

IMPROVED PROFITABILITY IN CHALLENGING MARKET ENVIRONMENT

Q2/2020

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KEY TAKEAWAYS FROM Q2-2020

Improved profitability in challenging market environment

- F-Secure working remotely and successfully keeping customers protected 24/7
- Cyber security market fundamentals have not changed due to the pandemic
- Adjusted EBITDA margin 19%
- Corporate security products revenue grew slightly*
 - Managed Detection and Response (MDR) revenue grew well
 - Endpoint security grew slightly*
- Cyber security consulting revenue decreased by 19%
 - Severely hit by the COVID-19 pandemic
- Consumer security revenue grew by 3%

**Excluding the effect from discontinued products*

COVID-19 PANDEMIC CONSIDERATIONS

Employees	<ul style="list-style-type: none">▪ Health and safety of our employees is a key priority▪ The company has been working remotely for the whole quarter
Business continuity	<ul style="list-style-type: none">▪ All cybersecurity operations protecting our customers remain unaffected▪ Customers protected 24/7 no matter the circumstances
Business impact	<ul style="list-style-type: none">▪ Significant negative impact from the COVID-19 pandemic on consulting▪ Some delays in MDR new sales▪ Limited impact on pure-play software product businesses for both corporate and consumer
Mitigation	<ul style="list-style-type: none">▪ Cost saving actions such as furloughs in impacted consulting sites▪ Withdrawal of EUR 10 million from the committed Revolving Credit Facility to decrease short-term liquidity risk under pandemic▪ Improved performance in receivables collection▪ Scenario planning to prepare for different COVID-19 outcomes

CUSTOMERS CONTINUE FACING CYBER THREATS



Commercial Espionage

- Stealing confidential business information
- Financial gain through extortion or by selling on the dark web

Customer Data Theft

- Criminal groups may seek to infiltrate customer estate for sensitive data
- Criminals then seek to extract a fee or otherwise publish the data



Fraud Transactions

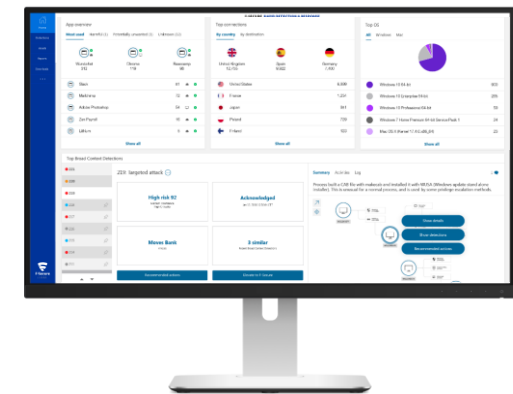
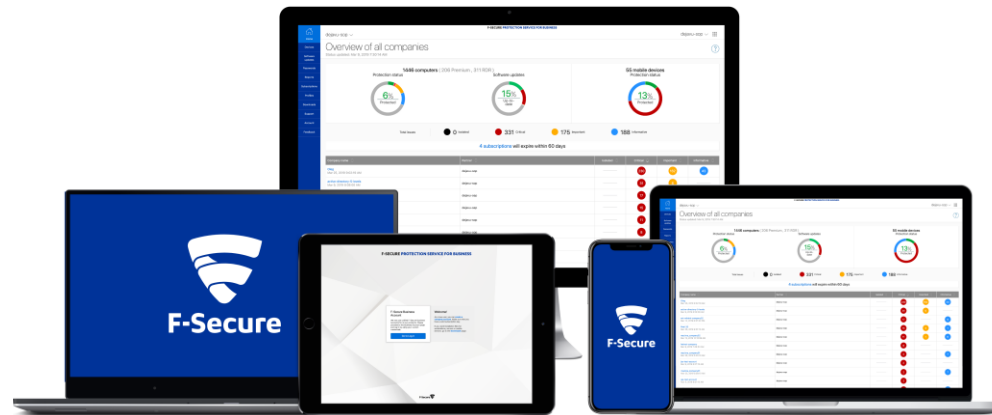
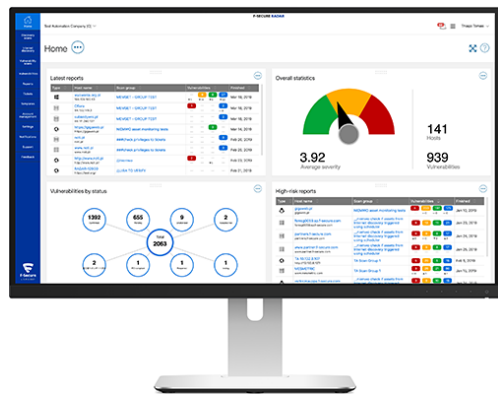
- Aim for direct financial gains
- Competitors are motivated by causing reputational damage

Ransomware

- Aim to extort ransoms through disruption or denial of business operations
- Leads to operational downtime



CYBER SECURITY TECHNOLOGY PLATFORM



F-SECURE CONSULTING - COMMERCIAL INNOVATIONS TO ADDRESS MARKET NEEDS

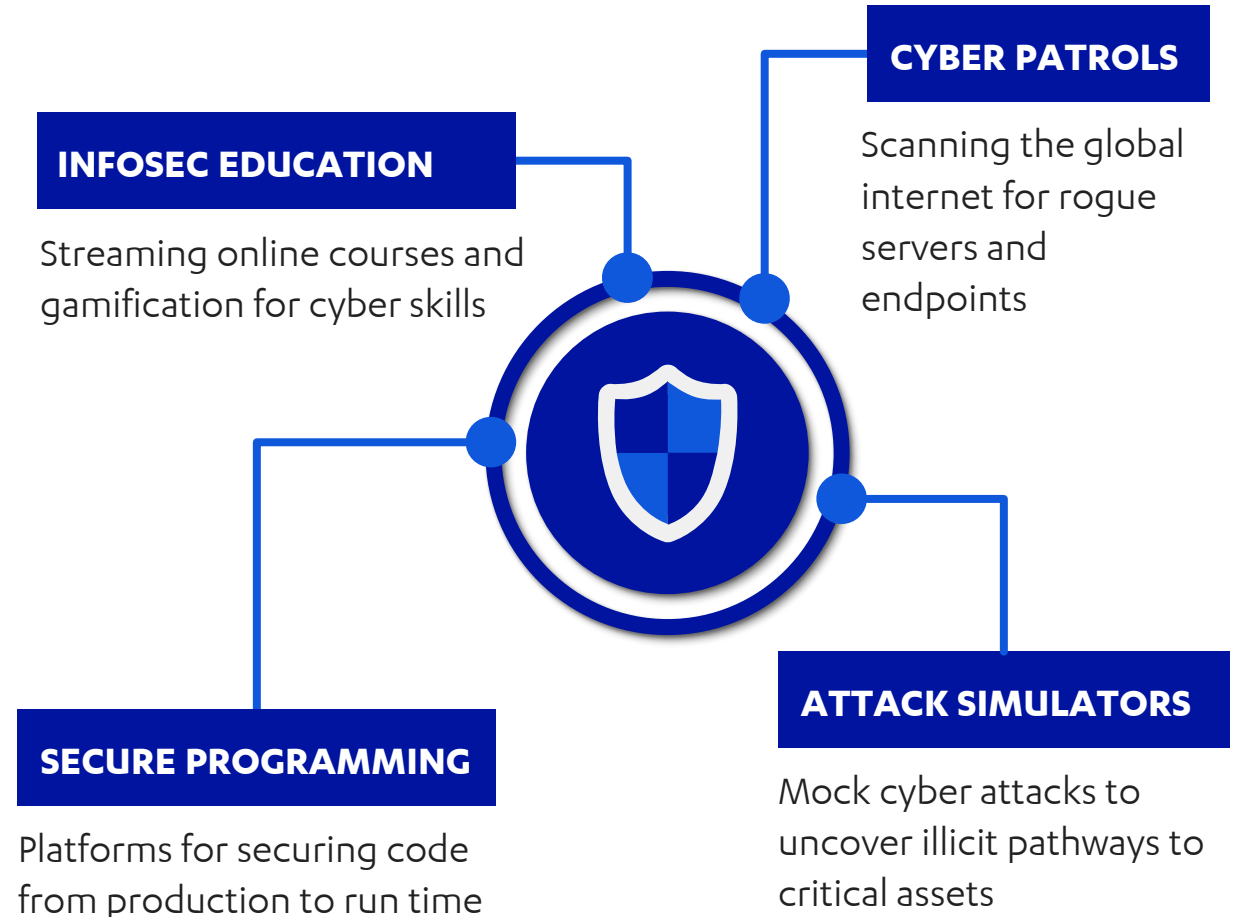
Why customers choose F-Secure Consulting?

- Leading capabilities to address client needs and cyber security investment trends
- Ability to understand and help clients to overcome security challenges
- Adaption to the challenges and ability to disrupt old methods – push the industry forward

Key focus areas:

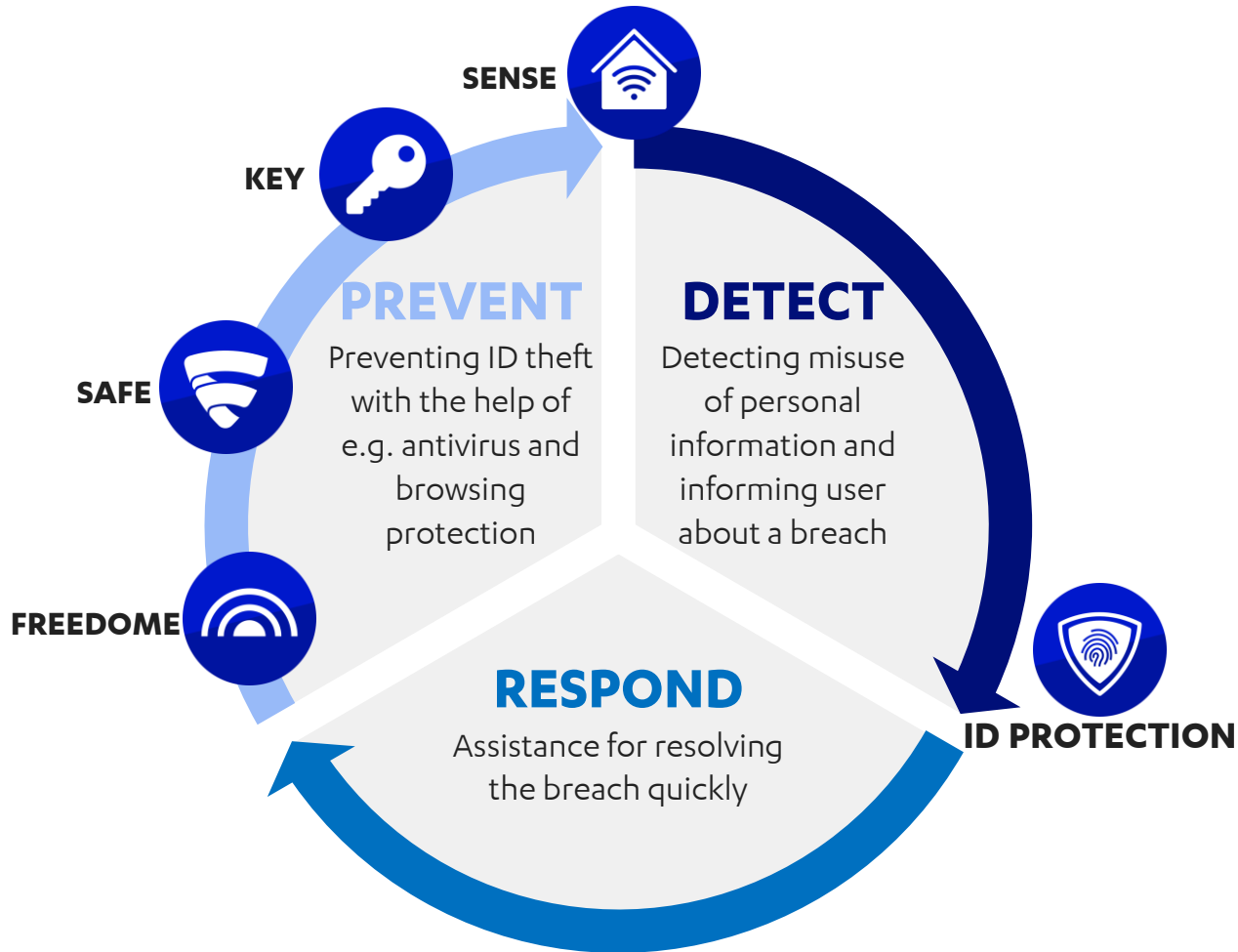
- Innovations around commercial and delivery models
- Research-led and data-driven approach

Cyber security investment trends

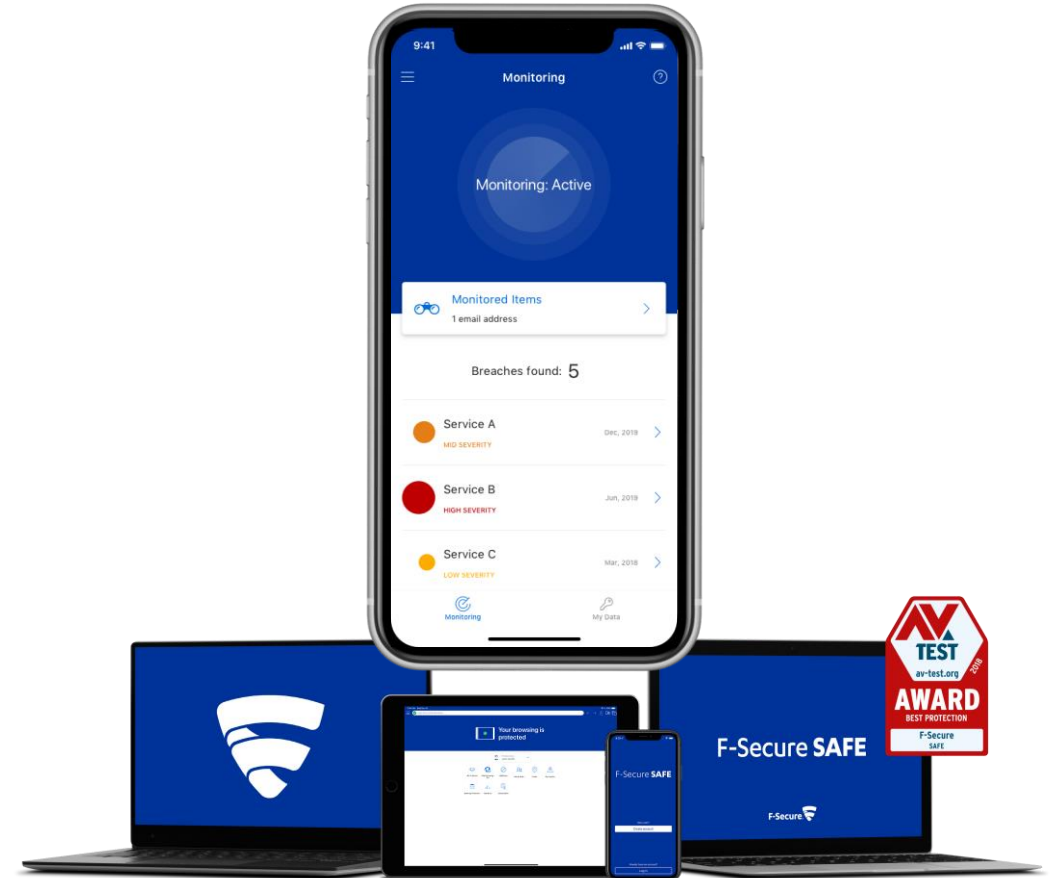


COMPREHENSIVE PROTECTION FOR CONSUMERS' DIGITAL LIVES

Protecting digital lives comprehensively



Award-winning endpoint protection and latest launch
F-Secure ID PROTECTION



IMPROVED PROFITABILITY IN CHALLENGING MARKET ENVIRONMENT

(Financial Highlights 1-6/2020)

EUR million	4-6/2020	4-6/2019	Change %	1-6/2020	1-6/2019	Change %	1-12/2019
Revenue	53.0	54.1	-2 %	107.8	107.5	0 %	217.3
Consumer security	24.8	24.0	3 %	49.2	48.0	2 %	94.8
Corporate security	28.2	30.1	-6 %	58.7	59.5	-1 %	122.5
Adjusted EBITDA¹	10.2	4.8	111 %	17.4	9.8	78 %	23.2
% of revenue	19 %	9 %		16 %	9 %		11 %
EBIT	6.0	3.3	85 %	9.6	3.9	149 %	7.2
% of revenue	11 %	6 %		9 %	4 %		3 %
Net Debt ²				10.2	20.9	-51 %	15.8
Cash flow from operations before financial items and taxes	11.4	6.9	64 %	21.0	6.6	219 %	19.0
Earnings per share (EUR) ³	0.02	0.02	-10 %	0.03	0.01	155 %	0.02
Personnel, end of period				1,713	1,710	0 %	1,696

¹Adjustments are material items outside normal course of business associated with acquisitions, integration, restructuring, gains or losses from sales of businesses and other items affecting comparability.

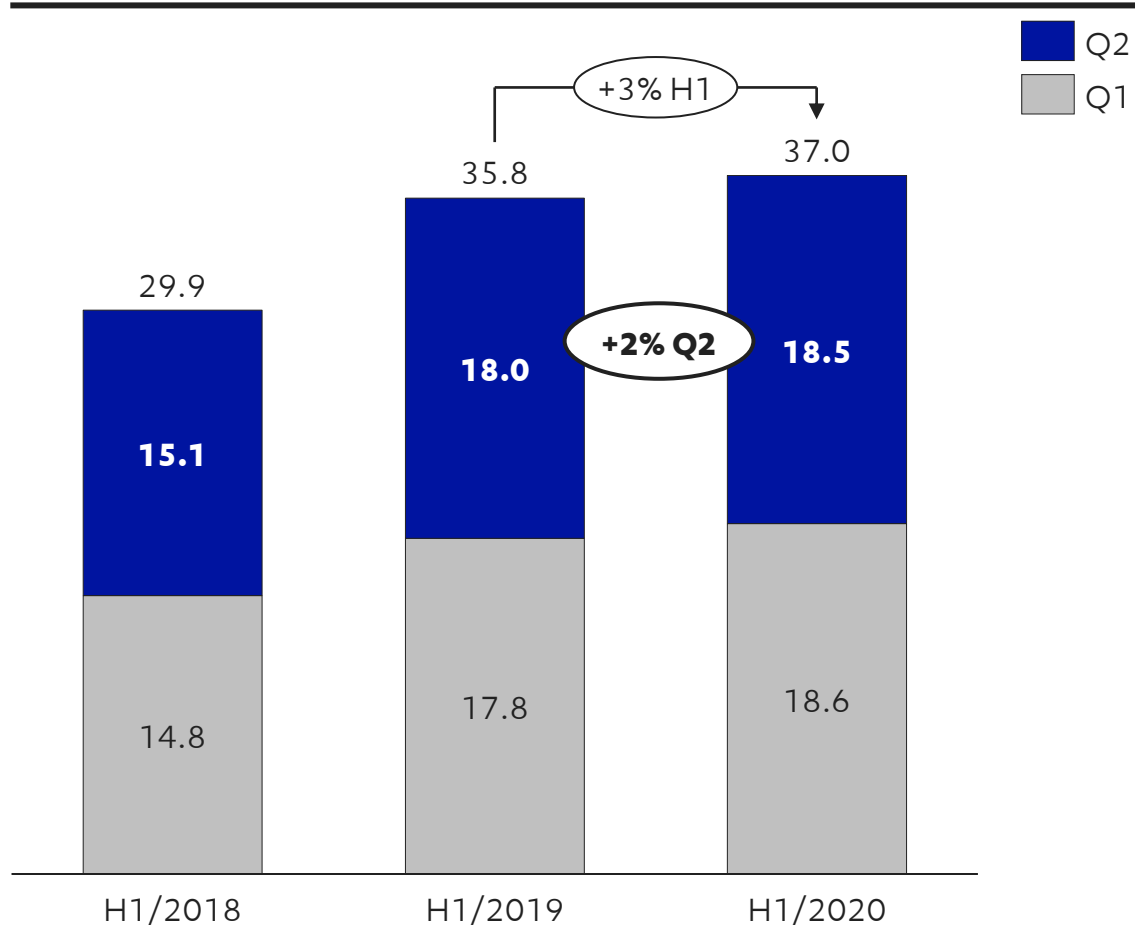
²Net Debt = Interest bearing liabilities (including IFRS16 liabilities) - Cash and financial assets at fair value through P&L

³Based on the weighted average number of outstanding shares during the period 157,995,583 (1-6/2020)

CORPORATE SECURITY PRODUCTS REVENUE GREW SLIGHTLY*

(1-6/2020, EUR million)

Revenue comparison



*Excluding the effect from discontinued products

Revenue from Endpoint Protection solutions increased slightly, excluding the effect from discontinued products

- Order intake grew faster than revenue. Good performance in new sales across several countries
- Good renewal performance with existing installations
- EPP and EDR sold as a bundle because customers value unified management interface
- Cloud Protection for Salesforce gaining traction in the market and Cloud Protection for Microsoft Office 365 launched

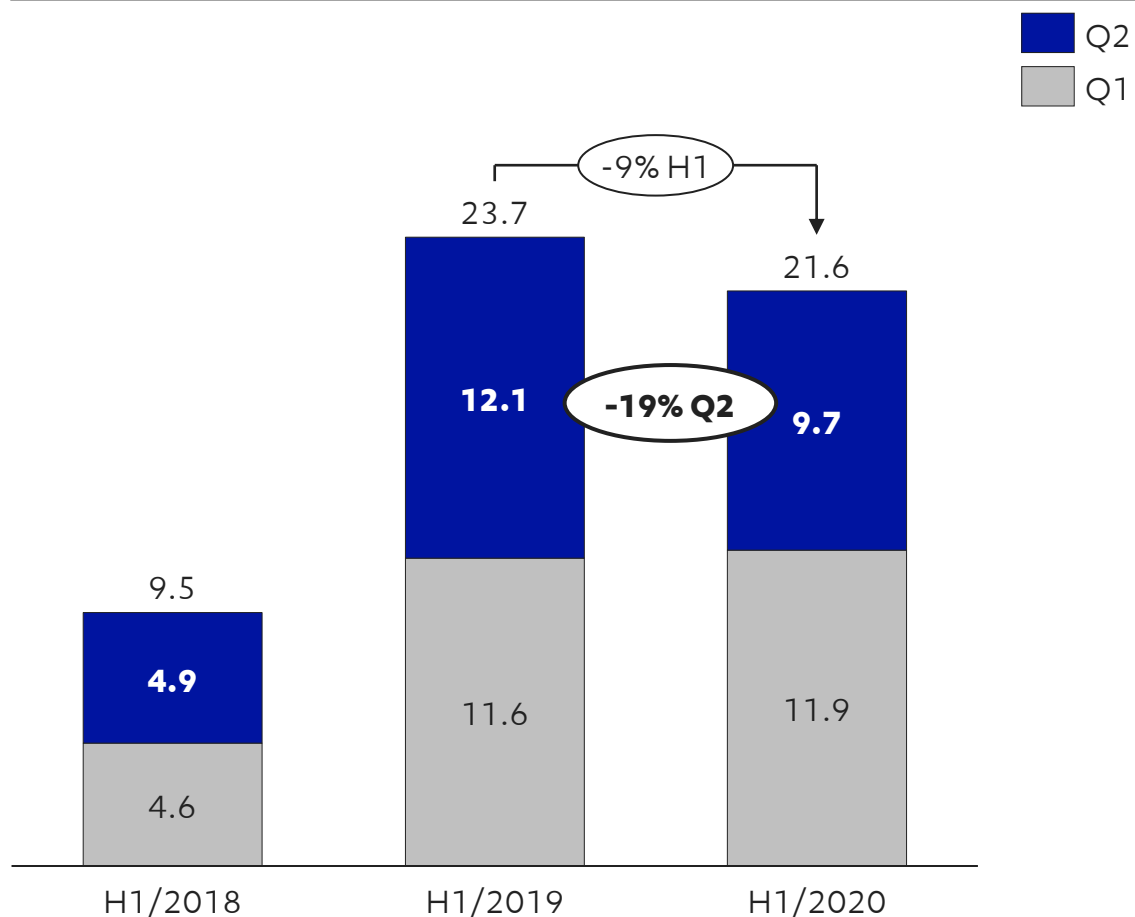
Revenue from Managed Detection and Response (MDR) solutions (F-Secure Countercept) increased well

- New customer wins in several European countries in the fields of engineering, finance, critical infrastructure and public sector
- Renewal performance continued on a good level
- Considerable extension to an existing multi-year deal with a European logistics company proves our service quality
- Some delays in new sales due to COVID-19

CYBER SECURITY CONSULTING REVENUE DECREASED SIGNIFICANTLY

(1-6/2020, EUR million)

Revenue comparison



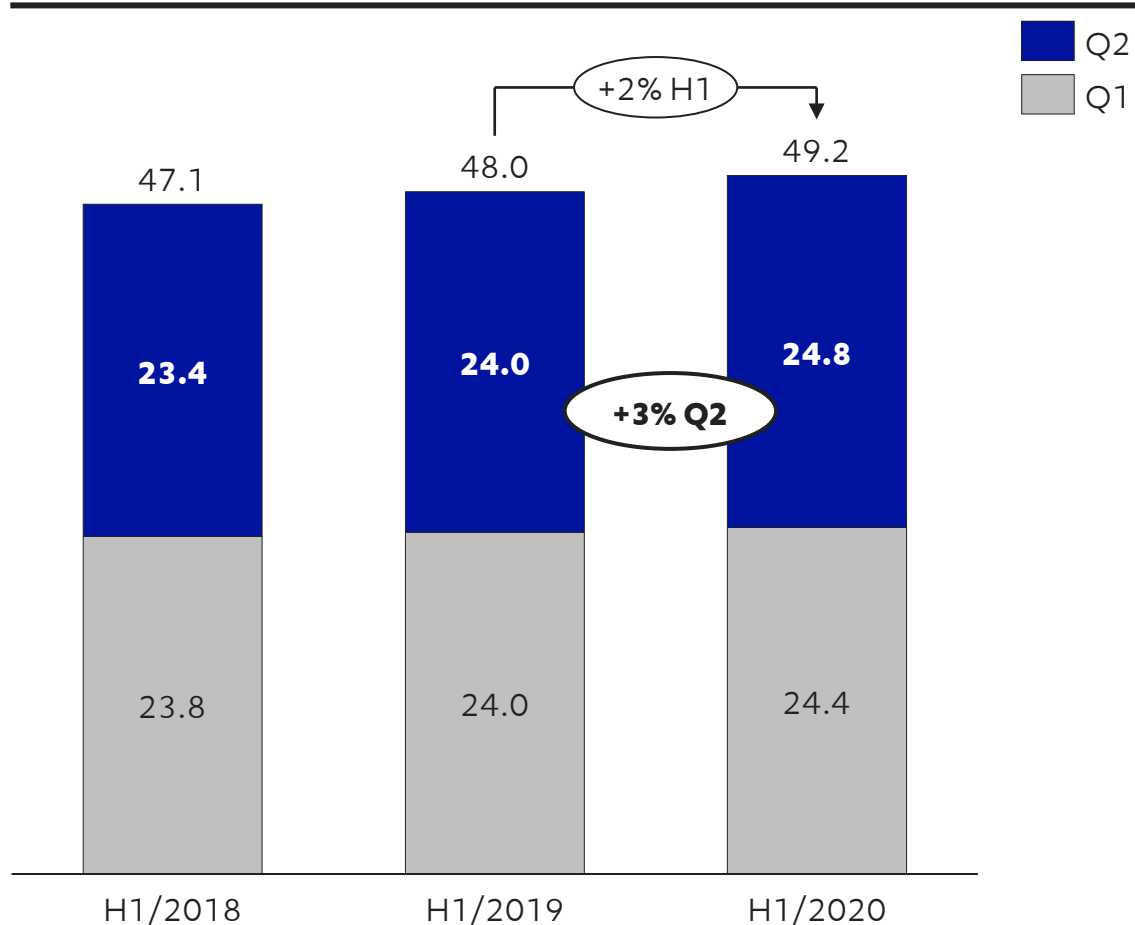
Revenue from cyber security consulting decreased by 19%

- COVID-19 pandemic caused a slowdown in sales, blocked physical access to some customer sites, and made customers evaluate more cautiously how much to spend on cyber security
- In the Nordics, a particularly large project in its finalization phase
- Costs managed through means such as furloughs
- Several Incident Response assignments - threat actors have not decreased their activity
- Predictability of the consulting business is still low, and the business is expected to be negatively affected if the pandemic prolongs

CONSUMER SECURITY REVENUE GREW SLIGHTLY

(1-6/2020, EUR million)

Revenue comparison



Revenue from the operator channel grew slightly from the previous year's level

- Won three new operator partners: two in the US and one in Europe
- New deals for F-Secure SENSE and F-Secure ID PROTECTION despite the challenging market conditions

Revenue from direct sales to consumers grew slightly from the previous year's level

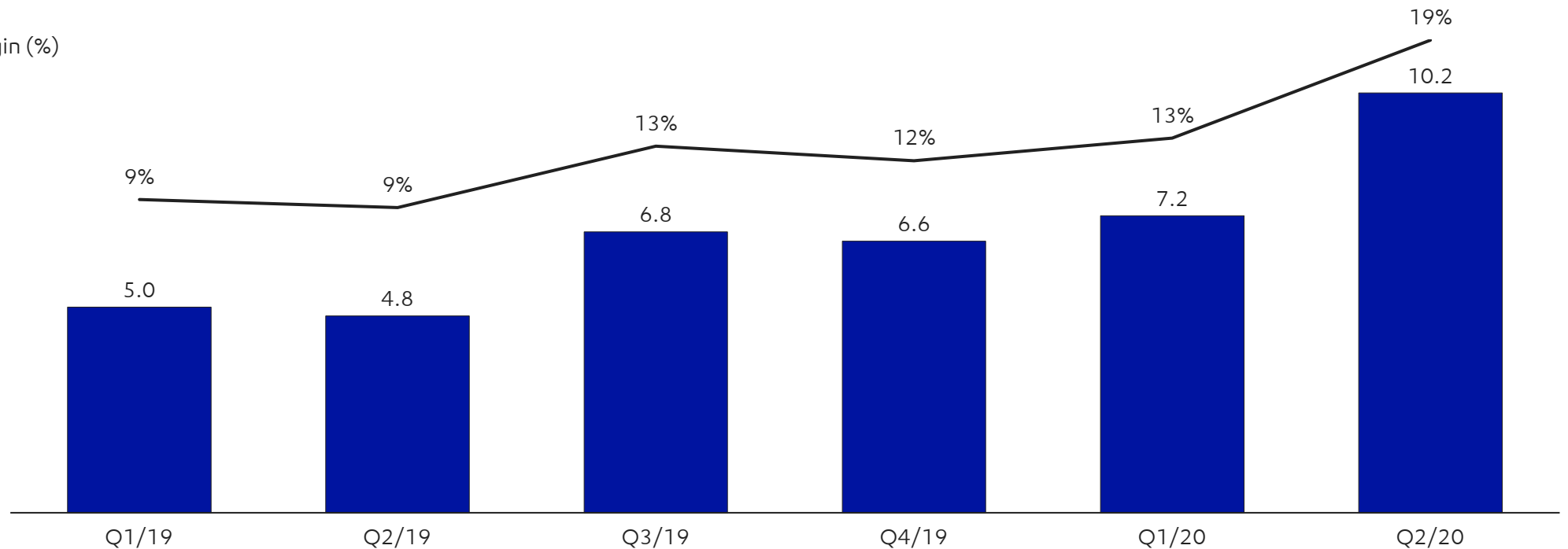
- F-Secure ID PROTECTION was launched also to the direct sales channel
- The renewal performance continued at a good level
- Ecommerce has performed well

ADJUSTED EBITDA DEVELOPMENT

(H1/2019 – H1/2020, EUR million)

■ Adjusted EBITDA

— Adjusted EBITDA margin (%)



Other operating income¹

Impairment

Restructuring

Depreciation & Amortization

EBIT

EBIT margin (%)

Q1/19

Q2/19

Q3/19

Q4/19

Q1/20

Q2/20

9.1

-6.0

-4.6

-4.4

0.6

1 %

3.3

6 %

-4.3

-4.3

2.5

5 %

3.4

-0.3

-4.6

-4.4

0.8

1 %

0.4

-4.1

3.6

7 %

-4.2

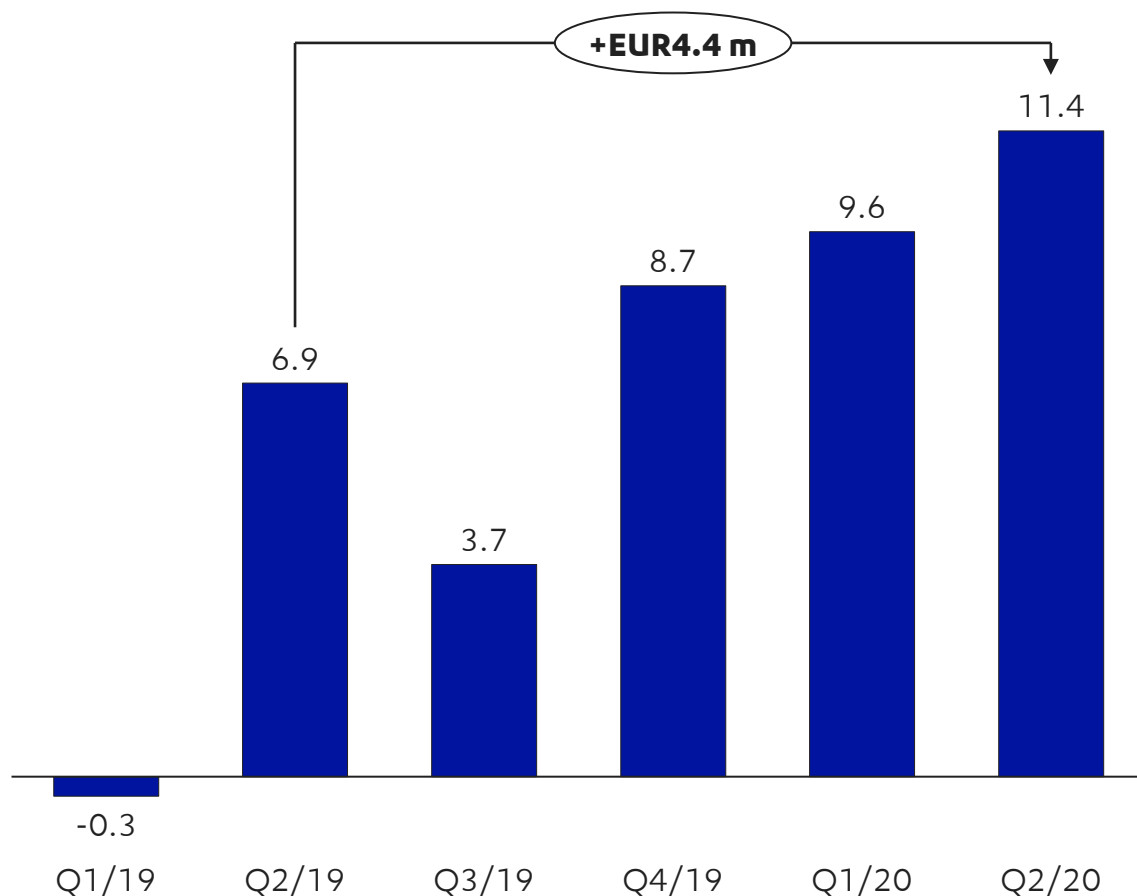
6.0

11 %

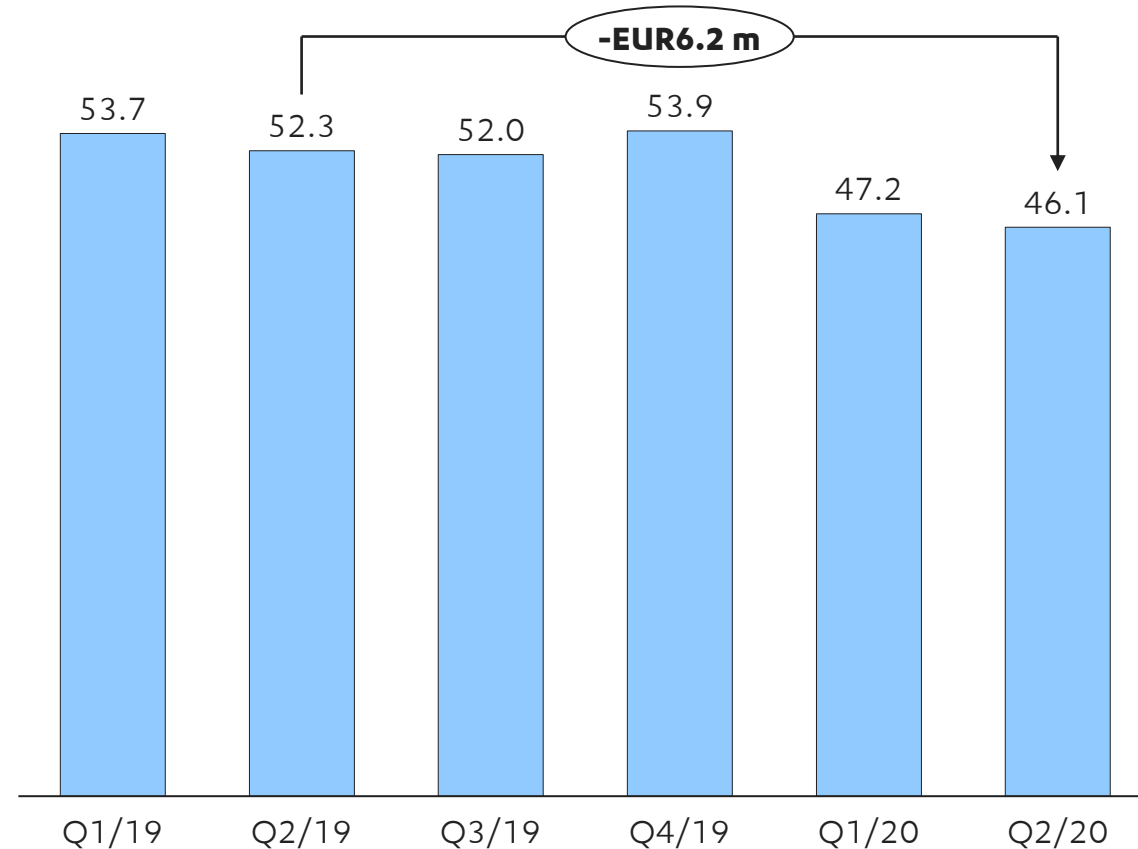
STRONG OPERATIVE CASH FLOW DUE TO GOOD PERFORMANCE IN RECEIVABLE COLLECTION

(H1/2019 – H1/2020, EUR million)

Cash flow from operating activities before financial items and taxes



Trade and other receivables

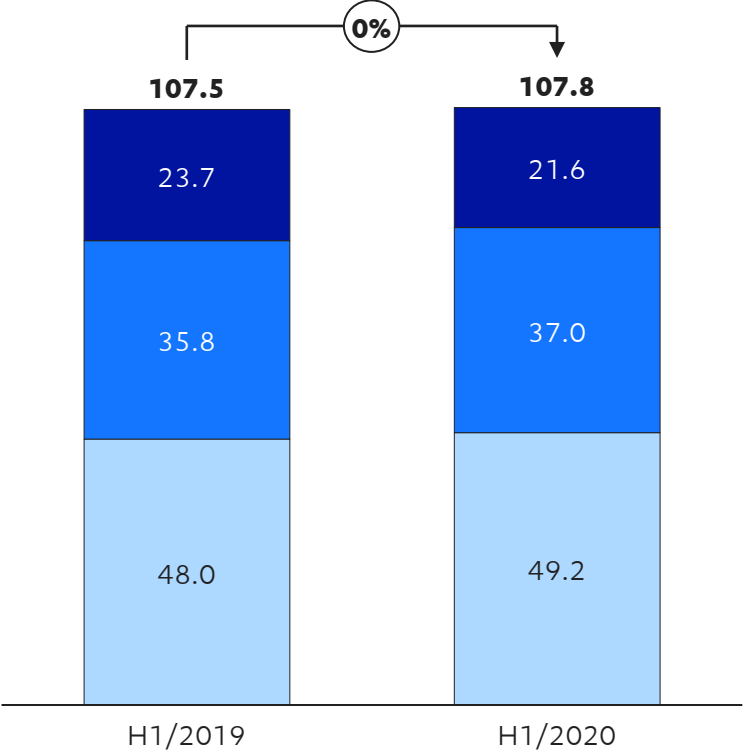


F-SECURE'S H1/2020 IN BRIEF

(EUR million, 1-6/2020)

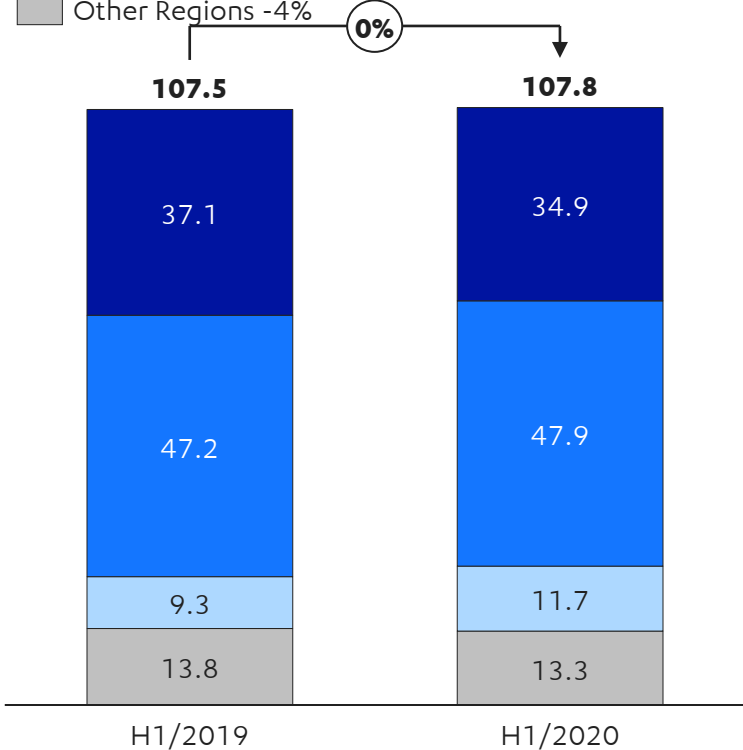
Revenue split & growth by business

- Cyber Security Consulting -9%
- Corporate Products +3%
- Consumer Security +2%



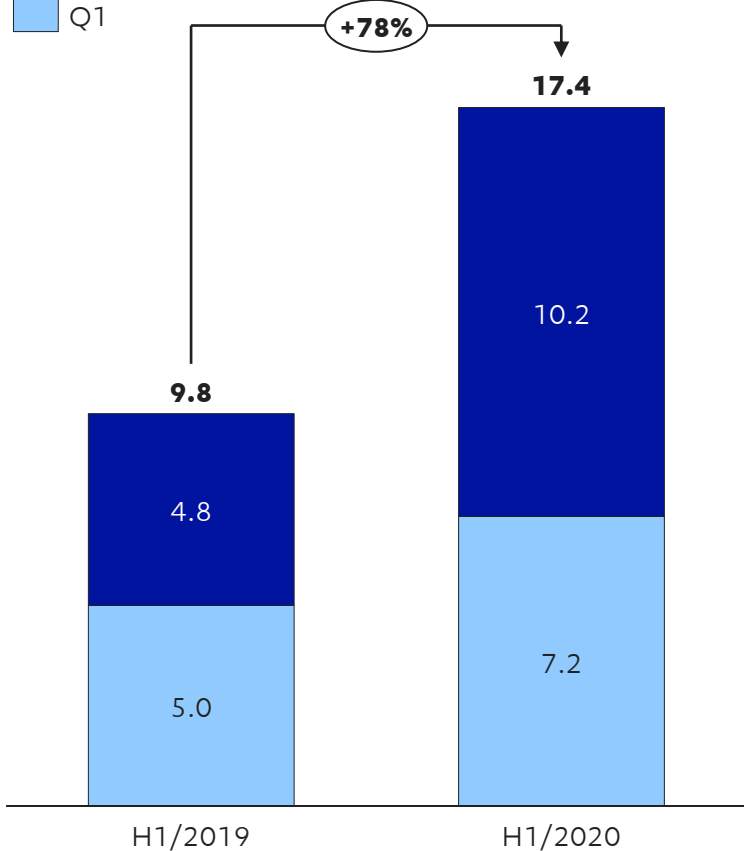
Revenue split & growth by geography

- Nordics -6%
- Europe (excl. Nordics) +1%
- North America +26%
- Other Regions -4%



Adjusted EBITDA

- Q2
- Q1



Q&A





F-Secure®