINANCIAL NET

Financial income and expenses amounted to -11.1 (-10.4) MSEK, whereof currency revaluations for long-term liabilities -2.2 (-4.0) MSEK, costs for warrants and costs related to long-term liabilities -4.8 (-2.8) MSEK, and long-term interest to lenders -3.2 (-4.1) MSEK. These items are non-cash.

The Financial net consists of the following items impacting cash-flow; interest on factoring, short-term interest to lenders and interest income -0.7 (0.7) MSEK, interest on leasing contracts under IFRS 16 - 0.2 (-0.2) MSEK.

RESULT AFTER TAXES

Result after taxes amounted to -26.2 (-26.3) MSEK.

INVESTMENTS IN INTANGIBLE ASSETS

There were no investments in intangible during the quarter except for capitalized costs for development work amounting to 10.7 (8.8) MSEK, whereof 10.3 (8.8) MSEK refers to capitalized hourly costs.

CAPITALIZED DEVELOPMENT

TSEK	2022		2021	
	Jan - Mar	Jan - Mar	Y/Y (%)	Jan-Dec
Capitalization of development costs	10 735	8 848	12%	39 414
Amortization of capitalized development costs	-7 858	-5 702	29%	-26 107
Change in capitalization of development costs	2 431	3 146		13 307

BALANCE SHEET AND FINANCIAL POSITION

Shareholders' Equity and Liabilities

Equity amounted to -80.0 (-14.4) MSEK. Negative group equity is not an issue from a Companies Act perspective. Equity for the parent company Clavister Holding AB amounted to 185.2 (452.9) MSEK. The large decrease is due to impairment of shares in subsidiaries done in the fourth quarter 2021, further explained under the section impairment testing.

Interest-bearing Liabilities

On 31 March 2022, interest-bearing liabilities amounted to 223.2 (229.9) MSEK, distributed between long-term debt of 209.0 (223.8) MSEK and short-term debt of 14.2 (6.1) MSEK.

Clavister Holding AB and Norrlandsfonden continued its cooperation having agreed to set up a new convertible debt instrument of 10 MSEK with the purpose to refinance the existing convertible debt instrument with an equivalent amount of 10 MSEK with maturity date in May 2027.

Financial Net Debt

On 31 March 2022, the financial net debt amounted to -138.7 (-119.3) MSEK.

CASH-FLOW

Cash flow from operating activities amounted to 46.6 (-35.6) MSEK. The positive cash-flow is primarily driven by the approval and repayment from the Swedish tax authority regarding the application of liquidity support from the Covid-19 related support program of deferred tax payment of personnel and VAT in the amount of 50.2 MSEK. Cash flow from operating activities before working capital changes improved from -7.1 to -6.3 MSEK Y/Y.

Cash flow from investing activities amounted to -10.7 (-8.8) MSEK and is attributed to the capitalization of development costs of -10.7 MSEK.

Cash flow from financing activities amounted to -1.4 (11.9) MSEK. For the current quarter, of which all is related to repayment of lease liabilities.

Change in cash position was 34.5 (-32.5) MSEK. Cash balance amounted to 84.4 (110.7) MSEK on 31 March 2021.

IMPAIRMENT TESTING

During the impairment testing of shares in subsidiaries as of 31 December 2021 an impairment need was identified resulting in an impairment of 200 (0) MSEK during the fourth quarter 2021. No additional need for impairment has been identified during the first quarter 2022.

MARKET

For market information, please refer to the latest annual report on Clavister's website.

PERSONNEL AND ORGANIZATION

On 31 March 2022, the number of full-time equivalent employees (FTE) amounted to 132 (137). Clavister also engaged external consultants corresponding to 13 (8) persons at the end of the period.

In the end of the quarter Peter Lauren, CEO of the subsidiary PhenixID have left his employment. Johan Edlund, COO in Clavister, have replaced Peter as CEO.

DISPUTES AND LITIGATIONS

There were no disputes or legal proceedings of significant financial impact during the reporting period.

TRANSACTIONS WITH RELATED PARTIES

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

RISKS AND UNCERTAINTIES

Kindly see the Annual Report 2021 and the homepage, where an extensive summary is provided of risks and uncertainties in the business that could significantly affect the results and share performance.

MATERIAL POST-CLOSING EVENTS

On April 25th Clavister AB, a subsidiary of Clavister Holding AB, and the European Investment Bank (EIB) have rescheduled Clavister's repayment plan for the EUR 20 million loan facilities dated 18th December 2017.

The loan facilities consist of three tranches; A of 10 MEUR, B of 5 MEUR and C of 5 MEUR. Under to the original repayment schedule, tranches A and B would have been repaid in the first and fourth quarters of 2023 respectively. Tranche C would have been repaid in the fourth quarter of 2024.

According to the new agreement, the repayment schedule has been amended from three bullet repayments to an amortizing repayment. The repayment schedule spans the years 2023 – 2026. The accrued interest attributable to the loan facilities will be paid during the third quarter of 2026.

The amortization schedule according to the new agreement:

- In 2023, EUR 0.25 million will be amortized in the first quarter and EUR 0.25 million in the fourth quarter
- In 2024, EUR 3 million will be amortized in the first quarter and EUR 3 million in the fourth quarter
- In 2025, EUR 4.5 million will be amortized in the first quarter and EUR 4.5 million in the fourth quarter
- In 2026, EUR 2.25 million will be amortized in the first quarter and EUR 2.25 million in the fourth quarter

Repayments in 2023 will thus be reduced from EUR 15 million to EUR 0.5 million.

The cash-pay margin on tranche A is raised from 0% to 1% and the accrued interest on tranche C is raised from 3% to 7.5%. The annual interest expense increases by 325 TEUR, of which 100 TEUR affects cash flow.

The loan facilities originally incorporated certain financial covenants, tested on annual net sales and EBITDA. These covenants have been removed and there are, therefore, no financial covenants relating to the loan facilities. The loan facilities continue to be unsecured.

AMBITIONS AND PLANNING ASSUMPTIONS

Because of the impact of the transition to the subscription-based business model, we expect a moderate net sales growth in 2022 over 2021. As the effects of the transition normalize, we believe the net sales growth to increase to an average growth (CAGR) of 20% over the years 2023 through 2025.

Assuming the component shortage situation gets mitigated, and no additional severe Covid-related impacts to our business, Clavister's ambition is further to reach a sustainable EBITDA profitability level during 2022, and to demonstrate positive Free Cash Flow (FCF) by 2023.

The ongoing Covid-19 pandemic contributes to higher uncertainty in assessing the development of the global cyber security industry.

The FY2022 ambition is based on the following assumptions:

- Moderate net sales growth during 2022 over 2021 and thereafter at least 20% per year on average, over three years 2023 through 2025
- 80%+ gross margin; variations over quarters due to product mix and transition to recurring revenue business model
- Successful completion of the cost optimization program by end of Q3 2022 with a run-rate cash OPEX reduction with 20% from the 2021 exit run-rate level
- Controlled mid-term impact by the COVID-19 pandemic

Clavister's long-term ambition is to provide industry-leading profitability and Free Cash Flow.

CONDENSED CONSOLIDATED INCOME STATEMENT

(TSEK)	2022	2021	2021
	Jan - Mar	Jan - Mar	Jan - Dec
Net sales	32 642	30 606	129 300
Other revenue	1 193	590	4 738
Total revenue	33 835	31 196	134 038
COGS	-6 110	-4 467	-19 189
Gross profit	27 725	26 729	114 849
Cap. Dev. Expenses	10 289	8 848	38 139
Staff costs	-33 629	-35 758	-142 756
Other external costs	-9 811	-6 809	-31 033
EBITDA	-5 426	-6 990	-20 801
Depreciation and amortization	-9 635	-8 973	-36 423
EBIT	-15 061	-15 963	-57 224
Financial items	-11 129	-10 444	-34 300
Result after financial items	-26 190	-26 407	-91 525
Taxes	0	97	384
Net profit (loss)	-26 190	-26 310	-91 141
<i>Average number of shares before dilution</i>	56 530 354	53 564 792	54 416 683
<i>Average number of shares after dilution</i>	62 368 907	57 709 793	60 039 350
<i>Earnings per share before dilution, SEK</i>	-0,46	-0,49	-1,67
<i>Earnings per share after dilution, SEK</i>	-0,46	-0,49	-1,67
Net profit relating to Shareholders of the Parent Company	-26 190	-26 310	-91 141
<i>Total results of the Group:</i>			
Net profit (loss) end of the period	-26 190	-26 310	-91 141
Other profit	-40	11	-40
Net profit (loss)	-26 230	-26 299	-91 181

CONDENSED CONSOLIDATED BALANCE SHEET

<i>(TSEK)</i>	2022-03-31	2021-03-31	2021-12-31
Assets			
Non-current assets			
Goodwill	66 697	51 875	66 697
Intangible assets	113 547	103 577	111 220
Right of use assets	6 200	13 922	7 601
Deferred tax asset	230	0	0
Other long-term receivables	365	226	419
Total non-current assets	187 039	169 600	185 937
Current assets			
Inventories	7 464	6 390	5 890
Current receivables	39 184	43 722	49 823
Cash and bank balances	84 428	110 651	49 886
Total current assets	131 076	160 763	105 599
Total assets	318 115	330 363	291 536
Equity and liabilities			
Equity			
Equity	-79 952	-14 369	-53 722
Total equity	-79 952	-14 369	-53 722
Liabilities			
Long-term liabilities			
Convertible debentures	0	9 269	0
Liabilities to credit institutions	232 597	219 114	222 588
Lease liabilities	3 389	9 773	3 389
Deferred tax liabilities	104	555	104
Total long-term liabilities	236 090	238 711	226 081
Current liabilities			
Convertible debentures	9 891	0	9 728
Lease liabilities	4 052	6 117	5 453
Accounts payable	5 207	3 522	10 190
Other liabilities	57 122	11 651	9 701
Deferred revenues	63 097	59 225	60 187
Accrued expenses and deferred income	22 609	25 506	20 519
Provisions	0	0	3 400
Total current liabilities	161 977	106 021	119 177
Total liabilities	398 067	344 732	345 258
Total equity and liabilities	318 115	330 363	291 536

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(TSEK)	2022	2021	2021
	Jan - Mar	Jan - Mar	Jan - Dec
Equity, beginning of period	-53 722	12 068	12 068
Cash issue	0	17 665	30 265
Issue expenses	0	-139	-250
Non-registered issue	0	-17 665	-17 665
Share-based compensation	0	0	13 040
Other total income for the period	-40	11	-40
Result for the period	-26 190	-26 310	-91 141
Equity, end of period	-79 952	-14 369	-53 722

* Comparative figures are according to the adopted Annual Accounts of 2021

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(TSEK)	2022	2021	2021
	Jan - Mar	Jan - Mar	Jan - Dec
Profit (loss) before taxes	-26 190	-26 407	-91 525
Reversal of depreciation and write-downs	9 635	8 973	36 423
Other adjustments for non-cash items, etc *	10 172	10 857	31 923
Paid taxes	34	-532	-202
Cash flow from operating activities before working capital changes	-6 349	-7 109	-23 381
Changes in inventories	-1 574	850	1 349
Changes in operating receivables	10 017	1 249	-4 223
Changes in operating liabilities	44 530	-30 556	-30 033
Cash flow from operating activities	46 624	-35 566	-56 288
Investment of capitalized development work	-10 735	-8 848	-39 414
Acquisition of subsidiaries	0	0	-2 772
Other acquisition of financial fixed assets	54	0	-192
Cash flow from investing activities	-10 681	-8 848	-42 378
Amortization of leasing liabilities	-1 401	-1 599	-8 649
New share issue, incl transaction cost	0	17 526	18 091
Other changes in financing activities	0	-4 051	-4 051
Cash flow from financing activities	-1 401	11 876	5 391
Change in Cash Position	34 542	-32 538	-93 303
Cash, beginning of period	49 886	143 189	143 189
Cash, end of period	84 428	110 651	49 886

* "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 INCOME STATEMENT FOR PARENT COMPANY CLAVISTER HOLDING AB

<i>(TSEK)</i>	2022	2021	2021
	Jan - Mar	Jan - Mar	Jan - Dec
Net sales	1 502	1 500	6 250
Other Revenue	0	0	1
Total revenue	1 502	1 500	6 251
Staff costs	-2 247	-5 196	-16 005
Other external costs	-1 218	-1 697	-6 389
EBITDA	-1 963	-5 393	-16 142
Write-down of shares in subsidiaries	0	0	-200 000
Financial items	-167	-130	-594
Result after financial items	-2 130	-5 523	-216 736
Group contribution paid	0	0	-80 000
Taxes	0	126	261
Net result	-2 130	-5 397	-296 475

CONDENSED BALANCE SHEET FOR PARENT COMPANY CLAVISTER HOLDING AB

<i>(TSEK)</i>	2022-03-31	2021-03-31	2021-12-31
Assets			
Fixed assets			
Shares in group companies	400 082	559 822	400 082
Total fixed assets	400 082	559 822	400 082
Current assets			
Current receivables	312	358	840
Cash and bank balances	13 838	36 616	13 845
Total current assets	14 150	36 975	14 685
Total assets	414 232	596 797	414 766
Equity and liabilities			
Equity			
Equity	185 219	452 898	187 350
Total equity	185 219	452 898	187 350
Liabilities			
Long-term liabilities			
Convertible debentures	0	9 269	0
Liabilities to Group companies	199 462	130 000	199 462
Deferred tax	104	238	104
Total long-term liabilities	199 566	139 507	199 566
Current liabilities			
Liabilities to Group companies	11 950	0	11 950
Convertible debentures	9 891	0	9 728
Accounts payable	226	232	1 400
Other liabilities	4 536	791	768
Accrued expenses and deferred income	2 844	3 369	2 175
Provisions	0	0	1 830
Total current liabilities	29 447	4 392	27 851
Total liabilities	229 013	143 898	227 417
Total equity and liabilities	414 232	596 797	414 766

NOTES

NOTE 1 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. The same accounting principles and methods of computation are followed in this interim financial statement, as in the most recent annual financial statements 2020 with the addition mentioned below.

NOTE 2 SEGMENT REPORTING

A business segment is a part of the Group which operates independently and can generate revenue and incur costs and the operating result is reviewed by the Group's chief operating decisionmaker and for which there is separate and individual financial information available.

Management reviews the Group's business performance from a net sales perspective, totally and broken down into separate geographical markets. Costs are not reviewed on a geographical market instead from a total and functional cost base breakdown. Management reviews the Group's operating result as a whole and therefore the Group is considered to be a segment in the interim report.

NOTE 3 SHAREHOLDERS AND SHARES

The share capital amounts to 5,653,035 SEK, with a par value of 0.1 SEK per share. 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. On 31 March 2022, the number of shareholders amounted to 5,262 and the number of registered shares were 56,530,354.

	Number of shares	% of total number of shares
THE 10 LARGEST SHAREHOLDERS	2022-03-31	
Avanza Pension	4 028 069	7,1%
SPSW Capital	4 000 000	7,1%
ÖstVäst Capital Management	3 395 536	6,0%
Nordnet Pension Insurance	2 792 641	4,9%
Per Anders Bendt	2 601 313	4,6%
Swedbank Insurance	1 956 220	3,5%
Stena	1 756 462	3,1%
Lupus alpha	1 466 666	2,6%
Lloyd Fonds AG	1 450 758	2,6%
Futur Pension	1 315 438	2,3%
Other Shareholders	31 767 251	56,2%
Shares registered under the Companies Registration Office as of 2022-03-31	56 530 354	100,0%
Additional shares potentially issued in 2022 through 2038, due to warrants and convertible loan	5 838 553	
Number of shares after full dilution	62 368 907	

NOTE 4 SHARE-RELATED PROGRAMS (WARRANTS) AND CONVERTIBLE LOAN

WARRANTS

There is one current incentive program addressed to key employees with a total of 2,100,000 warrants. These warrants mature in 2024. 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 with a total amount of warrants of 3,533,719 related to loan financing. 19,801 warrants mature in 2026, 1,770,079 warrants mature in 2037 and 1,743,839 warrants mature in 2038.

Holders of warrants will be entitled to subscribe for one new share in the company for each warrant. The total number of issued warrants amounts to 5,633,719.

Warrants				
	Number issued	Redeemed/ Due	Open	Share Price, SEK
TO 2016-2026	19 801	0	19 801	0,10
TO 2017 - 2037	1 770 079	0	1 770 079	0,10
TO 2018 - 2038-04-30	36 703	0	36 703	0,10
TO 2021 - 2024-06-30	2 100 000	0	2 100 000	15,93
TO 2020 - 2038-04-30	101 805	0	101 805	0,10
TO 2021 - 2038-04-30	1 605 331	0	1 605 331	0,10
	5 633 719	0	5 633 719	

CONVERTIBLE LOAN

Norrlandsfonden currently has a convertible debenture of 10 MSEK, with a conversion price of 48.82 SEK. At potential conversion there will be an additional 204,834 shares. The interest rate is based on STIBOR 90 with a floor of 0%. The convertible loan matures on My 31, 2022.

Clavister and Norrlandsfonden has agreed to replace the current convertible loan with a new convertible loan with a corresponding amount of 10 MSEK. The new convertible will have the same structure and framework as the current convertible. The conversion price is agreed as the average volume-weighted price over a period of 30 days between February 6, 2022, and March 7, 2022, and with an additional premium of 15%. The maturity of the convertible debt instrument is 5 years and will run until May 31, 2027.

Convertible loan				
	Number issued	Redeemed/ Due	Open	Share Price, SEK
Conv loan 2022-05-31	204 834	0	204 834	48.82
Total	204 834	0	204 834	

NOT 5 KEY DATA AND FIGURES

TSEK	2022	2021	2021
	Jan - Mar	Jan - Mar	Jan - Dec
Net sales (TSEK)	32 642	30 606	129 300
Total revenue (TSEK)	33 835	31 196	134 038
Gross profit (TSEK)	27 725	26 729	114 849
Gross margin (%)	81.9%	85.7%	85,7%
EBITDA (TSEK)	-5 426	-6 990	-20 802
Operating profit (TSEK)	-15 061	-15 963	-57 225
Net profit (loss) (TSEK)	-26 190	-26 310	-91 141
Earnings per share (SEK) before dilution	-0,46	-0,49	-1,67
Earnings per share (SEK) after dilution	-0,46	-0,49	-1,67
Price per earnings (SEK)	-11,44	-14,78	-3,50
Equity per share	-1,41	-0,25	-0,95
Number of shares before dilution at the end of the period	56 530 354	54 826 571	56 530 354
Number of shares after dilution at the end of the period	62 368 907	57 709 793	62 368 907
Average number of shares before dilution	56 530 354	53 564 792	54 416 683
Average number of shares after dilution	62 368 907	57 709 793	60 039 350
Number of employees at the end of period (FTE)	132	137	133
Average number of employees (FTE)	133	135	133
Number of employees and external resources at end of period	145	145	147
Equity/assets ratio (%)	Negative	Negative	Negative
Quick ratio (%)	76%	1,46	84%
Net debt (-), Net cash (+) (TSEK)	-138 742	-119 260	-172 999

NOTE 6 PLEDGED ASSETS

GROUP			
<i>(TSEK)</i>	2022-03-31	2021-03-31	2021-12-31
Pledged accounts receivable	1 782	2 467	6 852
Other pledged assets	121	121	121
Total	1 903	2 588	6 973

PARENT COMPANY			
<i>(TSEK)</i>	2022-03-31	2021-03-31	2021-12-31
No Pledged assets	0	0	0
Total	0	0	0

NOTE 7 CONTINGENT LIABILITIES

GROUP			
<i>(TSEK)</i>	2022-03-31	2021-03-31	2021-12-31
Contribution for short-term working	0	1 854	0
Total	0	1 854	0

PARENT COMPANY			
<i>(TSEK)</i>	2022-03-31	2021-03-31	2021-12-31
No Contingent liabilities	0	0	0
Total	0	0	0

NOTE 8 ALTERNATIVE PERFORMANCE MEASURES

Clavister uses various key figures, including alternative performance measures (APMs), for internal analysis purposes and for external communication of the operations' results, performance and financial position.

The aim of these APMs is to illustrate the performance measures tailored to operations that, in addition to the other key figures, enable various stakeholders to more accurately assess and value Clavister's historical, current, and future performance and position.

ALTERNATIVE PERFORMANCE MEASURES

<i>(TSEK)</i>	2022	2021	2021
	Jan - Mar	Jan - Mar	Jan - Dec
Order Intake	37 002	36 121	191 648
Invoiced Sales (Billings)	35 860	27 433	118 945
Recurring Revenue	22 291	19 463	88 520

NOTE 9 DEFINITIONS

Order Intake – Total net sum of all legally binding customer orders in the period together with the net sum of all contract renewals in the period.

Contract renewals – Total net sum of renewals of existing license agreements in the period.

Order book balance – The net value of orders recorded and not recognized as revenue. Recording of orders is only done for orders that meet certain criteria and the order book balance is monitored continuously. Revenue is recognized in accordance with the revenue recognition principles (as described in the annual report 2021). Adjustments of the net order book value may occur from time to time due to for instance currency fluctuations, cancellations, or other minor adjustments of previously recorded orders.

Cash OPEX – Operational expenditures, including capitalized R&D, with a cash-flow impact.

Recurring Revenue – The portion of revenues that is expected to continue in the future. Unlike one-off sales, these revenues are predictable, stable and can be counted on to occur at regular intervals going forward with a relatively high degree of certainty and with relatively low cost of sales.

TCV (Total contract Value) – The entire revenue generated by one single customer contract.

LTV (Life-time Value) – The total value of a customer contract during the total lifespan of the contract.

SHAREHOLDER INFORMATION

ABOUT CLAVISTER

Clavister is a leading European cybersecurity vendor with over 20 years of experience. Seated in Sweden, the company has customers in more than 150 countries; Communication Service Providers, Governments, Enterprises and Managed security service providers (MSSPs).

FINANCIAL CALENDER

Clavister intends to distribute financial reports on the dates below:

EVENT	Date
Annual General Meeting	May 17, 2022
Interim report April-June 2022	August 25, 2022
Interim report July-September	November 10, 2022

Financial reports, press releases, and other business information is available from the date of publication on Clavister's website.

INVESTOR RELATIONS

David Nordström, CFO
 Telephone: +46 (0)660 29 92 00
 E-mail: ir@clavister.com
www.clavister.com

COMMISSIONED RESEARCH

ABG Sundal Collier
 Telephone: +46 (0) 8 566 286 89
 E-mail: simon.jonsson@abgsc.se
www.introduce.se/foretag/clavister/start

CERTIFIED ADVISOR

FNCA Sweden AB
 Telephone: +46 (0)8 5280 03 99
 E-mail: info@fnca.se
www.fnca.se

THE SHARE

Exchange: Nasdaq First North
 Symbol: CLAV
 ISIN-code: SE0005308558

AUDITOR

PwC Sverige
 Authorized public accountant: Claes Sjödin
 E-mail: claes.sjoedin@pwc.com
www.pwc.se

Any forward-looking statements in this report are based on Clavister's best assessment at the time of the report. Actual result may materially differ. Clavister does not publish any forecasts.

The 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.

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

Örnsköldsvik, Sweden, 12th of May 2022

John Vestberg
 CEO and President