IMPROVED PROFITABILITY IN CHALLENGING MARKET ENVIRONMENT

Q2/2020

Samu Konttinen, President & CEO
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                   | ▪ Health and safety of our employees is a key priority  
|                            | ▪ The company has been working remotely for the whole quarter |
| Business continuity         | ▪ All cybersecurity operations protecting our customers remain unaffected  
|                            | ▪ Customers protected 24/7 no matter the circumstances |
| Business impact             | ▪ 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                  | ▪ 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

Pre-attack - PREDICT

Attack - PREVENT

Compromised – DETECT & RESPOND

VULNERABILITY MANAGEMENT

F-Secure Radar

ENDPOINT PROTECTION (EPP)

F-Secure Protection Service for Business
F-Secure Cloud Protection for Salesforce
F-Secure Cloud Protection for Microsoft Office 365

ENDPOINT DETECTION & RESPONSE (EDR)
MANAGED DETECTION & RESPONSE (MDR)

F-Secure Rapid Detection & Response
F-Secure Countercept
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
• Adaptation 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

- **Cyber Patrols**: Scanning the global internet for rogue servers and endpoints
- **Infosec Education**: Streaming online courses and gamification for cyber skills
- **Secure Programming**: Platforms for securing code from production to run time
- **Attack Simulators**: Mock cyber attacks to uncover illicit pathways to critical assets

**F-Secure Consulting - Commercial Innovations to Address Market Needs**
COMPREHENSIVE PROTECTION FOR CONSUMERS’ DIGITAL LIVES

Protecting digital lives comprehensively

- **SENSE**
  Preventing ID theft with the help of e.g. antivirus and browsing protection

- **KEY**
  Detecting misuse of personal information and informing user about a breach

- **SAFE**
  Preventing ID theft with the help of e.g. antivirus and browsing protection

- **FREEDOME**
  Assistance for resolving the breach quickly

Award-winning endpoint protection and latest launch

**F-Secure ID PROTECTION**
# IMPROVED PROFITABILITY IN CHALLENGING MARKET ENVIRONMENT

(Financial Highlights 1-6/2020)

<table>
<thead>
<tr>
<th>EUR million</th>
<th>4-6/2020</th>
<th>4-6/2019</th>
<th>Change %</th>
<th>1-6/2020</th>
<th>1-6/2019</th>
<th>Change %</th>
<th>1-12/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>53.0</td>
<td>54.1</td>
<td>-2 %</td>
<td>107.8</td>
<td>107.5</td>
<td>0 %</td>
<td>217.3</td>
</tr>
<tr>
<td>Consumer security</td>
<td>24.8</td>
<td>24.0</td>
<td>3 %</td>
<td>49.2</td>
<td>48.0</td>
<td>2 %</td>
<td>94.8</td>
</tr>
<tr>
<td>Corporate security</td>
<td>28.2</td>
<td>30.1</td>
<td>-6 %</td>
<td>58.7</td>
<td>59.5</td>
<td>-1 %</td>
<td>122.5</td>
</tr>
<tr>
<td>Adjusted EBITDA¹</td>
<td>10.2</td>
<td>4.8</td>
<td>111 %</td>
<td>17.4</td>
<td>9.8</td>
<td>78 %</td>
<td>23.2</td>
</tr>
<tr>
<td>% of revenue</td>
<td>19 %</td>
<td>9 %</td>
<td>16 %</td>
<td>9 %</td>
<td>11 %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>6.0</td>
<td>3.3</td>
<td>85 %</td>
<td>9.6</td>
<td>3.9</td>
<td>149 %</td>
<td>7.2</td>
</tr>
<tr>
<td>% of revenue</td>
<td>11 %</td>
<td>6 %</td>
<td>9 %</td>
<td>4 %</td>
<td>3 %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Debt²</td>
<td>10.2</td>
<td>20.9</td>
<td>-51 %</td>
<td>15.8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flow from operations before financial items and taxes</td>
<td>11.4</td>
<td>6.9</td>
<td>64 %</td>
<td>21.0</td>
<td>6.6</td>
<td>219 %</td>
<td>19.0</td>
</tr>
<tr>
<td>Earnings per share (EUR)³</td>
<td>0.02</td>
<td>0.02</td>
<td>-10 %</td>
<td>0.03</td>
<td>0.01</td>
<td>155 %</td>
<td>0.02</td>
</tr>
<tr>
<td>Personnel, end of period</td>
<td>1,713</td>
<td>1,710</td>
<td>0 %</td>
<td>1,696</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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)

<table>
<thead>
<tr>
<th>Revenue comparison</th>
<th>Revenue from Endpoint Protection solutions increased slightly, excluding the effect from discontinued products</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Order intake grew faster than revenue. Good performance in new sales across several countries</td>
</tr>
<tr>
<td></td>
<td>• Good renewal performance with existing installations</td>
</tr>
<tr>
<td></td>
<td>• EPP and EDR sold as a bundle because customers value unified management interface</td>
</tr>
<tr>
<td></td>
<td>• Cloud Protection for Salesforce gaining traction in the market and Cloud Protection for Microsoft Office 365 launched</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>H1/2019</td>
<td>Revenue from Managed Detection and Response (MDR) solutions (F-Secure Countercept) increased well</td>
</tr>
<tr>
<td></td>
<td>• New customer wins in several European countries in the fields of engineering, finance, critical infrastructure and public sector</td>
</tr>
<tr>
<td></td>
<td>• Renewal performance continued on a good level</td>
</tr>
<tr>
<td></td>
<td>• Considerable extension to an existing multi-year deal with a European logistics company proves our service quality</td>
</tr>
<tr>
<td></td>
<td>• Some delays in new sales due to COVID-19</td>
</tr>
</tbody>
</table>

\[
\begin{array}{c|c|c|c|c}
\text{Revenue comparison} & \text{H1/2018} & \text{H1/2019} & \text{H1/2020} \\
\hline
\text{Q2} & 15.1 & 18.0 & 18.5 \\
\text{Q1} & 14.8 & 17.8 & 18.6 \\
\end{array}
\]

\*Excluding the effect from discontinued products

\[
\begin{array}{c|c|c}
\text{Revenue comparison} & \text{H1/2019} & \text{H1/2020} \\
\hline
\text{Q2} & 35.8 & 37.0 \\
\text{Q1} & 29.9 & 37.0 \\
\end{array}
\]

\*Excluding the effect from discontinued products
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 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)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Adjusted EBITDA</th>
<th>Adjusted EBITDA margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1/19</td>
<td>5.0</td>
<td>9%</td>
</tr>
<tr>
<td>Q2/19</td>
<td>4.8</td>
<td>9%</td>
</tr>
<tr>
<td>Q3/19</td>
<td>6.8</td>
<td>13%</td>
</tr>
<tr>
<td>Q4/19</td>
<td>6.6</td>
<td>12%</td>
</tr>
<tr>
<td>Q1/20</td>
<td>7.2</td>
<td>13%</td>
</tr>
<tr>
<td>Q2/20</td>
<td>10.2</td>
<td>19%</td>
</tr>
</tbody>
</table>

Other operating income¹
- 9.1
- 6.0
- 3.4
- 0.3
- 0.4
- 0.3
- 4.6
- 4.4
- 4.1
- 4.2

Impairment
- -6.0
- -4.6
- -4.4
- -4.1
- -4.2

Restructuring
- -4.4
- -4.6
- -4.3
- -4.4
- -4.1
- -4.2

Depreciation & Amortization
- -4.4
- -4.6
- -4.3
- -4.4
- -4.1
- -4.2

EBIT
0.6
3.3
2.5
0.8
3.6
6.0

EBIT margin (%)
1%
6%
5%
1%
7%
11%

¹ Contingent consideration
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

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q1/19</th>
<th>Q2/19</th>
<th>Q3/19</th>
<th>Q4/19</th>
<th>Q1/20</th>
<th>Q2/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow</td>
<td>-0.3</td>
<td>6.9</td>
<td>3.7</td>
<td>8.7</td>
<td>9.6</td>
<td>11.4</td>
</tr>
</tbody>
</table>

+EUR4.4 m

Trade and other receivables

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q1/19</th>
<th>Q2/19</th>
<th>Q3/19</th>
<th>Q4/19</th>
<th>Q1/20</th>
<th>Q2/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivables</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q1/19</td>
<td>53.7</td>
<td>52.3</td>
<td>52.0</td>
<td>53.9</td>
<td>47.2</td>
<td>46.1</td>
</tr>
</tbody>
</table>

-EUR6.2 m
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: 17.4
- Q1: 10.2

Comparison:
- H1/2019: 107.5
- H1/2020: 107.8
- Q2/Q1: +78%