

CORPORATE SECURITY REVENUE GREW 14% ORGANICALLY IN THIRD QUARTER

Q3/2019

Samu Konttinen, President & CEO



KEY TAKEAWAYS FROM Q3

Corporate cyber security continued to grow

- Corporate security grew 14% from previous year
 - Endpoint protection on stable growth track
 - Managed Detection and Response (MDR) solutions had a strong quarter, won significant deals against top competitors
 - Cyber security consulting continued to grow strongly
 - Consumer security revenue at previous year's level
- Adjusted EBITDA according to our expectations – margin 13%
- In October F-Secure started restructuring to capture synergies from the MWR InfoSecurity and reorganize operations for better focus on different customer segments

KEY FINANCIAL HIGHLIGHTS

EUR m	7-9/2019	7-9/2018	Change	1-9/2019	1-9/2018	Change	1-12/2018
Revenue	53.8	50.5	7 %	161.2	137.0	18 %	190.7
Consumer security	23.4	23.8	-1 %	71.4	70.9	1 %	94.9
Corporate security	30.3	26.7	14 %	89.8	66.1	36 %	95.9
Adjusted EBITDA¹	6.8	6.0	15 %	16.6	12.6	32 %	17.4
% of revenue	13 %	12 %		10 %	9 %		9 %
Adjustment to operating income				9.1			
M & A expenses		-2.7			-3.3		-3.6
EBITDA¹	6.8	3.3	109 %	25.7	9.3	177 %	13.8
Depreciation & amortization ¹	-3.5	-1.8	92 %	-10.1	-4.7		-6.8
Impairment				-6.0			
PPA amortization	-0.9	-1.1	-24 %	-3.2	-1.4		-2.5
EBIT¹	2.5	0.4		6.4	3.1	104 %	4.6
Earnings per share (EUR) ²	0.01	0.01	7 %	0.02	0.01	136 %	0.01
Deferred revenue				70.2	69.0	2 %	72.9
Cash flow from operations before financial items and taxes ¹	3.7 ¹	-1.0		10.3 ¹	3.3		13.8
Personnel, end of period				1,727	1,636	6%	1,666

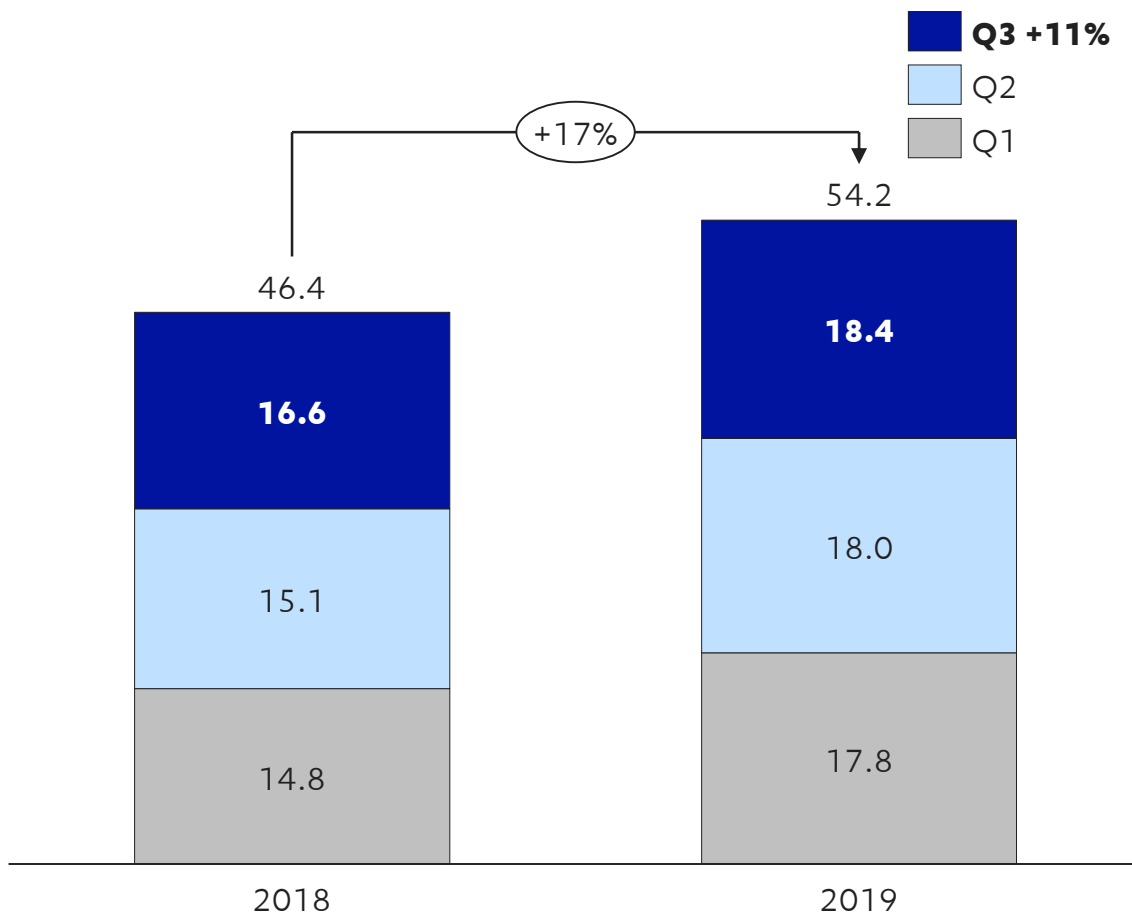
¹IFRS 16 increased Adjusted EBITDA and EBITDA by EUR 1.7 million during Q3 and EUR 5.0 million during January-September. Impact on adjusted EBIT and EBIT was EUR 0.1 million during Q3 and EUR 0.2 million during January-September. Depreciation and amortization increased by EUR 1.6 million during Q3 and by EUR 4.8 million during January-September.

²Based on the weighted average number of outstanding shares during the period 157,696,495 (1-9/2019)

CORPORATE SECURITY PRODUCTS REVENUE GREW 11% IN Q3

(1-9/2019, EUR m)

Revenue comparison



Revenue from endpoint security remains on stable growth track

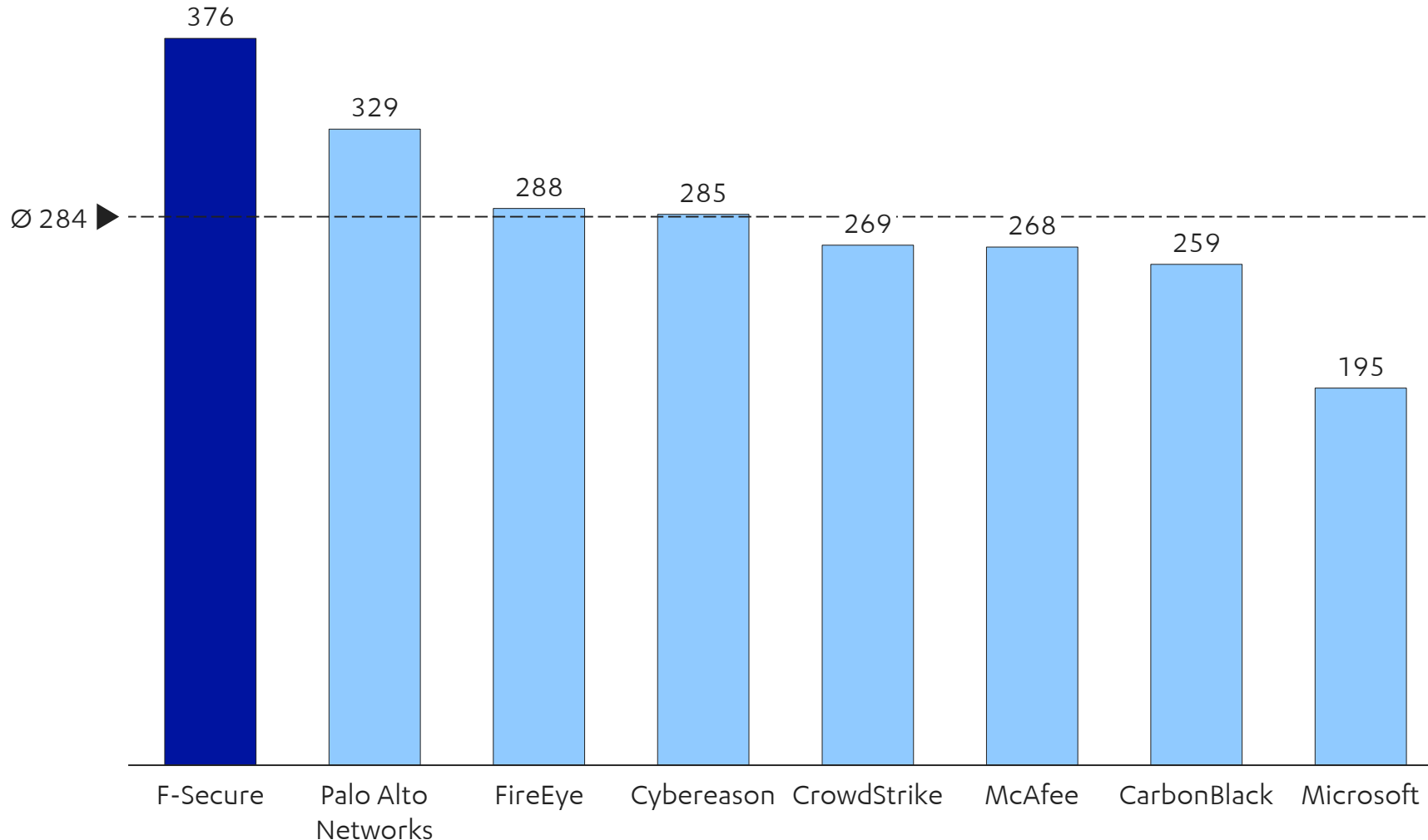
- Good renewal performance in EPP and growing volumes of EDR sold as integrated to EPP
- New customer acquisition soft in Finland and Japan as sales of some non-strategic products were terminated
- EDR is still small in our corporate security business mix while the solution is strategically very important

Revenue from Managed Detection and Response solutions (Countercept & RDS) increased well

- Managed Detection and Response (MDR) solutions had a strong quarter
- In Q3 F-Secure Countercept won significant deals against many top competitors in the US and UK
- MDR deals were won in UK, Germany, Poland, Finland and South Africa in customer verticals such as finance, critical infrastructure and technology

F-SECURE DETECTION AND RESPONSE CAPABILITIES OUTSHONE COMPETITORS IN 3RD PARTY EVALUATION

MITRE ATT&CK evaluation, Simple Scores by Forrester Research¹



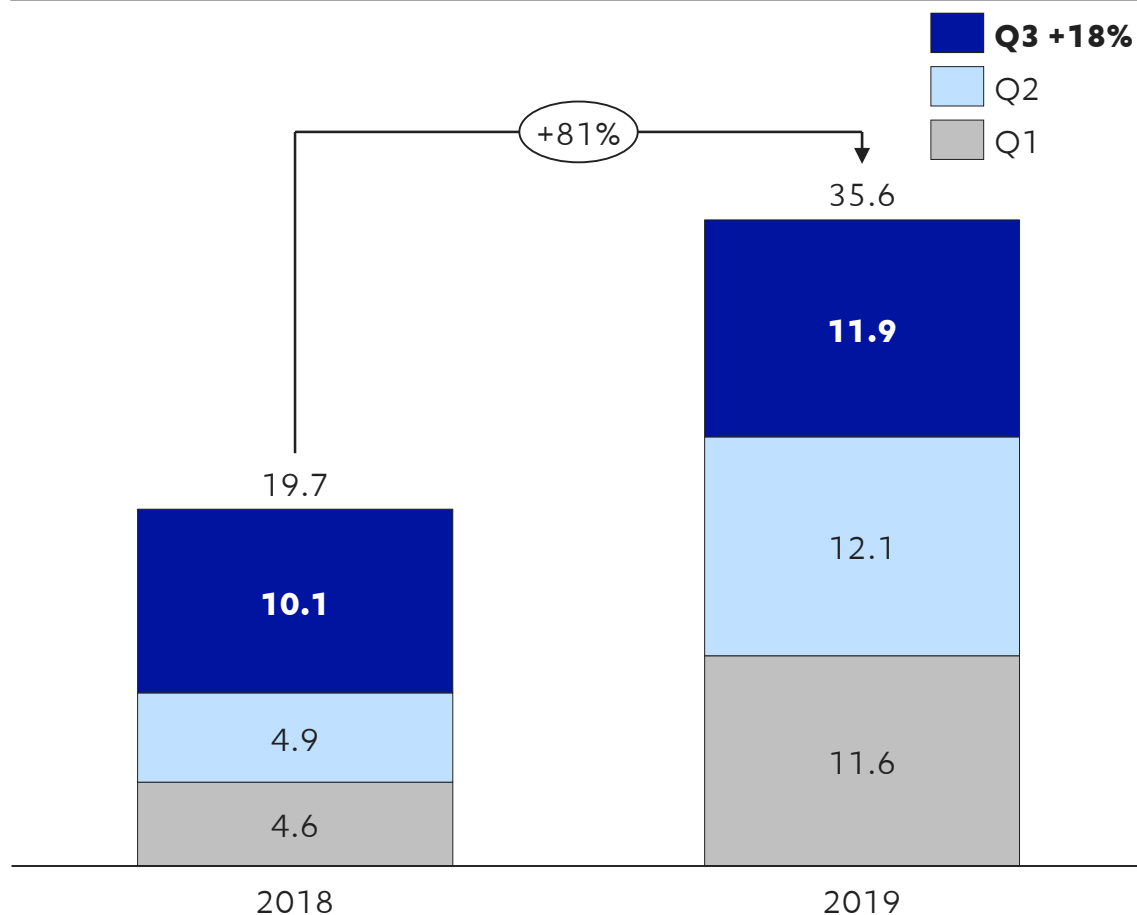
- Clear first place in MITRE ATT&CK evaluations for MDR EDR solutions
- Evaluation tool developed independently by third party agency Forrester Research
- Great testimony for F-Secure's unique technology stack that serves our EDR and MDR solutions
- Achievements in line with chosen strategy and attributable R&D investments enabling further growth

¹Source: The Forrester MITRE ATT&CK Evaluation Guide- An Objective Analysis Of The Evaluation And How To Interpret The Results (September 17, 2019) <https://www.forrester.com/report/The+Forrester+MITRE+ATTCK+Evaluation+Guide/-/E-RES147475#>

CYBER SECURITY CONSULTING REVENUE GREW 18% IN Q3

(1-9/2019, EUR m)

Revenue comparison



Cyber security consulting revenue continued to grow strongly

- Cyber security consulting revenues continued to grow well in our largest markets UK and Nordics
- Singapore performance particularly strong in Q3
- In September F-Secure finalized the MWR integration in consulting and combined all units into one globally operating multi-disciplinary organization

GLOBALLY OPERATING MULTI-DISCIPLINARY CONSULTING ORGANIZATION

Consulting capability: example customer cases

GEOGRAPHY

11 4

Locations Continents

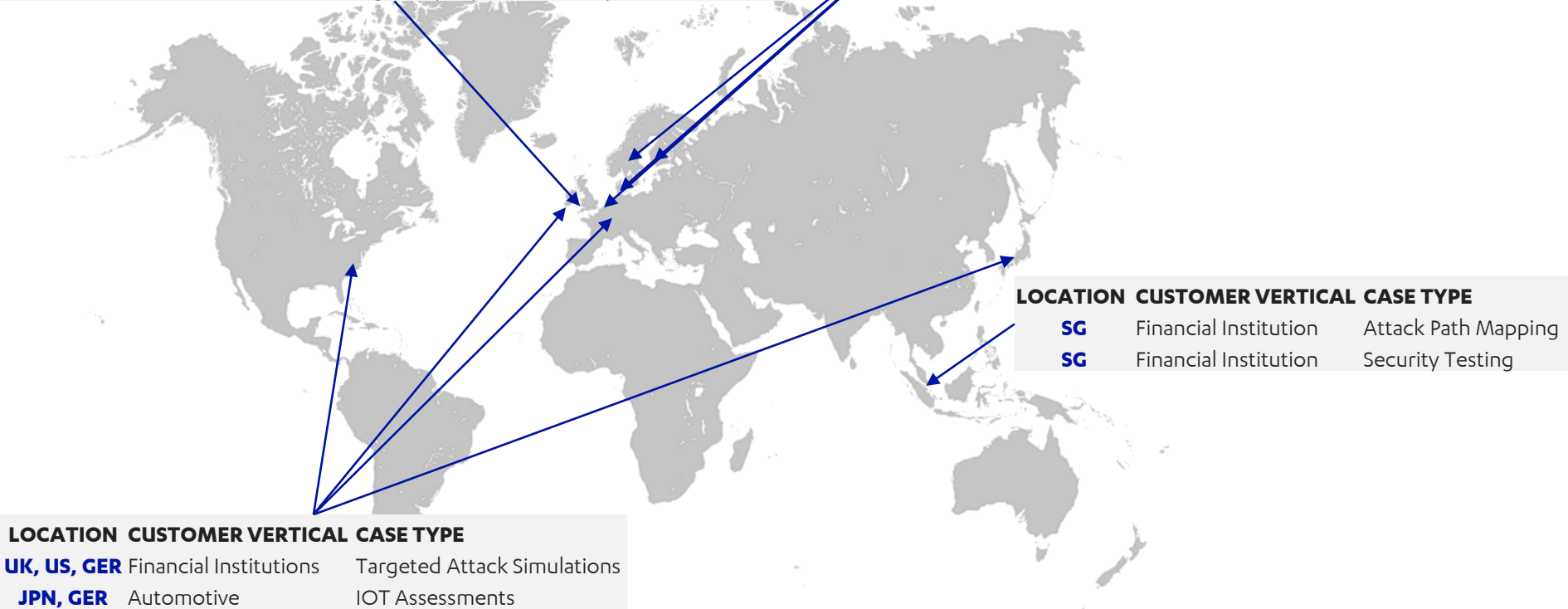
CAPABILITY

300+

Cyber Security Consultants

LOCATION	CUSTOMER VERTICAL	CASE TYPE
UK	Multi-National Insurance Group	Defence Practice Enhancements
UK	Critical Infrastructure	Attack Path Mapping
UK	Financial Institution	Threat Hunting
UK	International Manufacturing Company	Incident Response

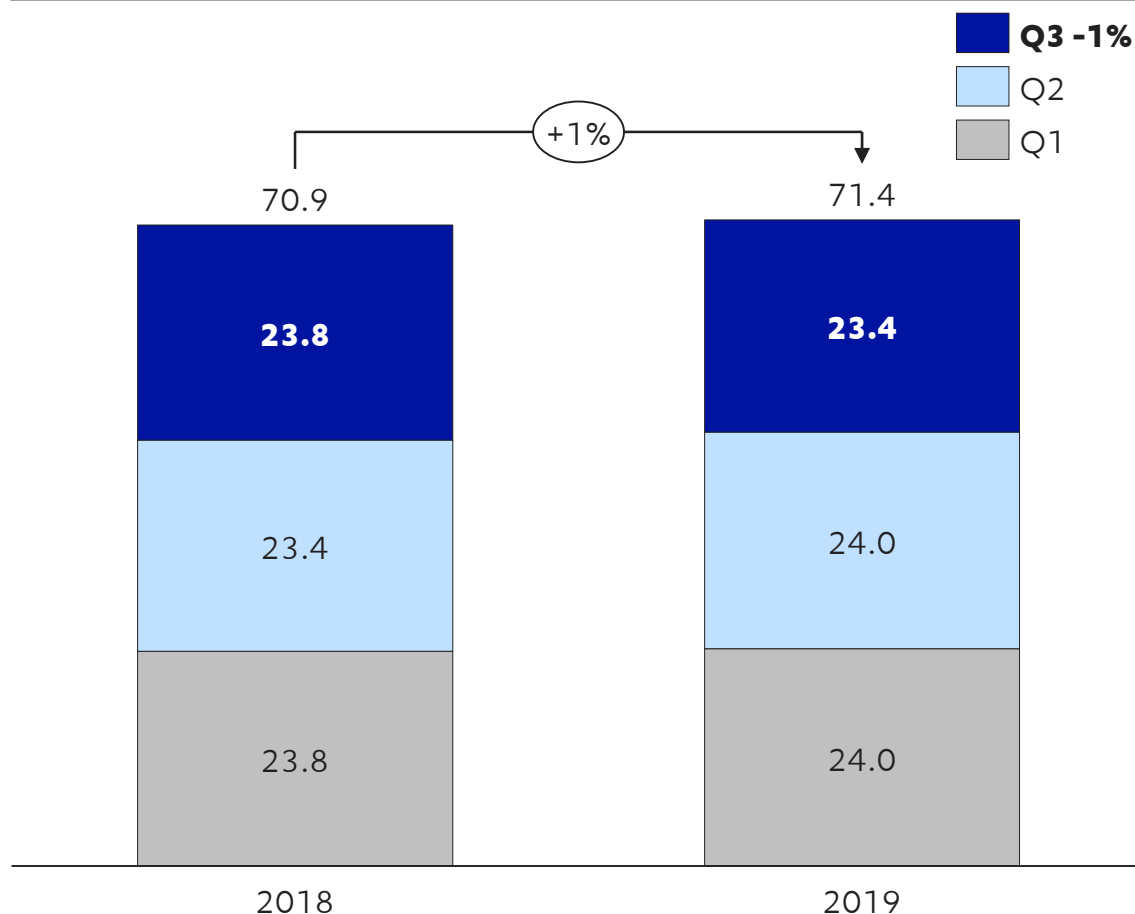
LOCATION	CUSTOMER VERTICAL	CASE TYPE
FIN, DK	Maritime	Assessments
SWE		Red Teaming
FIN, BEL		Incident Response



CONSUMER SECURITY – Q3 AT PREVIOUS YEAR'S LEVEL

(1-9/2019, EUR m)

Revenue comparison



Revenue from the operator channel on previous years' level

- Moderate increase of product activation rates
- Positive sentiment around F-Secure Sense and upcoming product launch of Identity Protection (IDP) continued

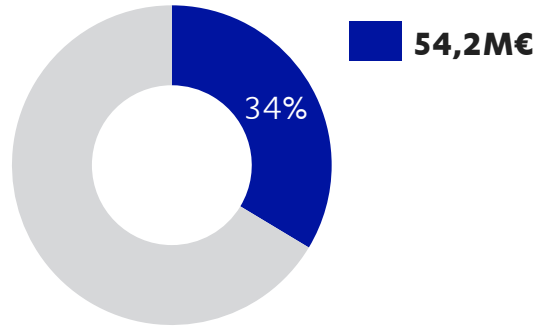
Revenue from direct sales declined slightly

- Overall renewal performance remained at a good level
- Strategic shift from retail to ecommerce progresses while pace varies depending on location
- Customers increasingly demand bundled solutions which drives growth of F-Secure TOTAL revenue and average revenue per customer

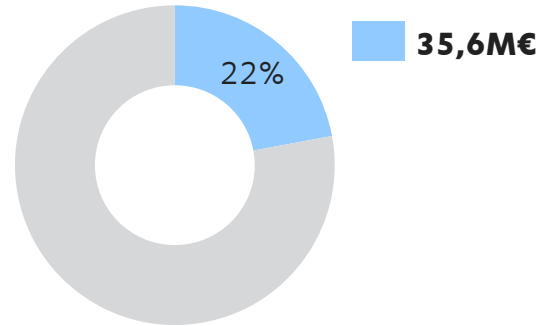
RESTRUCTURING TO BETTER SERVE DIFFERENT CUSTOMER SEGMENTS IN VARIOUS CHANNELS

(1-9/2019 Revenue, EUR m)

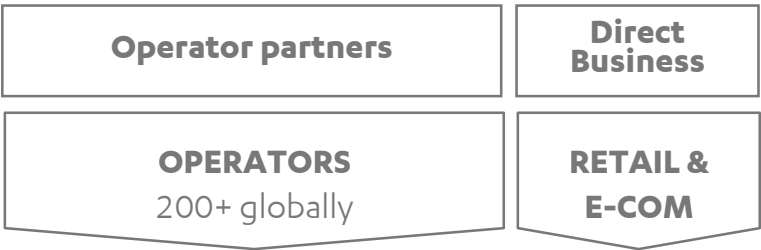
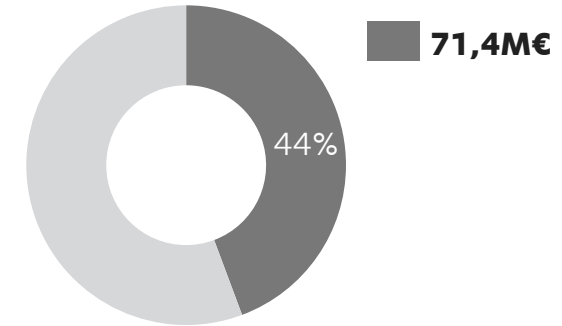
CORPORATE SECURITY PRODUCTS



CYBER SECURITY CONSULTING

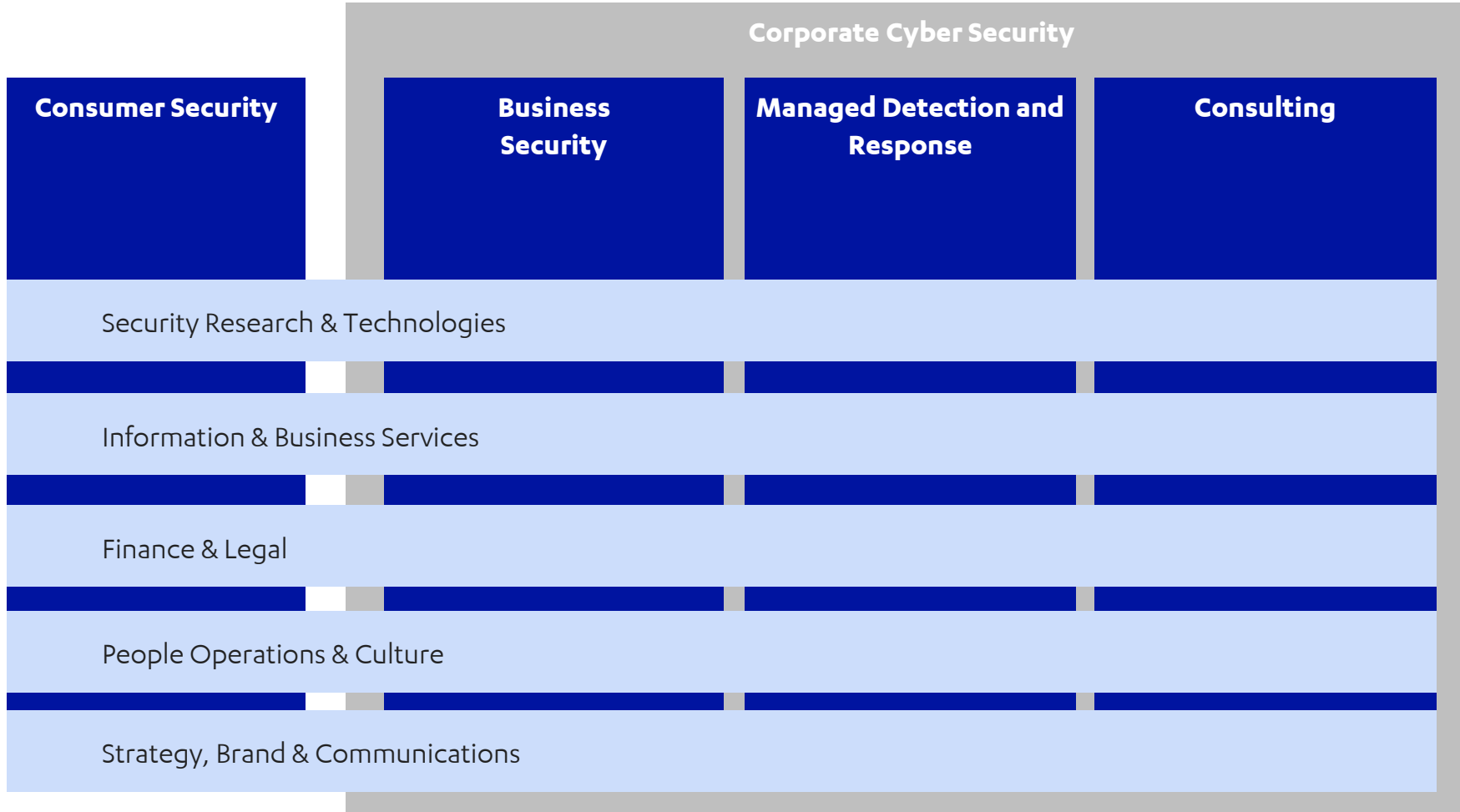


CONSUMER SECURITY PRODUCTS



NEW ORGANIZATION ENABLES FURTHER GROWTH AND BETTER CUSTOMER FOCUS

(New organization structure)



- MWR integration finalization
- New organization for clearer customer focus
- Simplify organization to enable efficiency
- Right size cost base for the new structure & better efficiency in support functions

NEW LEADERSHIP TEAM AND RESPONSIBILITIES

(Leadership team as of 7th October 2019)



Samu Konttinen

President and CEO

Member of the Leadership Team since 2009



Kristian Järnefelt

EVP, Consumer Cyber Security Business Unit

Member of the Leadership Team since 2016



Eva Tuominen

EVP, People Operations & Culture

Member of the Leadership Team since 2019



Eriikka Söderström

CFO

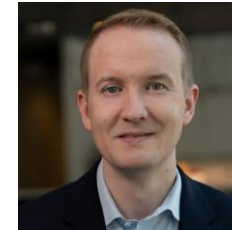
Member of the Leadership Team since 2017



Juha Kivikoski

EVP, Business Cyber Security

Member of the Leadership Team since 2018



Antti Hovila

EVP, Strategy Brand & Communications

Member of the Leadership Team since 2019



Jyrki Tulokas

CTO

Member of the Leadership Team since 2016



Ian Shaw

EVP, Cyber Security Consulting

Member of the Leadership Team since 2018



Jari Still

CIO

Member of the Leadership Team since 2012



Tim Orchard

EVP, Managed Detection & Response

Member of the Leadership Team since 2019

FUTURE OUTLOOK UNCHANGED

Outlook for 2019

- Revenue from corporate security is expected to grow by over 30% compared to 2018
- Revenue from consumer security is expected to stay approximately at the same level as in 2018
- Adjusted EBITDA is expected to be above EUR 21 million including the impact of IFRS 16

Outlook for 2018-2021

- 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.

APPENDIX

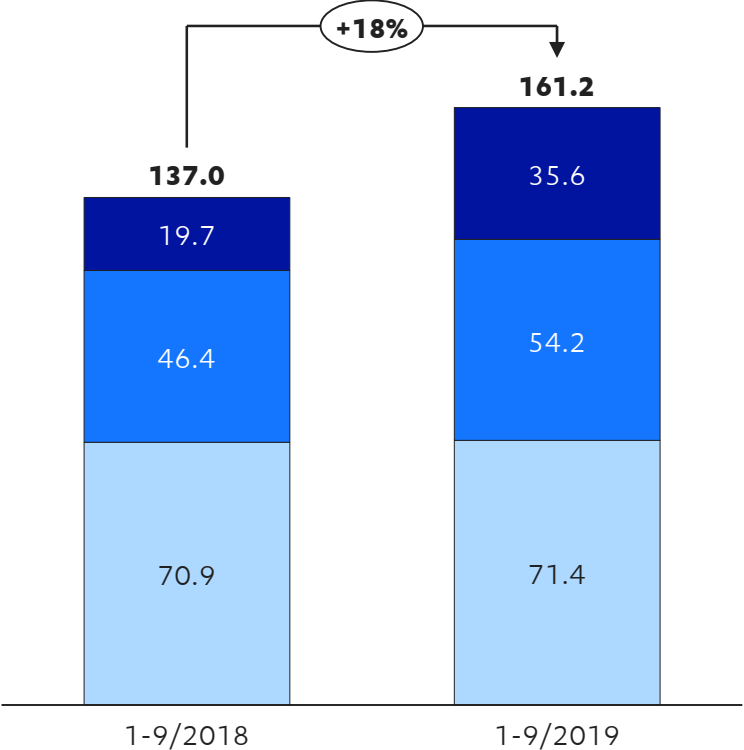


F-SECURE'S 1-9/2019 IN BRIEF

(1-9/2019, EUR m)

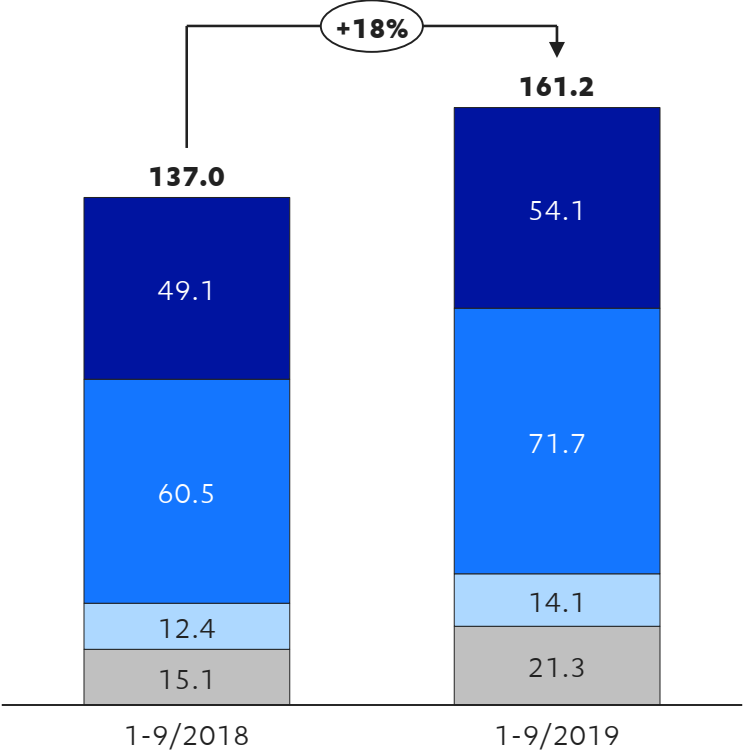
Revenue split by business

- Cyber Security Consulting +81%
- Corporate Products +17%
- Consumer Security +1%



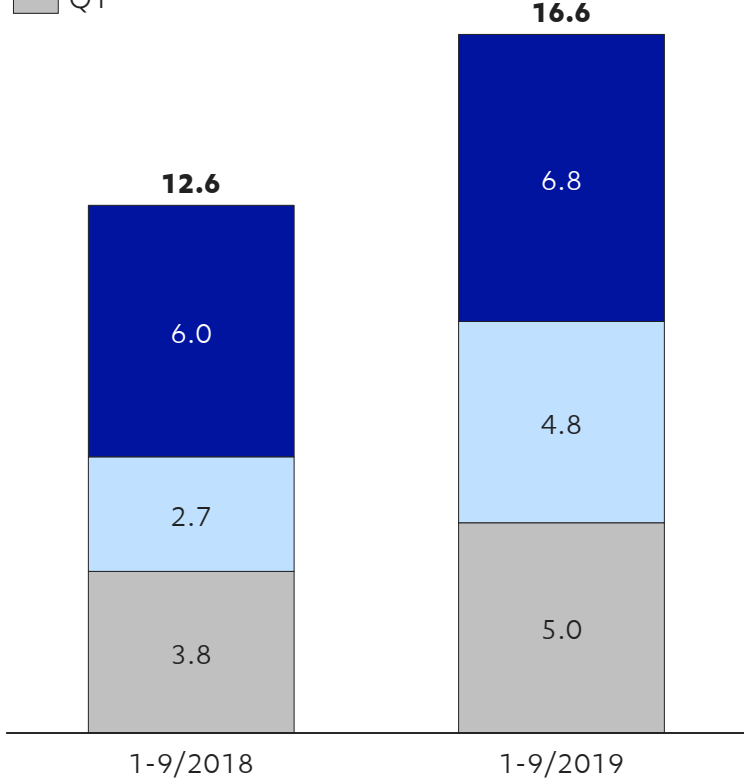
Revenue split by geography

- Nordics +10%
- Rest of Europe +19%
- North America +14%
- Other Regions +41%



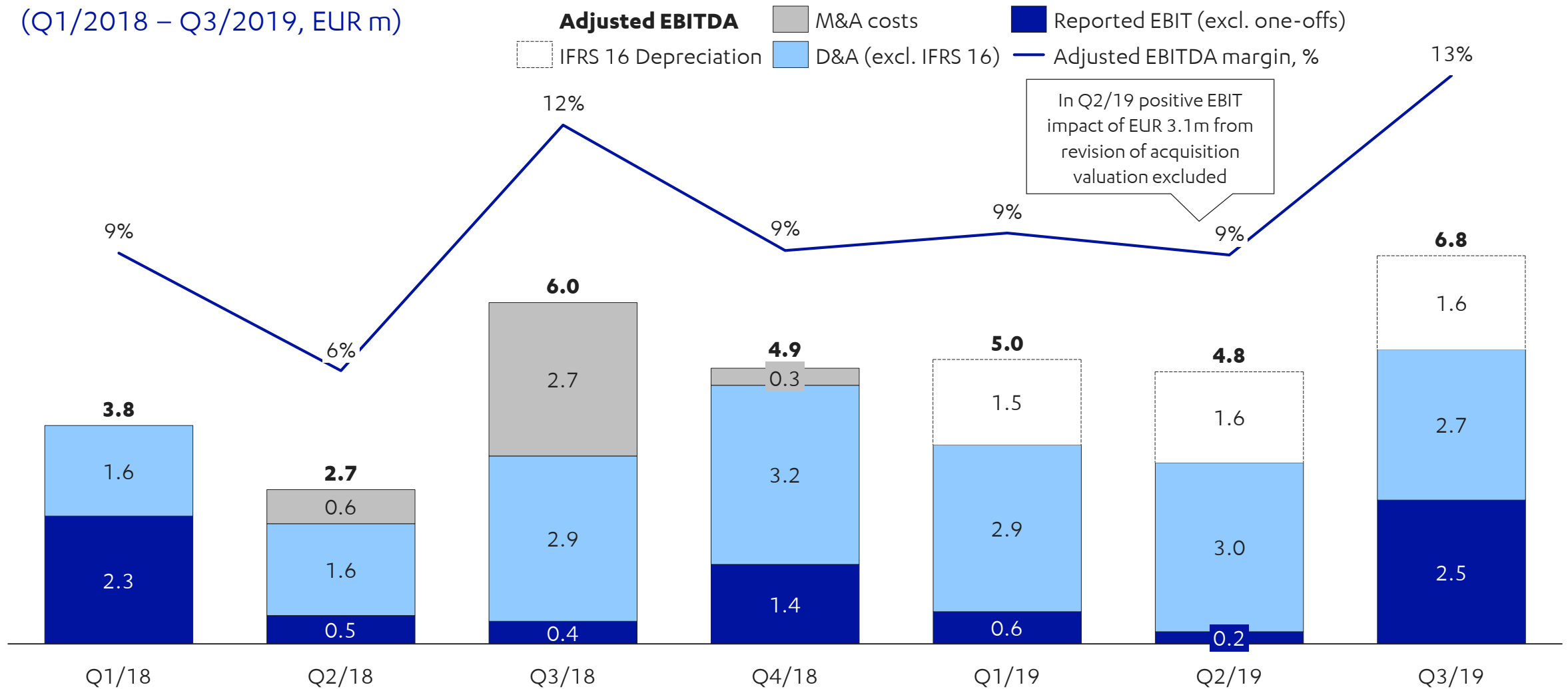
Adj. EBITDA (incl. IFRS 16)

- Q3
- Q2
- Q1



ADJUSTED EBITDA DEVELOPMENT

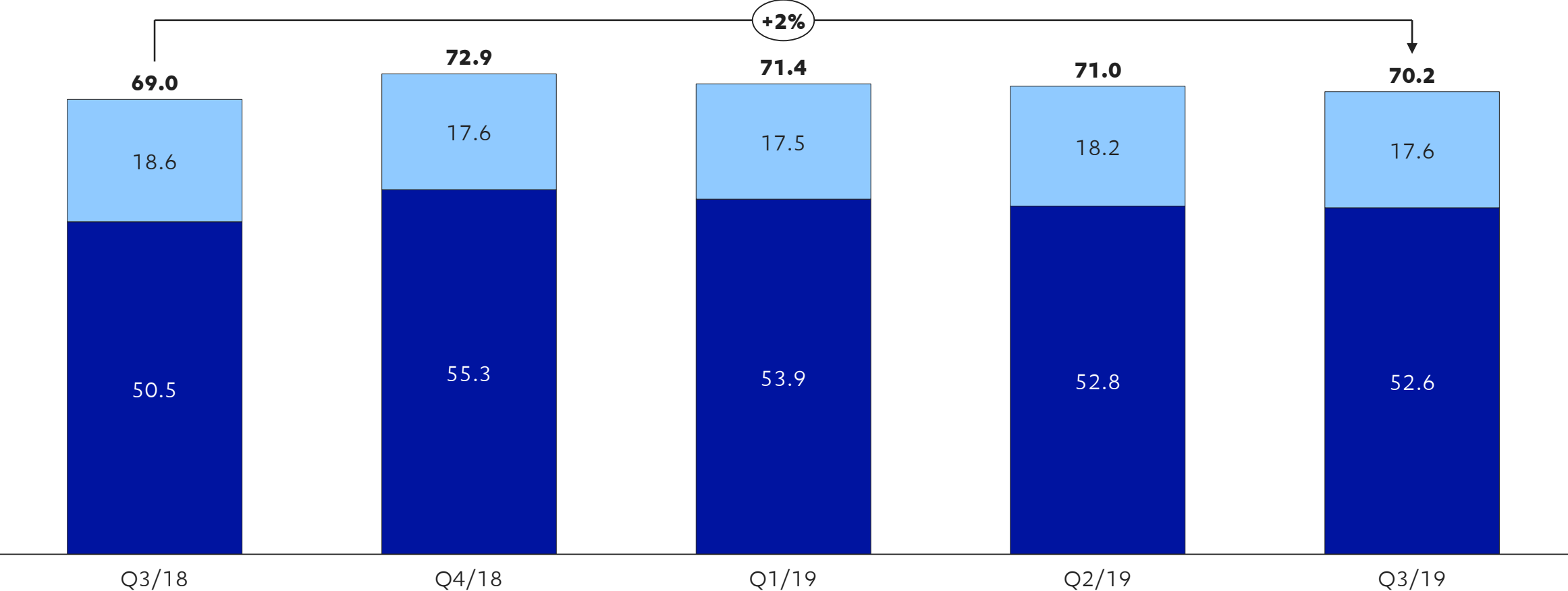
(Q1/2018 – Q3/2019, EUR m)



DEFERRED REVENUE GREW BY 2%

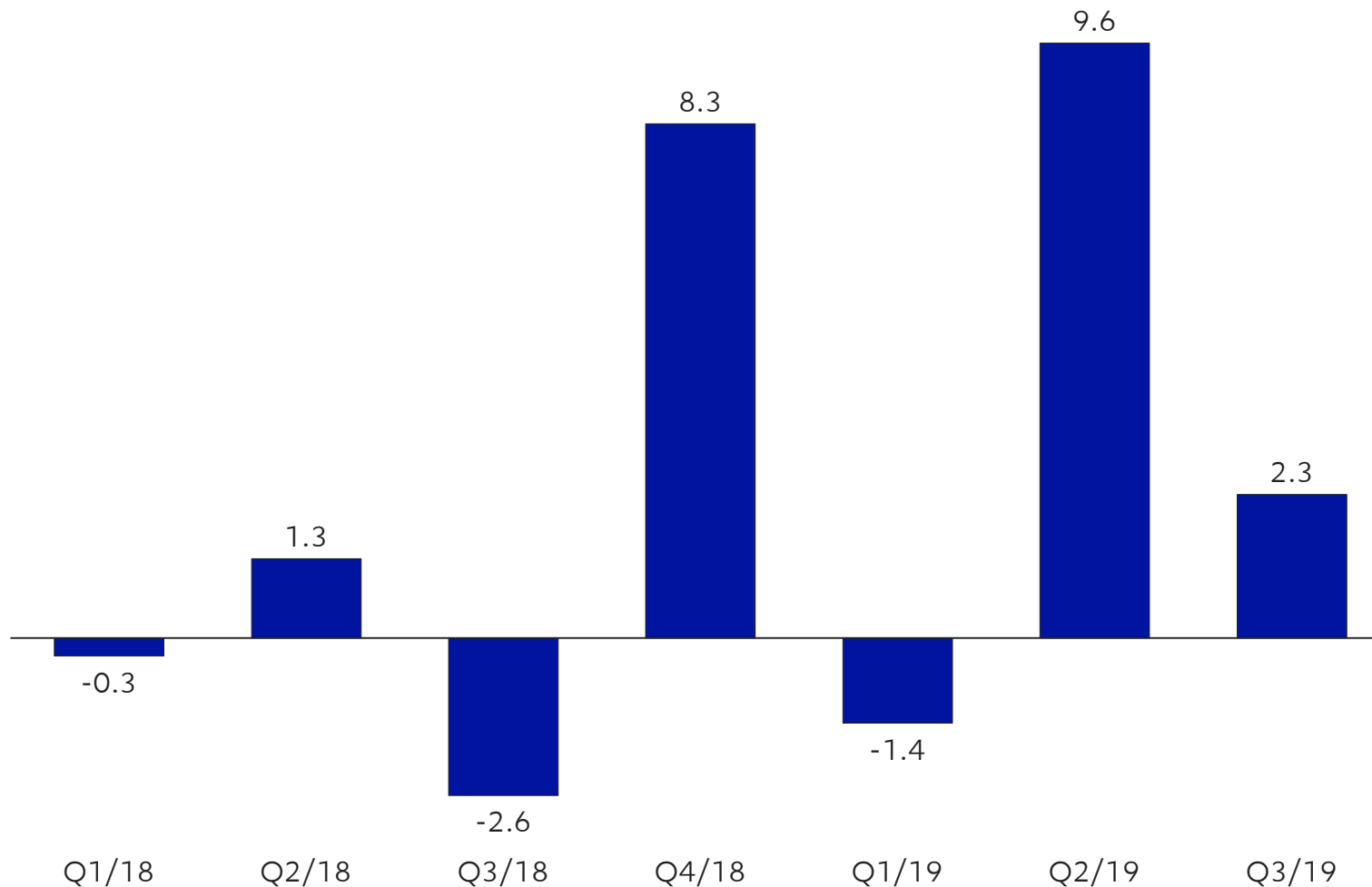
(1-9/2019, EUR m)

- Deferred revenue, non-current (EUR m)
- Deferred revenue, current (EUR m)



GOOD CASH FLOW FROM OPERATING ACTIVITIES IN Q3/19

(Cash flows from operating activities, 1-9/2019, EUR m)



- Cash flow from operations increased by EUR 4.9 million and was EUR 2.3 million (-2.6m)
- Group result excluding non-cash flow impacting adjustments such as PPA amortizations improved generating a more positive cash flow
- IFRS 16 impact on increase was EUR 1.6m



F-Secure®