

PROFITABILITY IMPROVED FURTHER, REVENUE AT THE PREVIOUS YEAR'S LEVEL

Q3/2020

Samu Konttinen, President & CEO



KEY TAKEAWAYS FROM Q3/2020

Profitability improved further, revenue at the previous year's level

- EBITDA margin of 20% was supported by lower activity levels impacted by the COVID-19-pandemic
- Corporate security products revenue grew slightly¹
 - Managed Detection and Response (MDR) revenue grew well
 - Endpoint security grew slightly¹
- Cyber security consulting revenue decreased by 8%
 - Significant regional variations, while the overall sentiment has improved from the spring
- Consumer security revenue grew by 7%²
- F-Secure issued new financial outlook for 2020
- Samu Konttinen has resigned to pursue a leadership opportunity outside the company. Juhani Hintikka appointed as new President and CEO

¹Excluding the effect from discontinued products

²The reported revenue growth of 7% contains a slight positive impact related to one-off items

PROFITABILITY IMPROVED FURTHER, REVENUE AT THE PREVIOUS YEAR'S LEVEL

(Financial Highlights 1-9/2020)

EUR million	7-9/2020	7-9/2019	Change %	1-9/2020	1-9/2019	Change %	1-12/2019
Revenue	54.5	53.8	1 %	162.3	161.2	1 %	217.3
Consumer security ⁴	25.0	23.4	7 %	74.2	71.4	4 %	94.8
Corporate security	29.5	30.3	-3 %	88.1	89.8	-2 %	122.5
Adjusted EBITDA¹	11.0	6.8	62 %	28.4	16.6	71 %	23.2
% of revenue	20 %	13 %		18 %	10 %		11 %
EBIT	6.9	2.5	177 %	16.5	6.4	160 %	7.2
% of revenue	13 %	5 %		10 %	4 %		3 %
Net Debt ²				6.4	20.2	-68 %	15.8
Cash flow from operations before financial items and taxes	7.9	3.7	112 %	28.9	10.3	180 %	19.0
Earnings per share (EUR) ³	0.03	0.01	494 %	0.06	0.02	255 %	0.02
Personnel, end of period				1,693	1,727	-2%	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

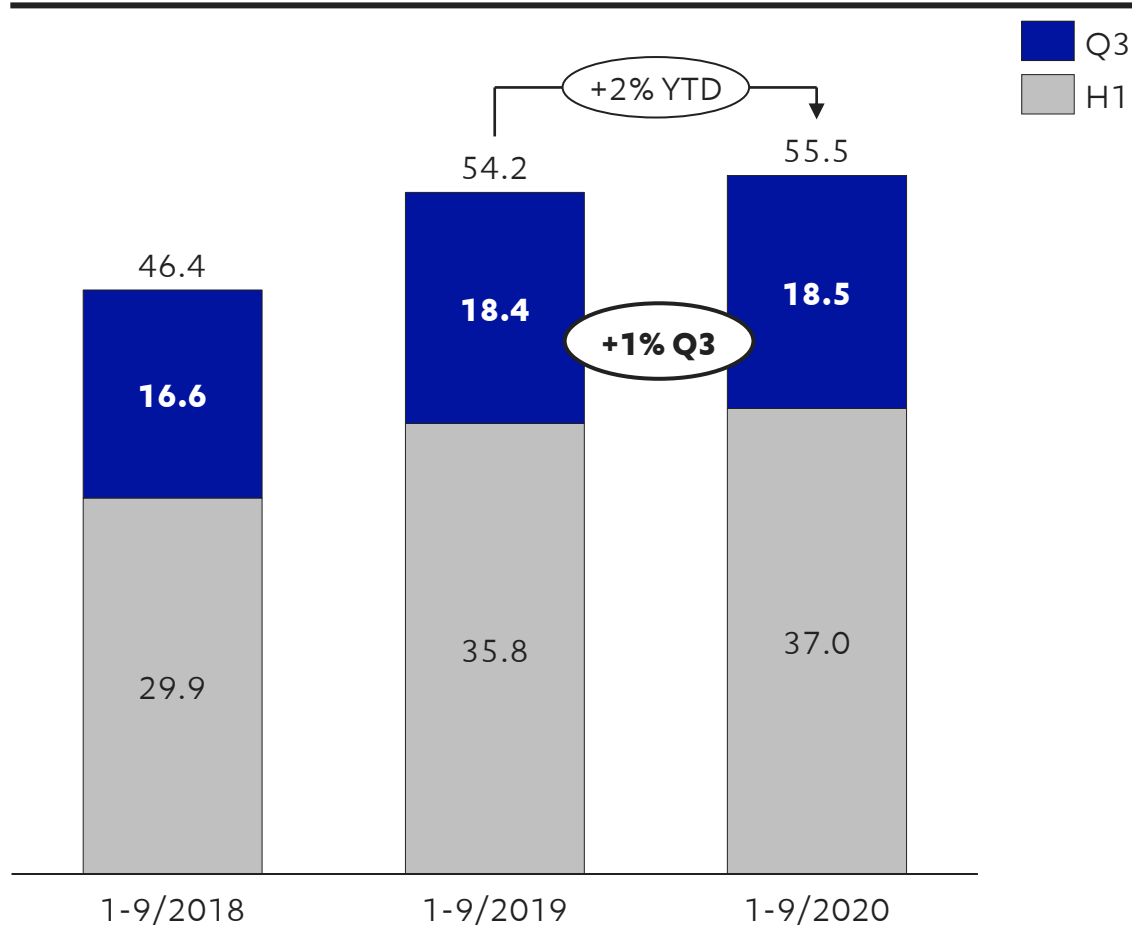
³Based on the weighted average number of outstanding shares during the period 158,051,995 (1-9/2020)

⁴The reported revenue growth of 7% contains a slight positive impact related to one-off items

CORPORATE SECURITY PRODUCTS REVENUE GREW SLIGHTLY¹

(1-9/2020, EUR million)

Revenue comparison



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

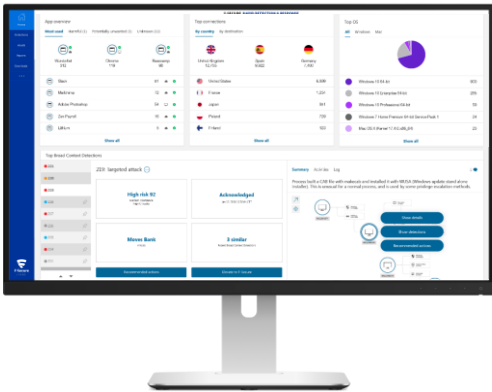
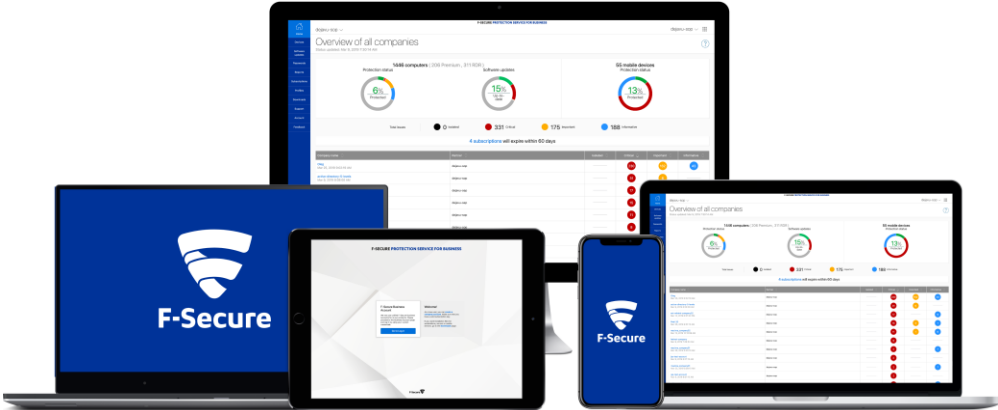
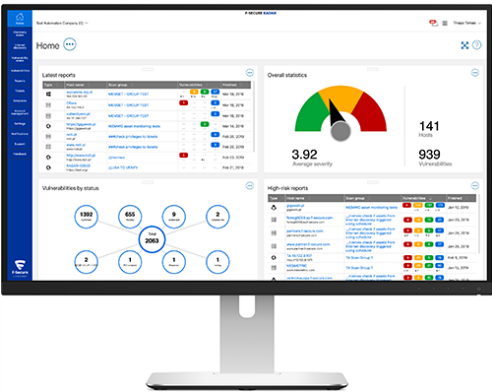
- Growth of new orders clearly outpaced revenue growth
- Positive new sales performance in our main markets in Europe and Japan
- Good renewal performance
- Cloud Protection products winning new contracts e.g. with Yahoo! JAPAN

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

- Several new deals won in Europe within healthcare, media and defense industries despite the pandemic challenging the sales & marketing operations
- By new deal count Q3 was the best quarter in 2020 so far
- Strong renewal performance

¹Excluding the effect from discontinued products

OUR CORPORATE SECURITY SOLUTIONS MEET VERSATILE CUSTOMER NEEDS



F-SECURE CLOUD PROTECTION SOLUTIONS MONITOR CONTENT EXCHANGED ON 3RD PARTY ENVIRONMENT

F-Secure Cloud Protection products overview

**Complementing Salesforce security by monitoring
exchanged content**



Smart Cloud
Sandbox



Content
Monitoring



Ensured
confidentiality

**Protecting content exchanged in the Microsoft Office
365 environment**



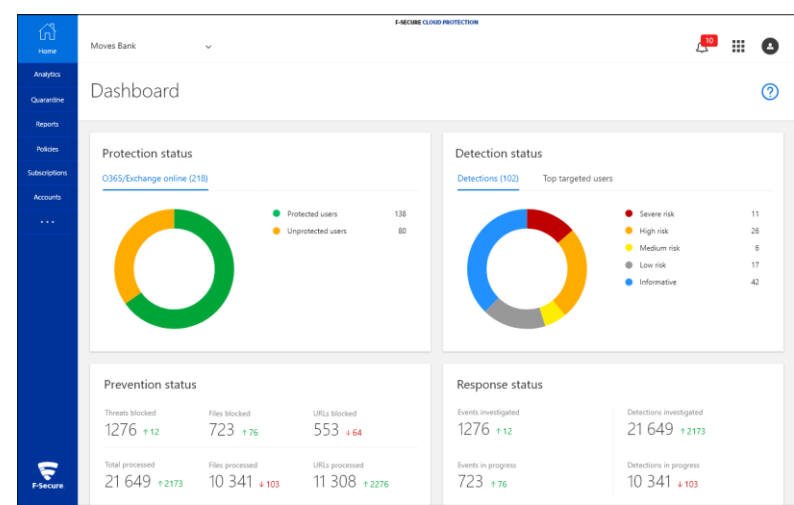
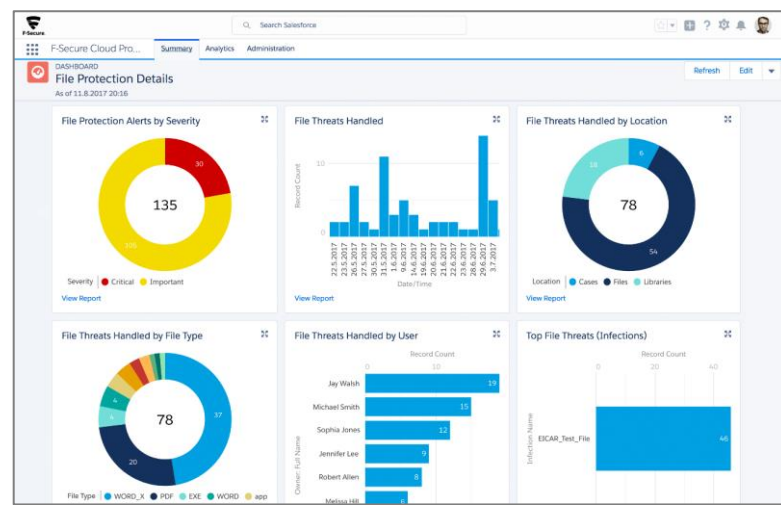
Advanced protection
for exchange online



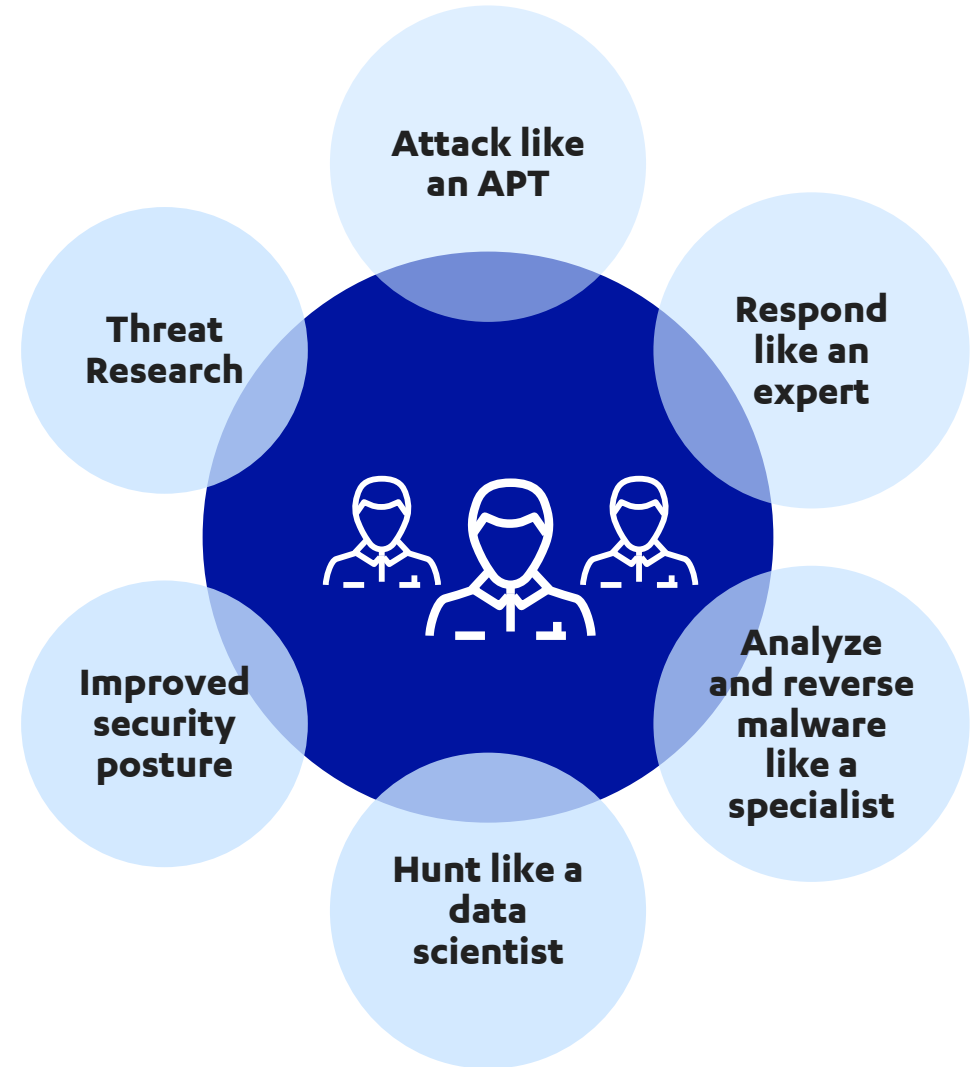
Multilayered security



Security analytics



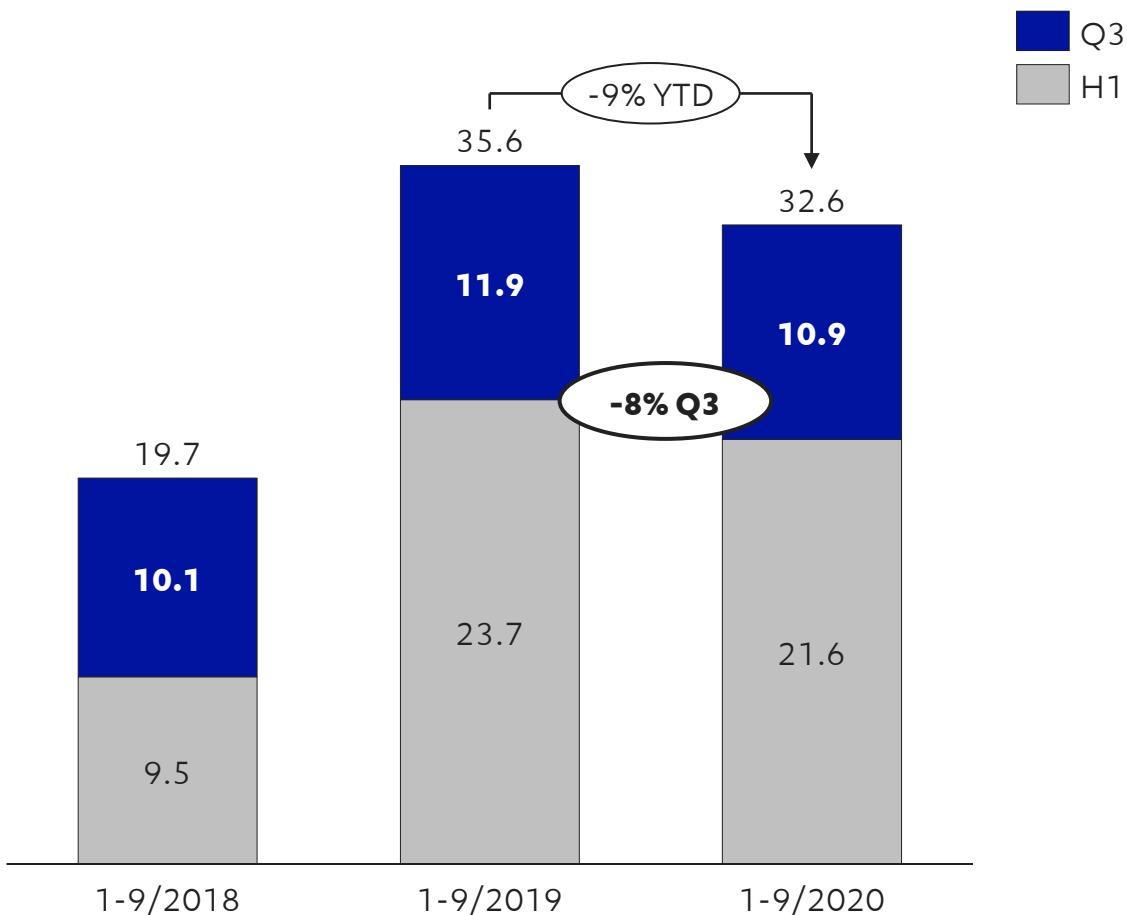
F-SECURE COUNTERCEPT ADDS VALUE FROM MANY ANGLES TO OUR MDR CUSTOMERS



CYBER SECURITY CONSULTING REVENUE DECREASED

(1-9/2020, EUR million)

Revenue comparison

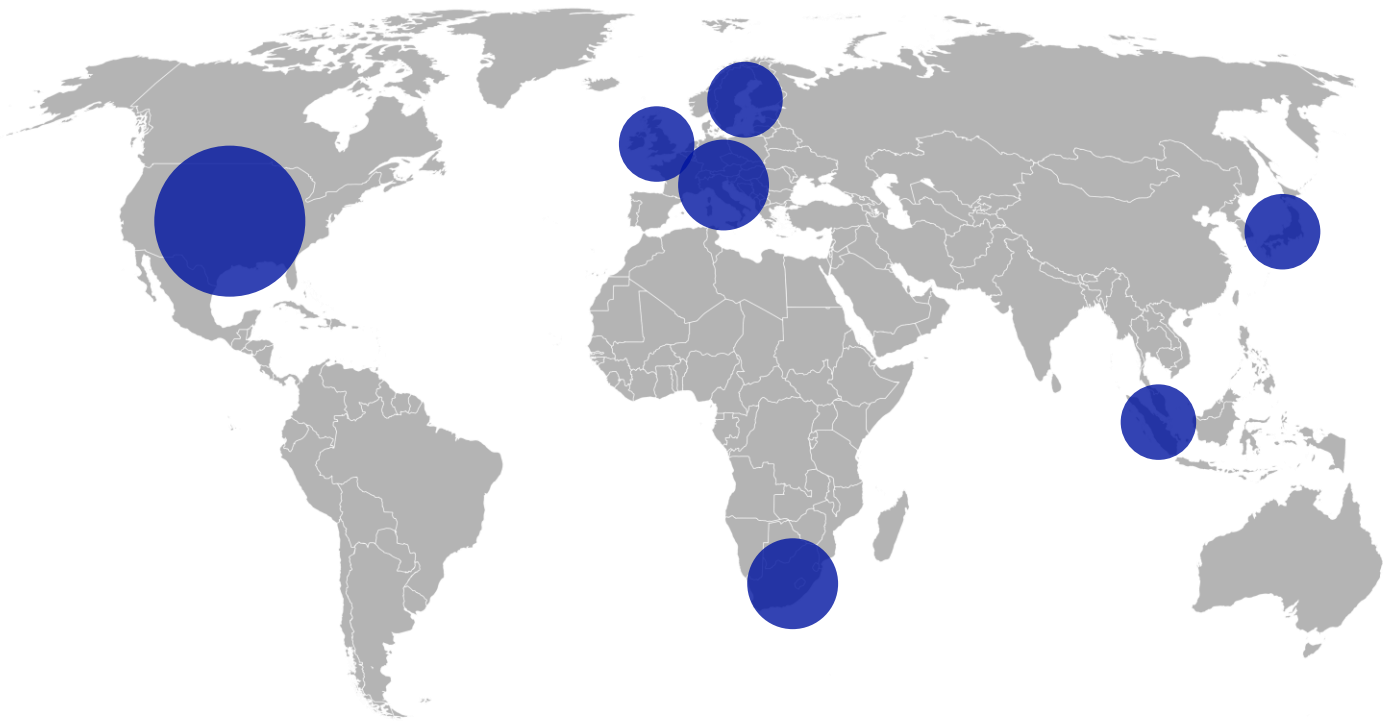


Revenue from cyber security consulting decreased by 8%

- Delivering assignments predominantly remotely and innovating new services / delivery models
- Significant regional and client variations, while the overall sentiment has improved from the spring
- In the Nordics, a particularly large project in its finalization phase
- The pandemic still casts a shadow on the short-term predictability of the business, however in the long term we find the market attractive for profitable growth

F-SECURE DELIVERS MOST DEMANDING CASES GLOBALLY FOR CUSTOMERS WITH CRITICAL DATA

Consulting capability: example customer cases in Q3/2020



LOCATION	CUSTOMER VERTICAL	CASE TYPE
FIN	Insurance	Red Teaming
FIN	Critical Infrastructure	Multiple cases
DK	Financial Institution	Red Teaming
SWE	Critical Infrastructure	New tech assessment
GER	Automotive	Telematics audit
GER	Aviation	Aircraft Security
JPN	Automotive	Security audit

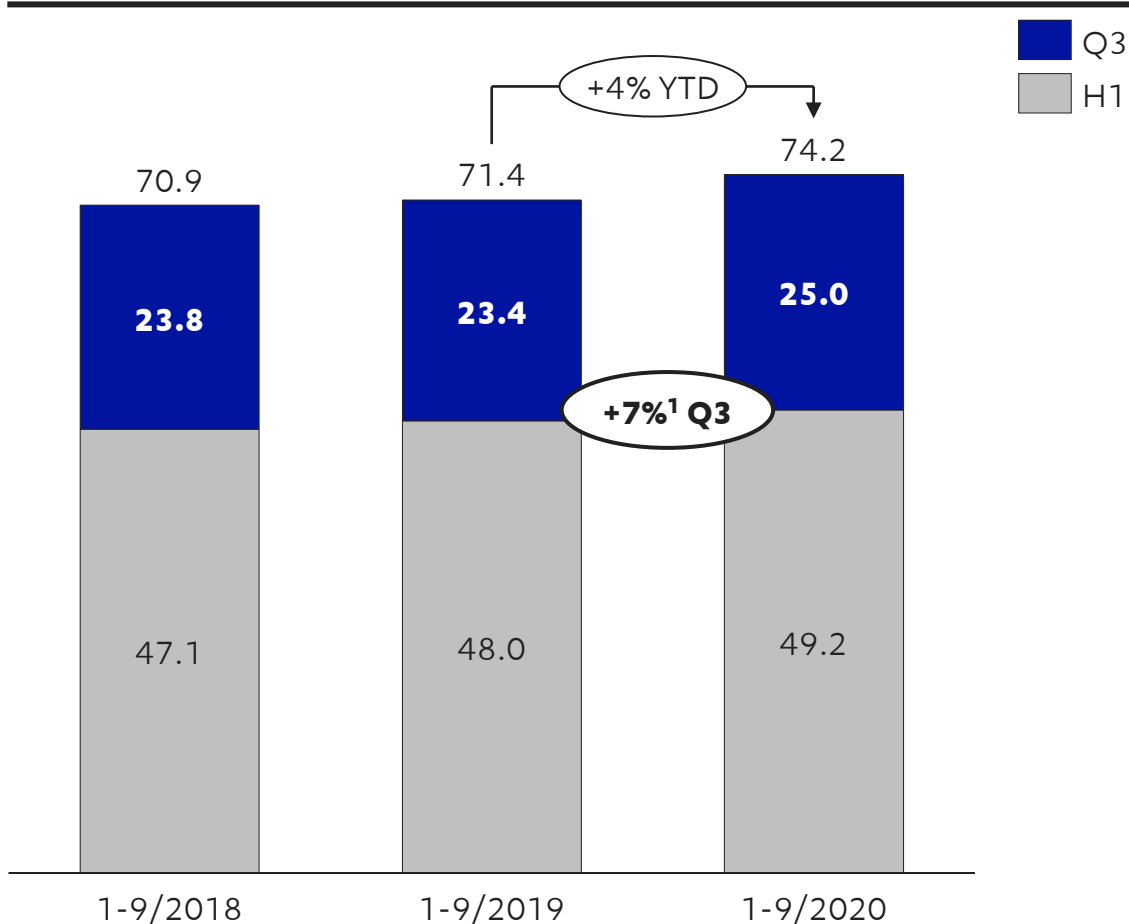
LOCATION	CUSTOMER VERTICAL	CASE TYPE
UK	Financial Institution	Security Assurance
UK	Electronics	IOT Assessments
UK	Technology	Vulnerability Hunt
US	Financial Institution	Red Teaming
US	Technology	Mobile Security
ZA	Financial Institution	Targeted Attack Simulation
ZA	Insurance	Red Teaming



CONSUMER SECURITY REVENUE GREW BY 7%¹

(1-9/2020, EUR million)

Revenue comparison



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

- The growth in consumer security derives from F-Secure SAFE
- New operator deals in US and Asia including contracts for F-Secure SENSE and F-Secure ID PROTECTION on top of traditional endpoint protection
- The short-term revenue impact from new solutions is expected to be small

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

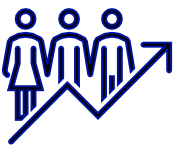
- Positive performance with F-Secure TOTAL
- The overall renewal performance continued at a good level
- Direct ecommerce and retail sales activities of F-Secure ID Protection began in Q3
- Retail sales had a good quarter

¹The reported revenue growth of 7% contains a slight positive impact related to one-off items

OVER 50% OF TOP OPERATOR ACCOUNTS ARE EVALUATING ROUTER SECURITY

F-Secure SENSE long term business opportunity

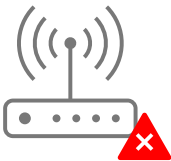
Forces affecting the business opportunity



4-out-of-5 consumers worry about their household devices' security and privacy



Over 50% of F-Secure top 40 operator partners engaged in router security discussion



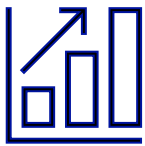
Diversity of router models



Emerging standards and use of containers accelerates deployments



Opportunity to reach the entire user base

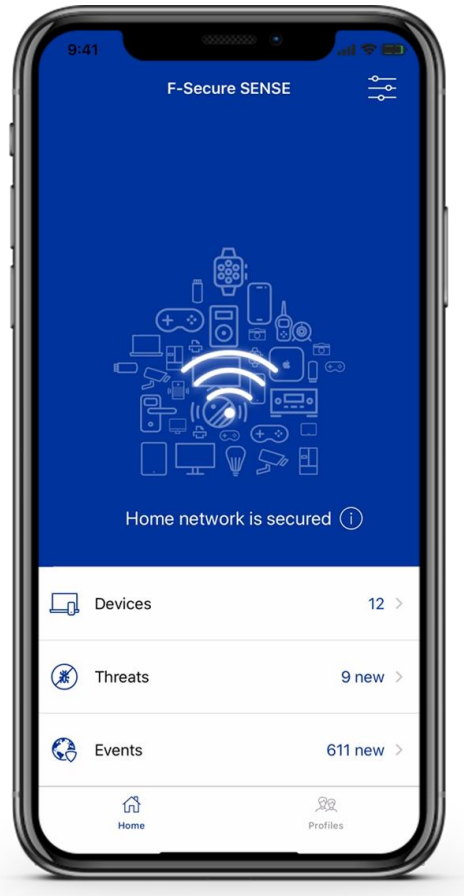


Higher ARPU from sales of the entire Consumer Security portfolio



Lengthy contract negotiations & deployment projects

Top of the class user experience

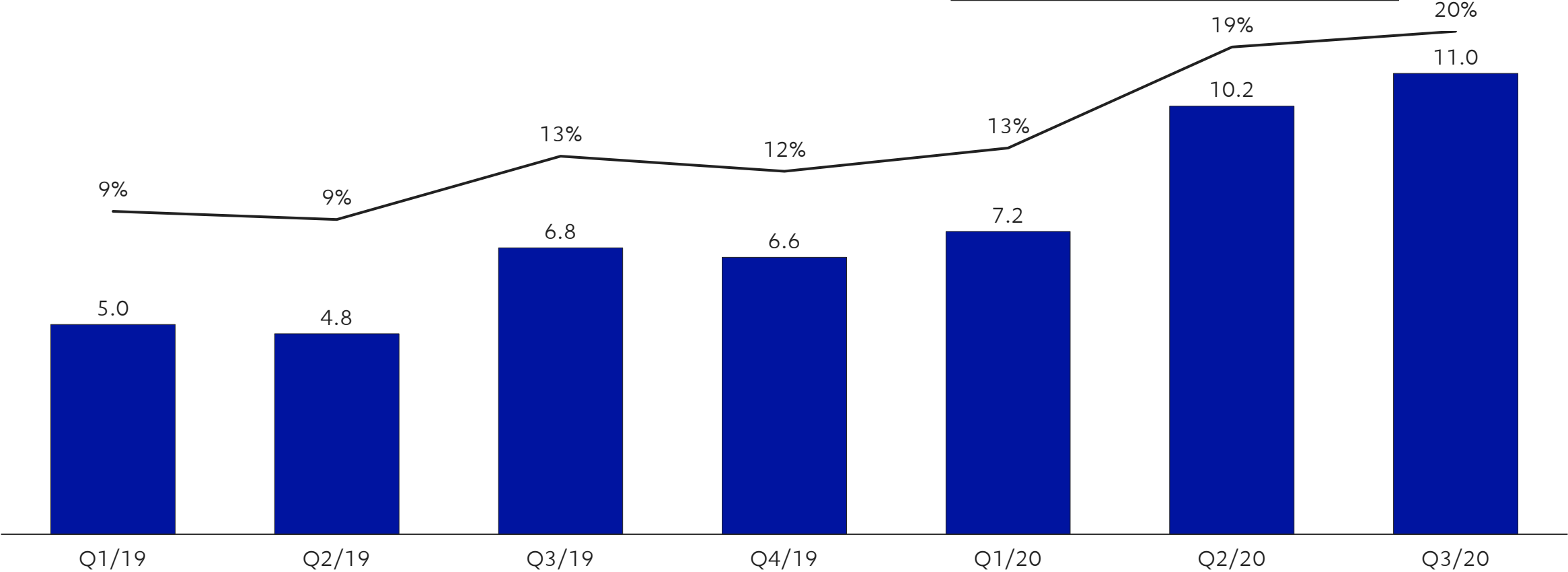


ADJUSTED EBITDA DEVELOPMENT

(Q1/2019 – Q3/2020, EUR million)

■ Adjusted EBITDA
— Adjusted EBITDA margin (%)

EBITDA margin of 20% was supported by lower activity levels impacted by the COVID-19-pandemic and growth in scalable consumer security. The marketing and R&D costs are expected to start increasing towards the end of the year.

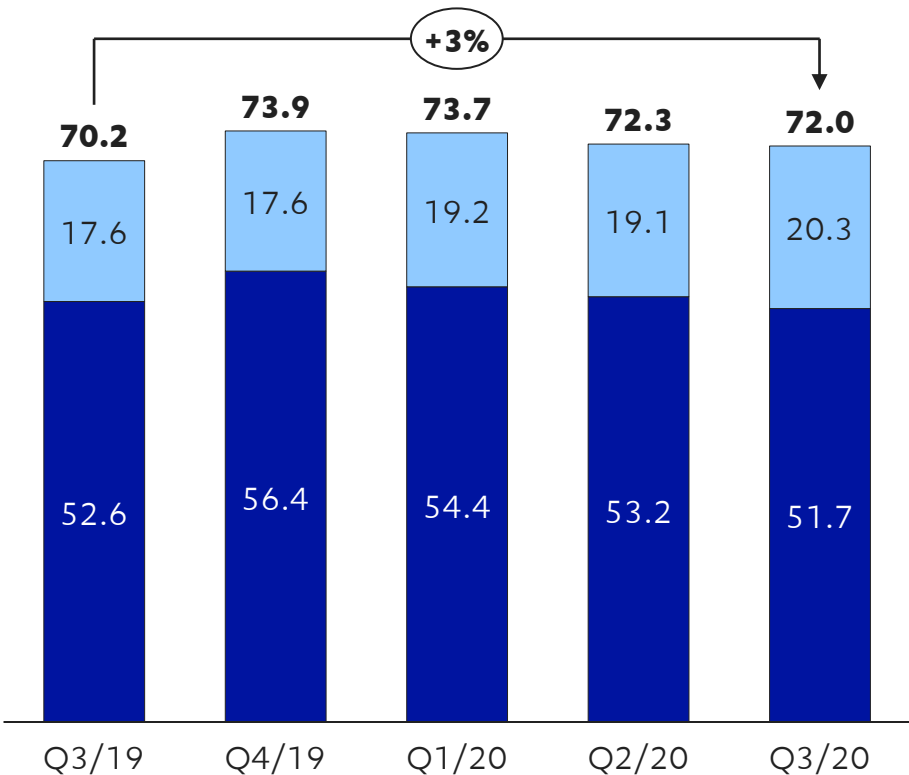


DEFERRED REVENUE GROWTH DRIVEN BY MULTI-YEAR DEALS FROM CORPORATE SECURITY PRODUCTS

(Q3/2019 – Q3/2020, EUR million)

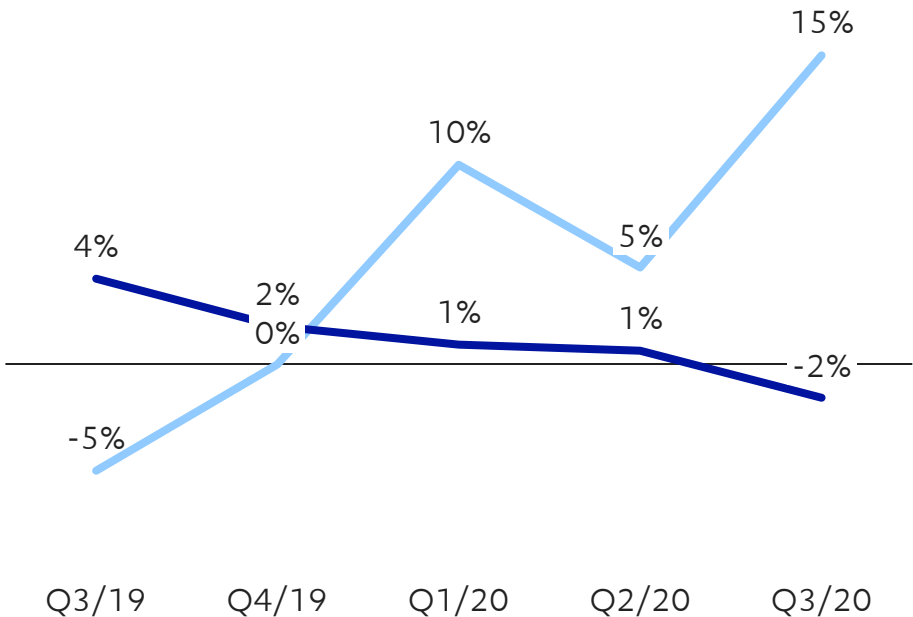
Deferred Revenue¹

Non-current
Current



Deferred Revenue growth

Non-current
Current



Comments

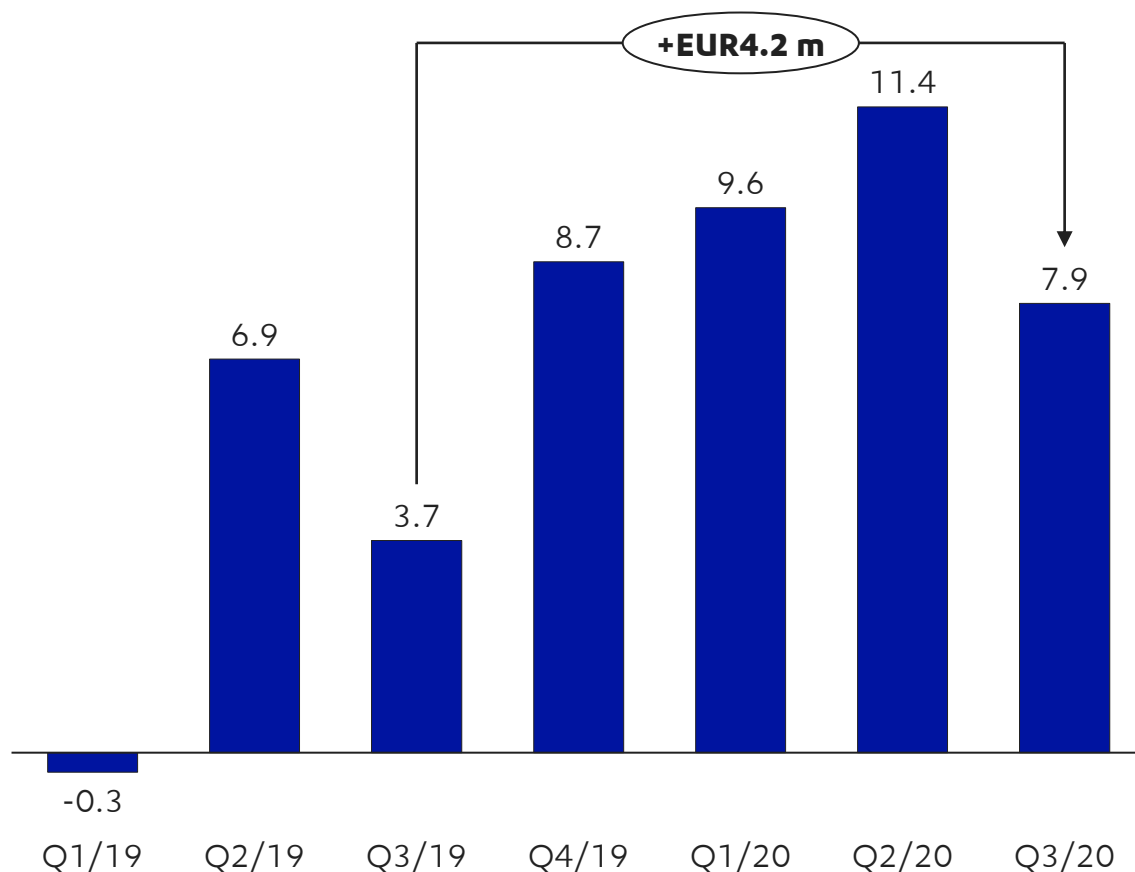
- Majority of deferred revenue comes from corporate endpoint security and managed detection and response
- In corporate endpoint business the contract durations were higher than normal as several customers committed to multi-year deals
- Increased demand for monthly subscriptions

13 ¹Non-current deferred revenue = recognized as revenue after the next 12 months onwards
Current deferred revenue = recognized as revenue within the next 12 months

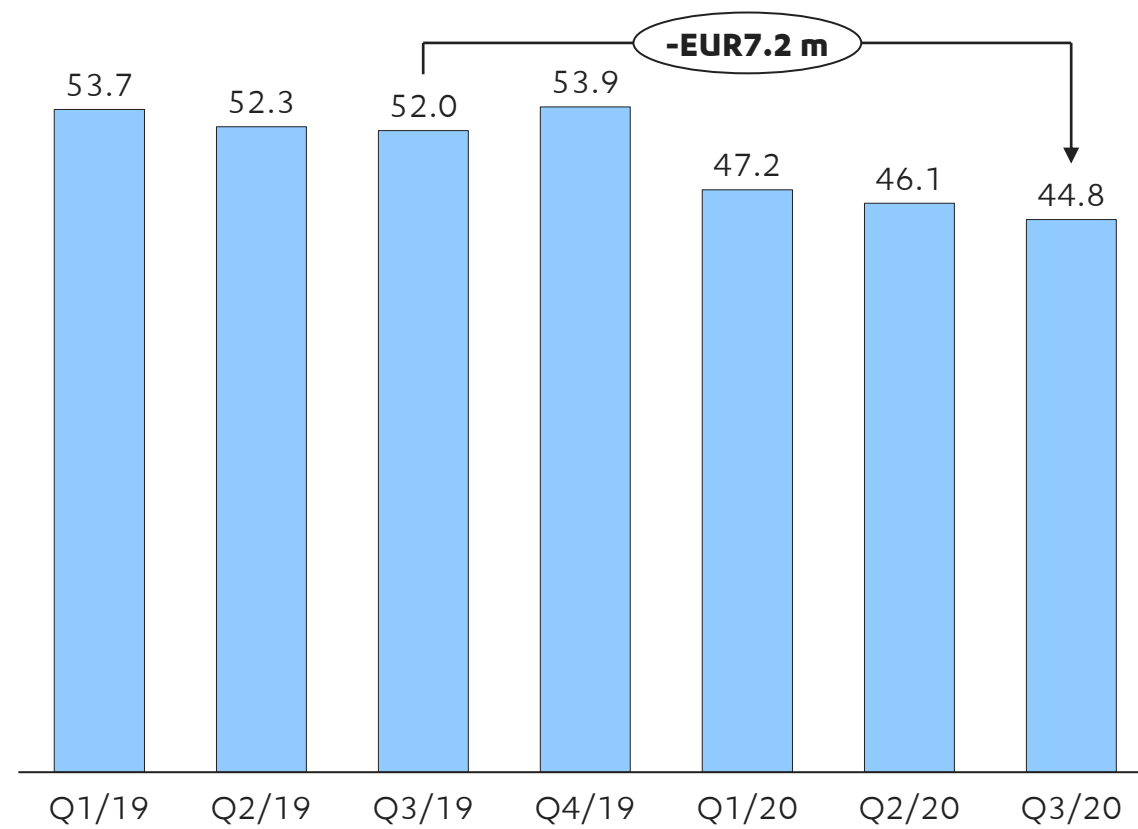
SOLID OPERATIVE CASH FLOW DUE TO GOOD PERFORMANCE IN RECEIVABLE COLLECTION

(Q1/2019 – Q3/2020, EUR million)

Cash flow from operating activities before financial items and taxes



Trade and other receivables



OUTLOOK 2020

The company's outlook for 2020 is:

- Revenue from corporate security products is expected to grow compared to 2019
- Revenue from cyber security consulting is expected to decrease compared to 2019
- Revenue from consumer security is expected to grow compared to 2019
- Adjusted EBITDA is expected to be above EUR 33 million

F-Secure issued the above financial outlook for 2020 on 15 October 2020.

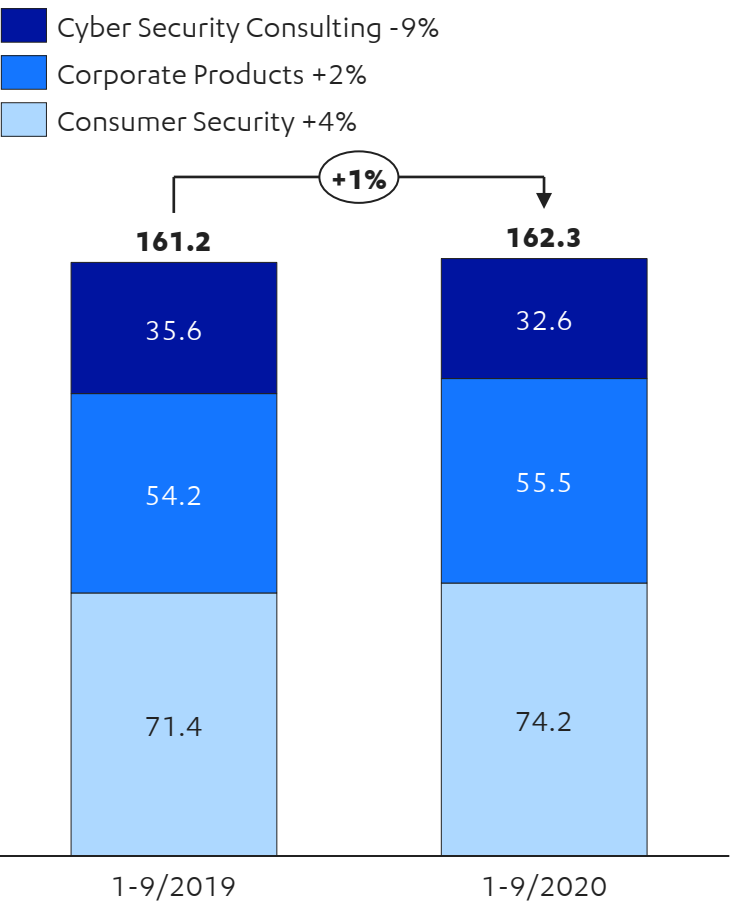
Q&A



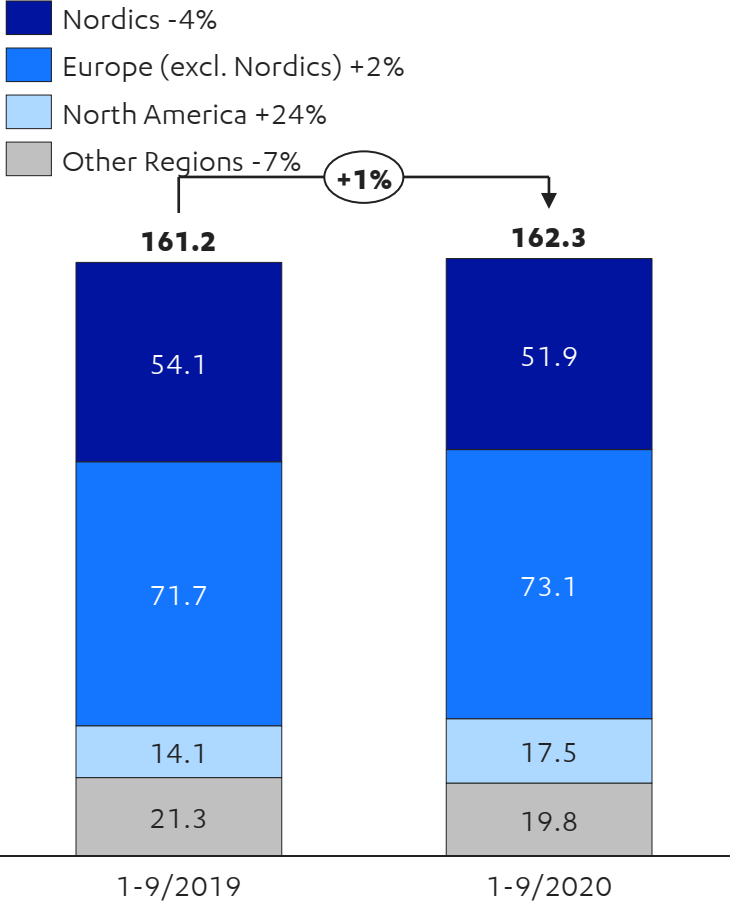
F-SECURE'S Q1-Q3/2020 IN BRIEF

(1-9/2020, EUR million)

Revenue split & growth by business



Revenue split & growth by geography



Adjusted EBITDA

