

INTERIM REPORT

CLAVISTER HOLDING AB (PUBL)

JULY – SEPTEMBER 2022

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SUMMARY OF PERIOD JULY - SEPTEMBER 2022

FINANCIAL SUMMARY JULY – SEPTEMBER 2022

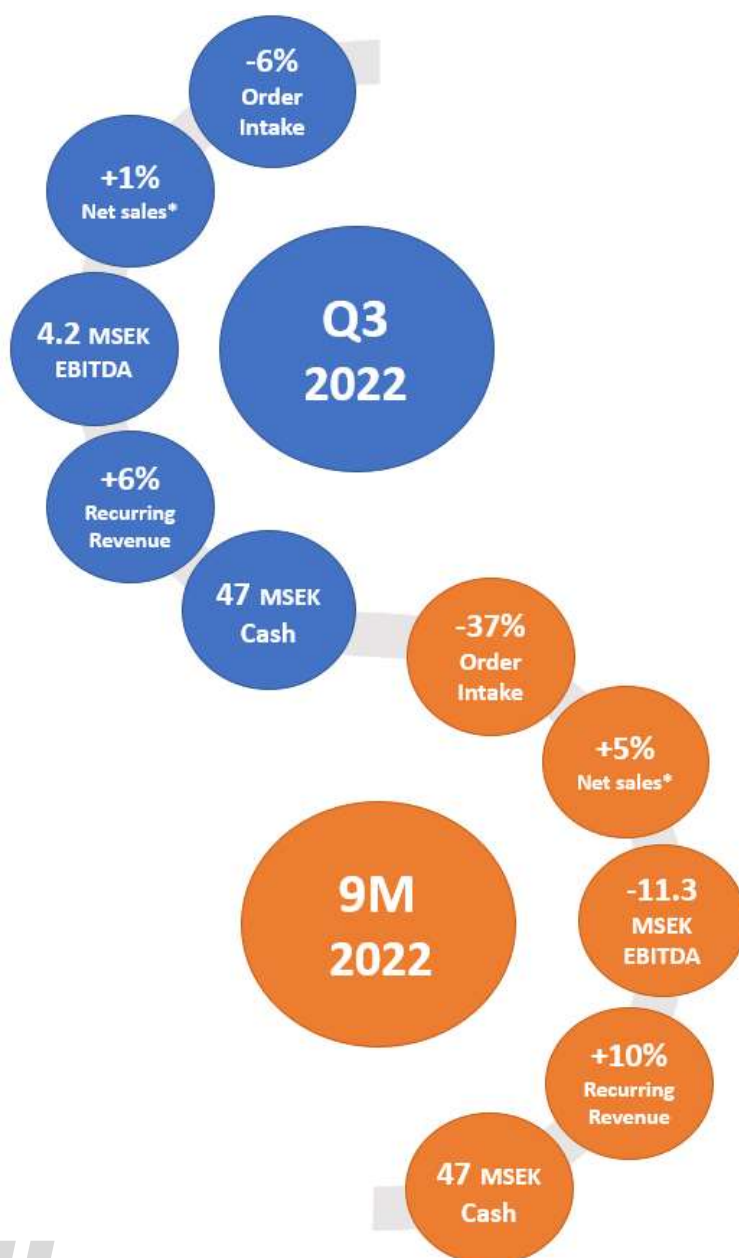
- Order Intake amounted to 24.9 (26.5) MSEK.
- Net Sales amounted to 34.8 (33.1) MSEK. FX adjusted Net Sales amounted to 33.7 (33.5).
- Recurring revenue grew with 6 (24) %.
- Gross Profit amounted to 31.2 (29.6) MSEK, corresponding to a gross margin of 87.8 (86.7) %.
- EBITDA amounted to 4.2 (2.6) MSEK.
- EBIT amounted to -5.9 (-6.5) MSEK.
- Net Profit amounted to -16.1 (-16.6) MSEK and earnings per share to -0.28 (-0.30) SEK.
- Cash and cash equivalents amounted to 47.0 (75.1) MSEK.

FINANCIAL SUMMARY JANUARY – SEPTEMBER 2022

- Order Intake amounted to 93.0 (147.3) MSEK.
- Net Sales amounted to 103.1 (93.3) MSEK. FX adjusted Net Sales amounted to 100.7 (95.2).
- Recurring revenue grew with 10 (20) %
- Gross Profit amounted to 87.5 (83.4) MSEK, corresponding to a gross margin of 82.5 (85.9) %.
- EBITDA amounted to -11.3 (-9.2) MSEK.
- EBIT amounted to -41.3 (-36.6) MSEK.
- Net Profit amounted to -80.4 (-61.9) MSEK and earnings per share to -1.42 (-1.16) SEK.
- Cash and cash equivalents amounted to 47.0 (75.1) MSEK.

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.



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The third quarter saw a moderate revenue growth, strengthened gross margin, and improved EBITDA. Number of firewall software contracts grew by 20% in the first nine months, which drives recurring revenue. The Identity and Access Management (IAM) has a continued strong growth, and we have a good momentum in the defence business.



John Vestberg,
President and CEO, Clavister

COMMENTS BY THE CEO

The third quarter saw a moderate revenue growth, strengthened gross margin, and improved EBITDA. Number of firewall software contracts grew by 20% in the first nine months, which drives recurring revenue. The Identity and Access Management (IAM) has a continued strong growth, and we have a good momentum in the defence business.

THE PERIOD IN SUMMARY

When we are summarizing our third quarter, we live in a more insecure world than ever - both from a geopolitical as well as a macro-economic perspective. We are, however, fortunate to operate in a line of business which at least partly benefits from the situation.

My key takeaway from the period is the fact that several of our key performance metrics, not least our operating expenses and EBITDA, are developing in the right direction. I view this as a proof-point that our strategy, with a clear focus on profitability and positive cash-flow, is working and is starting to yield results.

Our IAM business showed strong growth and continues to win important customers, primarily within the public sector. The firewall business saw an increase in the number of software contracts signed in the period, while the volume of shipped hardware units was somewhat lower. In the first nine months of the year, the firewall business has seen a growth both in terms of number of software contracts, with over 20%, and in terms of hardware shipments, with over 40%.

Within our 5G security business we expanded our partnership agreement with Nokia. The new agreement means that also our 5G security solution is now being sold as a subscription service with recurring revenues. The contract also allows Nokia to provide our solution as part of their Managed Service and private 5G offerings - in other words, a clear expansion of our cooperation with Nokia.

We continue to see a strong interest from the defence sector for our solutions, driven by the digitalization of defence platforms and by increased defence budgets as a consequence of the war in Ukraine. As an example of a new customer engagement, we were contracted at the end of the period by a Nordic defence contractor to perform a comprehensive cyber security assessment of one of the contractor's defence platforms.

Previously won defence projects are progressing according to plan and will see revenues from year-end.

FINANCIAL DEVELOPMENT

The third quarter provided an order intake of 25 (27) MSEK. The lower order intake level is primarily related to the transformation to the new business model which contains a larger portion of shorter contract lengths. Total contract over time per customer is however expected to be larger in the new business model.

Net sales grew moderately by 5% and amounted to 35 (33) MSEK. Our recurring revenues grew by 6%.

Our gross margin amounted to 88 (87) %, positively impacted by a lower volume of shipped hardware units and a higher volume of software contracts. The margin is structurally supported by the new business model, an adjusted pricing and lowered third-party costs. We have secured our delivery capacity of hardware platforms - an important competitive advantage - although binding large inventory volumes.

Operating expenses, adjusted for non-recurring items, amounted to -33 (-34) MSEK. EBITDA, adjusted for non-recurring items, amounted to 5 (3) MSEK. Cash flow from operating activities amounted to -11 (-24) MSEK.

MARKET OUTLOOK

Market outlook suggests a recovery of network security growth compared to fairly low levels during the pandemic. One example being Allied Market Research who are projecting an average annual growth of the network firewall market with 22% through 2030. Also, the IAM market, which saw a clear growth during the pandemic, is projected to see a continued strong growth. The inflation, but also the energy prices, might be limiting factors which delays investment decisions in the short term.

To get a better understanding of how Clavister might be impacted by the macro trends, we recently conducted a market survey where 500 European companies were consulted on their cyber security plans. 60% of the respondents state that they plan to increase their investments as a consequence of the war in Ukraine. 57% consider European technology important and 59% plan to introduce a dual-vendor strategy for cyber protection. All in all, very positive indicators matching Clavister's offering.

COST OPTIMIZATION

The cost optimization program which was introduced during the fourth quarter 2021 was completed in its current form by the end of the period. The program will deliver result according to its targets, with clear effects seen from the fourth quarter. The number of FTEs has decreased to 113 at the end of the period, compared to 134 by September 30, 2021.

We intend to further reduce the operational expenses during 2023 to be able to reach positive operational cash-flow soonest.

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 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!

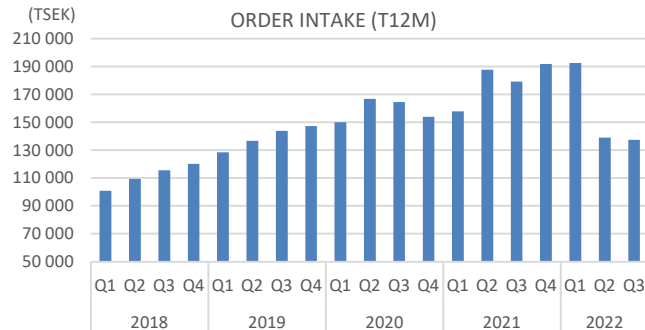
John Vestberg, President and CEO

Örnsköldsvik, Sweden, 10 November 2022

COMMENTS ON CLAVISTER'S INTERIM FINANCIAL STATEMENTS

ORDER INTAKE

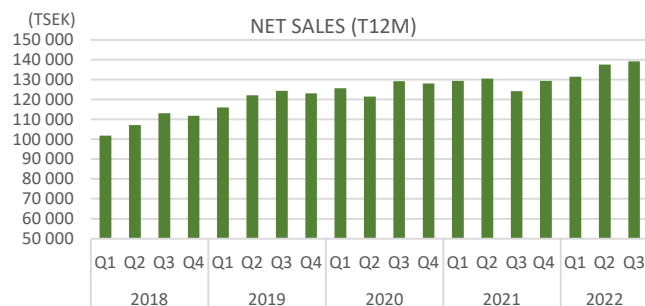
Total Order Intake for the quarter amounted to 24.9 (26.5) MSEK, a year-on-year decrease of 6 %. The decrease is primarily explained by a larger portion of contracts with shorter contract lengths.



The order book balance on 30 September 2022 amounted to 81.5 (81.7) MSEK. Deferred revenue from pre-paid contracts and prepaid consulting services amounted to 56.2 (52.4) MSEK on 30 September 2022, whereof 39.2 MSEK will be recognized as revenue during the coming 12-month period.

NET SALES

Net Sales for the quarter amounted to 34.8 (33.1) MSEK, a year-on-year increase of 5 %. Adjusted for currency effects Net Sales amounted to 33.7 (33.5) MSEK, an increase of 1 %.



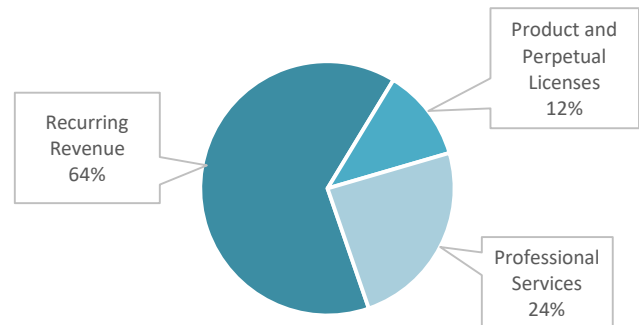
The subscription-based business model, launched during the fourth quarter 2021, has a short-term negative impact on recognized revenues as more of the contract value is linked to software license recognized over time. The new contracts in the subscription-based business model will, after the initial transaction, contribute with higher recurring revenue and cash flows during the contract period compared to corresponding contracts in the previous model.

Recurring revenue from software subscriptions and other term-based contracts grew by 6 (24) % in the quarter and represented 64 (64) % of total net sales.

NET REVENUE BY TYPE

(TSEK)	2022 Jul - Sept	2021 Jul - Sept	Y/Y (%)	2021 Jan - Dec
Recurring Revenue from subscriptions	22 242	21 033	6%	88 520
Product and perpetual license revenue	4 104	7 379	-44%	21 644
Professional services	8 424	4 700	79%	19 136
Net Sales	34 770	33 112	5%	129 300

NET REVENUE BY TYPE



GROSS MARGIN AND GROSS PROFIT

Gross margin amounted to 87.8 % (86.7%). The change in margin is primarily explained by nominal variations in product mix.



Gross profit for the quarter amounted to 31.2 (29.6) MSEK, an increase by 5.4 %.

OPERATING EXPENSES AND OPERATIONAL RESULT

Total operating expenses amounted to -33.7 (-34.4) MSEK. The quarter was impacted by non-recurring expenses of -0.6 (0) MSEK. Adjusted for non-recurring expenses operating expenses amounted to -33.1 (-34.4) MSEK.

Personnel expenses amounted to -23.8 (-27.8) MSEK.

Other external expenses amounted to -9.8 (-6.6) MSEK, whereof non-recurring expenses amounted to -0.6 (0) MSEK. Adjusted for non-recurring expenses other external expenses amounted to -9.2 (-6.6) MSEK. Other external expenses 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 temporary external consultants to secure the company's development of software.

EBITDA amounted to 4.2 (2.6) MSEK. Adjusted for non-recurring expenses EBITDA amounted to 4.8 (2.6).

Depreciation and amortization amounted to -10.1 (-9.1) MSEK, whereof -0.8 (-1.6) MSEK is attributed to IFRS 16.

EBIT amounted to -5.9 (-6.5) MSEK.

COST OPTIMIZATION PROGRAM

The cost optimization program that was launched at the end of the fourth quarter 2021 with the aim to reduce run-rate cash OPEX by 20 %, compared with the ending cost level as of the fourth quarter 2021, was finalized in its current form at the end of the quarter. The reduced run-rate cash OPEX is reached during the fourth quarter.

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.

OPEX will be further reduced during 2023 to faster reach a positive free cash flow.

FINANCIAL NET

Financial income and expenses amounted to -10.1 (-10.1) MSEK, whereof currency revaluations for long-term liabilities -0.2 (-1.5) MSEK, costs for warrants and costs related to long-term liabilities -5.1 (-4.7) MSEK, and long-term interest to lenders -3.6 (-3.1) 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 -1.2 (-0.7) MSEK, interest on leasing contracts under IFRS 16 0 (-0.1) MSEK.

RESULT AFTER TAXES

Result after taxes amounted to -16.1 (-16.6) MSEK.

INVESTMENTS IN INTANGIBLE ASSETS

There were no investments in intangible assets during the quarter except for capitalized costs for development work amounting to 6.9 (8.2) MSEK, whereof 6.7 (7.4) MSEK refers to capitalized hourly costs.

CAPITALIZED DEVELOPMENT

	2022	2021	Y/Y	2021
TSEK	Jul - Sep	Jul - Sep	(%)	Jan-Dec
Capitalization of development costs	6 932	8 153	-15%	39 414
Amortization of capitalized development costs	-8 738	-6 386	37%	-26 107
Change in capitalization of development costs	-1 806	1 767		13 307

BALANCE SHEET AND FINANCIAL POSITION

Shareholders' Equity and Liabilities

Equity amounted to -131.2 (-36.3) MSEK. Negative group equity is not an issue from a Companies Act perspective. Equity for the parent company Clavister Holding AB amounted to 180.6 (460.1) 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 30 September 2022, interest-bearing liabilities amounted to 229.9 (221.9) MSEK, distributed between long-term debt of 222.7 (208.8) MSEK and short-term debt of 7.2 (13.1) MSEK.

Financial Net Debt

On 30 September 2022, the financial net debt amounted to -182.9 (-146.8) MSEK.

CASH-FLOW

Cash flow from operating activities amounted to -10.6 (-23.6) MSEK, positively impacted by increased operating liabilities. Increased inventory, to prevent disturbances in supply of components, impacts the Cash flow from operating activities with -4.8 MSEK.

Cash flow from investing activities amounted to -6.9 (-8.2) MSEK, attributed to the capitalization of development costs of -6.9 MSEK.

Cash flow from financing activities amounted to -1.5 (-0.1) MSEK. For the current quarter the majority is related to repayment of lease liabilities.

Change in cash position was -19.0 (-32.6) MSEK. Cash balance amounted to 47.0 (75.1) MSEK on 30 September 2022.

IMPAIRMENT TESTING

No need for impairment has been identified during the third quarter 2022.

MARKET

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

PERSONNEL AND ORGANIZATION

On 30 September 2022, the number of full-time equivalent employees (FTE) amounted to 113 (134). Clavister also engaged external consultants corresponding to 20 (14) persons at the end of the period.

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.

With regards to the war in Ukraine, Clavister's financial exposure to Russia and Ukraine is very limited. As previously communicated, Clavister has terminated the cooperation with a Russian sub-supplier and cancelled customer orders where we suspect that Clavister's products risk being used for Russian purposes. Hence the ongoing war has very limited direct financial effects on Clavister.

Given the uncertainties surrounding the ongoing conflict, it is difficult to predict potential indirect effects on Clavister. As of September 30, 2022, there is no impact on any balance sheet items.

Clavister's cash and bank balances as of 30 September 2022 amounts to 47 MSEK and short-term receivables amounts to 46 MSEK. The Group's access to liquidity, in a short-term perspective, is assessed as good. For the coming 12-month period the access to liquidity is not yet secured. Current reductions in expenses have a positive effect on the long-term cash flow. The Board of Directors and the CEO are assessing multiple activities to further increase the liquidity and they assess that there are good conditions to secure liquidity for the coming 12-month period.

MATERIAL POST-CLOSING EVENTS

No material post-closing events have occurred.

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.

The ambition is to reach a sustainable EBITDA profitability level during the latter part of 2022, and to demonstrate positive Free Cash Flow (FCF) by 2023.

The on-going war in Ukraine, the component shortage situation, and the remaining effects from the 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 improved net sales of at least 20% per year on average (CAGR), over three years 2023 through 2025
- 80%+ gross margin; variations over quarters due to product mix and transition to recurring revenue business model
- Controlled mid-term impact from the war in Ukraine and 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	2022	2021	2021
	Jul - Sep	Jul - Sep	Jan - Sep	Jan - Sep	Jan - Dec
Net sales	34 770	33 112	103 149	93 280	129 300
Other revenue	715	996	2 900	3 744	4 738
Total revenue	35 485	34 108	106 049	97 024	134 038
COGS	-4 320	-4 537	-18 570	-13 662	-19 189
Gross profit	31 165	29 571	87 478	83 362	114 849
Cap. Dev. Expenses	6 675	7 413	25 235	26 585	38 139
Staff costs	-23 808	-27 790	-93 456	-99 662	-142 756
Other external costs	-9 844	-6 608	-30 604	-19 507	-31 033
EBITDA	4 188	2 587	-11 346	-9 221	-20 801
Depreciation and amortization	-10 112	-9 085	-29 942	-27 336	-36 423
EBIT	-5 924	-6 498	-41 288	-36 557	-57 225
Financial items	-10 112	-10 099	-38 814	-25 398	-34 300
Result after financial items	-16 036	-16 597	-80 102	-61 955	-91 525
Taxes	-15	-14	-323	73	384
Net profit - loss	-16 051	-16 611	-80 425	-61 883	-91 141
<i>Average number of shares before dilution</i>	<i>56 530 354</i>	<i>54 826 571</i>	<i>56 530 354</i>	<i>53 564 792</i>	<i>54 416 683</i>
<i>Average number of shares after dilution</i>	<i>64 576 605</i>	<i>60 665 124</i>	<i>63 472 756</i>	<i>59 187 459</i>	<i>60 039 350</i>
<i>Earnings per share before dilution, SEK</i>	<i>-0.28</i>	<i>-0.30</i>	<i>-1.42</i>	<i>-1.16</i>	<i>-1.67</i>
<i>Earnings per share after dilution, SEK</i>	<i>-0.28</i>	<i>-0.30</i>	<i>-1.42</i>	<i>-1.16</i>	<i>-1.67</i>
Net profit relating to					
Shareholders of the Parent Company	-16 051	-16 611	-80 425	-61 883	-91 141
<i>Total results of the Group:</i>					
Net profit (loss) end of the period	-16 051	-16 611	-80 425	-61 883	-91 141
Other profit	410	4	33	26	-40
Net profit (loss)	-15 641	-16 607	-80 392	-61 857	-91 181

CONDENSED CONSOLIDATED BALANCE SHEET

<i>(TSEK)</i>	2022-09-30	2021-09-30	2021-12-31
Assets			
Non-current assets			
Goodwill	66 697	51 875	66 697
Intangible assets	110 431	106 499	111 220
Right of use assets	4 030	8 104	7 601
Deferred tax asset	874	0	0
Other long-term receivables	367	226	419
Total non-current assets	182 399	166 704	185 937
Current assets			
Inventories	14 648	5 849	5 890
Current receivables	46 207	33 994	49 823
Cash and bank balances	46 977	75 104	49 886
Total current assets	107 832	114 946	105 599
Total assets	290 231	281 650	291 536
Equity and liabilities			
Equity			
Equity	-131 166	-36 349	-53 722
Total equity	-131 166	-36 349	-53 722
Liabilities			
Long-term liabilities			
Convertible debentures	8 360	0	0
Liabilities to credit institutions	253 908	214 585	222 588
Lease liabilities	341	5 852	3 389
Deferred tax liabilities	0	555	104
Total long-term liabilities	262 609	220 992	226 081
Current liabilities			
Convertible debentures	0	9 575	9 728
Liabilities to credit institutions	2 729	0	0
Lease liabilities	4 211	3 550	5 453
Accounts payable	6 697	6 703	10 190
Other liabilities	66 292	7 079	9 701
Deferred revenues	56 246	52 371	60 187
Accrued expenses and deferred income	22 229	17 730	20 519
Provisions	383	0	3 400
Total current liabilities	158 788	97 007	119 177
Total liabilities	421 397	317 999	345 258
Total equity and liabilities	290 231	281 650	291 536

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(TSEK)	2022	2021	2022	2021	2021
	Jul - Sep	Jul - Sep	Jan - Sep	Jan - Sep	Jan - Dec
Equity, beginning of period	-115 522	-20 268	-53 722	12 068	12 068
Cash issue	0	0	0	17 665	30 265
Issue expenses	0	0	0	-139	-250
Non-registered issue	0	0	0	-17 665	-17 665
Non-registered issue	-3	525	-3	538	0
Share-based compensation	0	0	1 093	13 040	13 040
Equity component at convertible loan	0	0	1 858	0	0
Other total income for the period	410	4	34	26	-40
Result for the period	-16 051	-16 611	-80 425	-61 883	-91 141
Equity, end of period	-131 166	-36 349	-131 166	-36 349	-53 722

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(TSEK)	2022	2021	2022	2021	2021
	Jul - Sep	Jul - Sep	Jan - Sep	Jan - Sep	Jan - Dec
Profit (loss) before taxes	-16 036	-16 597	-80 102	-61 956	-91 525
Reversal of depreciation and write-downs	10 112	9 085	29 942	27 336	36 423
Other adjustments for non-cash items, etc *	8 949	9 302	35 632	23 767	31 924
Paid taxes	-773	-555	-710	-1 642	-202
Cash flow from operating activities before working capital changes	2 252	1 235	-15 238	-12 495	-23 380
Changes in inventories	-4 787	-398	-8 758	1 391	1 350
Changes in operating receivables	-7 349	-8 148	5 974	12 658	-4 223
Changes in operating liabilities	-717	-16 315	45 466	-51 328	-30 063
Cash flow from operating activities	-10 601	-23 626	27 445	-49 774	-56 316
Investment of capitalized development work	-6 932	-8 153	-26 163	-27 325	-39 414
Acquisition of subsidiaries	0	0	0	0	-2 772
Other acquisition of financial fixed assets	0	0	54	0	-192
Cash flow from investing activities	-6 932	-8 153	-26 109	-27 325	-42 378
Amortization of leasing liabilities	-1 468	-1 242	-4 247	-4 999	-8 649
New share issue, incl transaction cost	3	538	3	18 064	18 091
Other changes in financing activities	0	-105	0	-4 051	-4 051
Cash flow from financing activities	-1 466	-809	-4 244	9 014	5 391
Change in Cash Position	-19 000	-32 588	-2 909	-68 085	-93 303
Cash, beginning of period	65 977	107 693	49 886	143 189	143 189
Cash, end of period	46 977	75 104	46 977	75 104	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

(TSEK)	2022	2021	2022	2021	2021
	Jul- Sep	Jul- Sep	Jan - Sep	Jan - Sep	Jan - Dec
Net sales	1 500	1 500	4 503	4 500	6 250
Other Revenue	0	0	0	1	1
Total revenue	1 500	1 500	4 503	4 501	6 251
Staff costs	-1 506	-2 823	-10 422	-11 906	-16 005
Other external costs	-877	-1 066	-2 947	-4 573	-6 389
EBITDA	-883	-2 389	-8 866	-11 978	-16 142
Write-down of shares in subsidiaries	0	0	0	0	-200 000
Financial items	-266	-153	-608	-441	-594
Result after financial items	-1 149	-2 542	-9 474	-12 419	-216 736
Group contribution paid	0	0	0	0	-80 000
Taxes	0	0	-279	126	261
Net result	-1 149	-2 542	-9 753	-12 293	-296 475

CONDENSED BALANCE SHEET FOR PARENT COMPANY CLAVISTER HOLDING AB

<i>(TSEK)</i>	2022-09-30	2021-09-30	2021-12-31
Assets			
Fixed assets			
Shares in group companies	413 174	573 379	400 082
Total fixed assets	413 174	573 379	400 082
Current assets			
Current receivables	409	403	757
Cash and bank balances	7 091	29 654	13 845
Total current assets	7 500	30 056	14 602
Total assets	420 674	603 435	414 684
Equity and liabilities			
Equity			
Equity	180 550	460 096	187 350
Total equity	180 550	460 096	187 350
Liabilities			
Long-term liabilities			
Convertible debentures	8 360	0	0
Liabilities to Group companies	211 462	129 462	199 462
Deferred tax	0	238	104
Total long-term liabilities	219 822	129 701	199 566
Current liabilities			
Liabilities to Group companies	11 950	0	11 950
Convertible debentures	0	9 575	9 728
Accounts payable	371	353	1 400
Other liabilities	5 242	752	685
Accrued expenses and deferred income	2 357	2 959	2 175
Provisions	383	0	1 830
Total current liabilities	20 303	13 639	27 768
Total liabilities	240 125	143 339	227 334
Total equity and liabilities	420 674	603 435	414 684

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 2022, the number of shareholders amounted to 5,248 and the number of registered shares was 56,530,354.

	Number of shares	% of total number of shares
THE 10 LARGEST SHAREHOLDERS	2022-09-30	
Försäkringsaktiebolaget, Avanza Pension	4 222 595	7.5%
HSBC Trinkhaus and Burkhardt AG	3 908 155	6.9%
Goldman Sachs International	3 395 536	6.0%
Nordnet Pensionsförsäkring AB	2 848 277	5.0%
CSD Invest AB	2 521 589	4.5%
Swedbank Försäkring	1 989 190	3.5%
Futur Pension	1 762 212	3.1%
Stena Finans	1 756 462	3.1%
UBP Clients DTTA 15 PCT	1 511 210	2.7%
RBCB Investor Services Bank	1 466 666	2.6%
Other Shareholders	31 148 462	55.1%
Shares registered under the Companies Registration Office as of 2022-09-30	56 530 354	100.0%
Additional shares potentially issued in 2022 through 2038, due to warrants and convertible loan	8 046 251	
Number of shares after full dilution	64 576 605	

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

WARRANTS

There are two current incentive programs addressed to personnel with a total of 2,730,000 warrants. These warrants mature in 2024 and 2025. 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 6,263,719.

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
TO 2022 - 2025-06-30	630 000	0	630 000	10.95
	6 263 719	0	6 263 719	

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, SEK
Conv loan				
2027-05-31	1 782 532	0	1 782 532	5.61
Total	1 782 532	0	1 782 532	5.61

NOT 5 KEY DATA AND FIGURES

TSEK	2022	2021	2022	2021	2021
	Jul - Sep	Jul - Sep	Jan - Sep	Jan - Sep	Jan - Dec
Net sales (TSEK)	34 770	33 112	103 149	93 280	129 300
Total revenue (TSEK)	35 485	34 108	106 049	97 024	134 038
Gross profit (TSEK)	31 165	29 571	87 478	83 362	114 849
Gross margin (%)	87.8%	86.7%	82.5%	85.9%	85.7%
EBITDA (TSEK)	4 188	2 587	-11 346	-9 221	-20 801
Operating profit (TSEK)	-5 924	-6 498	-41 288	-36 557	-57 225
Net profit (loss) (TSEK)	-16 051	-16 611	-80 425	-61 883	-91 141
Earnings per share (SEK) before dilution	-0.28	-0.30	-1.42	-1.16	-1,67
Earnings per share (SEK) after dilution	-0.28	-0.30	-1.42	-1.16	-1,67
Price per earnings (SEK)	N/A	N/A	N/A	N/A	-3,50
Equity per share	-2.32	-0.66	-2.32	-0.66	-0,95
Number of shares before dilution at the end of the period	56 530 354	54 826 571	56 530 354	54 826 571	56 530 354
Number of shares after dilution at the end of the period	64 576 605	60 665 124	64 576 605	60 665 124	62 368 907
Average number of shares before dilution	56 530 354	54 826 571	56 530 354	53 564 792	54 416 683
Average number of shares after dilution	64 576 605	60 665 124	63 472 756	59 187 459	60 039 350
Number of employees at the end of period (FTE)	113	134	113	134	134
Average number of employees (FTE)	116	134	124	133	134
Number of employees and external resources at end of period	133	148	133	148	147
Equity/assets ratio (%)	Negative	Negative	Negative	Negative	Negative
Quick ratio (%)	59%	112%	59%	112%	84%
Net debt (-), Net cash (+) (TSEK)	-182 881	-146 829	-182 881	-146 829	-172 999

NOTE 6 PLEDGED ASSETS

GROUP			
<i>(TSEK)</i>	2022-09-30	2021-09-30	2021-12-31
Pledged accounts receivable	2 235	695	6 852
Other pledged assets	121	121	121
Total	2 356	816	6 973
PARENT COMPANY			
<i>(TSEK)</i>	2022-09-30	2021-09-30	2021-12-31
No Pledged assets	0	0	0
Total	0	0	0

NOTE 7 CONTINGENT LIABILITIES

GROUP			
<i>(TSEK)</i>	2022-09-30	2021-09-30	2021-12-31
No Contingent liabilities	0	0	0
Total	0	0	0
PARENT COMPANY			
<i>(TSEK)</i>	2022-09-30	2021-09-30	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 Jul -Sept	2021 Jul -Sept	2021 Jan - Dec
Order intake	24 885	26 547	191 648
Invoices sales (Billings)	27 117	26 559	118 945
Recurring Revenue	22 241	21 033	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
Interim report October- December 2022	February 16, 2023
Interim report January-March 2023	May 11, 2023

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

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THE SHARE

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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 special review by the Company's auditor.

Örnsköldsvik, Sweden, 10th of November 2022

John Vestberg
 CEO and President