

The Clavister logo is rendered in a bold, white, sans-serif font. The letters are thick and closely spaced, with a registered trademark symbol (®) at the end of the word. The background is a blue-tinted image of a mountain range.

CLAVISTER®

CONNECT . PROTECT

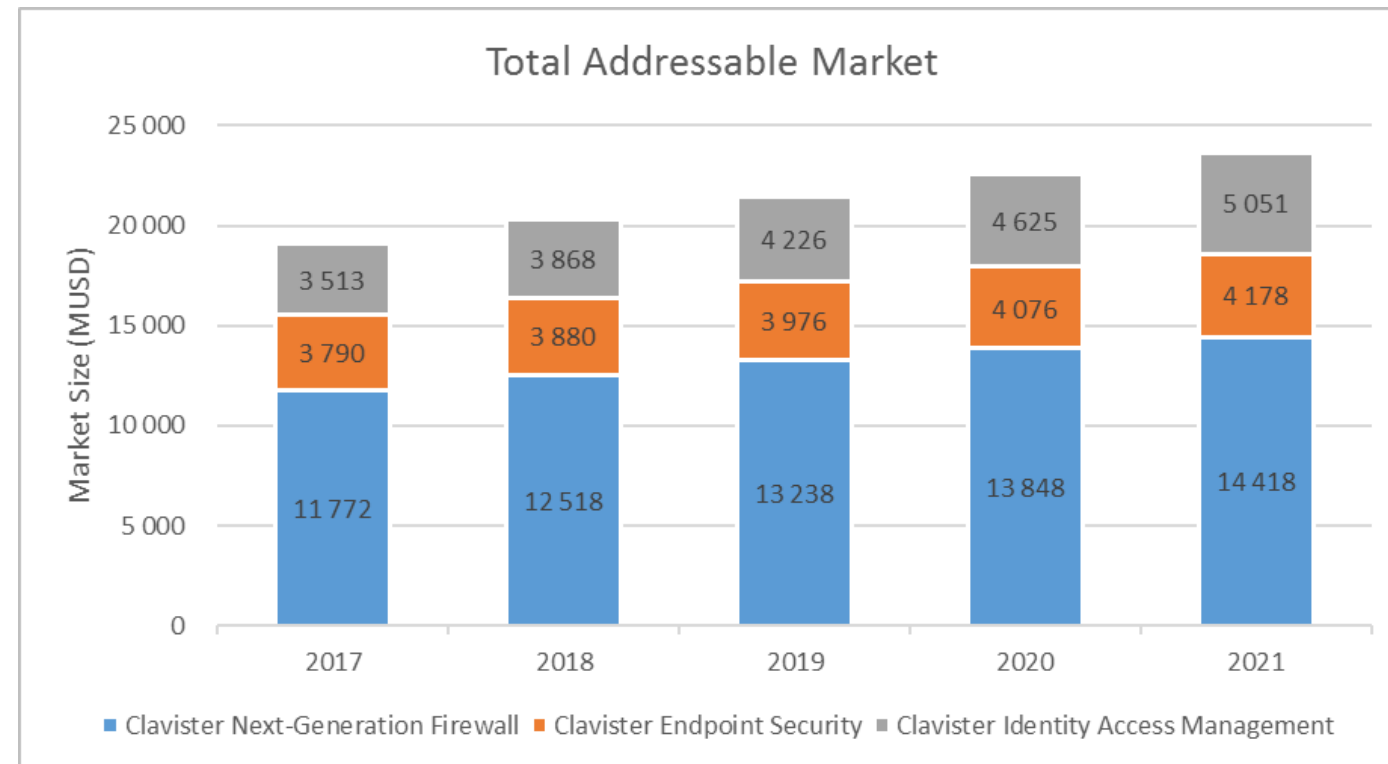
Interim report

Q2 2017

- Report Highlights
- Market Update
- Financial Update
- Business Update
- Financing
- Introduction and remarks from the new Chairman of the Board, Viktor Kovacs
- Outlook
- Q & A

- Sales-growth of 23% Y/Y in Q2(2017), vs 15% in Q1(2017)
- Telecom: Increasing rate of telecom orders
- Telecom: Key milestone with Nokia
- Enterprise: Business growing in Japan
- Organizational changes to drive growth
- Financing – two preliminary term-sheets received

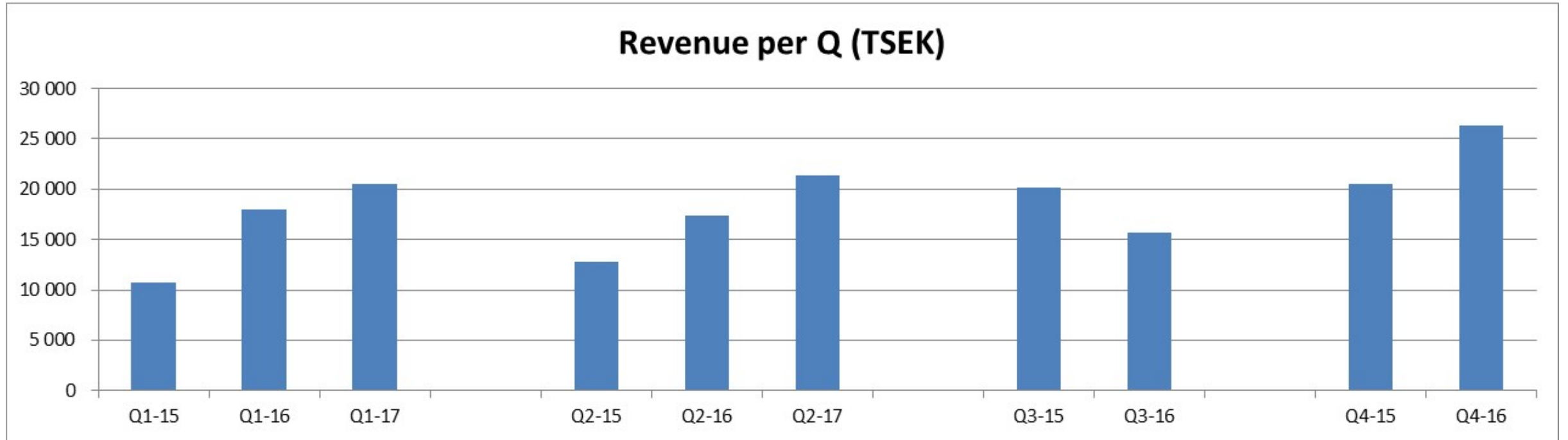
- Dramatic increase of cyberattacks fuel cybersecurity market growth
- July's major ransomware attacks - Petya and NotPetya – affected major global firms, including Maersk, TNT, Reckitt Benckiser and DLA Piper
- Global cybersecurity market estimated to 120 billion USD for 2017 ¹⁾
- Cybercrime to cost businesses globally more than 6 trillion USD by 2021 ¹⁾



¹⁾ Source: Cybersecurity Ventures

- Revenues amounted to 21,4 (17,4) MSEK, an increase of 22,6%
- Gross profit amounted to 17,9 (10,9) MSEK, an increase of 56,3%
- Gross margin amounted to 79,7 (62,5) %
- Net profit for the period amounted to -19,2 (-22,9) MSEK
- Cash at the end of the period 29,6 (17,6) MSEK (+ own shares valued at 8,2 MSEK eop giving a total of cash and cash equivalents yields of SEK 37,8 MSEK
- Earnings per share amounted to -0,84 (-1,19) SEK

Financials Q2(2017): Quarterly sales (year-over-year)



- **Nokia NetGuard Virtual Firewall: “General Availability” key milestone reached**

Nokia’s global sales, delivery and support organizations enabled to promote the solution to their global customer base.

- **Increasing rate of telecom orders**

Four new telecom orders since end of Q1; three in Q2 and one in July, versus two in Q1. Five of the orders pertain to virtual security.

- **Integration into key cloud orchestration platforms**

Implemented support for integration into Nuage Network's SDN/NFV orchestration product. The integration has been certified. Nokia CloudBand integration completed since before.

- **New order for virtualized security for market-leading, global, datacenter provider**

Demonstrates viability for the solution for the fast-growing datacenter segment as well.

- **Business grows with Canon IT Solutions in Japan**

The projected sales development for the Japanese market remains intact. An order totaling to 1,6 MSEK was received in June. Additional orders are expected during H2(2017).

- **NTT-BP has started deployment for public Wi-Fi**

First installations up and running in several locations throughout Japan.

- **Sanmina producing appliance hardware for Clavister**

Clavister has appointed global contract manufacturer Sanmina to produce hardware for security appliances in Sweden. Creates a total end-to-end Swedish product; expected quality improvements and cost reduction as a consequence.

Organizational Changes to Drive Growth

- **Updates to the Management Team**

John Vestberg appointed President and CEO.

Andreas Åsander appointed Vice President, Enterprise Sales

Erik Engström appointed Vice President, Global Service Provider Sales

- **Viktor Kovacs appointed Chairman of the Board of Directors**

- **Driving focus towards customer satisfaction and gaining market-share**

Two preliminary term-sheets received, facilitating Clavister's long-term growth strategy

Clavister has received a preliminary term-sheet for long-term debt-funding from a major reputable international bank. In addition, an alternative preliminary term-sheet is in place from another financier. After negotiation, counterparties will continue its due diligence. Both enable Clavister to secure financial facilities enabling Clavister's long-term growth strategy. Both alternatives are based on, and/or include debt.

1. 'Major international bank' - preliminary term-sheet received

Clavister has received a preliminary term-sheet for long-term debt-funding from a major international bank in order to secure Clavister's long-term growth strategy, including debt.

2. 'Financier II' - preliminary term-sheet received

After negotiation, counterparty will continue its due diligence.

3. Additional alternatives being negotiated

Introduction of, and remarks, by Viktor Kovacs

Chairman of the Board

(elected by the Board, as from Aug 15th 2017)

- Significant potential within existing agreements and partnerships
- Agreement with Nokia – increased commercial level
- Increasing demand for virtualized security
- Increased addressable market through upcoming product releases
- Focused market efforts
- Organizational and strategic adjustments to drive top-line growth and to improve effectiveness of the organization
- Market communication being vital for Clavister
- Financing: finalizing agreements

Q & A

Appendices

Financials Q2(2017): P & L

	Apr - June 2017	Apr - June 2016	Jan - June 2017	Jan - June 2016	Jan-Dec 2016 *
Income statement (TSEK)					
Revenue	21 352	17 413	41 931	35 365	78 117
COGS	-4 337	-6 529	-8 341	-11 798	-24 650
Gross profit	17 015	10 884	33 590	23 567	53 467
<i>Gross margin, %</i>	<i>80%</i>	<i>63%</i>	<i>80%</i>	<i>67%</i>	<i>68%</i>
Cap. Dev. Expenses	6 153	5 045	12 185	8 840	20 406
Staff costs	-28 986	-22 096	-56 007	-41 723	-89 751
Other external costs	-11 530	-11 453	-22 165	-20 148	-41 896
Depreciation and impairment loss	-143	-119	-287	-239	-629
Amortization and impairment loss	-6 095	-3 881	-9 181	-7 660	-14 106
EBIT	-23 586	-21 620	-41 865	-37 363	-72 509
Financial items	-1 022	-1 285	-2 145	-2 684	796
Result after financial items	-24 608	-22 905	-44 010	-40 047	-71 713
Taxes	5 385	-9	9 584	-40	16 516
Net profit - loss	-19 223	-22 914	-34 426	-40 087	-55 197
<i>Average number of shares (before dilutive effect)</i>	<i>22 895 384</i>	<i>19 196 108</i>	<i>22 821 254</i>	<i>18 872 283</i>	<i>20 642 541</i>
<i>Result per share, SEK</i>	<i>-0,84</i>	<i>-1,19</i>	<i>-1,51</i>	<i>-2,12</i>	<i>-2,67</i>
Net profit relating to Shareholders of the Parent Company	-19 223	-22 914	-34 426	-40 087	-55 197
<i>Total results of the Group:</i>					
Net profit (loss) end of the period	-19 223	-22 914	-34 426	-40 087	-55 197
Other profit	-195	-217	-151	-369	108
Net profit (loss)	-19 418	-23 131	-34 577	-40 456	-55 089

* Comparative figures are according to the adopted Annual Accounts of 2016

Financials Q2(2017): Group Balance sheet

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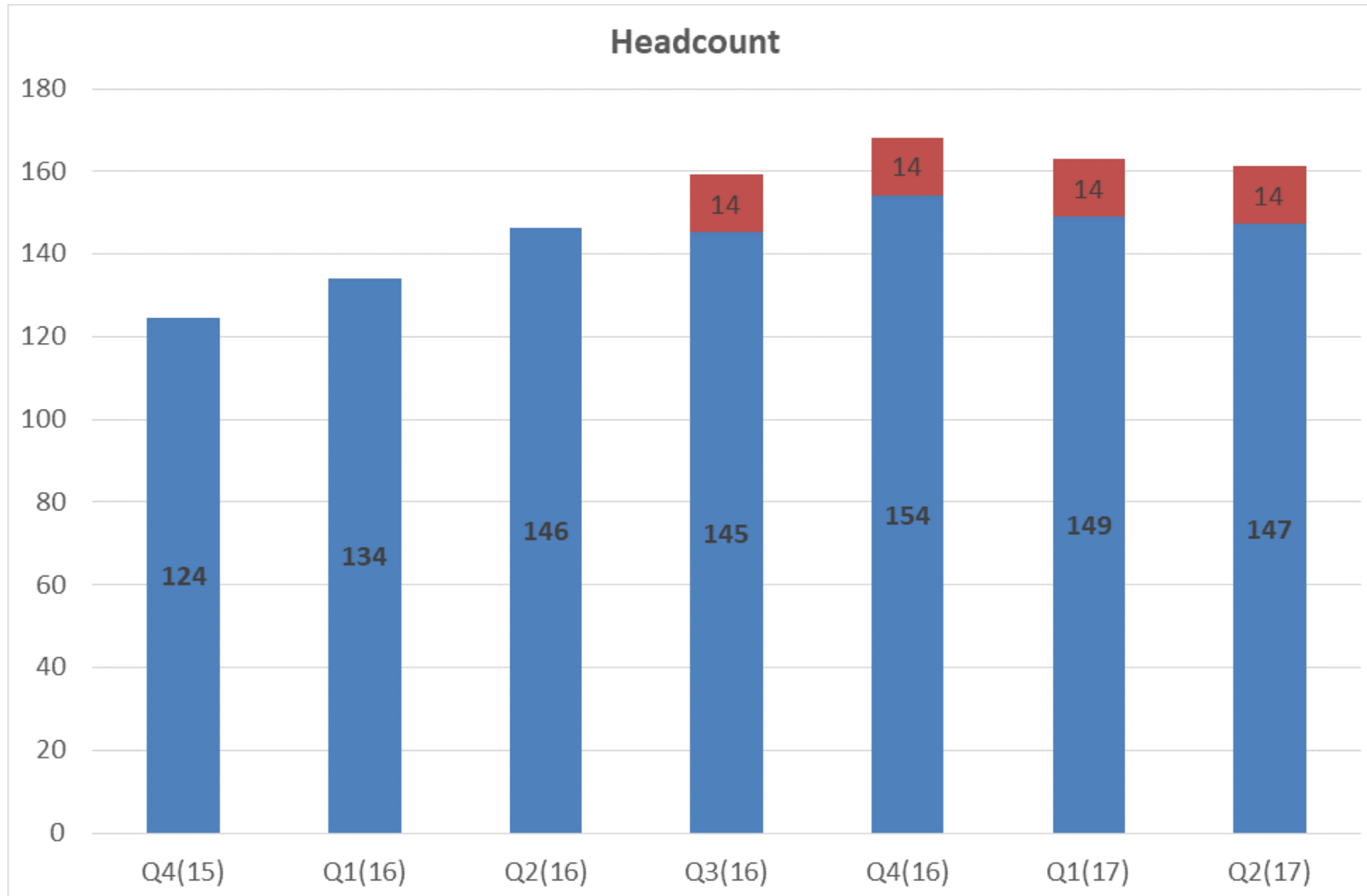
Balance sheet (TSEK)	2017-06-30	2016-06-30	2016-12-31 *
Assets			
Intangible assets	110 412	35 911	107 410
Tangible assets	670	1 287	964
Financial assets	75 990	71 569	66 377
Inventories	7 556	10 228	6 577
Current receivables	18 709	9 277	20 530
Cash and bank balances	29 618	17 602	75 311
Total assets	242 955	145 872	277 169
Equity and liabilities			
Equity	176 994	91 656	208 378
Provisions	2 997	0	2 997
Long-term liabilities	24 681	19 417	17 270
Current liabilities	38 283	34 799	48 524
Total equity and liabilities	242 955	145 872	277 169
Pledged assets	40 216	27 086	89 363
Contingent liabilities	0	0	0

Financials Q2(2017): Group Cash flow

	Apr-June	Apr-June	Jan - June	Jan - June	Jan - Dec
Cash flow analysis (TSEK)	2017	2016	2017	2016	2016 *
Profit (loss) after financial items	-24 607	-23 070	-44 008	-40 212	-71 712
Adjustments for non-cash items, etc.	6 238	4 168	9 468	8 067	9 480
Paid taxes	-282	-195	-564	-390	3 167
Cash flow from operating activities before working capital changes	-18 651	-19 097	-35 104	-32 535	-59 065
Change in W/C	-4 245	860	-5 452	-3 040	6 670
Cash flow from operating activities	-22 896	-18 237	-40 556	-35 575	-52 395
Investments in intangible assets	-6 153	-5 046	-12 185	-8 841	-20 400
Cash flow from investing activities	-6 153	-5 046	-12 185	-8 841	-20 400
Cash flow from financing activities	-586	-6 394	7 048	18 491	104 579
Cash flow	-29 635	-29 677	-45 693	-25 925	31 784
Cash, beginning of period	59 253	47 279	75 311	43 527	43 527
Cash, end of period	29 618	17 602	29 618	17 602	75 311

* Comparative figures are according to the adopted Annual Accounts of 2016

Financials Q2(2017): No of employees since Q4(2015)



PhenixID consolidated from end of August 2016, with 14 employees