CORPORATE SECURITY GREW BY 22% IN Q2
AGENDA

Key takeaways from Q2
  Key figures
  Business updates
  Outlook

Financials
  FAQ

All figures refer to continuing operations unless otherwise stated.
KEY TAKEAWAYS FROM Q2

“We improved our performance, building on our investments in growth.”

CORPORATE SECURITY UP BY 22%

- Product sales continued to show above market growth, new solutions performed well
- Services in very fast double-digit growth, geographical expansion continued

CONSUMER SECURITY UP BY 2%

- Steady progress, with both operator and direct sales growing
- F-Secure Sense was launched
### KEY FIGURES

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>43.2</td>
<td>39.3</td>
<td>10 %</td>
<td>84.3</td>
<td>77.1</td>
<td>9 %</td>
<td>158.3</td>
</tr>
<tr>
<td>of which corporate security</td>
<td>18.8</td>
<td>15.4</td>
<td>22 %</td>
<td>35.5</td>
<td>30.0</td>
<td>18 %</td>
<td>62.5</td>
</tr>
<tr>
<td>of which consumer security</td>
<td>24.4</td>
<td>23.9</td>
<td>2 %</td>
<td>48.7</td>
<td>47.1</td>
<td>3 %</td>
<td>95.8</td>
</tr>
<tr>
<td>Operating profit (EBIT)</td>
<td>2.3</td>
<td>4.6</td>
<td>-51 %</td>
<td>3.9</td>
<td>7.8</td>
<td>-50 %</td>
<td>19.2</td>
</tr>
<tr>
<td>% of revenue</td>
<td>5 %</td>
<td>12 %</td>
<td>5 %</td>
<td>10 %</td>
<td>12 %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>3.3</td>
<td>5.7</td>
<td>-41 %</td>
<td>4.9</td>
<td>8.6</td>
<td>-43 %</td>
<td>20.8</td>
</tr>
<tr>
<td>Earnings per share (EUR) 1)</td>
<td>0.03</td>
<td>0.03</td>
<td>0 %</td>
<td>0.03</td>
<td>0.04</td>
<td>-19 %</td>
<td>0.10</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and available-for-sale financial assets</td>
<td>55.6</td>
<td>51.1</td>
<td>9 %</td>
<td>54.3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel, end of period 1)</td>
<td></td>
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</tbody>
</table>

1) Includes both continuing and discontinued operations
RANSOMWARE OUTBREAKS HIGHLIGHTED THE NEED FOR SECURITY FOR EVERYONE

Map of the countries initially affected by WannaCry
CORPORATE SECURITY
REVENUE GROWTH HAS IMPROVED
DEFERRED REVENUE VS. REVENUE

Growth %

nSense acquisition

Revenue growth % yoy  Deferred revenue growth % yoy
INVESTMENTS ARE VISIBLE IN OUR PROFITABILITY

Announced in Q4/2016:
“Encouraged by the results from our growth investments in corporate security in 2016, we have decided to make a meaningful additional investment in both product development and go to market in 2017”
CORPORATE SECURITY REVENUE UP BY 22% IN Q2

CORPORATE SECURITY PRODUCTS

- Endpoint security product revenue in above-market growth
- Increasing share of order intake from Rapid Detection Service, F-Secure Radar and F-Secure Cloud Security for Salesforce
- Customer acquisition continued at a strong pace, renewals and upsells slightly above last year’s level

CYBER SECURITY SERVICES

- Very strong double-digit revenue growth
- Increasing share of order intake coming from outside of the traditional strongholds in Finland and Denmark
- Geographical expansion continued with the acquisition of Digital Assurance (UK)
NEW CORPORATE SOLUTIONS PERFORMED WELL

- F-Secure new corporate solutions are addressing fast growth security markets
- Sales pipelines continued to develop favorably
- First deals made now in 13 countries in Europe, Asia and the USA
- New key partnerships signed to boost distribution through reseller channel
SCALING UP OUR CYBER SECURITY SERVICES

F-Secure’s cyber security services business has customers across the globe

- Operations in 8 countries in Europe
- We continue to recruit consultants and sales people to meet the demand
- Digital Assurance (UK) acquired in Q2

“Services are complementary to our product business: incident investigations provide valuable insights that feed back into our product creation.”
CONSUMER SECURITY UP BY 2% IN Q2

OPERATOR CHANNEL
- Revenue in slight growth, improvement of product activation rates continues
- Clear leader in the operator ecosystem – 80+ operator partners joined our annual partner summit in Barcelona
- Signed partnerships with significant operators to combine F-Secure Key with F-Secure Safe
- First F-Secure Sense operator sales were initiated in Finland with Telia and Elisa

DIRECT SALES
- Revenue growth continued to outpace the market
- Growth driven by online and retail sales of both F-Secure Safe and Freedome
- Freedome continued to deliver strong growth
- F-Secure Sense shipments started in June
“It’s a well made, good looking wireless router.”
Gadgety News (UK)

“F-Secure SENSE will das Smart Home sicher machen.”
Mobile Geeks (GER)

“F-secure Sense review – the best online security?”
“SENSE requires minimal effort and works tirelessly to protect all my devices connected to it.”
Tech Addicts (UK)

Also mentioned on:

The New York Times  31 May 2017
PORTFOLIO EXPANSION OFFERS CROSS-SELL OPPORTUNITIES

200+ OPERATOR PARTNERS

DIRECT SALES & RETAILERS

Endpoint security
F-Secure SAFE

VPN & Privacy
F-Secure Freedome

Connected homes
F-Secure SENSE

Password management
F-Secure Key
WE CONTINUE WITH OUR INVESTMENTS

2016

Our model works
✓ Very competitive portfolio
✓ Fast growing channel
✓ Security capabilities best-in-class

2017

Seize the opportunity
✓ Boost product development
✓ More cross-selling
✓ Expand channel
✓ Recruit best people
Encouraged by the results from our growth investments in corporate security in 2016, we have decided to make a meaningful additional investment in both product development and go to market in 2017.

- Revenue is anticipated to grow from the previous year’s level (2016: EUR 158.3 million)
- Operating profit is anticipated to be EUR 8–12 million (2016: EUR 19.2 million); profitability in the first quarter of 2017 is foreseen to be lowest during the year following typical seasonality, and clearly better towards the year-end.
All income statement figures refer to continuing operations, and figures in brackets refer to the corresponding period in the previous year, unless otherwise stated. F-Secure’s personal cloud storage business (younited) was sold to Synchronoss Technologies in February 2015 and is reported as discontinued operations 2015–2016.
REVENUE

April–June
- Revenue increased by 10% y-o-y
- Total quarterly revenue 43.2m (Q216: 39.3m)

January–June
- Revenue increased by 9% y-o-y
- Total H1 revenue 84.3m (H117: 77.1m)
REVENUE SPLIT

April–June
- Revenue from corporate security increased by 22% totalling EUR 18.8 million (15.4m)
- Revenue from consumer security increased by 2% and was EUR 24.4 million (23.9m)
- Corporate and consumer security represented 43% (39%) and 57% (61%) of total revenue respectively

January–June
- Revenue from corporate security increased by 18% totalling EUR 35.5 million (30.0m)
- Revenue from consumer security increased by 3% and was EUR 48.7 million (47.1m)
- Corporate and consumer security represented 42% (39%) and 58% (61%) of total revenue respectively
PROFITABILITY

April–June
- EBIT 2.3m, 5% of revenues (Q216: 4.6m, 12%)
- Earnings per share (EPS) for continuing operations EUR 0.03 (EUR 0.03)
- Earnings per share (EPS) excluding returned withholding taxes was EUR 0.01

January–June
- EBIT 3.9m, 5% of revenues (Q216: 7.8m, 10%)
- Earnings per share (EPS) for continuing operations EUR 0.03 (EUR 0.04)
- Earnings per share (EPS) excluding returned withholding taxes was EUR 0.02
FIXED COSTS

April–June
Fixed costs 39.9m (Q216: 34.3m), +17% y-o-y
- Key drivers behind the increase were recruitments in corporate security, the impact of share-based incentive programs as well as acquisition-related costs
- Depreciation and amortization increased to 1.5m (Q216: 1.3m)
- Capitalized development expenses were 1.1m (Q216: 1.0m)

January–June
Fixed costs 78.5m (Q216: 68.2m), +15% y-o-y
- Key drivers behind the increase were recruitments in corporate security and the impact of share-based incentive programs
- Depreciation and amortization increased to 2.9m (Q216: 2.7m)
- Capitalized development expenses were 1.7m (Q216: 1.4m)
DEFERRED REVENUE

30 June 2017

- Deferred revenue increased by 9% to EUR 55.6m (EUR 51.1m), continuing positive development*

*figure shows 4-qtr rolling average deferred revenue
SOLID CASH POSITION

April–June

Q2 cash flow from operations was EUR 8.0m (Q216: 6.7m)
- F-Secure’s financial position remained solid.
- Gearing ratio was 126.4% negative (120.9% negative)
- In June, the Company received a payment of EUR 3.1 million, related to withholding taxes from 2009–2011.

January–June

H117 cash flow from operations was EUR 13.4m (H116: 5.5m)
NUMBER OF PERSONNEL

April–June

Investments reflected in headcount growth

- Net headcount increase during Q2 +36 persons
- The company’s headcount at the end of Q217 was 1,091 (+109 from Q216)
April–June

Revenue growth across all regions

- Revenue growth in European countries was EUR 3.0m relative to the comparison period
- All other regions saw growth between EUR 0.5m (North America) and 0.4m (Rest of the world)
HIGH LEVEL TRENDS IN SECURITY

EXPANDING ATTACK SURFACE

DISAPPEARING PERIMETERS

SOPHISTICATED ATTACKS

HIGHTENED RISK
AWARENESS
SEVERAL FACTORS DRIVE DEMAND

Targeted attacks - almost anything seems possible

The cloud industry grows – vulnerable with simple encryption

Email continues to be a popular attack vector

EU’s General Data Protection Regulation (GDPR) - increasing fines for poor security governance

Ransomware for the cloud era and IoT?

Emerging attacks for IoT

Governmental cyber strikes
CORPORATE SECURITY CONTINUES TO DRIVE THE GROWTH

Information security revenue forecast 2015-2021

Source: Gartner, May 2017
F-SECURE’S APPROACH TO CYBER SECURITY

- Understand your risk, know your attack surface, uncover weak spots
- React to breaches, mitigate the damage, analyze and learn
- Minimize attack surface, prevent incidents
- Recognize incidents and threats, isolate and contain them
EXTENDED OFFERING ENABLES CROSS-SELLING AND SUPPORTS PRODUCT DEVELOPMENT

Our world-renowned labs research team, security consultants and ethical hackers constantly feed new lessons, insights and tactics from their frontline experiences into our solutions.

Our **Live Security**-approach combines the latest human expertise with scalable, automated software to rapidly and continuously improve the security of Europe’s fastest growing businesses.

Our tens-of-millions of security solutions out in the field detect and block known and unknown threats. They feed real-time threat information back to our Security Cloud, to ensure it is immediately available to all our products and services.
WE HAVE A STRONG SCALABLE BUSINESS MODEL

CORPORATE SECURITY PRODUCTS & SERVICES

RESELLERS
4000+

100,000 COMPANIES

CYBER SECURITY SERVICES

HUNDREDS OF LARGE ENTERPRISES

CONSUMER SECURITY PRODUCTS

OPERATORS
200+ globally

TENS OF MILLIONS OF CONSUMERS

RETAILERS AND WEBSHOPS
F-SECURE’S CYBER SECURITY OFFERING FOR COMPANIES
EXPANDED OFFERING ALLOWS US TO EXPAND INTO NEW CORPORATE CUSTOMER SEGMENTS

<table>
<thead>
<tr>
<th>Protection Service for Business &amp; Business Suite</th>
<th>Small businesses</th>
<th>Mid-market &amp; local enterprises</th>
<th>Global enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protection Service for Business &amp; Business Suite</td>
<td>∅</td>
<td>∅</td>
<td>∅</td>
</tr>
<tr>
<td>Rapid Detection Service</td>
<td>∅</td>
<td>∅</td>
<td>∅</td>
</tr>
<tr>
<td>F-Secure Radar</td>
<td>∅</td>
<td>∅</td>
<td>∅</td>
</tr>
<tr>
<td>Cyber security services</td>
<td>∅</td>
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- F-Secure traditional strongholds
- New opportunities

Small businesses: ∅
Mid-market & local enterprises: ∅
Global enterprises: ∅
INCREASING FOCUS ON DETECTION creates new opportunities in the endpoint market.

Endpoint Protection Platforms (EPP) market

Endpoint Detection & Response (EDR) market

“EDR is an addition, not a replacement for other endpoint security tools.”
F-SECURE’S CYBER SECURITY OFFERING FOR CONSUMERS

**Endpoint Security**  
- F-Secure SAFE

**Password Management**  
- F-Secure Key

**VPN**  
- F-Secure Freedome

**IoT – Connected homes**  
- F-Secure SENSE
IN CONSUMER SECURITY INCREASED BUNDLING WITH OPERATOR PARTNERS

TOTAL SECURITY AND PRIVACY

F-SECURE SAFE + F-SECURE FREEDOME

Bundling enables cross-selling to leverage the power of portfolio, and increase average revenue per customer.

200+ OPERATOR PARTNERS
HOW DOES SENSE PROTECT YOU?

At home
SENSE creates a secure network for all your connected things

On the go
your devices are protected with the SENSE app

Total privacy and security both at home and when on the go
SENSE @ HOME

Own or operator provided router

Ethernet OR Wi-Fi connection

F-Secure SENSE

Ethernet AND/OR Wi-Fi connection