CORPORATE SECURITY
REVENUE UP BY 11% - GOOD GROWTH CONTINUED
AGENDA

Key takeaways from Q3
  Key figures
Business updates
  Outlook

Financials
FAQ

All figures refer to continuing operations unless otherwise stated.
REVENUE INCREASES BY 6% IN Q3

“Good progress with new corporate security products underlined our on-going transformation.”

CORPORATE SECURITY UP BY 11%
- Product sales in above market growth, new solutions performed well
- Services in very fast double-digit growth, gained new customers and expanded existing accounts
- Order intake growing clearly faster than revenue

CONSUMER SECURITY UP BY 2%
- Direct sales in accelerating growth, good performance with Freedome and F-Secure Total
- Operator revenue flat, weakening in South America
### KEY FIGURES

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>41.0</td>
<td>38.8</td>
<td>6 %</td>
<td>125.3</td>
<td>115.9</td>
<td>8 %</td>
<td>158.3</td>
</tr>
<tr>
<td>of which corporate security</td>
<td>16.8</td>
<td>15.1</td>
<td>11 %</td>
<td>52.3</td>
<td>45.1</td>
<td>-16 %</td>
<td>62.5</td>
</tr>
<tr>
<td>of which consumer security</td>
<td>24.2</td>
<td>23.7</td>
<td>2 %</td>
<td>72.9</td>
<td>70.8</td>
<td>3 %</td>
<td>95.8</td>
</tr>
<tr>
<td>Operating profit (EBIT)</td>
<td>3.3</td>
<td>4.5</td>
<td>-27 %</td>
<td>7.2</td>
<td>12.3</td>
<td>-42 %</td>
<td>19.2</td>
</tr>
<tr>
<td>% of revenue</td>
<td>8 %</td>
<td>12 %</td>
<td>-27 %</td>
<td>6 %</td>
<td>11 %</td>
<td>-42 %</td>
<td>12 %</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>3.5</td>
<td>4.5</td>
<td>-23 %</td>
<td>8.4</td>
<td>13.2</td>
<td>-36 %</td>
<td>20.8</td>
</tr>
<tr>
<td>Earnings per share (EUR) ¹</td>
<td>0.02</td>
<td>0.02</td>
<td>4%</td>
<td>0.05</td>
<td>0.06</td>
<td>-13%</td>
<td>0.10</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>11 %</td>
<td>54.3</td>
<td></td>
<td>11 %</td>
<td>54.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and available-for-sale financial assets</td>
<td>81.1</td>
<td>86.6</td>
<td>-6 %</td>
<td>92.7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel, end of period ¹</td>
<td>1,060</td>
<td>1,016</td>
<td>4 %</td>
<td>1,026</td>
<td></td>
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</tbody>
</table>

¹) Includes both continuing and discontinued operations
EXPANDED PORTFOLIO OF PRODUCTS AND SERVICES CREATES BUSINESS OPPORTUNITIES

KEY TRENDS
✓ New regulation
✓ Cyber attacks increasing in volume and complexity

CUSTOMER NEED
✓ Robust threat prevention
✓ Real-time threat detection and incident response
✓ Vulnerability assessment
✓ Cyber security expertise

INCREASING DEMAND FOR
- Endpoint protection
- Rapid Detection Service
- F-Secure Radar
- Cyber security services
CORPORATE SECURITY CONTINUES TO DRIVE GROWTH DESPITE SEASONALITY

EUR m

Growth %

nSense acquisition
DEFERRED REVENUE GROWS FASTER THAN REVENUE

Growth %

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Revenue growth % yoy</th>
<th>Deferred revenue growth % yoy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q116</td>
<td>5%</td>
<td>10%</td>
</tr>
<tr>
<td>Q216</td>
<td>4%</td>
<td>11%</td>
</tr>
<tr>
<td>Q316</td>
<td>9%</td>
<td>13%</td>
</tr>
<tr>
<td>Q416</td>
<td>9%</td>
<td>13%</td>
</tr>
<tr>
<td>Q117</td>
<td>9%</td>
<td>10%</td>
</tr>
<tr>
<td>Q217</td>
<td>6%</td>
<td>9%</td>
</tr>
<tr>
<td>Q317</td>
<td>9%</td>
<td>11%</td>
</tr>
</tbody>
</table>
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 11% IN Q3

CORPORATE SECURITY PRODUCTS

▪ Endpoint security product revenue in above-market growth, but country-level performance mixed
▪ Customer acquisition continued at a solid pace, renewals and upsells slightly above last year’s level
▪ Positive progress with Rapid Detection Service (RDS), significant win in Germany
▪ Regional sales expansion continued with F-Secure Radar, first deals in Italy and India

CYBER SECURITY SERVICES

▪ Very strong double-digit revenue growth
▪ New significant wins and expanded accounts with existing customers
▪ Majority of revenue coming from Denmark, Finland and UK – share of order intake coming from other countries also increasing
CONSUMER SECURITY UP BY 2% IN Q3

OPERATOR CHANNEL

- Revenue at previous year’s level
- Overall improvement of product activation rates continues
- Weakening in South America

DIRECT SALES

- Revenue growth continues to outpace the market – order intake growth accelerated for the 10th consecutive quarter
- Growth driven by F-Secure SAFE and FREEDOME – both separately as well as combined into F-Secure TOTAL
- F-Secure SENSE continued progress – good media reviews, but revenue impact limited
F-SECURE CONTINUES ITS TRANSFORMATION

OUR HISTORY

Pure endpoint protection player

F-SECURE TODAY

✓ Broad offering of cyber security services and corporate security products

✓ Continued investments in sales & marketing and product development to support growth

✓ Expansion of the partner network
F-SECURE HAS A STRONG EMPLOYER BRAND

"In the IT sector, companies which improved most were F-Secure, Suunto and OP Group."

TOP10 employers in IT:
https://universumglobal.com/rankings/finland/
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
FINANCIALS
Q3 2017

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

**July–September**
- Revenue increased by 6% y-o-y
- Total quarterly revenue 41.0m (Q316: 38.8m)

**January–September**
- Revenue increased by 8% y-o-y
- Total revenue 125.3m (115.9m)
REVENUE SPLIT

July–September
- Revenue from corporate security increased by 11% totalling EUR 16.8 million (15.1m)
- Revenue from consumer security increased by 2% and was EUR 24.2 million (23.7m)
- Corporate and consumer security represented 41% (39%) and 59% (61%) of total revenue respectively

January–September
- Revenue from corporate security increased by 16% totalling EUR 52.3 million (45.1m)
- Revenue from consumer security increased by 3% and was EUR 72.9 million (70.8m)
- Corporate and consumer security represented 42% (39%) and 58% (61%) of total revenue respectively
PROFITABILITY

July–September
- EBIT 3.3m, 8% of revenue (4.5m, 12%)
- Earnings per share (EPS) EUR 0.02 (EUR 0.02, EUR 0.02 including discontinued operations)

January–September
- EBIT EUR 7.2m, representing 6% of revenue (12.3m, 11%)
- Earnings per share (EPS) EUR 0.05 (EUR 0.06, EUR 0.06 including discontinued operations)
FIXED COSTS

July–September

Fixed costs 35.9m (Q316: 33.7m), +6% y-o-y

- Key drivers behind the increase were recruitments in corporate security, the impact of share-based incentive programs
- Depreciation and amortization increased to 1.7m (Q316: 1.3m)
- Capitalized development expenses were 1.1m (Q316: 0.7m)

January–September

Fixed costs 114.4m (Q316: 101.9m), +12% 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 4.5m (Q316: 4.0m)
- Capitalized development expenses were 2.9m (Q316: 2.1m)
DEFERRED REVENUE

30 September 2017

- Deferred revenue increased by 11% to EUR 56.0m (EUR 50.4m), continuing positive development*

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

July–September

Cash flow from operations was EUR 1.3 million (6.8m)

- F-Secure’s financial position remained solid
- The decline in cash flow compared to comparison period in 2016 was mainly due to M&A related payments
- Gearing ratio was 121.6% negative (123.4% negative)

January–September

Cash flow from operations was EUR 14.7 million (12.3m)
NUMBER OF PERSONNEL

July–September

- Net headcount decrease during Q3 was -31 persons
- The company’s headcount at the end of Q317 was 1,060 (+44 from Q316)
July–September

Revenue growth across all regions

- Revenue growth in European countries was EUR 2.1m relative to the comparison period
FREQUENTLY USED SLIDES
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**

**Ransomware for the cloud era and IoT?**

**Emerging attacks for IoT**

**Governmental cyber strikes**

**EU’s General Data Protection Regulation (GDPR)** - increasing fines for poor security governance
CORPORATE SECURITY CONTINUES TO DRIVE THE GROWTH

Information security revenue forecast 2015-2021

Source: Gartner, August 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

CONSUMER SECURITY PRODUCTS

RESELLERS
4000+

100,000 COMPANIES

CYBER SECURITY SERVICES

HUNDREDS OF LARGE ENTERPRISES

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>Service</th>
<th>Small businesses</th>
<th>Mid-market &amp; local enterprises</th>
<th>Global enterprises</th>
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<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**
INCREASING FOCUS ON DETECTION CREATE
NEW OPPORTUNITIES IN THE ENDPOINT 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

- **VPN**
  - F-Secure Freedome

- **Password Management**
  - F-Secure Key

- **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