

Interim Report

Clavister Holding AB (publ)
July – September 2023



Summary of the Quarter

Highlights from the Quarter

- Order growth primarily driven by the Next-Generation Firewall (NGFW) and Defence businesses.
- Continued net sales growth with clearly improved adjusted EBITDA margin.
- Solid growth of annual recurring revenue (ARR).
- Formal contract negotiations entered with a European defence customer – estimated total contract value of 160 MSEK.
- Ongoing negotiations with the European Investment Bank (EIB) regarding an updated payment plan that is better aligned with Clavister's growth profile and cash flow.

+15 %
Order Intake

+15 %
ARR

20 %
Adjusted
EBITDA Margin

Key Metrics

(MSEK)	Q3 2023	Q1-Q3 2023
Order Intake	28.5 (24.9)	107.7 (93.0)
Order Intake Growth	14.6 %	15.8 %
Net Sales	37.7 (34.8)	112.5 (103.1)
Net Sales Growth	8.3 %	9.1 %
Annual Recurring Revenue (ARR) at the End of the Period	114.9 (99.8)	
ARR Growth	15.1 %	
Gross Profit	31.3 (31.2)	95.5 (87.5)
Gross Margin	79.3 (87.7) %	82.1 (82.5) %
EBITDA	7.2 (4.2)	11.2 (-11.3)
Adjusted EBITDA	7.8 (4.8)	14.2 (-6.8)
Adjusted EBITDA Margin	19.7 (13.5) %	12.2 (-6.4) %
EBIT	-5.1 (-5.9)	-23.5 (-41.3)
Adjusted EBIT	-4.5 (-5.3)	-20.5 (-36.8)
Adjusted EBIT Margin	-11.4 (-14.9) %	-17.6 (-34.7) %
Net Result	-8.9 (-16.1)	-58.5 (-80.4)
Result per Share	-0.16 (-0.28)	-1.04 (-1.42)

Comments by the CEO

The third quarter saw Clavister taking further distinct and important steps on our journey towards profitable growth. We see the results of our cost and margin focus, delivering a solid adjusted EBITDA margin in the quarter. Extensive product shipments took place during the period, and we have initiated negotiations with a European defence customer regarding a significant defence contract.

Summary of the Quarter

We leave the third quarter in highly turbulent times. Our solutions have never been more relevant in a world characterised by armed conflicts, escalating cyberattacks, and geopolitical mistrust. Increased defence budgets and a growing awareness of the vulnerability of actors critical to society are key drivers of our growth.

Order intake grew by 15 %, with our Next-Generation Firewall (NGFW) and defence businesses being the primary contributors to the growth. The Identity and Access Management (IAM) business continues to be a stable and profitable part of our overall business, while the telecom business had a weak performance in the period. As in the second quarter, we saw a strong inflow of long-term projects, resulting in an 8 % revenue growth.

Annual recurring revenues (ARR) grew by 15 % and amounted to 115 MSEK at the end of the period.

From the third quarter, I am most proud to see that we continue to improve our operational efficiency. This is reflected in our

adjusted EBITDA margin, which amounted to 20 % (14 %) in the period. Consequently, our operational cash flow improved from -21.5 to 4.3 MSEK.

The current market interest rates, combined with a weak Swedish currency, pose challenges for our financial items given our indebtedness. We are actively working to reduce the liquidity strain from repayments and interest payments, as well as gradually improve our net debt position to reduce our risk exposure.

Strong Traction in NGFW Business

Our NGFW business developed well in the quarter, delivering high order intake growth, primarily driven by increased demand within our focused customer groups.

The period also included extensive hardware platform shipments, with significantly higher volumes compared to the same period last year. Large volumes of hardware shipments have a temporary negative impact on gross margins, but at the same time, they increase the base of recurring high-margin software revenues to a new level.

The COVID-19 pandemic created significant challenges in the global supply chain, with consequences including cost increases and extreme lead times, especially in the electronics sector. To mitigate the risk of supply shortages, we have built larger inventory levels over the past year than what would normally be required, and this has tied up significant working capital throughout the year. However, the inventory primarily concerns new product models and therefore carries a low risk of obsolescence. We

expect inventory levels to plateau from the fourth quarter and gradually decrease in the coming year.

We continue our journey towards focusing on customers with mission-critical applications to capitalize on the need for cybersecurity with European origins. During the period, we won several key customers in both the public sector and the infrastructure sector, strengthening our belief that our strategic direction is correct.

We believe that our positioning as a Swedish supplier with Swedish technology content is becoming increasingly relevant as European regulations tighten and cybersecurity maturity generally increases within our target audience.

The NIS 2 directive, which needs to be implemented by EU member states by October 2024, is a clear example of European legislation that will drive European cybersecurity growth.

Stable IAM Business

The IAM business continues to be a stable component in our overall revenue stream in the third quarter.

Also within this business, Swedish technology origin is highly relevant for the main target audience, the public sector.

According to current legislation, especially the EU General Data Protection Regulation, personal data cannot be transferred to a third country, i.e., outside the EU, unless the recipient maintains an adequate level of protection. This is particularly important for



IAM solutions, which are designed to handle personal data in some form. American cloud services are not considered to have an adequate level of protection by the EU Court of Justice, which practically means that European authorities handling personal data are prevented from using American cloud-based IAM solutions.

We have gradually reduced our dependence on external consultants throughout the year, replacing them with own employees with high domain expertise in the identity sector. This allows us to take on larger and more complex customer projects at lower operational costs.

Extensive work is underway to package our IAM solutions in a way that allows more of our resellers, both in the Nordics and the rest of Europe, to offer our products to their end customers. By means of example, we have deepened our collaboration with TietoEvy, which have chosen to offer more of our solution packages to their end customers, and in the DACH region, we welcomed KonceptPlus as a new partner.

Weak Sentiment in the Telecom Market

Our telecom business saw slow development in the third quarter and is still affected by the weak sentiment in the telecom market where investments in new mobile networks are held back partly due to market interest rates. However, the need for cybersecurity in mobile networks remains and will not decrease over time. In the medium to long term perspective, we maintain a growth potential outlook in the telecom sector.

Deliveries to existing customers under existing customer orders continued during

the period, providing important revenue and margin support even though new sales were weak.

During the quarter, we strengthened the leadership of the telecom business to be prepared for an upcoming growth phase.

Negotiations for a Significant Defence Contract

During the quarter, we initiated formal contract negotiations with a European defence customer. The customer intends to procure a larger volume of our Cyber Armour solution for integration into the customer's defence platforms delivered to specific end-users. The estimated contract value for Clavister is approximately 160 MSEK. Contract negotiations are expected to be completed during the fourth quarter of 2023. According to the schedule, initial deliveries will take place in 2024, with volume deliveries spread over a four-year period commencing in 2025.

Parallel to the contract negotiations, the customer has commissioned us to develop a new product as part of the Cyber Armour solution. The new product is a powerful military-grade security gateway designed to be an integrated part of the communication structure in digitized defence platforms. Compared to current products in the Cyber Armour family, the new product offers more connectivity, better field serviceability, and a better performance-to-cost ratio. Development of the new product has begun and will be ready for deliveries in 2024.

Previously announced commercial defence contracts continue as planned. Serial deliveries of products have been carried out during the third quarter, and the plan

includes additional deliveries in the fourth quarter.

In addition to the above-mentioned businesses, our pipeline in the defence sector continues to grow, and we see clear possibilities to convert additional opportunities into concrete business in the near future.

Net Debt and Liquidity Impact

Our journey towards profitability is progressing according to the plan we have set, and we are delivering continuous improvements in underlying profitability and operational cash flow, as clearly illustrated by the consistently improved results in the last five quarters.

As part of the journey, we need to manage our balance sheet, particularly our net debt, which poses challenging repayment plans in relation to available liquidity.

Clavister has a loan with the European Investment Bank (EIB) of 20 MEUR since 2017. The loan has been pivotal to finance the development of our cybersecurity products. The existing repayment plan has a profile that we believe counteracts the build-up of long-term and stable positive cash flows. Therefore, we have been negotiating with EIB for some time to change the loan's repayment profile. We have good hopes that we will arrive at an updated repayment plan before the end of 2023 which better aligns with our growth profile and cash flow.

We also have confidence in our ability to successfully manage the deferred tax payments we have received under the Swedish government's COVID-19 support program for businesses, by using the

statutory option to pay tax debts over a 36-month period. A small portion of the debt is already covered by this repayment program.

As part of strengthening our balance sheet, we also need to improve liquidity to achieve our goal of free cash flows and positive net results. Hence, we have decided to engage ABG Sundal Collier as financial advisor to explore the various options at hand to arrive at a sustainable capital structure.

Outlook for the future

In summary, we are leaving a quarter behind where we continue our growth journey, and where we see that our focus on mission-critical applications is making a positive impact on our results. We operate in a market that is increasingly favourable for European cybersecurity providers.

Our expectation is that our sales growth for the full year 2023 will increase compared to 2022. For the years 2023 to 2025, we aim to achieve a revenue growth of 20% (CAGR).

Our operational efficiencies have led to a lower cost base, and we estimate that our OPEX for the full year will decrease compared to 2022. Overall, this will provide a clear improvement in cash flow and a positive EBITDA result for the full year 2023. Our ambition is to achieve a positive operational cash flow in the second half of 2023.

We see positive prospects for establishing a stronger balance sheet that reduces our financial risk and enables our ongoing growth journey.

John Vestberg, CEO and President

Comments on the Financial Statement

Order Intake

Total order intake for the quarter amounted to 28.5 (24.9) MSEK, a year-on-year increase of 14.6 %. The increase is explained by a general increase in order intake, especially noticeable within the Next-Generation Firewall and defence business.

The order book balance on 30 September 2023 amounted to 75.2 (81.5) MSEK. Deferred revenue from pre-paid contracts and prepaid consulting services amounted to 58.0 (56.2) MSEK, whereof 44.2 (39.2) MSEK will be recognized as revenue during the coming 12-month period.

Annual Recurring Revenue

Annual recurring revenue on 30 September 2023 amounted to 114.9 (99.8) MSEK, a year-on-year increase with 15.2 %. The increase is primarily explained by an increase in won contracts over the last twelve-month period.

Net Sales

Net sales for the quarter amounted to 37.7 (34.8) MSEK, a year-on-year increase of 8.3 %. Adjusted for currency effects net sales amounted to 36.6 (33.7) MSEK, an increase of 8.6 %.

Gross Margin and Gross Profit

Gross margin amounted to 79.3 (87.8) %. The change in margin is primarily explained by increased deliveries of hardware and nominal variations in product mix.

Gross profit for the quarter amounted to 31.3 (31.2) MSEK, an increase by 0.3 %.

Operating Expenses

Total operating expenses amounted to -31.4 (-33.7) MSEK, whereof personnel expenses amounted to -21.7 (-23.8) MSEK and other external expenses amounted to -9.7 (-9.8) MSEK.

The quarter was impacted by non-recurring expenses of -0.6 (-0.6) MSEK. Adjusted for non-recurring expenses operating expenses amounted to -30.8 (-33.1) MSEK.

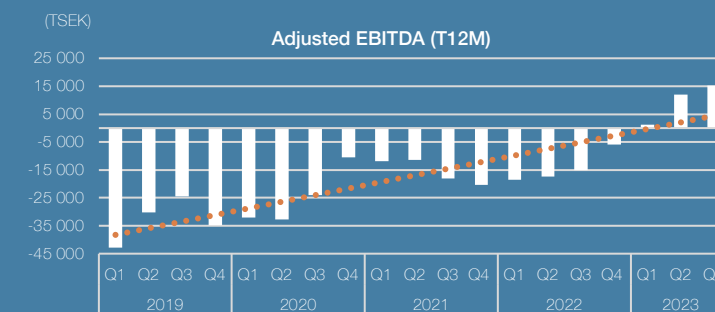
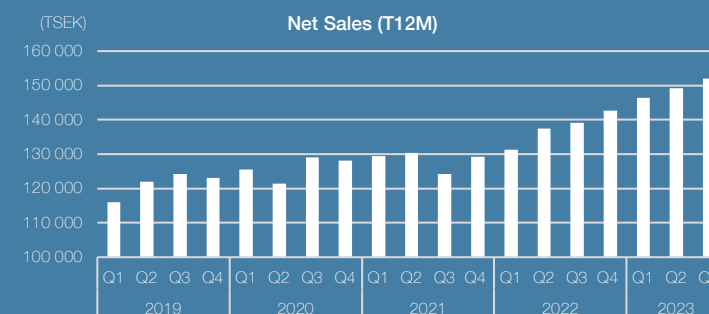
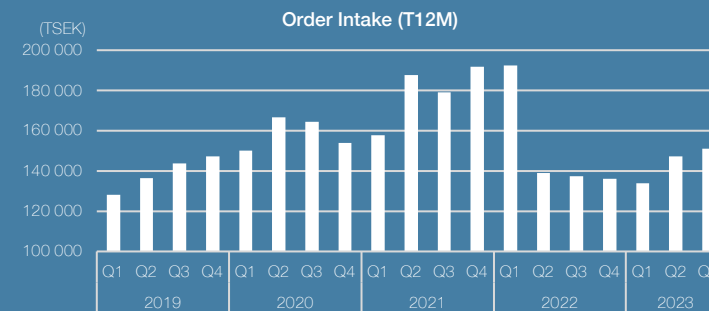
Other external expenses consist mainly of marketing, IT and communication and external consultants.

Operational Result

EBITDA amounted to 7.2 (4.2) MSEK. Adjusted for non-recurring expenses EBITDA amounted to 7.8 (4.8) MSEK.

Revenue by Revenue Type

(TSEK)	2023 Jul - Sep	2022 Jul - Sep	Y/Y (%)	2022 Jan - Dec
Product and License Sales	32,779	26,346	24%	115,291
Professional Services	4,953	8,424	-41%	27,412
Net Sales	37,732	34,770	9%	142,703



Depreciation and amortization amounted to -12.3 (-10.1) MSEK, whereof -1.3 (-0.8) MSEK is attributed to IFRS 16.

EBIT amounted to -5.1 (-5.9) MSEK. Adjusted EBIT amounted to -4.5 (-5.3) MSEK.

Financial Net

Financial income and expenses amounted to -3.7 (-10.1) MSEK.

The financial net consists of the following non-cash items; currency revaluations for long-term liabilities 5.9 (-0.2) MSEK, costs for warrants and costs related to long-term liabilities -0.1 (-5.1) MSEK, and long-term interest to lenders -2.0 (-3.6) MSEK.

The financial net consists of the following items impacting cash-flow; interest on factoring, short-term interest to lenders and interest income -6.8 (-1.2) MSEK, interest on leasing contracts under IFRS 16 -0.7 (0) MSEK. The increase is explained by increased market interest rates.

Result after Taxes

Result after taxes amounted to -8.9 (-16.1) MSEK.

Investments in Intangible Assets

Capitalized costs for development work amount to 10.4 (6.9) MSEK, whereof 7.3 (6.7) MSEK refers to capitalized hourly costs.

Capitalised Development

(TSEK)	2023 Jul - Sep	2022 Jul - Sep	Y/Y (%)	2022 Jan - Dec
Capitalisation of Development Costs	10,436	6,932	51%	36,394
Amortisation of Capitalised Development Costs	-10,438	-8,738	19%	-34,188
Change in Capitalisation of Development Costs	-2	-1,806		2,206

Shareholders' Equity and Liabilities

Equity amounted to -222.1 (-131.2) MSEK. Negative group equity is not an issue from a Companies Act perspective. Equity for the parent company Clavister Holding AB amounted to 103.7 (180.6) MSEK.

Interest-bearing Liabilities

On 30 September 2023, interest-bearing liabilities amounted to 318.2 (229.9) MSEK, distributed between long-term liabilities of 205.4 (222.7) MSEK and short-term liabilities of 112.8 (7.2) MSEK. Most of the short-term interest-bearing liabilities relate to covid-19 related support of deferral of tax payment related to VAT and employer contributions.

Financial Net Debt

On 30 September 2023, the financial net debt amounted to -299.6 (-244.1) MSEK.

Cash Flow

Cash flow from operating activities amounted to 4.3 (-21.5) MSEK.

In-bound deliveries to inventory impacted cash flow with -6.2 MSEK.

Cash flow from operating activities before working capital changes amounted to -0.3 (2.3) MSEK, a slight deterioration driven by "Other adjustments for non-cash items, etc", mainly related to exchange rate effects on long-term loans.

Cash flow from investing activities amounted to -10.4 (-6.9) MSEK, whereof capitalization of development costs amounted to -10.4 (-6.9) MSEK.

Cash flow from financing activities amounted to -2.0 (9.5) MSEK. In the comparative period, repayment was received regarding the Covid-19 related support program of deferred tax payment of personnel and VAT.

Change in cash position was -8.0 (-19.0) MSEK. Cash balance amounted to 18.6 (47.0) MSEK on 30 September 2023.

Impairment Testing

No need for impairment has been identified during the third quarter of 2023.

Personnel and Organisation

On 30 September 2023, the number of full-time equivalent employees (FTE) amounted to 98 (113). Hired personnel corresponded to 14 (20) people at the end of the period.

Disputes and Litigations

A legal dispute is ongoing with the legal entity Fortified ID AB, which the group has reason to believe is infringing on intellectual property rights owned by the fully owned subsidiary PhenixID AB. Please see the Annual Report 2022 for more information.

Transactions with Related Parties

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

Risks and Uncertainties

Please see the Annual Report 2022 and the Clavister website, where an extensive summary is provided of risks and uncertainties in the business that could

significantly affect the results and share performance.

Clavister is actively pursuing several activities to secure the Group's financing for the coming 12-month period.

Clavister has confidence in arriving at an updated repayment plan with the EIB which better aligns with our growth profile and cash flows, as well as managing the deferred tax payments we have received under the Swedish government's COVID-19 support program for businesses, by using the statutory option to pay tax debts over a 36-month period. A small portion of the debt is already covered by this repayment program.

Clavister has decided to engage ABG Sundal Collier as financial advisor to explore the various options at hand to arrive at a sustainable capital structure.

Material Post-Closing Events

No material post-closing events have occurred.

Ambitions and Planning Assumptions

We expect an increase in sales growth and lower OPEX in 2023 compared to 2022, which will yield a clear improvement in cash flow and full year positive EBITDA. Our ambition is to achieve positive operational cash flow in the second half of 2023.

For the years 2023 through 2025, we project to reach a net sales growth rate of 20 % (CAGR).

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

Condensed Consolidated Income Statement

(TSEK)	2023	2022	2023	2022	2022
	Jul - Sep	Jul - Sep	Jan - Sep	Jan - Sep	Jan - Dec
Net Sales	37,732	34,770	112,503	103,149	142,703
Other Revenue	1,762	715	3,815	2,900	6,704
Total Revenue	39,494	35,485	116,318	106,049	149,407
COGS	-8,182	-4,320	-20,848	-18,570	-27,739
Gross Profit	31,312	31,165	95,470	87,478	121,667
Capitalized Development Expenses	7,320	6,675	27,219	25,235	35,001
Staff Costs	-21,694	-23,808	-75,809	-93,456	-123,829
Other External Costs	-9,731	-9,844	-35,696	-30,604	-43,212
EBITDA	7,207	4,188	11,184	-11,346	-10,373
Depreciation and Amortization	-12,307	-10,112	-34,709	-29,942	-41,021
EBIT	-5,100	-5,924	-23,525	-41,288	-51,393
Financial Items	-3,739	-10,112	-35,005	-38,814	-61,127
Result after Financial Items	-8,839	-16,036	-58,530	-80,102	-112,521
Taxes	-14	-15	16	-323	-309
Net Profit (Loss)	-8,853	-16,051	-58,514	-80,425	-112,830
<i>Average number of shares before dilution</i>	<i>56,530,354</i>	<i>56,530,354</i>	<i>56,530,354</i>	<i>56,530,354</i>	<i>56,530,354</i>
<i>Average number of shares after dilution</i>	<i>64,617,151</i>	<i>64,576,605</i>	<i>64,617,151</i>	<i>63,472,756</i>	<i>63,594,154</i>
<i>Earnings per share before dilution, SEK</i>	<i>-0.16</i>	<i>-0.28</i>	<i>-1.04</i>	<i>-1.42</i>	<i>-2.00</i>
<i>Earnings per share after dilution, SEK</i>	<i>-0.16</i>	<i>-0.28</i>	<i>-1.04</i>	<i>-1.42</i>	<i>-2.00</i>
Net Profit Relating to Shareholders of the Parent Company	-8,853	-16,051	-58,514	-80,425	-112,830
Total Results of the Group:					
Net Profit (Loss) End of the Period	-8,853	-16,051	-58,514	-80,425	-112,830
Other Profit	70	410	-20	33	62
Net Profit (Loss)	-8,783	-15,641	-58,534	-80,392	-112,768

Condensed Consolidated Balance Sheet

<i>(TSEK)</i>	2023-09-30	2022-09-30	2022-12-31	<i>(TSEK)</i>	2023-09-30	2022-09-30	2022-12-31
Assets				Equity and Liabilities			
Non-Current Assets				Equity			
Goodwill	66,697	66,697	66,697	Equity	-222,070	-131,166	-163,536
Intangible Assets	110,499	110,431	110,979	Total Equity	-222,070	-131,166	-163,536
Property, Plant & Equipment	623	0	0				
Right of Use Assets	6,045	4,030	3,870	Liabilities			
Deferred Tax Assets	86	874	0	Long-term Liabilities			
Other Long-term Receivables	887	367	1,140	Convertible Debentures	8,878	8,360	8,523
Total Non-Current Assets	184,836	182,399	182,687	Liabilities to Credit Institutions	256,964	253,908	274,751
				Lease Liabilities	5,268	341	179
Current Assets				Deferred Tax Liabilities	383	383	383
Inventories	20,127	14,648	13,520	Long-term Liabilities	1,619	0	55,033
Current Receivables	44,799	46,207	52,534	Total Long-Term Liabilities	273,112	262,992	338,869
Cash and Bank Balances	18,588	46,977	42,412				
Total Current Assets	83,514	107,832	108,467	Current Liabilities			
				Liabilities to Credit Institutions	37,350	2,729	5,564
Total Assets	268,350	290,231	291,153	Lease Liabilities	621	4,211	3,830
				Accounts Payable	14,859	6,697	10,234
				Other Liabilities	79,185	66,292	9,336
				Deferred Revenues	58,035	56,246	64,376
				Accrued Expenses and Deferred Income	27,259	22,229	22,480
				Total Current Liabilities	217,308	158,406	115,820
				Total Liabilities	490,420	421,397	454,689
				Total Equity and Liabilities	268,350	290,231	291,153

Condensed Statement of Changes in Equity

(TSEK)	2023	2022	2023	2022	2022
	Jul - Sep	Jul - Sep	Jan - Sep	Jan - Sep	Jan - Dec
Equity, Beginning of Period	-213,287	-115,521	-163,536	-53,722	-53,722
Non-registered Issue	0	-3	0	-3	3
Share-based Compensation	0	0	0	1,093	1,093
Equity Component of Convertible Loan	0	0	0	1,859	1,858
Other Total Income for the Period	70	410	-20	33	62
Result for the Period	-8,853	-16,051	-58,514	-80,425	-112,830
Equity, End of Period	-222,070	-131,166	-222,070	-131,166	-163,536

Condensed Consolidated Cash Flow Statement

(TSEK)	2023	2022	2023	2022	2022
	Jul - Sep	Jul - Sep	Jan - Sep	Jan - Sep	Jan - Dec
Profit (Loss) Before Taxes	-8,839	-16,036	-58,530	-80,102	-112,521
Reversal of Depreciation and Write-Downs	12,307	10,112	34,709	29,942	40,407
Other Adjustments for Non-Cash Items, etc ¹⁾	-3,797	8,949	21,735	35,632	55,190
Paid Taxes	16	-773	-64	-710	-312
Cash Flow from Operating Activities Before Working Capital Changes	-314	2,252	-2,150	-15,238	-17,236
Changes in Inventories	-6,198	-4,787	-6,607	-8,758	-7,630
Changes in Operating Receivables	10,082	-7,349	7,840	5,974	-458
Changes in Operating Liabilities ²⁾	779	-11,646	-2,751	-15,710	-1,426
Cash Flow from Operating Activities	4,348	-21,530	-3,667	-33,731	-26,750
Acquisition of Property, Plant and Equipment	-89	0	-694	0	0
Acquisition of Right-of-use Assets	0	0	-5,672	0	0
Investment of Capitalized Development Work	-10,436	-6,932	-30,654	-26,163	-36,393
Other Acquisition of Financial Fixed Assets	132	0	132	54	-719
Cash Flow from Investing Activities	-10,393	-6,932	-36,888	-26,109	-37,112
Borrowings ²⁾	-540	10,929	20,403	61,175	61,175
Amortization of Leasing Liabilities	-1,463	-1,468	-3,792	-4,247	-4,790
New Share Issue, incl. Transaction Costs	0	3	0	3	3
Other Changes in Financing Activities	0	0	121	0	0
Cash Flow from Financing Activities	-2,003	9,463	16,732	56,931	56,387
Change in Cash Position	-8,048	-19,000	-23,824	-2,910	-7,474
Cash, Beginning of Period	26,636	65,976	42 412	49,886	49,886
Cash, End of Period	18,588	46,977	18 588	46 977	42,412

¹⁾ "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.

²⁾ Received Covid-19 support in the form of deferral of tax payment of VAT and social contribution has, for the period Jan – Sept 2023 and the period Jan – Sept 2022, been reclassified from "Cash flow from operating activities" to Cash flow from financing activities".

Condensed Income Statement for Parent Company Clavister Holding AB

(TSEK)	2023	2022	2023	2022	2022
	Jul - Sep	Jul - Sep	Jan - Sep	Jan - Sep	Jan - Dec
Net Sales	2,251	1,500	6,754	4,503	6,003
Other Revenue	0	0	0	0	0
Total Revenue	2,251	1,500	6,754	4,503	6,003
Staff Costs	-2,542	-1,506	-9,869	-10,422	-13,271
Other External Costs	-1,066	-877	-4,536	-2,947	-3,919
EBITDA	-1,357	-883	-7,651	-8,866	-11,187
Financial Items	-378	-266	-1,041	-608	-974
Result after Financial Items	-1,735	-1,149	-8,692	-9,474	-12,161
Group Contribution Paid	0	0	0	0	-65,500
Taxes	0	0	0	-279	-279
Net Result	-1,735	-1,149	-8,692	-9,753	-77,940

Condensed Balance Sheet for Parent Company Clavister Holding AB

<i>(TSEK)</i>	2023-09-30	2022-09-30	2022-12-31
Assets			
Fixed Assets			
Shares in Group Companies	444,174	413,174	414,174
Receivables from Group Companies	0	0	1,550
Total Fixed Assets	444,174	413,174	415,724
Current Assets			
Current Receivables	928	409	374
Cash and Bank Balances	1,026	7,091	4,361
Total Current Assets	1,954	7,500	4,734
Total Assets	446,128	420,674	420,459
Equity and Liabilities			
Equity			
Equity	103,671	180,550	112,363
Total Equity	103,671	180,550	112,363
Long-term Liabilities			
Convertible Debentures	8,878	8,360	8,523
Liabilities to Group Companies	321,462	211,462	291,462
Deferred Tax	383	383	383
Other Long-term Liabilities	0	0	4,283
Total Long-term Liabilities	330,723	220,205	304,651
Current Liabilities			
Liabilities to Group Companies	2,000	11,950	0
Accounts Payable	757	371	454
Other Liabilities	7,281	5,242	963
Accrued Expenses and Deferred Income	1,696	2,357	2,027
Total Current Liabilities	11,734	19,920	3,445
Total Liabilities	342,457	240,125	308,096
Total Equity and Liabilities	446,128	420,674	420,459

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 2021.

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 30 September 2023, the number of shareholders amounted to 5,382.

The 10 Largest Shareholders ¹⁾	Number of Shares	%
Per Anders Bendt	9,045,873	16.0%
Avanza Pension	4,510,806	8.0%
ÖstVäst Capital Management	3,395,536	6.0%
Staffan Dahlström	2,521,589	4.5%
Swedbank Insurance	2,145,114	3.8%
Nordnet Pension Insurance	1,886,449	3.3%
Stena	1,756,462	3.1%
Tagehus Holding AB	1,180,000	2.1%
B Sjögren i Halmstad Förvaltnings	1,133,000	2.0%
Niclas Uppfeldt	913,119	1.6%
Other Shareholders	28,042,406	49.6%
Shares Registered under the Companies Registration Office	56,530,354	100.0%
Additional shares pot.issued in 2023 through 2038, due to warrants and convertible loan	7,884,547	
Shares after full Dilution	64,414,901	

¹⁾ Source: Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen)

Note 4 Share-Related Programs (Warrants) and Convertible Loan

Warrants

There are two current incentive programs addressed to personnel with a total of 2,325,500 warrants. These warrants mature in 2024 and 2025. During the period, 404,500 non-used warrants issued to personnel were cancelled. 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 3,776,719 related to loan financing. 19,801 warrants mature in 2026, 1,770,079 warrants mature in 2037 and 1,986,635 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 and open warrants amounts to 6,102,015.

Warrants	Number Issued	Redeemed/ Due	Open	Share Price
TO 2016 - 2026	19,801	0	19,801	0.1
TO 2017 - 2037	1,770,079	0	1,770,079	0.1
TO 2018 - 2038-04-30	36,703	0	36,703	0.1
TO 2021 - 2024-06-30	2,100,000	0	2,100,000	15.93
TO 2020 - 2038-04-30	101,805	0	101,805	0.1
TO 2021 - 2038-04-30	1,605,331	0	1,605,331	0.1
TO 2022 - 2038-04-30	242,796	0	242,796	0.1
TO 2022 - 2025-06-30	630,000	404,500	225,500	10.95
	6,506,515	404,500	6,102,015	

Convertible Loan

The issued convertible loan amounts to 10 MSEK and matures on May 31, 2027, with a conversion price of 5.61 SEK. At potential conversion there will be an additional 1,782,532 shares. The interest rate is based on STIBOR 90 +2.5%.

Convertible Loan	Number Issued	Redeemed/ Due	Open	Share Price
Convertible Loan 2027-05-31	1,782,532	0	1,782,532	5.61
Total	1,782,532	0	1,782,532	5.61

Note 5 Pledged Assets

Group			
<i>(TSEK)</i>	2023-09-30	2022-09-30	2022-12-31
Pledged Accounts Receivable	4,907	2,235	3,617
Other Pledged Assets	1,400	121	121
Total	6,307	2,356	3,738

Parent Company			
<i>(TSEK)</i>	2023-09-30	2022-09-30	2022-12-31
No Pledged Assets	0	0	0
Total	0	0	0

Note 6 Contingent Liabilities

Group			
<i>(TSEK)</i>	2023-09-30	2022-09-30	2022-12-31
No Contingent Liabilities	0	0	0
Total	0	0	0

Parent Company			
<i>(TSEK)</i>	2023-09-30	2022-09-30	2022-12-31
No Contingent Liabilities	0	0	0
Total	0	0	0

Note 7 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>	2023 Jul - Sep	2022 Jul - Sep	2022 Jan - Dec
Order Intake	28,511	24,885	119,532
Annual Recurring Revenue (ARR)	114,940	99,806	105,561

Note 8 Definitions

Adjusted EBIT – EBIT adjusted for non-recurring expenses.

Adjusted EBITDA – EBITDA adjusted for non-recurring expenses.

Annual Recurring Revenue (ARR) – Total sum of the annual value of all active licenses as per the quarter end date.

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

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

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

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 2022). 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.

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.

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 a relatively low cost of sales.

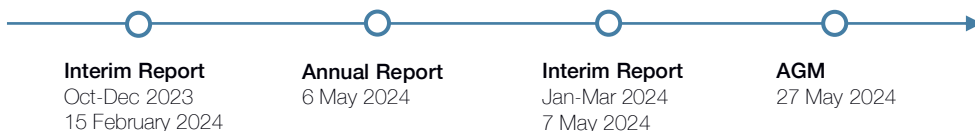
TCV (Total Contract Value) – The entire revenue generated by one single customer contract.

Note 9 Financial Metrics

	2023	2022	2023	2022	2022
	Jul - Sep	Jul - Sep	Jan - Sep	Jan - Sep	Jan - Dec
Net Sales (TSEK)	37,732	34,770	112,503	103,149	142,703
Total Revenue (TSEK)	39,494	35,485	116,318	106,049	149,407
Gross Profit (TSEK)	31,312	31,165	95,470	87,478	121,667
Gross Margin (%)	79.3%	87.8%	82.1%	82.5%	81.4%
EBITDA (TSEK)	7,207	4,188	11,184	-11,346	-10,373
Operating Profit (TSEK)	-5,100	-5,924	-23,525	-41,288	-51,393
Net Profit (Loss) (TSEK)	-8,853	-16,051	-58,514	-80,425	-112,830
Earnings per Share (SEK) before Dilution	-0.16	-0.28	-1.04	-1.42	-2.00
Earnings per Share (SEK) after Dilution	-0.16	-0.28	-1.04	-1.42	-2.00
Price per Earnings (SEK)	N/A	N/A	N/A	N/A	-1.47
Equity per Share	-3.93	-2.32	-3.93	-2.32	-2.89
Number of Shares before Dilution at the End of the Period	56,530,354	56,530,354	56,530,354	56,530,354	56,530,354
Number of Shares after Dilution at the End of the Period	64,414,901	64,576,605	64,414,901	64,576,605	64,819,401
Average Number of Shares before Dilution	56,530,354	56,530,354	56,530,354	56,530,354	56,530,354
Average Number of Shares after Dilution	64,617,151	64,576,605	64,617,151	63,472,756	63,594,154
Number of Employees at the End of Period (FTE)	98	113	98	113	108
Average Number of Employees (FTE)	99	116	103	123	121
Number of Employees and External Resources at End of Period	112	133	112	133	129
Equity/Assets ratio (%)	Neg.	Neg.	Neg.	Neg.	Neg.
Quick Ratio (%)	29 %	59 %	29 %	59 %	82 %
Net Debt (-), Net Cash (+) (TSEK)	-299,644	-244,056	-299,644	-244,056	-253,861

Report Information

Financial Calendar



The Share

Exchange: Nasdaq First North
Symbol: CLAV
ISIN Code: SE0005308558

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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 review by the Company's auditor.

*Örnsköldsvik, Sweden,
9th of November 2023*

*John Vestberg
CEO and President*

