

IMPROVED PROFITABILITY WITH EBITDA MARGIN OF 13%

Q1/2020

Samu Konttinen, President & CEO



KEY TAKEAWAYS FROM Q1-2020

Improved profitability with EBITDA margin of 13%

- F-Secure has ensured full business continuity to the customers despite COVID-19
- Corporate security products revenue grew 4%
 - Managed Detection and Response (MDR) revenue grew strongly
 - Endpoint security continued slight and steady growth
- Cyber security consulting grew by 3%
 - Strong growth excluding a particularly large project in the Nordics that is coming to finalization phase
- Consumer security revenue at the previous year's level
- Adjusted EBITDA at the high end of our expectations – margin 13%

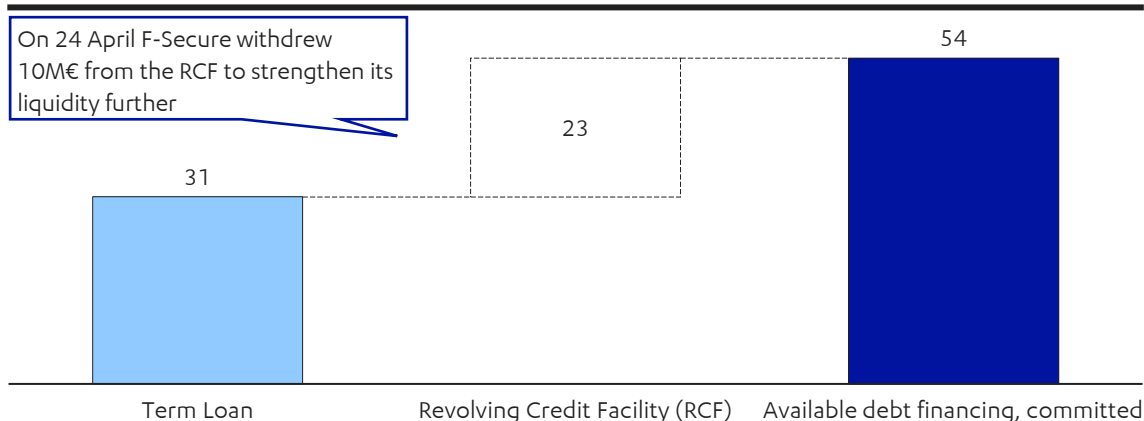
COVID-19 PANDEMIC CONSIDERATIONS

Employees	<ul style="list-style-type: none">▪ Health and safety of our employees is a key priority
Business continuity	<ul style="list-style-type: none">▪ All cybersecurity operations protecting our customers remained unaffected▪ Smooth transition to remote work
Business impact	<ul style="list-style-type: none">▪ Financial outlook for 2020 withdrawn due to market uncertainties▪ Impact from COVID-19 pandemic mainly seen on our consulting business▪ Slowdown in new sales of advanced cyber security solutions seen as a risk
Mitigation	<ul style="list-style-type: none">▪ Scenario planning to prepare for different COVID-19 outcomes▪ Implement potential mitigating actions when necessary▪ Active management of cash, costs and working capital to secure liquidity

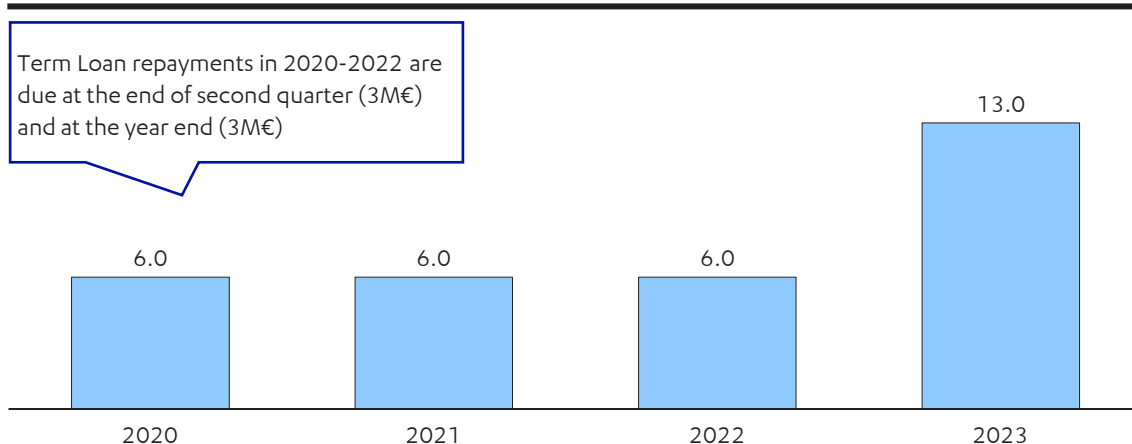
STRONG LIQUIDITY & FINANCING POSITION TO OVERCOME MARKET TURBULENCE

(EUR million)

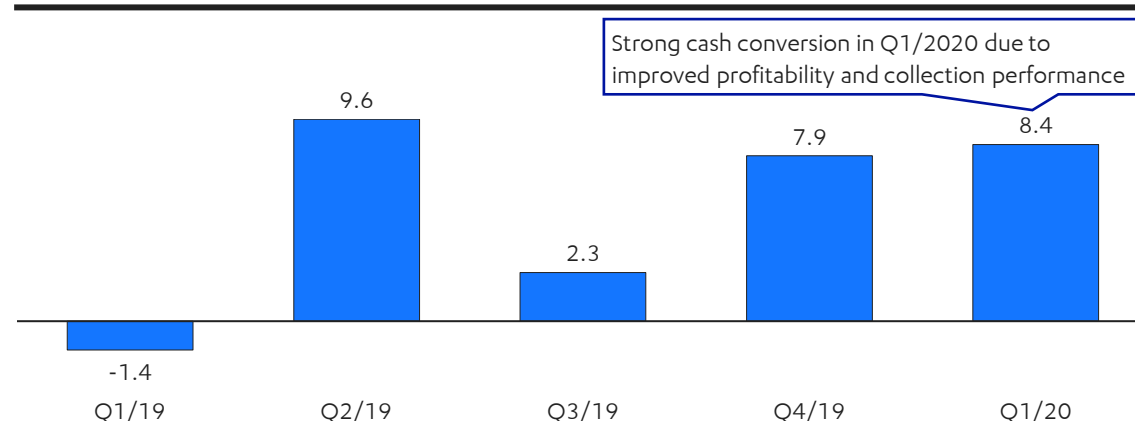
Debt financing available



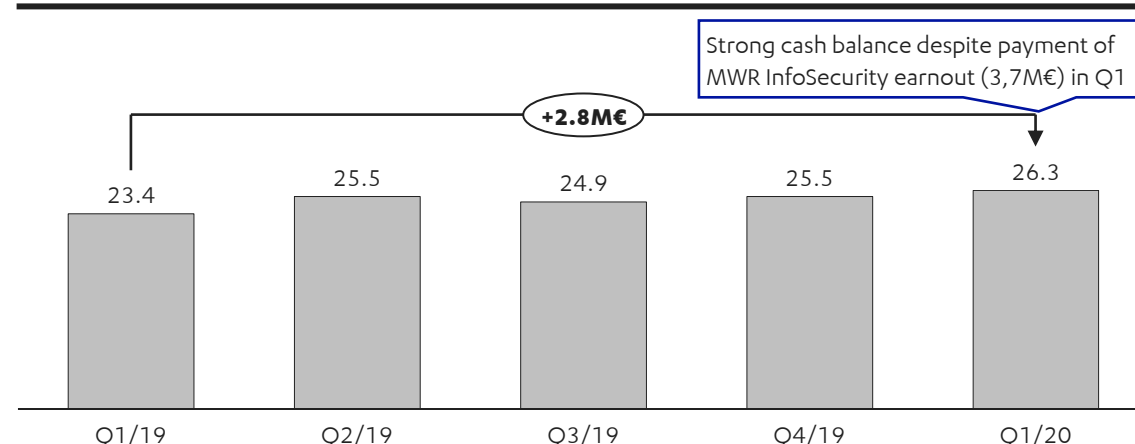
Upcoming Term Loan repayments



Cash Flow from operating activities

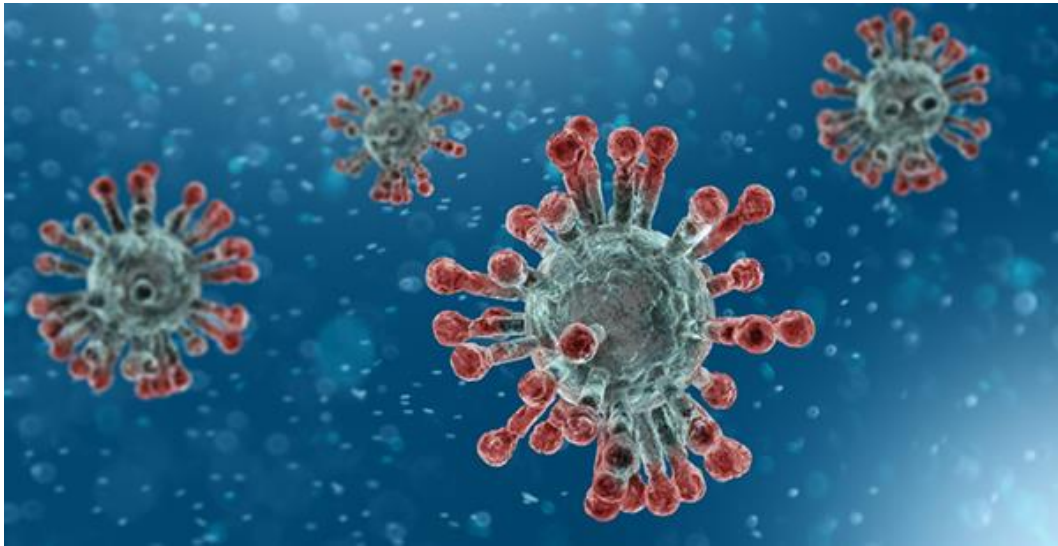


Development of liquid assets¹



NEED FOR CYBERSECURITY IS CONSTANT

Threat actors seeking new attacking angles constantly



Long term market drivers unchanged

Average cost of
an attack per day
18 659€

Average time to
detect a breach
**+100
DAYS**

Average time to
resolve an attack
46 DAYS

Consumers
seeing
themselves as
likely victim of
identity theft
71%

Attack traffic
grown by
3x
IoT device
insecurity top
driver of attack
traffic

F-SECURE COUNTERCEPT CASE STUDY: THE UNEXPECTED DOUBLE BREACH



IMPROVED PROFITABILITY

(Financial Highlights 1-3/2020)

EUR million

	1-3/2020	1-3/2019	Change %
Revenue	54.8	53.4	3 %
Consumer security	24.4	24.0	1 %
Corporate security	30.4	29.4	4 %
Adjusted EBITDA¹	7.2	5.0	44 %
% of revenue	13 %	9 %	
EBIT	3.6	0.6	477 %
% of revenue	7 %	1 %	
Net Debt ²	13.6	25.1	-46 %
Cash flow from operating activities	8.4	-1.4	
Earnings per share (EUR) ³	0.01	-0.01	
Personnel, end of period	1,688	1,680	0%

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.

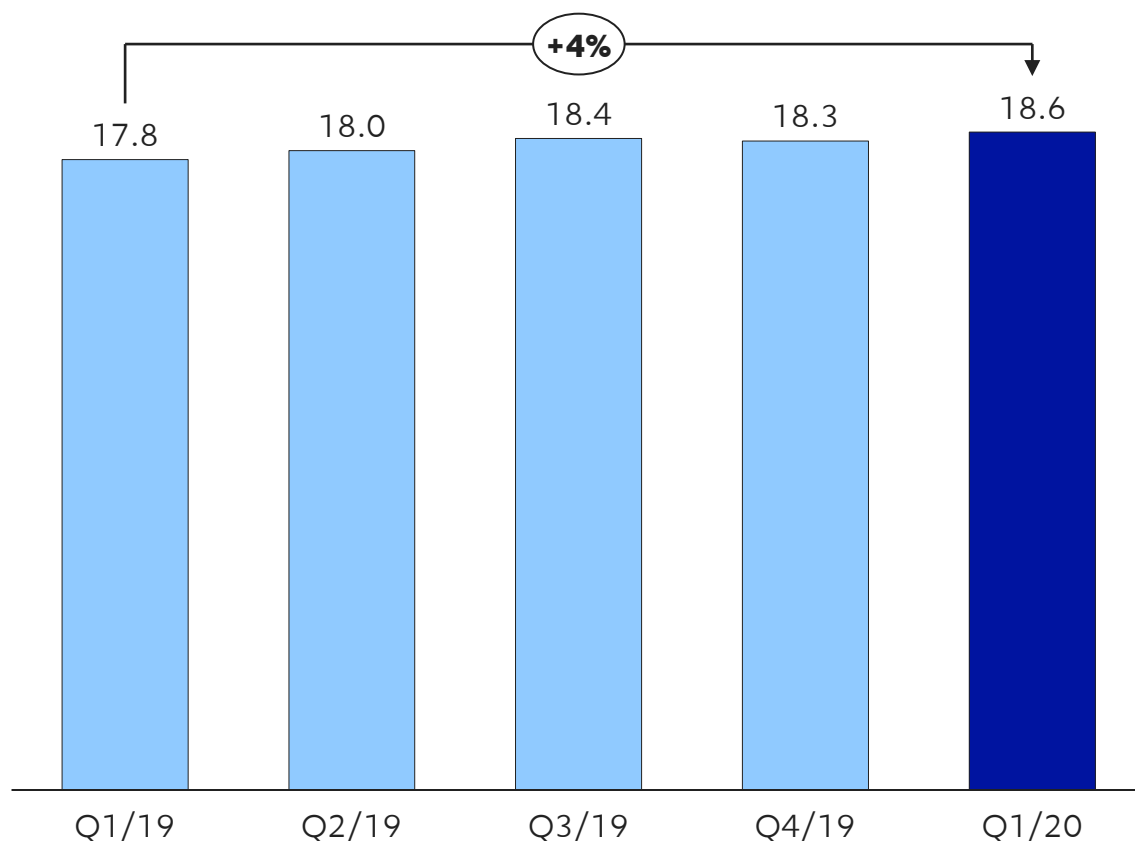
²Net Debt = Interest bearing liabilities (including IFRS16 liabilities) - Cash and financial assets at fair value through P&L

³Based on the weighted average number of outstanding shares during the period 157,855,454 (1-3/2020)

CORPORATE SECURITY PRODUCTS REVENUE GREW 4%

(1-3/2020, EUR million)

Revenue comparison



Revenue from endpoint security continued slight and steady growth

- Good renewal performance with existing installations
- Positive quarter in new sales of Endpoint Protection Suite in most of the sites
- Increasing demand for solutions that are sold adjacent to EPP, such as cloud platform security or vulnerability management

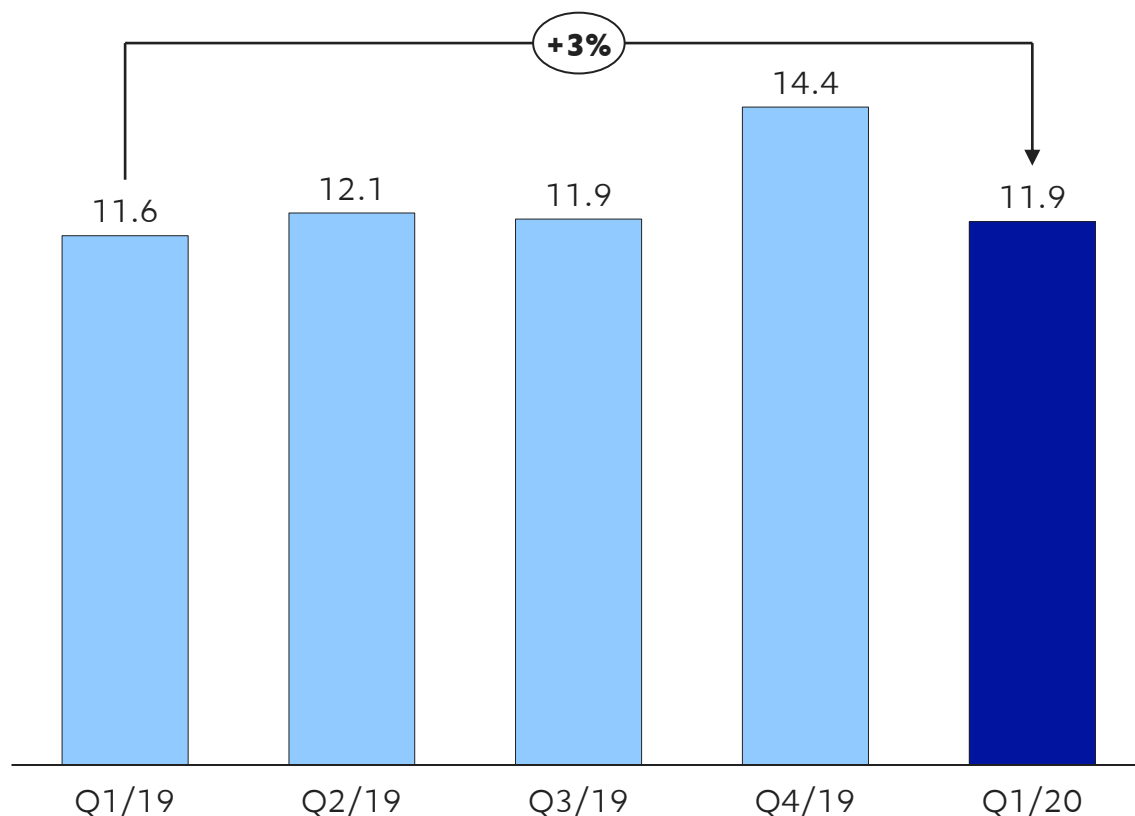
Strong revenue growth from Managed Detection and Response solutions (F-Secure Countercept)

- Some considerable-sized deals in demanding customer verticals such as industrial manufacturing and critical infrastructure in several European countries
 - Significant win in telecom and media
- The new customer acquisition of advanced solutions may show signs of slowdown if the COVID-19 pandemic prolongs due to high touch sales approach and long sales cycles

CYBER SECURITY CONSULTING REVENUE GREW 3%

(1-3/2020, EUR million)

Revenue comparison



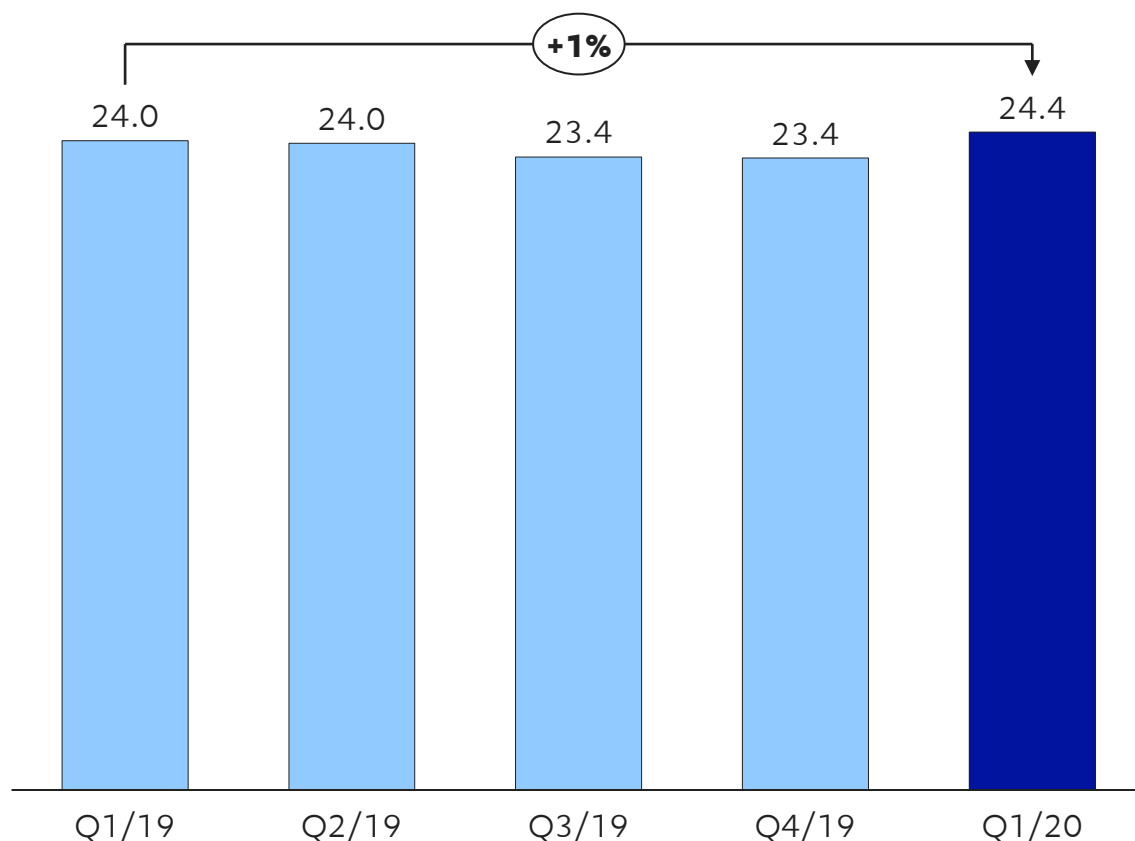
Cyber security consulting strong growth continued excluding a particularly large project in the Nordics

- In the Nordics, a particularly large project came to its finalization phase, which meant a reduction in scope when compared to the previous year
- Apart from this, the revenue of consulting grew in line with the last quarters of 2019
- Strong performance in Singapore and in the Nordics during Q1
- By the end of the quarter we started to see the market uncertainties clearly impacting new sales and we believe that consulting will be negatively affected due to the pandemic

CONSUMER SECURITY – AT THE PREVIOUS YEAR’S LEVEL

(1-3/2020, EUR million)

Revenue comparison



Revenue from the operator channel remained at the previous year’s level

- The resilient operator channel continued its stable performance
- Nifty (Japan) first of our operator partners to launch ID PROTECTION
- Reassuring feedback from the operator partners related to the market environment

Revenue from direct sales remained at the previous year’s level

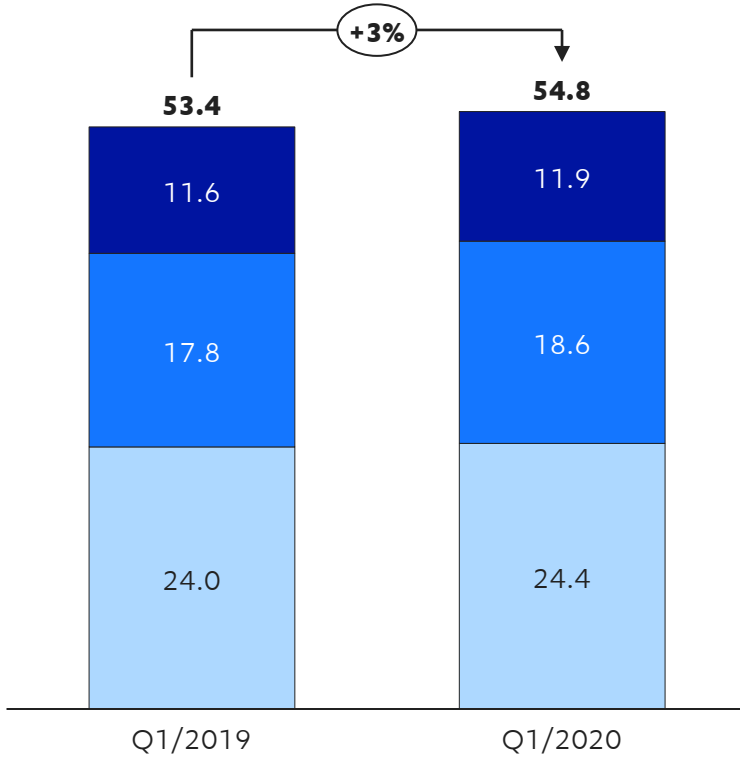
- The renewal performance continued at a good level
- The beginning of the year was good especially for ecommerce while the retail sales were impacted slightly by the pandemic

F-SECURE'S Q1/2020 IN BRIEF

(EUR million, 1-3/2020)

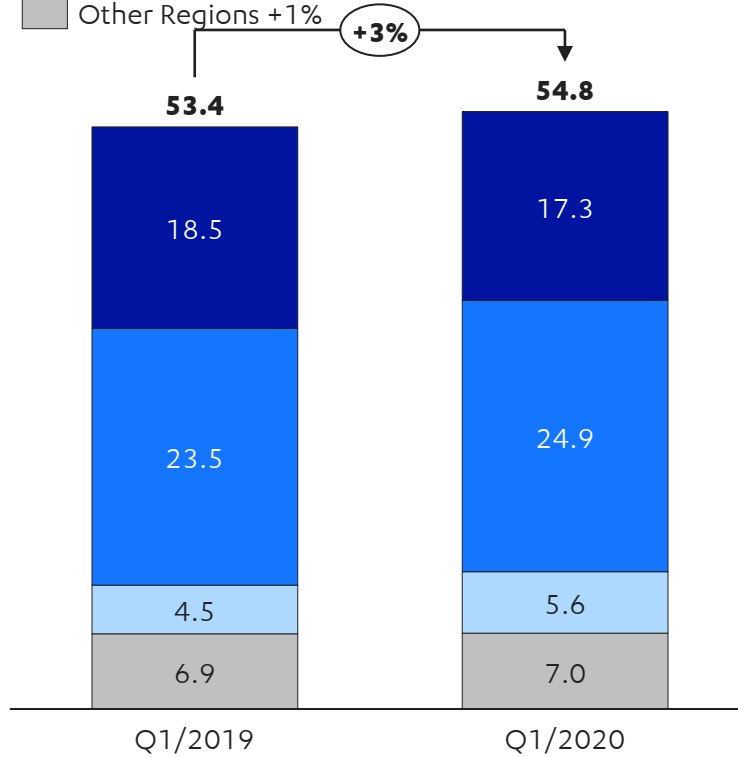
Revenue split & growth by business

- Cyber Security Consulting +3%
- Corporate Products +4%
- Consumer Security +1%

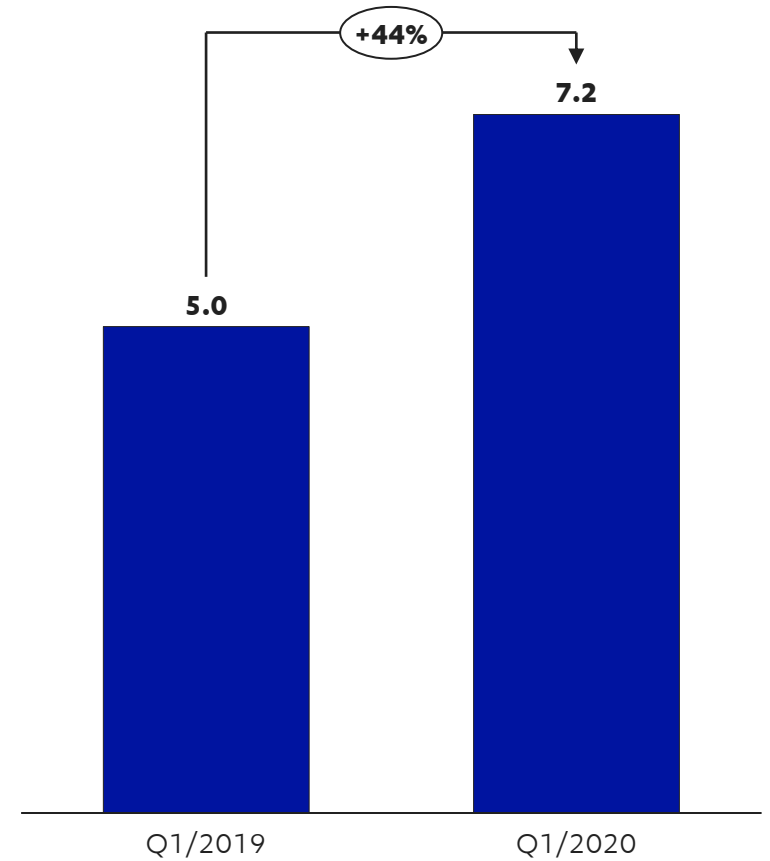


Revenue split & growth by geography

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



Adjusted EBITDA



APPENDIX

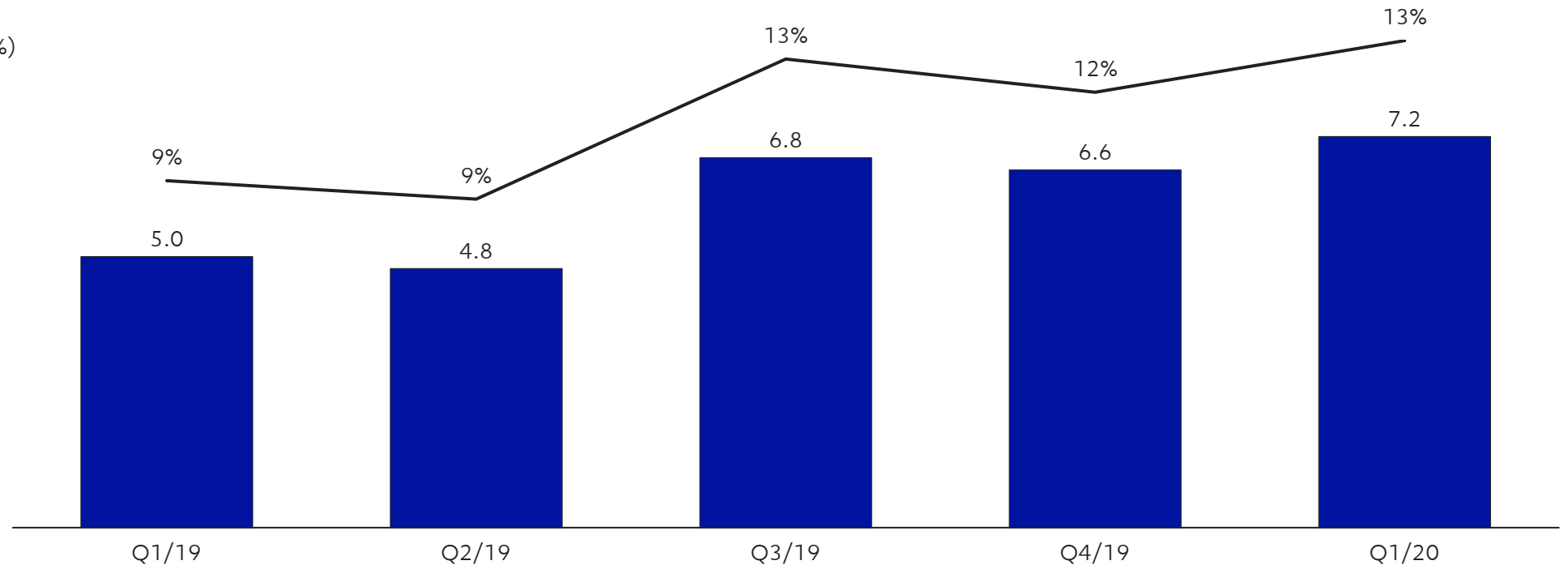


ADJUSTED EBITDA DEVELOPMENT

(Q1/2019 – Q1/2020, 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
Other operating income ¹		9.1		3.4	
Impairment		-6.0		-0.3	
Restructuring				-4.6	0.4
Depreciation & Amortization	-4.4	-4.6	-4.3	-4.4	-4.1
EBIT	0.6	3.3	2.5	0.8	3.6
EBIT margin (%)	1 %	6 %	5 %	1 %	7 %



F-Secure®