CLAVISTER®

We are Network Security

Q2 Report, 2015

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Agenda

- ✓ Overall update
  - ▪ Finances
  - ▪ Q2
- ✓ Clavister Business model
- ✓ Substantial Agreement´s
  - ▪ Used cases

Q2: "Game-changers" for Clavister

✓ P&L Q2(2015): Moderate top-line, increased grossmargins, increased investments

TSEK	Q2		Change	Six months		Change
	2015	**2014**	% (Y/Y)	**2015**	**2014**	% (Y/Y)
Sales (net)	12 846	13 016	-1%	23 565	24 001	-2%
Gross profit	9 291	9 215	1%	17 189	16 828	2%
Gross margin	*72%*	*71%*	*n. m.*	*73%*	*70%*	*n. m.*
EBIT	- 16 197	- 12 601	n. m.	-32 073	-25 609	n. m.
Net profit	- 17 814	- 12 955	n. m.	-34 310	-26 176	n. m.
EPS	- 1,09	- 0,85	n. m.	- 1,77	- 3,08	n. m.

N. m.: Not meaningful (comparison between data-points)

✓ Operations: Weak development in China, delayed in Brazil, strong in Europe (+38% Y/Y)

✓ ***Substantial agreements;***
  ▪ 'Global Telecom'
  ▪ Artesyn
  ▪ Regus (Aug 2015)

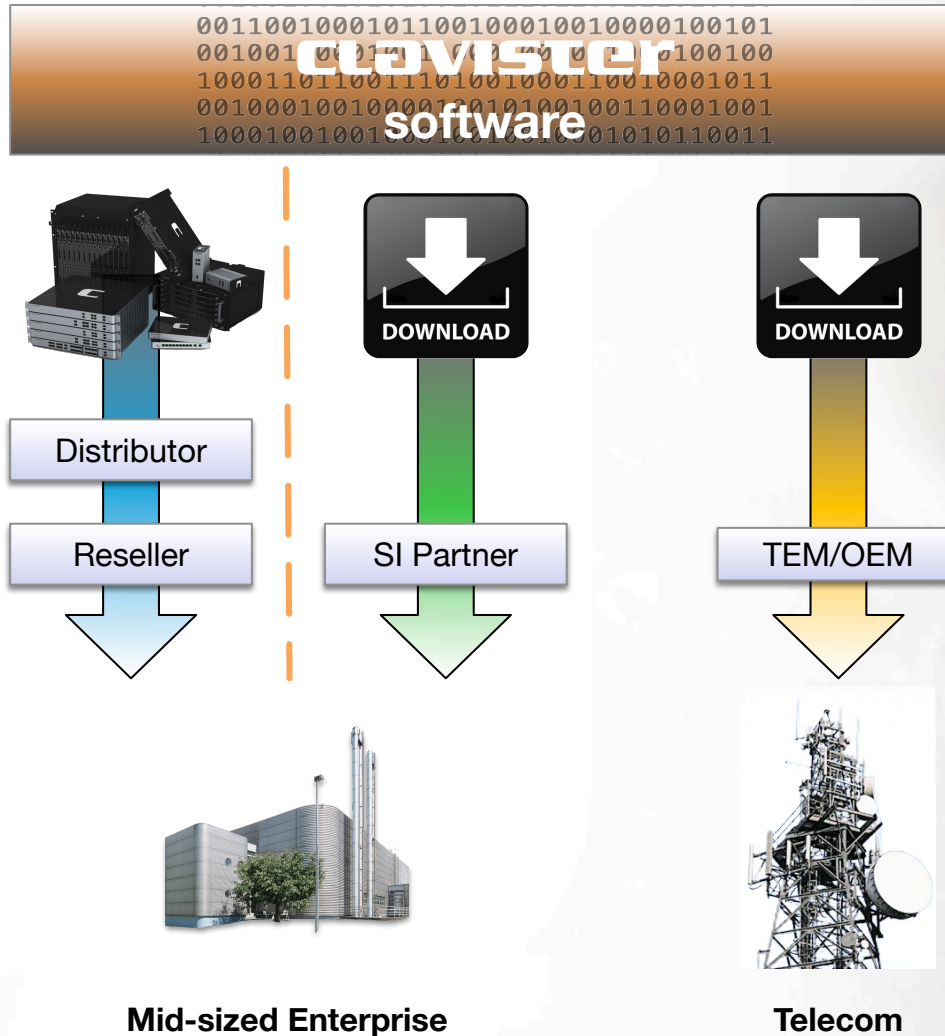✓ New Financing of 30MSEK & Decision to apply for Listing at NASDAQ OMX Stockholm

Boiling Market

✓ Global cyber security market is expected to grow to $170 billion USD by 2020, with a CAGR of 9.8% from 2015 to 2020 [1].

✓ Just in 2013...

- ... distributed Denial-of-Service attacks rose 75% in Q4 vs previous year.

- ... Japan was targeted by 12.8 billion cyber-attacks [2].

- ... 150 million user accounts were exposed from Adobe.

- ... 729 000 patient journals were stolen from California AHMC hospitals.

> *"Your security will be breached; it is just a case of when," David Thomas, deputy assistant director, FBI Cyberdivision*

[1] *Markets and Markets*
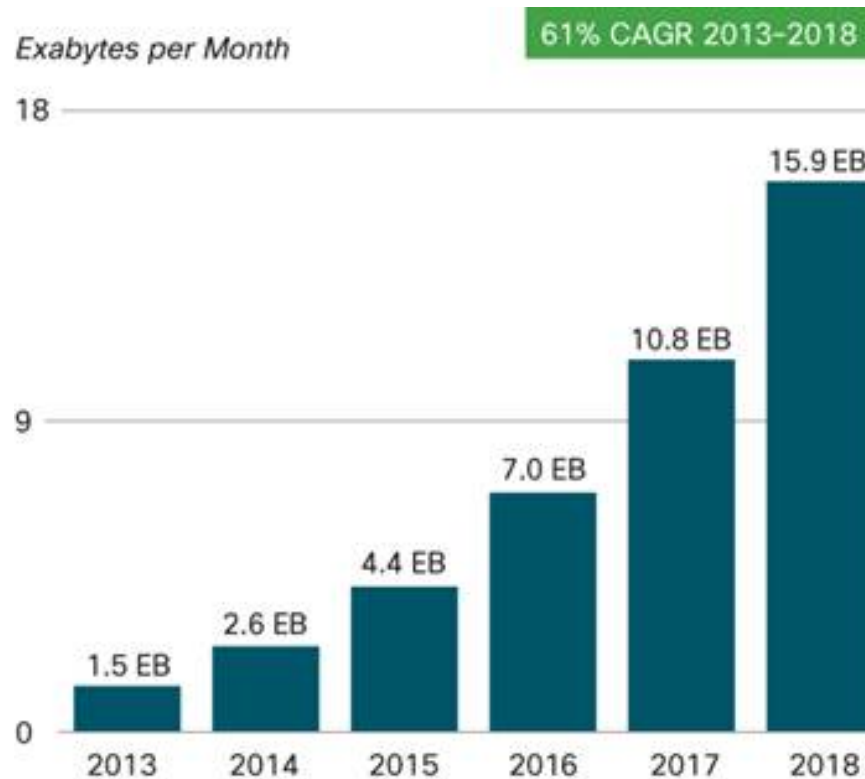[2] *Tokyo's National Institute of Information and Communications Technology (NICT)*

Business Model´s

Mid-sized Enterprise   **Telecom**

Telecom Security Market

Mobile Data Growth

Exabytes per Month

61% CAGR 2013–2018

18

15.9 EB

10.8 EB

9

7.0 EB

4.4 EB

2.6 EB

1.5 EB

0

2013   2014   2015   2016   2017   2018

Source: Cisco VNI Mobile, 2014

✓ Mobile data traffic expected to grow to 15.9 Exabytes (billions of Gigabyte) per month 2018.

✓ **Corresponding to 5 billion Full HD movies per month!**

✓ CAGR 61% from 2013 to 2018.

LTE Backhaul Security

LTE Market

2010 ●————————————————● 2013

264 LTE networks commercially launched across 101 countries worldwide between December 2009 and January 2014 — and almost as many additional LTE networks are expected to launch over the next five years, leading to...

2,500,000,000

4G-LTE (FDD/TDD) connections expected worldwide in 2020

LTE Market

64%

of the world's population will be covered by 4G-LTE networks by end of 2020

2010

264 LTE networks between December networks are

2,500,000,000

2013

countries worldwide as many additional LTE years, leading to...

4G-LTE (FDD/TDD) connections expected worldwide in 2020

LTE Market

LTE Infrastructure Investments

	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E
LTE Infrastructure Investments (MUSD) [1]	16 923	22 000	30 800	43 120	56 056	70 070	82 332	92 624
Increase, Y/Y		30%	40%	40%	30%	25%	18%	13%

[1] *Source: Infonetics 2014*

2,500,000,000

4G-LTE (FDD/TDD) connections expected worldwide in 2020

Business Update

✓ Customer A: "Major global military communications provider"

- Partner agreement signed in February 2015.

- Partner provides LTE networks to carriers.

- One of Partner's customers is building a nation-wide LTE network for national / civil security.

- Clavister selected to deliver LTE Security Gateway software.

- Shipments have started, initial orders received.

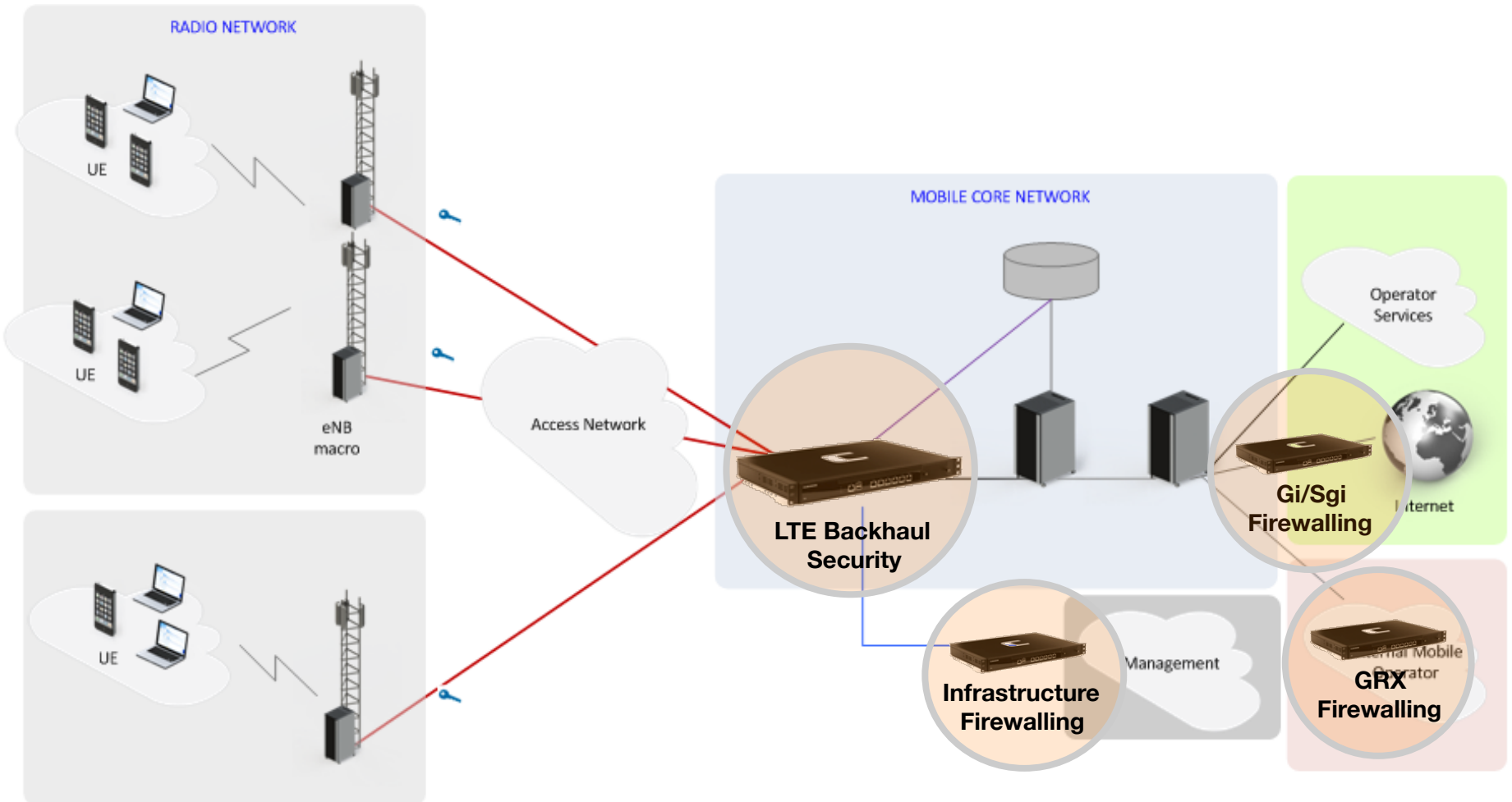- Large opportunity at volume roll-out.

Business Update

✓ Customer B: "Leading Telecom Equipment Vendor"

- Software license agreement signed in June 2015.

- Customer is establishing security as a key differentiator.

- Clavister selected to deliver network security software, including (but not limited to) LTE Security Gateway.

- Timeline:

  - Q1 '14: Initial discussions

  - Q2-Q4 '14: Supplier evaluations and technology reviews

  - Q1-Q2 '15: Contract negotiations and signing

  - Q4 '15 / Q1 '16: Proof-of-Concept Deployments at …

  - Q1-Q2 '16: Commercial Roll-out

- Clavister has already provided three major software releases, all successfully validated by Customer.

Mobile Network Security
Clavister Use Cases

Business Update

✓ Customer C: Artesyn Embedded Technologies

- Reseller agreement signed in July 2015.

- Artesyn, former part of Emerson, a global leader in embedded computing solutions, +20 000 employees.

- Clavister to deliver LTE Security Gateway software to Artesyn, for embedding onto their hardware platforms.

- Artesyn to offer the combined solution to Telecom, Defense, high-end Enterprise market and large SI´s.

- Existing pipeline with substantial and high-profile prospects.

- Training of +60 Artesyn sales people started.

- Artesyn value proposition and marketing material produced.

- *www.artesyn.com*