

**INTERIM REPORT
1 JANUARY – 30 SEPTEMBER 2021**

**SOLID GROWTH IN
CORPORATE SECURITY PRODUCTS**



HIGHLIGHTS OF JULY–SEPTEMBER (Q3)


- Revenue increased by 8% to EUR 58.7 million (54.5m)
- Revenue from corporate security products increased by 13% to EUR 21.0 million (18.5m)
- Revenue from cyber security consulting increased by 2% to EUR 11.2 million (10.9m)
- Revenue from consumer security increased by 6% to EUR 26.5 million (25.0m)
- Adjusted EBITDA was EUR 11.0 million (11.0m), 19% of revenue (20%)
- Earnings per share (EPS) was EUR 0.04 (EUR 0.03)
- Cash flow from operating activities before financial items and taxes was EUR 3.9 million (7.9m)

HIGHLIGHTS OF JANUARY–SEPTEMBER

- Revenue increased by 8% to EUR 174.6 million (162.3m)
- Revenue from corporate security products increased by 9% to EUR 60.7 million (55.5m)
- Revenue from cyber security consulting increased by 7% to EUR 34.8 million (32.6m)
- Revenue from consumer security increased by 7% to EUR 79.2 million (74.2m)
- Adjusted EBITDA was EUR 28.8 million (28.4m), 16% of revenue (18%)
- Strategic reviews resulted in items affecting comparability (IAC) of EUR 2.7 million
- Earnings per share (EPS) was EUR 0.07 (EUR 0.06)
- Cash flow from operating activities before financial items and taxes was EUR 23.1 million (28.9m)

CONTENTS

02	Highlights
03	Outlook (unchanged)
04	CEO Juhani Hintikka
05	Financial performance
13	F-Secure products and services
16	Key ratios and other key figures
17	Tables

 Figures in this report are unaudited. Figures in brackets refer to the corresponding period in the previous year, unless otherwise stated. Percentages and figures presented herein may include rounding differences and therefore may not add up precisely to the totals presented.

OUTLOOK (UNCHANGED) FINANCIAL TARGETS

F-Secure's financial outlook for 2021 is:

- Revenue from corporate security products is expected to grow at a high single-digit rate.
- Revenue from cyber security consulting is expected to grow but uncertainty remains due to the COVID-19 pandemic.
- Revenue from consumer security is expected to grow approximately at the same rate as in 2020.
- Adjusted EBITDA is expected to remain approximately at the previous year's level (EUR 35.7 million).

The COVID-19 pandemic continues to impact the predictability of cyber security consulting and can also impact the new sales of software solutions. The related risks are described in this Interim Report 1 January–30 September 2021.

F-Secure published financial targets on 31 August 2021. The mid-term financial targets derived from the strategy of F-Secure Corporation are:

- Revenue from corporate security products to grow at a double-digit rate
- Revenue from cyber security consulting to grow at a high single-digit rate
- Revenue from consumer security to grow at a mid-single-digit rate
- Adjusted EBITDA margin improving towards 20%

F-Secure's financial targets are mid-term ambitions and should not be viewed as an outlook for the ongoing fiscal year 2021.

CEO JUHANI HINTIKKA

F-Secure's revenue grew by 8% which combined with our scalable business model resulted in adjusted EBITDA margin of 19% during the third quarter.

The revenue growth from corporate security products accelerated to 13% year-on-year. In business security software demand for our cloud-native solutions translated into strong order growth for EDR (Endpoint Detection and Response) and Cloud Protection for Salesforce. In Managed Detection and Response (MDR) our focus on key verticals resulted in deals with several new customers from manufacturing, technology and financial service industries. While our MDR business is still in an investment phase, our position as the trusted partner to solve complex cyber security challenges combined with the increasing market demand presents a great opportunity.

The cyber security consulting revenue grew by 2% year-on-year. Regional variations in business performance continued, as COVID-19 related restrictions still had a negative impact during Q3 in some markets. I was pleased to see good demand for subscription-based services where customers appreciate our outcome-based approach. Additionally, customers' technology-driven business strategies create demand for high-value services that require deep expertise from cloud environments. Attracting and developing talent with the right skillsets is the key to success in this business.

Consumer security continued on a growth path with the Q3 revenue growing by 6% year-on-year which was driven by the sales of our whole portfolio, across the service provider channel. Device activations increased and renewal performance was solid. In addition, our partnership approach resulted in some existing service providers signing new deals to add more F-Secure products to their offering.



**"REVENUE
GROWTH FROM
CORPORATE
SECURITY
PRODUCTS
ACCELERATED
TO 13%."**

F-Secure builds and sustains trust in the digital society. To further this mission, we are working to improve the trustworthiness of artificial intelligence in the cyber security industry. F-Secure is a key industrial partner in the SPATIAL project by the European Commission where this collaborative effort unites academia and industry to increase the reliability and security of artificial intelligence and data management in cyber security applications.

At the Capital Markets Day, we announced the new strategy that is based on having three growing business areas brought together by technology. In September we started a strategic review that aims at finding a company structure that enables optimal capital allocation for both corporate and consumer security businesses and maximizes shareholder value in the long term. This evaluation will be completed latest by the end of H1/2022. Based on the current progress we continue to see the possible listing of consumer security business as one alternative.

A stylized blue ink signature of Juhani Hintikka.

CEO Juhani Hintikka

FINANCIAL PERFORMANCE

EUR m	7-9/2021	7-9/2020	Change %	1-9/2021	1-9/2020	Change %	1-12/2020
Revenue	58.7	54.5	8%	174.6	162.3	8%	220.2
Consumer security	26.5	25.0	6%	79.2	74.2	7%	100.1
Corporate security	32.1	29.5	9%	95.5	88.1	8%	120.1
Products	21.0	18.5	13%	60.7	55.5	9%	74.3
Consulting	11.2	10.9	2%	34.8	32.6	7%	45.8
Cost of revenue	-12.4	-11.8	5%	-36.8	-35.8	3%	-48.0
Gross Margin	46.3	42.7	8%	137.8	126.5	9%	172.2
of revenue, %	78.9%	78.3%		78.9%	77.9%		78.2%
Other operating income	0.4	0.4	8%	1.3	1.7	-19%	2.1
Operating expenses ¹⁾	-35.7	-32.0	11%	-110.4	-99.6	11%	-138.5
Sales & Marketing	-22.4	-20.9	7%	-68.8	-64.7	6%	-89.4
Research & Development	-9.8	-8.0	22%	-29.6	-25.5	16%	-35.9
Administration	-3.5	-3.1	11%	-11.9	-9.3	28%	-13.2
Adjusted EBITDA ²⁾	11.0	11.0	0%	28.8	28.4	1%	35.7
of revenue, %	18.8%	20.2%		16.5%	17.5%		16.2%
Items affecting comparability (IAC) ²⁾	-0.4			-2.7	0.4		
EBITDA	10.6	11.0	-4%	26.1	28.8	-10%	35.7
of revenue, %	18.1%	20.2%		14.9%	17.8%		16.2%
Depreciation & amortization	-2.7	-3.1	-11%	-8.2	-9.6	-14%	-12.6
Impairment		-0.3			-0.3		-0.3
PPA amortization	-0.7	-0.7	-8%	-2.1	-2.4	-11%	-3.2
EBIT	7.2	6.9	4%	15.7	16.5	-5%	19.7
of revenue, %	12.3%	12.7%		9.0%	10.2%		8.9%
Adjusted EBIT ²⁾	8.3	7.7	8%	20.6	18.6	11%	22.9
of revenue, %	14.1%	14.0%		11.8%	11.4%		10.4%
Earnings per share, (EUR) ³⁾	0.04	0.03	10%	0.07	0.06	16%	0.08
Deferred revenue				81.5	72.0	13%	81.0
Cash flow from operations before financial items and taxes	3.9	7.9	-51%	23.1	28.9	-20%	48.3
Cash and financial assets at fair value through P&L				43.7	42.8	2%	51.4
ROI, %	24.2%	24.2%	0%	17.9%	20.3%	-12%	18.5%
Equity ratio, %				61.2%	49.2%	24%	52.5%
Gearing, %				-13.8%	8.4%	-265%	-14.1%
Personnel, end of period				1,689	1,693	0%	1,678

¹⁾ Excluding Items Affecting Comparability (IAC) and depreciation and amortization

²⁾ Adjustments 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. Reconciliation and a breakdown of adjusted costs is in note 5 of the Table Section of this report.

³⁾ Based on the weighted average number of outstanding shares during the period 158,342,807 (1-9/2021).

Third quarter (Q3)

The company's total revenue in July–September increased by 8% year-on-year, and was EUR 58.7 million (54.5 m). The share of corporate security of total revenue was 55% (54%).

Corporate security

Revenue from corporate security increased by 9% year-on-year to EUR 32.1 million (29.5m).

Products

Revenue from corporate security products increased by 13% year-on-year to EUR 21.0 million (18.5m).

Revenue from business security software grew year-on-year. The growth comes from EDR (Endpoint Detection and Response) and Cloud Protection products while EPP (Endpoint Protection Platform) still accounts for a significant share of the revenue. The positive traction around Elements platform translated into good order development for the cloud-based offering which was complemented by a good renewal performance.

Revenue from Managed Detection and Response (MDR) solutions (F-Secure Countercept) grew year-on-year. During Q3 the new sales performance was particularly strong in Germany, and we also signed new Countercept deals in countries such as the USA and UK. Renewal performance was good in Q3. New customer acquisition is expected to show variation between quarters which is typical for new advanced solutions.

Cyber security consulting

Revenue from cyber security consulting increased by 2% year-on-year to EUR 11.2 million (10.9m).

In Q3 the COVID-19 pandemic continued to impact cyber security consulting operations, particularly in Singapore, although generally restrictions relaxed over the quarter. In some regions business performance was impacted due to not having enough highly specialized experts needed to meet the customer demand. The short-term predictability has improved, but it is still subject to the volatility in the operating environment caused by the pandemic.

Consumer security

Revenue from consumer security increased by 6% year-on-year to EUR 26.5 million (25.0m).

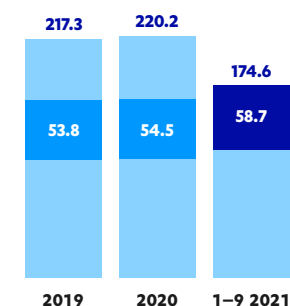
Service Providers (previously Operators)

Revenue from the service provider channel grew year-on-year. The whole portfolio contributed to the growth while majority of the revenue still consists of F-Secure SAFE. In the long-term F-Secure SENSE and F-Secure ID PROTECTION provide a further growth opportunity. The close cooperation with the global partner network continued to generate an increase in product activation and usage rates.

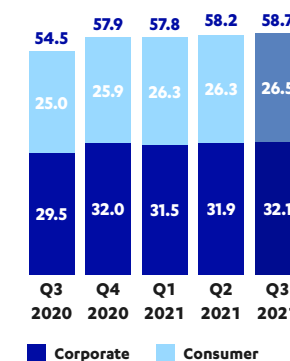
Direct sales

Revenue from direct sales to consumers grew year-on-year which was driven by the increasing share of our bundled solution, F-Secure TOTAL. The overall renewal performance continued at a good level.

Revenue, MEUR



Revenue per business, MEUR



Gross margin

Gross margin increased by EUR 3.6 million to 46.3 million (42.7m) and was 79% of revenue (78%). The increase in gross margin was due to increased revenue in scalable product businesses and improved performance in cyber security consulting.

Operating expenses

Operating expenses excluding depreciation and amortization, and items affecting comparability (IAC) increased by EUR 3.7 million to 35.7 million (32.0m). During the comparative period operative expenses were at an unusually low level due to the COVID-19 pandemic outbreak. Sales and marketing costs grew year-on-year due to higher sales commissions whereas research and development costs grew due to a headcount increase. In addition, we are experiencing salary inflation in several markets.

Depreciation and amortization were 3.4 million (4.1m), where PPA amortization from acquisitions was EUR 0.7 million (0.7m). Items affecting comparability (IAC) totaled EUR 0.4 million and consisted of costs related to the evaluation of different strategic options for the company structure.

Profitability

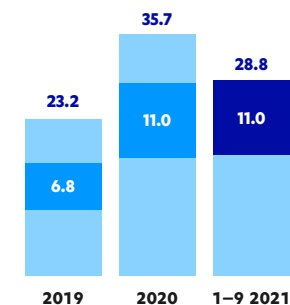
Adjusted EBITDA was EUR 11.0 million and 19% of revenue (11.0m, 20%). Adjusted EBIT was EUR 8.3 million and 14% of revenue (7.7m, 14%).

EBITDA was EUR 10.6 million and 18% of revenue (11.0m, 20%). EBIT was EUR 7.2 million and 12% of revenue (6.9m, 13%) including EUR 0.7 million of PPA amortization (0.7m) and EUR 0.4 million of IAC items.

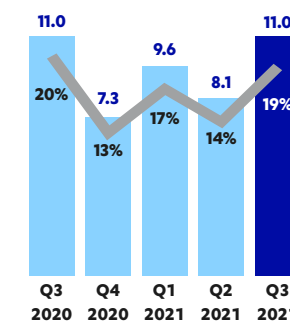
Cash flow

Cash flow from operating activities before financial items and taxes was negatively impacted by changes in net working capital and totaled 3.9m (7.9m). Cash flow from operations was EUR 2.1 million (6.8m).

Adjusted EBITDA, MEUR



Adjusted EBITDA, MEUR and % of revenue



January–September

The company's total revenue in January–September increased by 8% year-on-year to EUR 174.6 million (162.3m). The share of corporate security of total revenue was 55% (54%).

Corporate security

Revenue from corporate security increased by 8% year-on-year and was EUR 95.5 million (88.1m) as corporate security products grew by 9% and cyber security consulting by 7%.

Consumer security

Revenue from consumer security increased by 7% year-on-year and was EUR 79.2 million (74.2m) as both service provider channel and direct business grew.

Gross margin

Gross margin increased by EUR 11.3 million to EUR 137.8 million (126.5m) was 79% of revenue (78%). The increase in gross margin was due to increased revenue in scalable product businesses and improved performance in cyber security consulting.

Operating expenses

Operating expenses excluding depreciation and amortization, and items affecting comparability (IAC) increased by EUR 10.8 million to 110.4 million (99.6m). During the comparative period operative expenses were at an unusually low level due to the COVID-19 pandemic outbreak. Sales and marketing costs grew year-on-year due to an increase in marketing activities and higher sales commissions. Research and development costs grew year-on-year due to a headcount increase. In addition, we are experiencing salary inflation in several markets.

Depreciation and amortization were 10.4 million (12.3m), where PPA amortization from acquisitions was EUR 2.1 million (2.4m). Items affecting comparability (IAC) totaled EUR 2.7 million and consisted of costs related to strategic reviews.

Profitability

Adjusted EBITDA was EUR 28.8 million and 16% of revenue (28.4m, 18%) and adjusted EBIT was EUR 20.6 million and 12% of revenue (18.6m, 11%).

EBITDA was EUR 26.1 million and 15% of revenue (28.8m, 18%). EBIT was EUR 15.7 million and 9% of revenue (16.5m, 10%) including EUR 2.1 million of PPA amortization (2.4m) and EUR 2.7 million of IAC items.

Cash flow

Cash flow from operating activities before financial items and taxes decreased by EUR 5.8 million and was 23.1m (28.9m). Cash flow from operations was EUR 15.9 million (25.8m).

FINANCING, CAPITAL STRUCTURE AND CAPITAL EXPENDITURE

EUR m	7-9/2021	7-9/2020	Change %	1-9/2021	1-9/2020	Change %	1-12/2020
Cash and financial assets at fair value through P&L				43.7	42.8	2%	51.4
Bank loans, non-current				16.0	22.0	-27%	19.0
Lease liabilities, non-current				4.2	6.7	-38%	4.9
Bank loans, current				6.0	16.0	-63%	11.0
Lease liabilities, current				4.6	4.5	3%	4.9
Capital expenditure	2.0	2.4	-17%	9.1	12.2	-25%	14.3
Capitalized development expenses	1.3	1.3	-3%	4.3	4.2	2%	5.5
ROI, %	24.2%	24.2%		17.9%	20.3%		18.5%
Equity ratio, %				61.2%	49.2%		52.5%
Gearing, %				-13.8%	8.4%		-14.1%

The financial position remained solid. The company has liquid assets of EUR 43.7 million (42.8m) and interest-bearing bank debt of EUR 22.0 million (38.0m). The next repayment (3.0m) of the term loan is due at the year-end. To guarantee liquidity, F-Secure has EUR 23.0 million committed revolving credit facility that was undrawn at the end of the quarter. In case withdrawn the revolving credit facility is presented in current interest-bearing liabilities.

ORGANIZATION AND LEADERSHIP

Personnel

At the end of the quarter, F-Secure had 1,689 employees, which shows a net increase of 11 employees (1%) since the beginning of the year (1,678 on 31 December 2020), and a net decrease of 4 employees (0%) compared with end of September in 2020 (1,693).

Leadership team

At the end of the quarter, the composition of the Leadership Team was the following:

Juhani Hintikka (CEO & President), Tom Jansson (CFO), Christine Bejerasco (CTO), Antti Koskela (CPO), Ari Vääntinen (CMO), Jari Still (CIO), Timo Laaksonen (EVP, Consumer Security), Juha Kivikoski (EVP, Business Security), Edward Parsons (EVP, Cyber Security Consulting), Tim Orchard (EVP, Managed Detection & Response), Charlotte Guillou (EVP, People Operations & Culture), Tiina Sarhimaa (CLO) and Antti Hovila (EVP, Strategy & Portfolio).

SHARES, SHAREHOLDERS' EQUITY, OWN SHARES

The total number of company shares is currently 158,798,739. The company's registered shareholders' equity is EUR 1,551,311.18. The company held 411,358 of its own shares at the end of the quarter.

The company holds its own shares to be used in the incentive compensation plans, for making acquisitions or implementing other arrangements related to the company's business, to improve the company's financial structure or to be otherwise assigned or cancelled.

The company currently has performance- and market-based long-term share-based incentive programs for key employees.

RISKS AND UNCERTAINTIES

The following risks and uncertainties can adversely impact F-Secure's sales, profitability, financial condition, market share, reputation, share price or the achievement of the company's short- and long-term objectives. The matters described here should not be construed as an exhaustive list. The most significant risks are:

COVID-19 pandemic

Cyber security consulting and the new sales of Managed Detection and Response (MDR) service are negatively affected by the COVID-19 pandemic. Slowdown in the new sales of software products and Managed Detection and Response (MDR) solutions may occur if the situation prolongs.

Goodwill is tested for impairment annually and whenever there is indication that it might be impaired. The annual impairment testing of Consulting and MDR goodwill was carried out at the end of 2020 and indicated no impairment although long-term forecasts include a higher level of uncertainty due to the prolonged pandemic. Management continues to assess the need for updated testing regularly.

Under the pandemic an increase in credit losses and delayed customer payments may occur. To date, significant risks have not realized, but the impacts of the pandemic on customers may arise in the longer term. As part of the quarterly assessment of allowances for expected credit losses under IFRS 9, a slight increase in the calculation of expected credit losses was maintained.

Cyber security incident

Cyber security attacks threaten the confidentiality, integrity and availability of F-Secure's products, services and the enterprise. F-Secure builds cyber resilience by continually improving its capability to identify, protect, detect and respond to relevant threats.

Endpoint protection market disruption

Endpoint security market is highly competitive. Operating system manufacturers have increased their focus to built-in security features and at the same time new vendors and technologies have emerged. F-Secure has to succeed in maintaining in-depth understanding of cyber security threat landscape, hacker techniques and technologies used as well as continue to innovate in defense technologies.

Market consolidation

The cyber security market is consolidating due to economies of scale. F-Secure has to succeed in finding the right acquisition targets, as well as successfully integrating the target companies.

Risks relating to launch of new technologies

In a rapidly evolving industry, it is vital to keep products and services relevant to customers while introducing new technologies to the market on-time. F-Secure is driving technology simplification and R&D effectivization initiatives as well as investments in artificial intelligence to ensure a competitive product portfolio.

MARKET OVERVIEW

Attracting and retaining talent

Competition for capable personnel is increasing and there is structural undersupply of talent in the cyber security industry. F-Secure is continuously developing and adopting new ways of recruitment, building its own talent and knowledge pools and investing in training and development of personnel.

Geopolitical risks

F-Secure operates globally in different countries, and local regulation is exposing the company to geopolitical risks, including, for instance, unfavorable tax matters or export controls. Changes in regulations or their application, applicable to current or new technologies or services, may adversely affect F-Secure's business operations.

Currency fluctuations

Increased amount of operations and sites outside the Eurozone in different currencies exposes F-Secure to an increased risk related to currency fluctuations.

The growing number and variety of connected devices as well as digital services continues to create security challenges for both businesses and individuals. Combined with the increasing complexity of IT systems, tightening regulation and increasing significance of geopolitics, these trends are driving demand for security products and services. While advanced cyber-attacks are becoming more common and persistent, criminals are targeting companies of all sizes along with consumers by taking advantage of vulnerabilities in popular software, both traditional and new connected devices as well as online services. Apart from pure criminal activity, governments and hacktivists use vulnerabilities and malware for things including espionage and surveillance.

Attacks against corporations often go undetected for months. As most companies lack relevant capabilities for detection and response, it is estimated that the demand for both Endpoint Detection and Response (EDR) solutions and Managed Detection and Response (MDR) will continue to increase rapidly. The new detection and response capabilities are supplementing existing endpoint protection solutions (EPP), causing the EPP market to be in transition. Overall, as organizations are increasingly adopting cloud services, they seek managed security services and cloud-based delivery to help them maintain control of their security.

The consumer security software market continues to be impacted by the changing device landscape, app stores and online sales overall. On the whole, the number of connected smart home devices is growing very rapidly, and as a result, telecommunication operators are investing heavily in upgrading connectivity and introducing new security related services into their offerings. As consumers become increasingly aware of the threats to their privacy and security, they seek to buy more comprehensive solutions to secure their digital lives.

F-SECURE PRODUCTS AND SERVICES

Corporate security

In corporate security F-Secure provides a broad range of cyber security products, managed detection and response solutions and cyber security consulting to companies globally with a focus on the mid-market and local enterprises.

F-Secure Elements – one cloud-native platform for chosen cyber security solutions

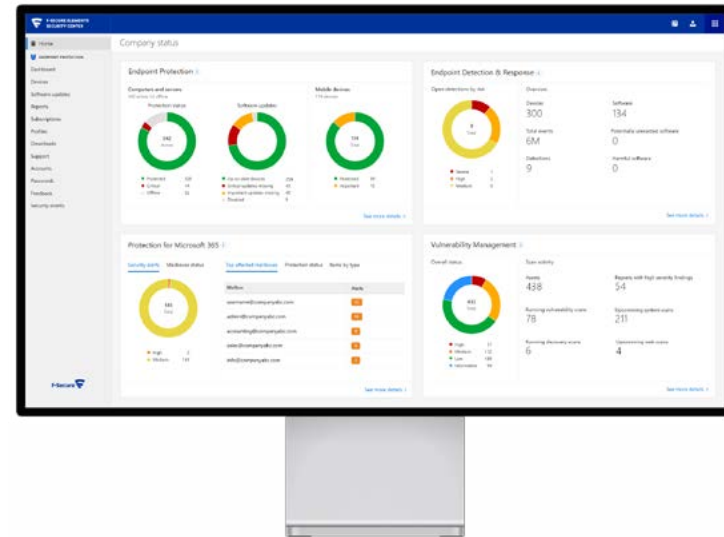
F-Secure Elements is a flexible platform that allows our partners to choose from a traditional annual license, a monthly subscription or the pay-as-you-go model.

F-Secure Elements Endpoint Protection – Cloud-native endpoint security

F-Secure Elements Endpoint Detection and Response – Customer- or partner-managed software solution to protect against targeted attacks

F-Secure Elements Vulnerability Management – Automated vulnerability scanning and management platform

F-Secure Elements for Microsoft 365 – Advanced protection for online exchange of content



Independent cyber security solutions

MDR: F-Secure Countercept – Advanced threat hunting and continuous response capabilities against targeted attacks delivered as a managed service

F-Secure Cloud Protection for Salesforce – Cloud-hosted content-level security for Salesforce customers

F-Secure Business Suite – On-site deployed endpoint security

phishd – Anti-phishing behavior management platform

Cyber security services

F-Secure provides premium consultancy services for all areas of cyber security on four continents, including services such as:

- F-Secure Cyber Incident & Resilience Services
- F-Secure Security Assessments
- F-Secure Red Team Testing
- F-Secure Cyber Risk Management

Consumer security

In consumer security the company provides a comprehensive range of endpoint protection, privacy and password management solutions, and security for all the connected devices at home, both separately and as a bundled premium offering (F-Secure TOTAL). The majority of

consumer sales comes from the sale of endpoint protection products through the operator channel, but the company also sells consumer products through various retail partners, as well as the company's own web shop.

F-Secure SAFE

– Easy to use antivirus and internet security, including Family rules to let you set healthy boundaries for your children's device use

F-Secure SENSE

– A software-based solution integrated in operators' broadband routers to secure all devices and the entire connected home against online threats

F-Secure ID PROTECTION

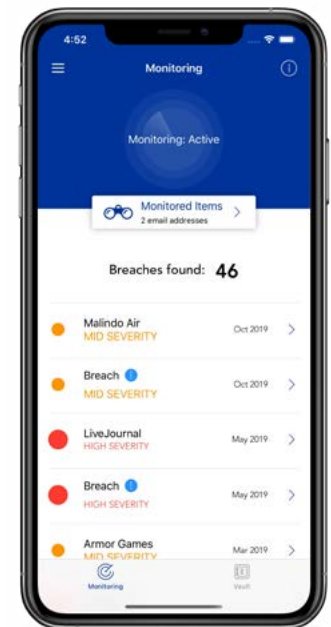
– Combines personal information monitoring against data breaches with password manager

F-Secure FREEDOME

– VPN that ensures anonymous and secure internet browsing

F-Secure KEY

– A light and easy password manager, allowing you to store your passwords securely and access them from any device



EVENTS AFTER PERIOD-END

No material changes regarding the company's business or financial position have materialized after the end of the quarter.

ADDITIONAL INFORMATION

Financial calendar

F-Secure Corporation will publish its financial calendar for 2022 later this year.

Contact information



Tom Jansson, CFO, F-Secure Corporation



Henri Kiili, Investor Relations and Corporate Finance Director,
F-Secure Corporation

+358 40 840 5450

investor-relations@f-secure.com

KEY RATIOS AND OTHER KEY FIGURES

PROFITABILITY	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
Revenue	58.7	54.5	174.6	162.3	220.2
Consumer security	26.5	25.0	79.2	74.2	100.1
Corporate security	32.1	29.5	95.5	88.1	120.1
Products	21.0	18.5	60.7	55.5	74.3
Consulting	11.2	10.9	34.8	32.6	45.8
Gross margin	46.3	42.7	137.8	126.5	172.2
Gross margin, % of revenue	78.9%	78.3%	78.9%	77.9%	78.2%
Operating expenses	-39.5	-36.1	-123.4	-111.6	-154.6
Operating expenses for adjusted EBITDA	-35.7	-32.0	-110.4	-99.6	-138.5
Adjusted EBITDA	11.0	11.0	28.8	28.4	35.7
Adjusted EBITDA, % of revenue	18.8%	20.2%	16.5%	17.5%	16.2%
EBITDA	10.6	11.0	26.1	28.8	35.7
EBITDA, % of revenue	18.1%	20.2%	14.9%	17.8%	16.2%
Adjusted EBIT	8.3	7.7	20.6	18.6	22.9
Adjusted EBIT, % of revenue	14.1%	14.0%	11.8%	11.4%	10.4%
EBIT	7.2	6.9	15.7	16.5	19.7
EBIT, % of revenue	12.3%	12.7%	9.0%	10.2%	8.9%
ROI, %	24.2%	24.2%	17.9%	20.3%	18.5%
ROE, %	24.6%	27.3%	18.0%	17.8%	16.2%
CAPITAL STRUCTURE					
Equity ratio, %			61.2%	49.2%	52.5%
Gearing, %			-13.8%	8.4%	-14.1%
Interest bearing liabilities			30.8	49.2	39.9
Cash and financial assets at FVTPL			43.7	42.8	51.4
SHARE RELATED					
Earnings per share, basic and diluted	0.04	0.03	0.07	0.06	0.08
Shareholders' equity per share, EUR			0.59	0.48	0.52
OTHER					
Capital expenditure, MEUR excl. acquisition	2.0	2.4	9.1	12.2	14.3
Capitalized development expenses, MEUR	1.3	1.3	4.3	4.2	5.5
Depreciation and amortization excl. PPA amortization, MEUR	-2.7	-3.3	-8.2	-9.9	-12.9
Depreciation and amortization, MEUR	-3.4	-4.1	-10.4	-12.3	-16.0
Personnel, average	1,687	1,702	1,678	1,693	1,691
Personnel, period end			1,689	1,693	1,678

The Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting. Covid-19 impacts on the accounting principles of this financial statement report are limited, and have been presented in the table section within relevant items. Otherwise, the accounting principles are the same as in the annual report 2020.

All figures in the following tables are EUR million unless otherwise stated. This Financial statement is unaudited.

INCOME STATEMENT

	7-9/2021	7-9/2020	Change %	1-9/2021	1-9/2020	Change %	1-12/2020
Revenue	58.7	54.5	8%	174.6	162.3	8%	220.2
Cost of revenue	-12.4	-11.8	5%	-36.8	-35.8	3%	-48.0
Gross margin	46.3	42.7	8%	137.8	126.5	9%	172.2
Other operating income	0.4	0.4	8%	1.3	1.7	-19%	2.1
Sales and marketing	-23.8	-22.5	6%	-72.9	-69.4	5%	-95.6
Research and development	-11.0	-9.6	15%	-33.3	-30.2	10%	-41.8
Administration	-4.7	-4.1	17%	-17.3	-11.9	45%	-17.1
EBIT	7.2	6.9	4%	15.7	16.5	-5%	19.7
Financial net	-0.2	-0.6	-60%	-0.3	-2.7	-89%	-3.2
Result before taxes	6.9	6.3	10%	15.4	13.9	11%	16.5
Income taxes	-1.4	-1.3	9%	-3.5	-3.7	-4%	-3.6
Result for the period total	5.6	5.0	10%	11.9	10.2	16%	12.9
Other comprehensive income							
Exchange differences on translating foreign operations	-1.0	-0.5		3.4	-10.7		3.2
Total comprehensive income (parent company owners)	4.6	4.6	0%	15.3	-0.4		16.1
Earnings per share	7-9/2021	7-9/2020	Change %	1-9/2021	1-9/2020	Change %	1-12/2020
Earnings per share, basic and diluted, EUR	0.04	0.03	10%	0.07	0.06	16%	0.08

BALANCE SHEET

Assets	30 Sep 2021	30 Sep 2020	31 Dec 2020
Tangible assets	12.6	15.9	14.1
Intangible assets	34.3	33.8	34.0
Goodwill	84.7	78.9	81.9
Deferred tax assets	4.1	3.1	4.0
Other receivables	1.1	0.6	0.6
Total non-current assets	136.8	132.4	134.6
Inventories	0.1	0.1	0.1
Accrued income	5.1	4.2	3.4
Trade and other receivables ¹⁾	46.5	44.8	47.5
Income tax receivables	1.8	3.5	0.9
Financial asset at fair value through profit and loss	0.1	0.1	0.1
Cash and bank accounts	43.6	42.7	51.4
Total current assets	97.2	95.3	103.2
Total assets	234.0	227.7	237.8
Shareholders' equity and liabilities	30 Sep 2021	30 Sep 2020	31 Dec 2020
Equity	93.3	76.6	82.3
Interest bearing liabilities, non-current	20.2	28.7	23.9
Deferred tax liability	0.9	2.9	1.3
Deferred revenue, non-current	24.8	20.3	23.8
Other non-current liabilities	0.3	1.7	1.5
Total non-current liabilities	46.3	53.6	50.6
Interest bearing liabilities, current	10.6	20.5	15.9
Trade and other payables	22.6	21.5	26.1
Income tax liabilities	4.5	3.8	5.7
Deferred revenue, current	56.7	51.7	57.2
Total current liabilities	94.4	97.5	104.9
Total liabilities and equity	234.0	227.7	237.8

¹⁾ Management has assessed the potential impact on trade receivables due to the Covid-19 pandemic and adjusted allowances for expected credit losses under IFRS 9.

CASH FLOW STATEMENT

	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
Cash flow from operations					
Result for the financial year	5.6	5.0	11.9	10.2	12.9
Adjustments	6.6	7.3	17.3	20.4	24.7
Cash flow from operations before change in working capital	12.2	12.3	29.1	30.6	37.5
Change in net working capital	-8.3	-4.4	-6.1	-1.7	10.8
Cash flow from operating activities before financial items and taxes	3.9	7.9	23.1	28.9	48.3
Net financial items and taxes	-1.7	-1.1	-7.2	-3.1	-1.6
Cash flows from operating activities	2.1	6.8	15.9	25.8	46.7
Cash flow from investments					
Net investments in tangible and intangible assets	-1.5	-1.1	-4.9	-6.0	-7.9
Acquisition of subsidiaries, net of cash acquired ¹⁾				-3.7	-3.7
Cash flow from investments	-1.5	-1.1	-4.9	-9.7	-11.6
Cash flow from financing activities					
Proceeds from interest-bearing liabilities				10.0	10.0
Repayments of interest bearing liabilities			-8.0	-3.0	-11.0
Repayments of lease liabilities	-1.5	-2.2	-4.6	-5.3	-7.3
Dividends paid			-6.3		
Cash flow from financing activities	-1.5	-2.2	-18.9	1.7	-8.3
Change in cash	-0.9	3.5	-7.9	17.9	26.9
Cash and bank at the beginning of the period	44.3	39.7	51.4	25.4	25.4
Effect of exchange rate changes on cash	0.2	-0.5	0.2	-0.6	-0.9
Cash and bank at period end	43.6	42.7	43.6	42.7	51.4

¹⁾ Payout of MWR InfoSecurity earnout in Q1/20 is presented in cash flow from investments.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium fund	Unrestricted equity reserve	Treasury shares	Retained earnings	Translation difference	Total
Equity 31 Dec 2019	1.6	0.2	6.2	-2.1	67.1	3.2	76.1
Total comprehensive income for the year					10.2	-10.7	-0.4
Cost of share based payments			0.4	0.8	-0.4		0.9
Equity 30 Sep 2020	1.6	0.2	6.6	-1.4	77.0	-7.4	76.6
	Share capital	Share premium fund	Unrestricted equity reserve	Treasury shares	Retained earnings	Translation difference	Total
Equity 31 Dec 2020	1.6	0.2	6.5	-1.3	79.6	-4.1	82.3
Total comprehensive income for the year					11.9	3.4	15.3
Dividend					-6.3		-6.3
Cost of share based payments			0.3	0.4	1.3		2.0
Equity 30 Sep 2021	1.6	0.2	6.8	-0.8	86.4	-0.7	93.3

1 SIGNIFICANT EXCHANGE RATES AND SENSITIVITY TO EXCHANGE RATE CHANGES

One Euro is	Average rates			End rates		
	1-9/2021	1-9/2020	1-12/2020	30 Sep 2021	30 Sep 2020	31 Dec 2020
USD	1.2016	1.1246	1.1384	1.1579	1.1708	1.2271
GBP	0.8669	0.8790	0.8853	0.8605	0.9124	0.8990
JPY	129.94	120.79	121.51	129.67	123.76	126.49

Changes in exchange rates on profit before taxes

+/-10% FX rate change	1-9/2021	1-12/2020
USD	-0.4/+0.5	-0.4/+0.5
GBP	-0.1/+0.0	+/-0.1
JPY	+/-0.1	+/-0.1

2 SEGMENT INFORMATION

The Group has only one segment (security).

	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
Revenue	58.7	54.5	174.6	162.3	220.2
Cost of revenue	-12.4	-11.8	-36.8	-35.8	-48.0
Gross margin	46.3	42.7	137.8	126.5	172.2
Other operating income	0.4	0.4	1.3	1.7	2.1
Sales and marketing	-23.8	-22.5	-72.9	-69.4	-95.6
Research and development	-11.0	-9.6	-33.3	-30.1	-41.8
Administration	-4.7	-4.1	-17.3	-11.9	-17.1
EBIT	7.2	6.9	15.7	16.5	19.7
Financial net	-0.2	-0.6	-0.3	-2.7	-3.2
Result before taxes	6.9	6.3	15.4	13.9	16.5

Disaggregation of revenue

By sales channels	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
Consumer security	26.5	25.0	79.2	74.2	100.1
Corporate security	32.1	29.5	95.5	88.1	120.1
Products	21.0	18.5	60.7	55.5	74.3
Consulting	11.2	10.9	34.8	32.6	45.8
Total revenue	58.7	54.5	174.6	162.3	220.2

By geographical area	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
Nordic countries	18.1	17.0	56.8	51.9	70.9
Europe excl. Nordics	25.9	25.3	78.1	73.1	98.9
North America	6.7	5.7	18.1	17.5	23.2
Rest of the world	8.0	6.5	21.8	19.8	27.1
Total revenue	58.7	54.5	174.6	162.3	220.2

3 INTANGIBLE AND TANGIBLE ASSETS

	30 Sep 2021	30 Sep 2020	31 Dec 2020
Book value at the beginning of the period	130.0	140.6	140.6
Additions	9.1	12.2	14.3
Disposals	-0.7	-0.2	-0.6
Depreciation and amortization	-10.4	-11.8	-15.6
Impairment		-0.3	-0.3
Translation differences	3.7	-11.8	-8.3
Book value at the end of the period	131.6	128.7	130.0

4 FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

Level 1: Fair values of financial instruments are based on quoted prices in active markets for identical assets and liabilities

Level 2: Level 2: Financial instruments are not subject to trading in active and liquid markets. The fair values of financial instruments can be determined based on quoted market prices and deduced valuation.

Level 3: Measurement of financial instruments is not based on verifiable market information, and information on other circumstances affecting the value of the instruments is not available or verifiable.

	Carrying value				Fair value			
	Financial assets		Financial liabilities	Total	Hierarchy level			Total
	FVTPL	Amortised cost	Amortised cost		1	2	3	
Cash and bank		43.6		43.6				
Financial assets at FVTPL	0.1			0.1		0.1		0.1
Bank loans			22.0	22.0		22.0		22.0
Trade payables			1.9	1.9		1.9		1.9

Contractual maturities of financial liabilities	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Over 5 years	Total contractual cash flows	Carrying amount
Bank loans	6.0	16.0				22.0	22.0
Lease liabilities	4.6	2.8	1.2	0.2		8.8	8.8
Total financial liabilities	10.6	18.8	1.2	0.2		30.8	30.8

The financing agreement is subject to conventional loan covenants which the Group complied with throughout the reporting period.

To guarantee liquidity, F-Secure has EUR 23.0 million committed revolving credit facility that was undrawn at the end of the quarter. In case withdrawn the revolving credit facility is presented in current interest -bearing liabilities.

5 RECONCILIATION BETWEEN ADJUSTED EBITDA, EBITDA, ADJUSTED EBIT AND EBIT

F-Secure has included certain non-IFRS based alternative performance measures (APM) as of the second quarter of 2018. Alternative performance measures are provided to reflect the underlying business performance, and to exclude certain non-operational or non-cash valuation items affecting comparability (IAC). The aim is to improve comparability, and alternative performance measures should not be regarded as substitutes for IFRS based measures. Alternative performance measures include

EBITDA, adjusted EBITDA and adjusted EBIT. Depreciations, amortization and impairments are excluded from EBITDA. Also, the adjusted EBITDA and adjusted EBIT exclude IACs which are material items outside the normal course of business. These items are associated with acquisitions, integration costs, gains and losses from the sale of businesses and other items affecting comparability.

	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
Adjusted EBITDA	11.0	11.0	28.8	28.4	35.7
Adjustments to EBITDA					
Costs related to restructuring				0.4	0.0
Costs related to strategic review	-0.4		-2.7		
EBITDA	10.6	11.0	26.1	28.8	35.7
Depreciation, amortization and impairment losses	-3.4	-4.1	-10.4	-12.3	-16.0
EBIT	7.2	6.9	15.7	16.5	19.7

	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
Adjusted EBIT	8.3	7.7	20.6	18.6	22.9
Adjustments to EBIT					
PPA amortization	-0.7	-0.7	-2.1	-2.4	-3.2
Costs related to restructuring				0.4	0.0
Costs related to strategic review	-0.4		-2.7		
EBIT	7.2	6.9	15.7	16.5	19.7

Classification of adjusted costs in operating expenses

	Operating Expenses 7–9 2021	Cost related to strategic review	Expenses for adjusted EBIT	Depreciation	PPA amortization	Operating Expenses for Adjusted EBITDA 7–9 2021
Sales and marketing	–23.8		–23.8	1.4		–22.4
Research and development	–11.0		–11.0	1.2		–9.8
Administration	–4.7	0.4	–4.3	0.2	0.7	–3.5
Operating expenses	–39.5	0.4	–39.1	2.7	0.7	–35.7

	Operating Expenses 1–9/2021	Cost related to strategic review	Expenses for adjusted EBIT	Depreciation	PPA amortization	Operating Expenses for Adjusted EBITDA 1–9/2021
Sales and marketing	–72.9		–72.9	4.0		–68.8
Research and development	–33.3		–33.3	3.7		–29.6
Administration	–17.3	2.7	–14.6	0.5	2.1	–11.9
Operating expenses	–123.4	2.7	–120.7	8.2	2.1	–110.4

6 QUARTERLY FIGURES

INCOME STATEMENT QUARTERLY

	7–9/2021	4–6/2021	1–3/2021	10–12/2020	7–9/2020
Revenue	58.7	58.2	57.8	57.9	54.5
Cost of revenue	–12.4	–12.2	–12.2	–12.2	–11.8
Gross margin	46.3	45.9	45.6	45.7	42.7
Other operating income	0.4	0.5	0.5	0.4	0.4
Sales and marketing	–23.8	–25.4	–23.7	–26.2	–22.5
Research and development	–11.0	–11.2	–11.1	–11.7	–9.6
Administration	–4.7	–7.5	–5.2	–5.2	–4.1
EBIT	7.2	2.4	6.2	3.1	6.9
Financial net	–0.2	–0.3	0.3	–0.6	–0.6
Result before taxes	6.9	2.1	6.4	2.6	6.3
Income taxes	–1.4	–0.7	–1.5	0.1	–1.3
Result for the period total	5.6	1.4	4.9	2.7	5.0

EARNINGS PER SHARE QUARTERLY

Earnings per share, basic and diluted, EUR	0.04	0.01	0.03	0.02	0.03
--	------	------	------	------	------

KEY FIGURES

Gross margin, % of revenue	78.9%	79.0%	78.9%	79.0%	78.3%
Adjusted EBITDA	11.0	8.1	9.6	7.3	11.0
Adjusted EBITDA, % of revenue	18.8%	14.0%	16.7%	12.6%	20.2%
Adjusted EBIT	8.3	5.4	6.9	4.3	7.7
Adjusted EBIT, % of revenue	14.1%	9.3%	11.9%	7.4%	14.0%
ROI, %	24.2%	7.8%	22.5%	11.6%	24.2%
ROE, %	24.6%	6.4%	23.4%	13.4%	27.3%
Equity ratio, % (YTD)	61.2%	57.3%	54.0%	52.5%	49.2%
Gearing, % (YTD)	–13.8%	–14.4%	–14.2%	–14.1%	8.4%
Interest bearing liabilities	30.8	31.7	35.0	39.9	49.2
Cash and financial assets at FVTPL	43.7	44.4	47.1	51.4	42.8
Capital expenditure, MEUR excl. acquisition	2.0	3.3	3.7	2.1	2.4
Capitalized development expenses, MEUR	1.3	1.7	1.3	1.3	1.3
Depreciation and amortization excl. PPA amortization, MEUR	–2.7	–2.7	–2.7	–3.0	–3.3
Depreciation and amortization, MEUR	–3.4	–3.5	–3.5	–3.7	–4.1
Personnel, period end	1,689	1,694	1,670	1,678	1,693

CALCULATION OF KEY FIGURES

Equity ratio, %	$\frac{\text{Total equity}}{\text{Total assets} - \text{deferred revenue}} \times 100$
ROI, %	$\frac{\text{Result before taxes} + \text{financial expenses (annualized)}}{\text{Total assets} - \text{non-interest bearing liabilities (average)}} \times 100$
ROE, %	$\frac{\text{Result for the period (annualized)}}{\text{Total equity (average)}} \times 100$
Gearing, %	$\frac{\text{Interest bearing liabilities} - \text{cash and bank and financial asset through profit and loss}}{\text{Total equity}} \times 100$
Earnings per share, EUR	$\frac{\text{Profit attributable to equity holders of the company}}{\text{Weighted average number of outstanding shares}}$
Shareholders' equity per share, EUR	$\frac{\text{Equity attributable to equity holders of the company}}{\text{Number of outstanding shares at the end of period}}$
Operating expenses	Sales and marketing, research and development, and administration costs
EBITDA	EBIT + Depreciation, amortization and impairment

CYBER SECURITY LIVES HERE

**F-Secure Corporation
Tammasaarenkatu 7
P.O. Box 24, 00181 Helsinki
Tel. +358 9 2520 0700
investor-relations@f-secure.com
www.f-secure.com/investors**