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1. Q1/17 Financial Performance
2. Key improvement actions
Q1 2017: THE BEGINNING OF A TURNAROUND

Improving performance
• Revenue increased 17.2% YoY
• Loss narrowed 22.7% YoY
• Recurring revenue and subscription sales provide stable long-term revenue
• New customer wins

A lot of work left to do
• Performance journey is only beginning
• We still expect quarter to quarter volatility
• Cash flow still negative
### Q1/17 KEY FINANCIALS

<table>
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<tr>
<th>Key financials</th>
<th>1Q16</th>
<th>2Q16</th>
<th>3Q16</th>
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### Comments

**Q1 revenue grew by 17% YoY**
- Growth across all regions
- Recurring revenue strong
- Softness in license sales due to cyclicality

**Q1 loss decreased by 23% YoY**
- OPEX in line with expectations
## CASH POSITION SATISFACTORY

- Negative cash flow from operations
- Satisfactory cash position remaining

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HIGHLIGHTS FROM Q1

Key deals closed

- CryptoAuditor license deal with a South American central bank
- UKM license deal with a leading US Federal Contractor
- CryptoAuditor license deal with a major Japanese systems integrator
- CryptoAuditor license deal with one of the largest global logistics firms

Move towards subscription model

- Significant continuous revenue from subscription deals from 2016

UKM & CrA

- Platform integration and cloud transformation development ongoing

Firewall:

- First pilot projects ongoing
UK Infringement Case
• Permission to appeal still pending

German Infringement Case
• SSH appealed the decision
• Oral hearing scheduled for 05/2017

German Validity Case
• Decision expected in H2/17
• Separate from infringement case

USPTO Inter Partes Review
• Decision still expected in April 2017

Other licensing negotiations ongoing
CONTENTS

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KEY IMPROVEMENT ACTIONS

Engagement of personnel

• Ongoing strategy work with all employees invited to participate
• Review of individual targets and development discussions in the summer, line managers supported in the process
• Broadening communication interfaces between the US and Finland teams
• Creating dual roles to satisfy employees’ renewal ambitions and to fully utilize their expertise

Actions in the sales front

• US head to concentrate solely on US sales, global functions to report to the CEO.
• Detailed utilization of customer information in relationship management tools to focus upsell and cross sell activities to best prospects.
• Active targeted campaigns with a lead theme.
• Improving the balance between mega deals and continuous revenue generation.
Other factors influencing execution capability

- Build increased flexibility by enabling outsourcing.
- Built automation capabilities for maintenance renewals enhancing also e-commerce possibilities in due course.
- Utilize our deep customer experience for the purposes of customer requirements driven product design work.

Other factors influencing execution capability

- Renew our finance and reporting tools to increase visibility
- Design sales commission structure to support gradual increase of subscription deals bringing more stable revenue and longer term deals.
- Work on channel strategy to consider the efficiency of the current hybrid model and best model for each region and product.
CONFIDENCE FOR THE FUTURE REMAINS

• Several new key customers won
• Good feedback from existing customers
• Powerful existing products and exciting roadmap
• Subscription sales complementing license sales
• Highly competent technical teams
• Dynamic sales, presales and deployment teams hungry for personal growth
• New customer insight and marketing excellence in the Board of directors
• Cost consciousness continues
• New leadership team and development of it on going
• Customer needs remain, urgency increasing due to compliance requirements