



Q4 2016 FINANCIAL RESULTS
SUPPLEMENTAL INFORMATION
FEBRUARY 13, 2017

FORWARD LOOKING STATEMENTS

This presentation contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from current expectations. There can be no assurance that demand for Guidance Software's products will continue at current or greater levels, or that the Company will continue to grow revenues, or be profitable. There are also risks that Guidance Software's pursuit of providing network security and e-discovery technology might not be successful, or that if successful, it will not materially enhance Guidance Software's financial performance; that the Company could fail to retain key employees; that changes in customer requirements and other general economic and political uncertainties could impact Guidance Software's relationship with its customers; and that delays in product development, competitive pressures or technical difficulties could impact timely delivery of next-generation products; and other risks and uncertainties that are described from time to time in Guidance Software's periodic reports and registration statements filed with the Securities and Exchange Commission. The Company specifically disclaims any responsibility for updating these forward-looking statements.



2016 KEY FINANCIAL HIGHLIGHTS

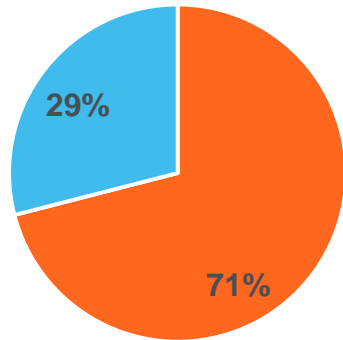
	Q4 2016	2016	Q4 2015	2015
Revenue	\$29.5 M	\$110.5 M	\$27.6 M	\$107.0 M
Non-GAAP gross margin	74%	71.5%	69%	68.1%
Non-GAAP operating income (loss)	\$2.8 M	(\$1.5 M)	(\$1.3 M)	(\$5.1 M)
Non-GAAP earnings (loss) per share	\$0.09	(\$0.05)	(\$0.05)	(\$0.18)
Cash flow from operations	\$2.1 M	(\$7.8 M)	\$1.4 M	\$2.8 M
Endpoint Security average selling price (ASP)	\$71,000	\$81,000	\$38,000	\$39,000



FORENSIC SECURITY SUITE

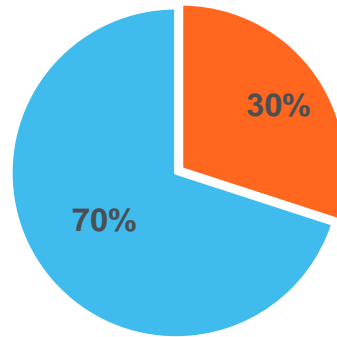
71% of enterprise revenue attributed to the forensic security suite,
up from 30% of enterprise revenue in Q4 2015

Q4 2016



- Forensic Security Suite
- Classic

Q4 2015



- Forensic Security Suite
- Classic

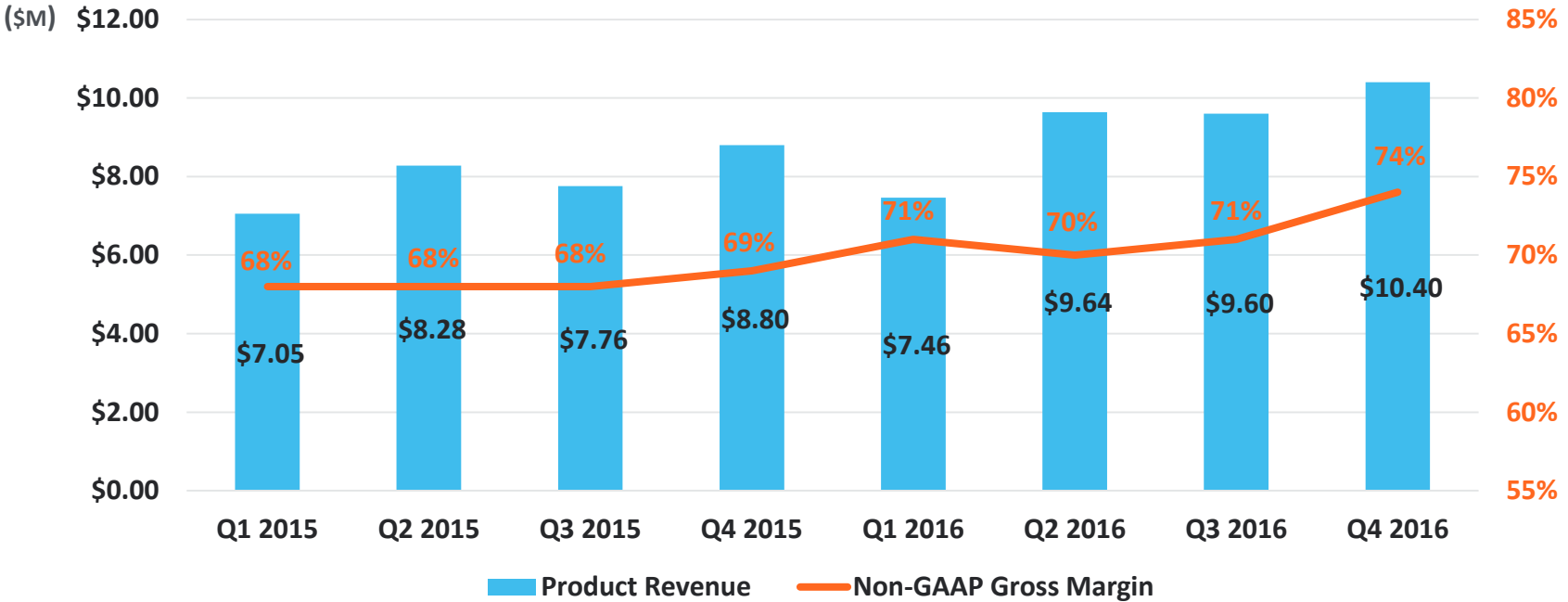
Q4 2016 Products

- Forensic Security Suite:
 - EnForce Risk Manager
 - EnCase Endpoint Security
 - Encase Endpoint Investigator

- Classic:
 - EnCase Basic
 - EnCase eDiscovery
 - Jumpstart Appliances



PRODUCT REVENUE / NON-GAAP GROSS MARGIN



Q4 2016 SELECT FINANCIAL DATA

(\$'000, EXCEPT DSO'S)

	Q4 2016	Q4 2015	Q3 2016
Cash & investments	\$12,619	\$18,967	\$11,654
Deferred revenue	\$46,132	\$49,795	\$46,359
Capital expenditures	\$133	\$347	\$240
Cash flow from (used in) operations	\$2,098	\$1,375	(\$5,627)
DSO's	69 days	71 days	72 days



RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

Q4 2016 (\$'000, EXCEPT PER SHARE DATA)

	Revenue	Gross Profit	Operating Expenses	Operating Income (Loss)	Net Income (Loss)	EBITDA	Diluted EPS
GAAP, as reported	\$29,458	\$21,477	(\$22,993)	(\$1,516)	(\$1,619)	(\$292)	(\$0.06)
Amortization of intangibles			368	368	368		0.01
Proxy contest expenses							
Litigation settlement (income)							
Realignment expenses		46	1,361	1,407	1,407	1,407	0.05
Share-based compensation		243	2,380	2,623	2,623	2,623	0.09
Income tax (benefit) provision					68		0.00
Total non-GAAP	\$29,458	\$21,766	(\$18,884)	\$2,882	\$2,847	\$3,738	\$0.09



RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

12-MONTHS ENDING 12/31/2016 (\$'000, EXCEPT PER SHARE DATA)

	Revenue	Gross Profit	Operating Expenses	Operating Income (Loss)	Net Income (Loss)	EBITDA	Diluted EPS
GAAP, as reported	\$110,518	\$77,302	(\$97,878)	(\$20,576)	(\$20,749)	(\$15,426)	(\$0.72)
Amortization of intangibles			1,508	1,508	1,508		0.05
Proxy contest expenses			2,177	2,177	2,177	2,177	0.08
Litigation settlement, net			1,050	1,050	1,050	1,050	0.04
Realignment expenses		795	4,152	4,947	4,947	4,947	0.17
Share-based compensation		942	8,495	9,437	9,437	9,437	0.32
Income tax (benefit) provision					146		0.01
Total non-GAAP	\$110,518	\$79,039	(\$80,496)	(\$1,457)	(\$1,484)	\$2,185	(\$0.05)

2017 FINANCIAL OUTLOOK

	2017
Revenue	\$112M - \$118M
Gross margin	71% - 73%
Sales & marketing	31% - 37%
Research & development	16% - 17%
General & administrative	11% - 12%
Depreciation & amortization	3%
Operating margin	6% - 8%
Non-GAAP EBITDA margin	8% - 10%
Non-GAAP EBITDA	\$9.0M - \$11.8M
Non-GAAP earnings per share	\$0.28 - \$0.36



THANK 
YOU

