CORPORATE SECURITY GREW BY 16%
AGENDA

Restatements
Key takeaways from Q1
Key figures
Business updates
Outlook

Financials
Supplementary material
RESTATEMENT OF COMPARATIVE FINANCIALS

- As of 1 January 2018 F-Secure has adopted the new guidance on revenue recognition (IFRS 15)
- Together with analyzing the IFRS 15 impact, the allocation of costs between Cost of Revenue (CoR) and Operating Expenses (OPEX) has also been revised.
- All comparative figures in this presentation have been adjusted according to the restatement (Stock exchange release 3 May 2018)

Impacts on 2017 key figures:
Revenue: +0.1 million
EBIT: +0.4 million
Gross margin: restated 85% (vs. 96%)
“2018 started according to our expectations.”

CORPORATE SECURITY UP BY 16%

- Growth continued to be driven by strong growth in cyber security services and new products
- Good progress with Rapid Detection Service (RDS)

CONSUMER SECURITY DOWN BY 2%

- Direct sales in good growth, solid performance with FREEDOME and F-Secure TOTAL
- Operator revenue down due to the lost customer in Latin America (H2/2017), other regions in slight growth
## KEY FIGURES

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>43.1</td>
<td>40.9</td>
<td>6 %</td>
<td>169.8</td>
</tr>
<tr>
<td>of which corporate security</td>
<td>19.4</td>
<td>16.6</td>
<td>16 %</td>
<td>72.2</td>
</tr>
<tr>
<td>of which consumer security</td>
<td>23.8</td>
<td>24.2</td>
<td>-2 %</td>
<td>97.5</td>
</tr>
<tr>
<td>EBIT</td>
<td>2.3</td>
<td>1.6</td>
<td>45 %</td>
<td>11.5</td>
</tr>
<tr>
<td>% of revenue</td>
<td>5.2%</td>
<td>3.8%</td>
<td>7 %</td>
<td></td>
</tr>
<tr>
<td>Earnings per share (EUR)</td>
<td>0.00</td>
<td>0.01</td>
<td>0.07</td>
<td></td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>67.2</td>
<td>61.2</td>
<td>10%</td>
<td>65.7</td>
</tr>
<tr>
<td>Cash and financial assets at fair value through P&amp;L</td>
<td>88.5</td>
<td>96.4</td>
<td>-8%</td>
<td>90.2</td>
</tr>
<tr>
<td>Personnel, end of period</td>
<td>1,145</td>
<td>1,055</td>
<td>9 %</td>
<td>1,104</td>
</tr>
</tbody>
</table>

1) Earnings per share (EPS) excluding returned withholding taxes was EUR 0.05 for 1–12/2017.
PROFITABILITY SLIGHTLY IMPROVED Y-O-Y, CONTINUES TO REFLECT FOCUS ON GROWTH
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>Q118</td>
<td>6%</td>
<td>13%</td>
</tr>
<tr>
<td>Q217</td>
<td>6%</td>
<td>10%</td>
</tr>
<tr>
<td>Q317</td>
<td>9%</td>
<td>11%</td>
</tr>
<tr>
<td>Q417</td>
<td>5%</td>
<td>13%</td>
</tr>
<tr>
<td>Q118</td>
<td>6%</td>
<td>10%</td>
</tr>
</tbody>
</table>
CORPORATE SECURITY CONTINUES TO DRIVE GROWTH
CORPORATE SECURITY REVENUE UP BY 16% IN Q1

CORPORATE SECURITY PRODUCTS

- Good progress with Rapid Detection Service (RDS), significant wins in demanding verticals
- Regional sales expansion continued with new products, sales in 20 countries, but many have only started
- Preparations for Endpoint Detection & Response (EDR) launch continued
- Endpoint security order intake at previous year’s level, country-level performance varies. Customer acquisition at previous year’s level, renewal rates remained high

CORPORATE SECURITY PRODUCTS

- Strong revenue growth, driven by high demand
- Successful recruitment
- Majority of revenue coming from Denmark, Finland and UK – share of order intake coming from other countries also increasing
To ensure efficient execution of this strategy, F-Secure has made changes into our corporate security organization structure last February.

- Key functional areas within corporate security elevated to the Leadership Team.

NEW LEADERSHIP TEAM ROLES

Juha Kivikoski
Enterprise & Channel Sales

Jyrki Tulokas
Cyber Security Products & Services

Jyrki Rosenberg
Marketing

ORGANIZATIONAL CHANGE IN FEBRUARY
CONSUMER SECURITY DOWN BY 2% IN Q1

OPERATOR CHANNEL

- Revenue declined due to previously communicated (H22017) operator partner loss in Latin America - impact remains visible in Q2/2018
- Other regions in slight growth, overall improvement of product activation rates continues
- Discussions about Sense (both as device and as software) continue with operators and device manufacturers

DIRECT SALES

- Revenue growth continues to outpace the market
- Growth driven by F-Secure SAFE and FREEDOME – both separately as well as combined into F-Secure TOTAL
READY FOR THE NEXT 30 YEARS
KEY FOCUS AREAS IN 2018

Enterprise-grade cyber security for the midmarket

- Increase share of wallet by cross-selling and upselling
  - Sales expansion of the new corporate security products (RDS & F-Secure RADAR)
  - Successful launch of the new Endpoint Detection & Response solution (EDR)
- Best-in-class renewal rates
- Adding new customers in focus geographies
- Continued growth of cyber security services
- Active M&A
Outlook for 2018 - UNCHANGED

F-Secure continues to invest in the growth of the corporate business, both the development of cyber security products and services as well as sales and marketing of these solutions.

- Revenue from corporate security is expected to grow by over 15% compared to 2017.
- Revenue from consumer security to stay at the same level as in 2017.
- EBIT is expected to be in the range of 8-12M€.
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

January–March
- Revenue increased by 6% y-o-y
- Total quarterly revenue 43.1m (Q117: 40.9m)
Revenue Split

January–March

- Revenue from corporate security increased by 16% totalling EUR 19.4 million (16.6 m)
- Revenue from consumer security decreased by -2% and was EUR 23.8 million (24.2 m)
- Corporate and consumer security represented 45% (41%) and 55% (59%) of total revenue respectively
PROFITABILITY

January–March

- EBIT 2.3m, 5% of revenue (1.6m, 3.8%)
- Earnings per share (EPS) EUR 0.00 (EUR 0.01)
OPERATING EXPENSES

January–March

Operating expenses 34.4m (Q117: 34.4m), 0% y-o-y

- Depreciation and amortization 1.6m (Q117: 1.4m)
- Capitalized development expenses were 0.5 m (Q117: 0.7m)
DEFERRED REVENUE

31 March 2018

- Deferred revenue increased by 10% to EUR 67.2m (EUR 61.2m)
REGIONAL REVENUE

January–March

- Other regions revenue declined slightly due to the loss of a single operator customer in Latin America
SOLID CASH POSITION

January–March

Cash flow from operations was EUR -0.3 million (5.5m), including a cash settlement related to the company’s long-term incentive plan (-2.3m)

- F-Secure’s financial position remained solid
- Gearing ratio was 123.1% negative (123.3% negative)
NUMBER OF PERSONNEL

January–March
- Net headcount increase during Q1 was +41 persons
- The company’s headcount at the end of Q118 was 1,145 (Q117: 1,055)
F-Secure continues to invest in the growth of the corporate business, both the development of cyber security products and services as well as sales and marketing of these solutions.

- Revenue from corporate security is expected to grow by over 15% compared to 2017.
- Revenue from consumer security to stay at the same level as in 2017.
- EBIT is expected to be in the range of 8-12M€.
The demand for corporate cyber security products and services is expected to grow strongly. F-Secure aims to grow faster than the market, with revenue from corporate security expected to grow above 15% annually during our strategy period 2018-2021.

Driven by the anticipated revenue growth and scalable business model, the company’s profitability is expected to improve significantly in the long-term. The board and the management continuously seek to balance growth investments and profitability to optimize long-term value creation for the shareholders.
STRATEGY SLIDES FROM THE CAPITAL MARKETS DAY
22 Nov 2017
F-SECURE’S TRANSFORMATION CONTINUES

**FOUNDATION**
World class endpoint protection with special focus in operator channel and consumers  
-2015

**NEW STRATEGY**
Shifting investments towards corporate cyber security  
2015-2017

**ACCELERATE GROWTH**
Special focus on Enterprise-Grade cyber security for mid-market  
2018-
CORPORATE SECURITY CONTINUES TO DRIVE THE GROWTH

INFORMATION SECURITY REVENUE FORECAST 2015-2021

USD billion

Source: Gartner, Feb 2018
## DIFFERENCES BETWEEN SEGMENTS

<table>
<thead>
<tr>
<th>ENDPOINT PROTECTION</th>
<th>ENDPOINT DETECTION &amp; RESPONSE</th>
<th>VULNERABILITY MANAGEMENT</th>
<th>CYBER SECURITY SERVICES</th>
<th>CONSUMER SECURITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3.6 BILLION</td>
<td>$0.4 BILLION</td>
<td>$1.0 BILLION</td>
<td>$16.0 BILLION</td>
<td>$4.6 BILLION</td>
</tr>
<tr>
<td>2.7%</td>
<td>45.3%</td>
<td>13.0%</td>
<td>10.0%</td>
<td>1.3%</td>
</tr>
</tbody>
</table>

Source: Gartner

Source: Gartner

Source: IDC

Source: Markets&Markets

Source: Gartner
MEGATRENDS

NEED FOR DETECTION AND RESPONSE
Evolving threat landscape
No 100% protection

NEED FOR BETTER SECURITY ORCHESTRATION
More data sources
Automation and AI
Visibility

NEED FOR OUTSOURCING
Increasing complexity
Lack of trained personnel
Cost of expertise

Increasing demand for cyber security products and services
CHANNEL PAYS A BIG ROLE WITH MID-MARKET CUSTOMERS & CONSUMERS

Channel influence

Endpoint protection only

Best of suite

Best of breed products

Product differentiation

Consumers
Small companies
Mid-market
Enterprise

Customer size
# MID-MARKET HAS BROADER NEEDS & MORE CAPACITY TO SPEND

<table>
<thead>
<tr>
<th>Company size</th>
<th>Available budget*</th>
<th>Customer focus</th>
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</thead>
<tbody>
<tr>
<td>SMALL COMPANIES</td>
<td>€ 1k–10k</td>
<td>Endpoint protection</td>
</tr>
<tr>
<td>25–200 seats</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MID-MARKET</td>
<td>€ 100k–1M</td>
<td>Best of Suite</td>
</tr>
<tr>
<td>200–5000 seats</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ENTERPRISES</td>
<td>€ 1M–5M</td>
<td>Best of Breed</td>
</tr>
<tr>
<td>+5000 seats</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*SOURCE: SANS Institute
EXPANSION OF F-SECURE’S OFFERING FOR MID-MARKET

ENDPOINT PROTECTION ONLY

COMPREHENSIVE CYBER SECURITY OFFERING

INTEGRATED SECURITY SUITE FOR MID-MARKET

- 2015

2015–2017

2018 –
BROADER OFFERING EXPANDS BUSINESS OPPORTUNITIES

Sales

Time

CYBER SECURITY SERVICES
ADDITIONAL SOLUTIONS
INITIAL SOLUTION
BRINGING TOGETHER ENDPOINT PROTECTION AND DETECTION & RESPONSE

World-class endpoint protection

Endpoint detection & response

F-Secure Rapid Detection Service

2018
SCALABILITY THOUGH
A GLOBAL NETWORK OF PARTNERS

CORPORATE SECURITY PRODUCTS & SERVICES

RESELLERS
6000+

100,000+ COMPANIES

HUNDREDS OF LARGE ENTERPRISES

CONSUMER SECURITY PRODUCTS

CYBER SECURITY SERVICES

OPERATORS
200+ globally

TENS OF MILLIONS OF CONSUMERS

RETAIL & ETAIL
SYNERGIES ACROSS SEGMENTS

MID-MARKET

SMALL BUSINESS

LARGE ENTERPRISES

CONSUMERS

Privacy
Family
Connected home