Clavister

Investor Brief prior to EGM at December 11, 2017
Agenda.

- Clavister Business Opportunity
- Funding Partners and Funding Structure
- Compensation for Board Committees
- Proposed new member to the Board of Directors
Clavister aims to be established as a significant global cybersecurity vendor by 2022.
Clavister Cybersecurity Technology Platform

ENTERPRISE MARKET

COMMUNICATION SERVICE PROVIDER MARKET

INTERNET OF THINGS (IoT)

DATACENTER / CLOUD COMPUTING

DEFENSE / CONNECTED VEHICLES
• Clavister is well-positioned for the Enterprise segment

• Highly profitable and scalable business model:
  - +70% Gross Margin
  - +40% Recurring Revenue
  - 93% Customer Satisfaction

• High-profile reference customers in many verticals:

Market Goal
• Gain significant market share in our core markets (Nordics, Germany, Japan, South-East Asia)
• Scaling business with existing customers / partners
• Replicate the business to new partners / verticals

Investment Focus
• Sales and Marketing (Headcount)
• Product Development (Portfolio Depth & Breadth)
• Research & Innovation

• Strong momentum from Q2 and Q3 (+39% Y/Y) has continued into Q4 and is pushing the company towards a strong quarter
COMMUNICATION SERVICE PROVIDER MARKET

- Shift from appliance based solutions to virtualized solutions is happening faster and to more industries than previously anticipated.

“Verizon says virtualization will enable it to reduce costs by $10B”

“80% of all investments into mobile core networks by 2020 will be virtualized (SNS Research)”

- Market-leading virtualized security solution for communication service providers.

- Disruptive business model where revenues scale with increased mobile data usage and virtualization adoption.

+95% Gross Margin

250% Higher Price/Performance vs Competition
• Strong partnership with Nokia, leveraging their global sales force and customer base

• Commercialized and marketed as Nokia NetGuard Virtual Firewall

• Security always included in all telecom cloud infrastructure tenders

• 8 mobile operator customer wins since start of 2017
COMMUNICATION SERVICE PROVIDER MARKET

Market Goal
• Maintain market leadership in virtualized security
• Scale business with existing partners
• Replicate the business model to new partners and new verticals

Investments Into
• Sales and Marketing (Headcount)
• Product Development (Portfolio Depth & Breadth)
• Research & Innovation

Typical Deal Projection

License  Support

Y1  Y2  Y3  Y4  Y5

+800
Mobile Operators World-wide

10m
Subscriptions / Operator (in Average)
Industry EBITDA Margin Profile.

Business Model Elasticity
EBITDA Projection at Different Revenue Levels (MSEK)

Note: Above projection is not to be read as a Clavister forecast, but based on peer OPEX benchmarking.
• Up to **SEK 250m** debt financing facility (tentative) for a fully funded business plan.

• Provides long-term financial backing for Clavister to execute and capitalize on the business opportunity.

• Investments will be made into:
  
  • **Sales and Marketing** – Sales headcount to drive growth
  • **Product Development** – Broadening and deepening the product portfolio
  • **Innovation** – Staying at the technology forefront

• Funding partners:

  **TAGEHUS**
  
  **Tagehus Holding AB**, (www.tagehus.se)
  
  Tagehus Holding AB is a family office of the Ljungberg & Holmström family.

  **European Investment Bank**
  
  **EIB - the European Investment Bank**, (www.eib.org)
  
  The world’s largest multilateral borrower and lender, with +€240b in base capital.
Funding Structure (1/2).

- Up to SEK 250m in financing (debt) facilities

- Tagehus Holding AB at SEK 50m
  - Loan with three year tenor, dispersed in 2 tranches; Q3 2017 and Q4 2017
  - Interest rate 3.5% (decreased from 7% upon first tranche from the EIB)
  - 2,500,000 basic warrants, at subscription price SEK 20
  - Up to 562,608 warrants for interest payment, at subscription price SEK 20
    (Exact number of warrants dependant on timing for first tranche from the EIB)

- The European Investment Bank (EIB) with EUR 20m
  - Loan with five year tenor from each drawdown; dispersed in 3 tranches; prel. Q1 2018, Q4 2018, Q3 2019
  - Single-digit interest rate, significant portion as PIK
  - Conditional upon approval by the board of the EIB, signing of final agreement and issue of warrants
  - 1,800,000 warrants as interest reduction, at quota value
Funding Structure (2/2).

• ‘Base case’ Potential Dilution: 16% (approx. 4.6m warrants)
  
  • whereof 1.8m warrants issued to the EIB, and
  
  • whereof approx. 300,000 warrants issued to Tagehus as a substitute for interest cash payment

• Anti-dilution Provisions
  
  • 1.25m warrants issued to Tagehus at quota value, for compensation only if new share issue below SEK 20 / share, as if the issue was made at SEK 20 / share
  
  • 6% anti-dilution protection for the EIB, during the tenor of the loan. Mandate for 1.8m warrants to the EIB covers anti-dilution of up to 30m shares (vs todays 23.56m shares)

• The loans carry highly competitive market-based interest and other commercial terms.

• Conclusion
  
  • 16% dilution (in base case) vs funding of SEK 250m compared to current market cap of approx. SEK 450m.
Establishment of Committees to the Board.

- Remuneration Committee, Audit Committee, Compliance Committee

- Proposal of remuneration related to participation in committees:
  - Chairman: SEK 75t per mandate period
  - Member: SEK 50t per mandate period
Proposed new Director to the Board.

**Bo Askvik**

- Proposed new Director of the Board at Clavister from December 11, 2017
- Currently CFO at Nynas AB
- Previously with Nordstjernan AB, Östgöta Enskilda Bank, Neste Corporation, Gränges AB, Intrum Justitia, TeliaSonera etc