

GROWTH ACROSS ALL BUSINESSES - REVENUE UP BY 10% IN Q2

Q2/2021 Highlights

Juhani Hintikka, President & CEO



KEY TAKEAWAYS FROM Q2/2021

Growth across all businesses - revenue up by 10% in Q2

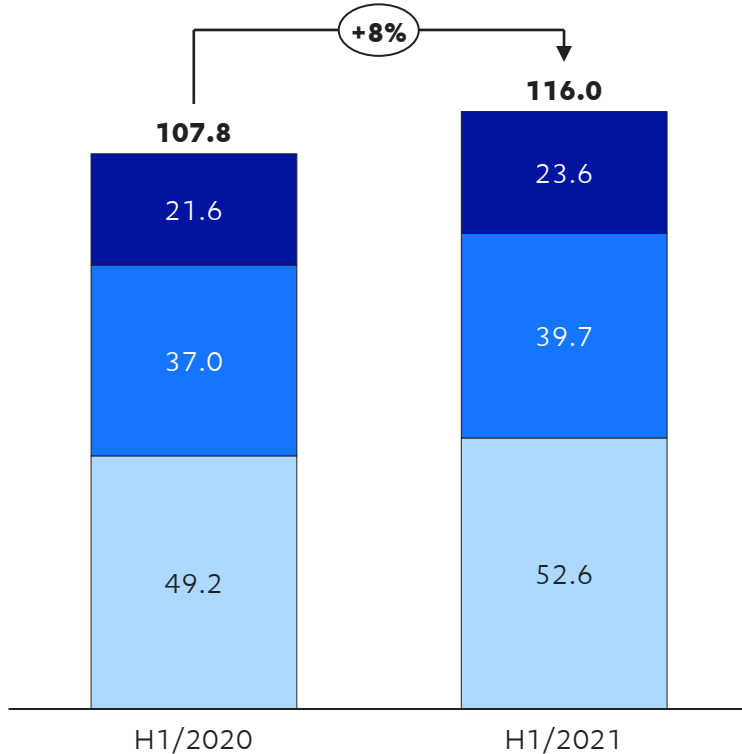
- Growth picking up in both corporate security products and cyber security consulting
- Revenue from corporate security products grew 9% year-on-year
 - In business security software the growth in orders continued to outpace revenue growth
 - In Managed Detection and Response (MDR) many new customers committing to multi-year deals globally
- The revenue from cyber security consulting grew by 19%
- Consumer security continued on a growth track - revenue up by 6%
- Operational costs returning to pre-pandemic level resulting in an adjusted EBITDA margin of 14%
- Positive momentum across all businesses, an enhanced offering and a 15% increase in deferred revenue year-on-year to give us tailwinds for the future

F-SECURE'S H1/2021 IN BRIEF

(F-Secure Group, 1-6/2021, EUR million)

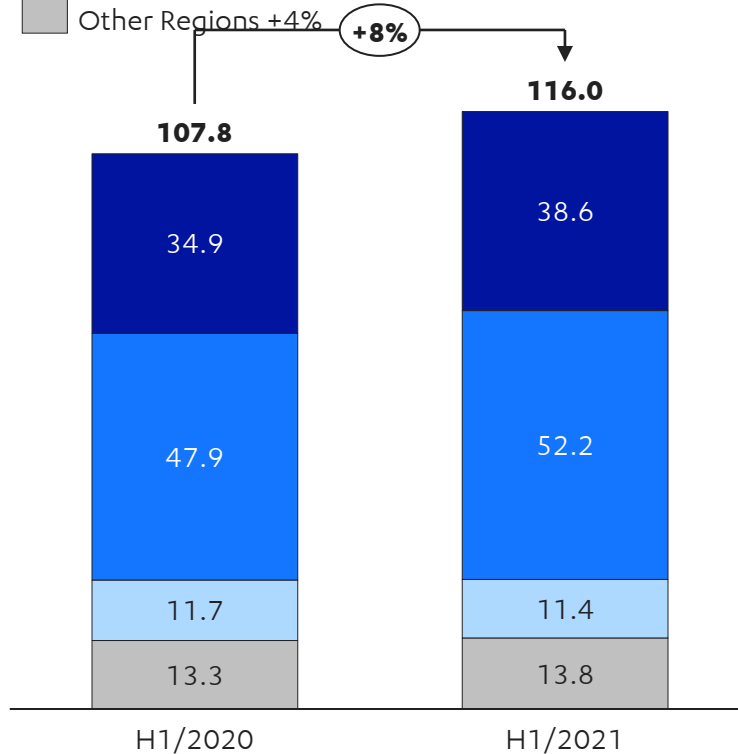
Revenue split & growth by business

- Cyber Security Consulting +9%
- Corporate Products +7%
- Consumer Security +7%

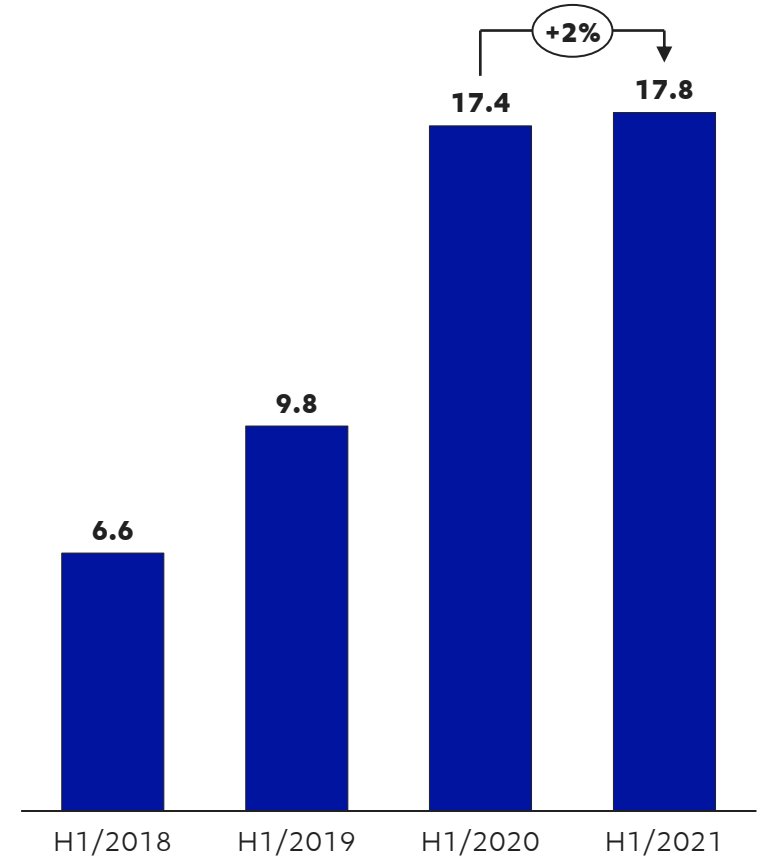


Revenue split & growth by geography

- Nordics +11%
- Europe (excl. Nordics) +9%
- North America -3%
- Other Regions +4%



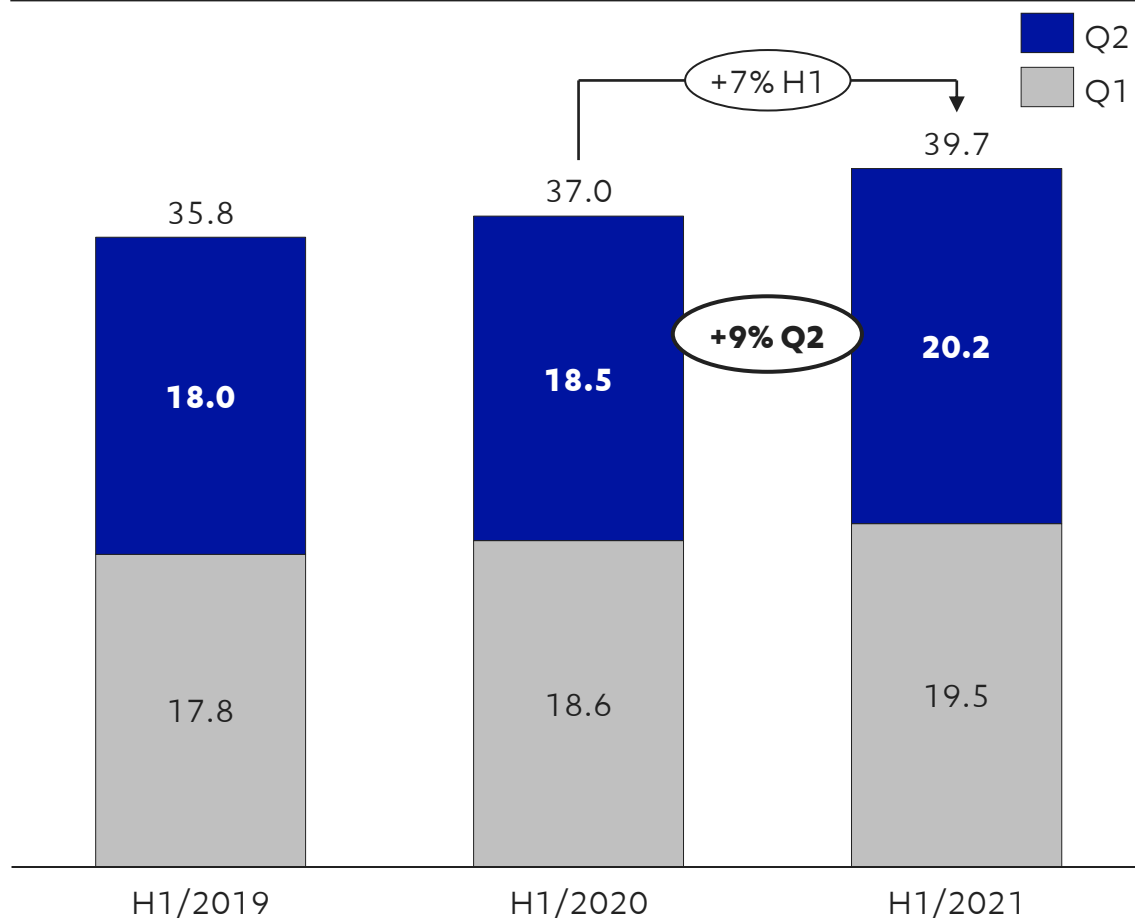
Adjusted EBITDA in H1



CORPORATE SECURITY PRODUCTS REVENUE GREW 9% IN Q2

(Corporate security products, 1-6/2021, EUR million)

Revenue comparison



Revenue from business security software (EPP) grew

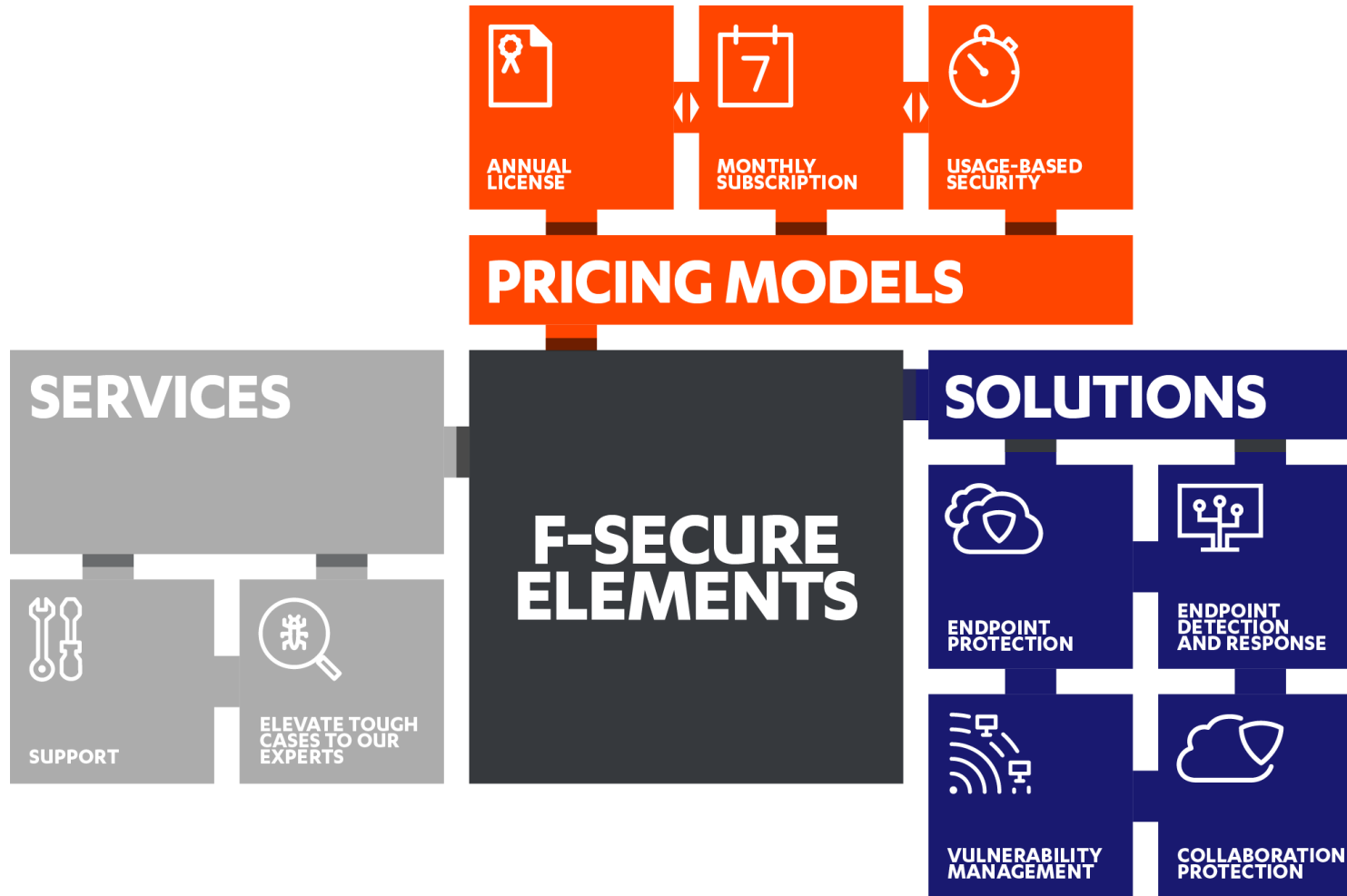
- Growth in orders continued to outpace revenue growth driven by sales of the whole portfolio
- Good momentum among our channel partners across most regions
- Landmark deals with large international customers in Cloud Protection for Salesforce
- Solid growth with EDR

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

- Strengthened demand
- Many new customers committing to multi-year deals within the customer verticals such as retail, finance, critical infrastructure and professional services
- Several deals closed e.g. in the USA, Germany, France and Finland

F-SECURE ELEMENTS – CLOUD-NATIVE AND MODULAR CYBER SECURITY PLATFORM

(Corporate security products - F-Secure Elements launch)




- F-Secure Elements is a unified, cloud-native platform
- Adapts to changes in the business and threat landscape
- Complementary standalone technologies or the full suite

CROSS-SELLING F-SECURE COUNTERCEPT TO A LONG-TERM CONSULTING CUSTOMER


(Corporate security products - F-Secure Countercept deal)

Large Nordic retailer that has long partnership with F-Secure Consulting



NORDIC RETAILER


40 000 employees



PARTNERSHIP


F-Secure Consulting has a long-term relationship with the customer

Need to protect critical resources against advanced threats



ADVANCED THREATS


2 500 critical servers



LACK OF TALENT

No adequate resources to monitor and respond to incidents

F-Secure Countercept's capabilities and trust led to a new deal



IMPACT

Capability to detect and respond clearly faster than competition



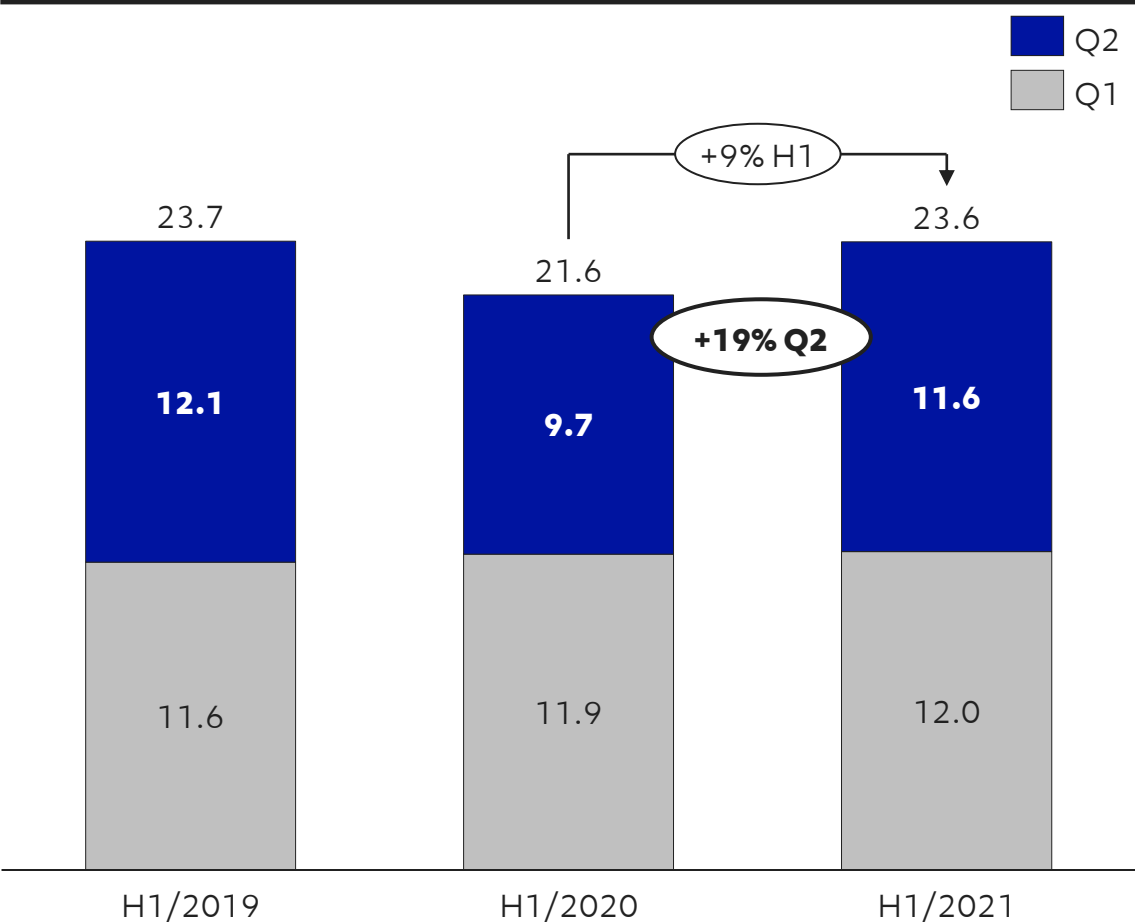
F-SECURE COUNTERCEPT

Trust in F-Secure lead to a multi-year deal of +600kEUR

CYBER SECURITY CONSULTING REVENUE GREW 19% IN Q2

(Cyber security consulting, 1-6/2021, EUR million)

Revenue comparison



Cyber security consulting performance improved

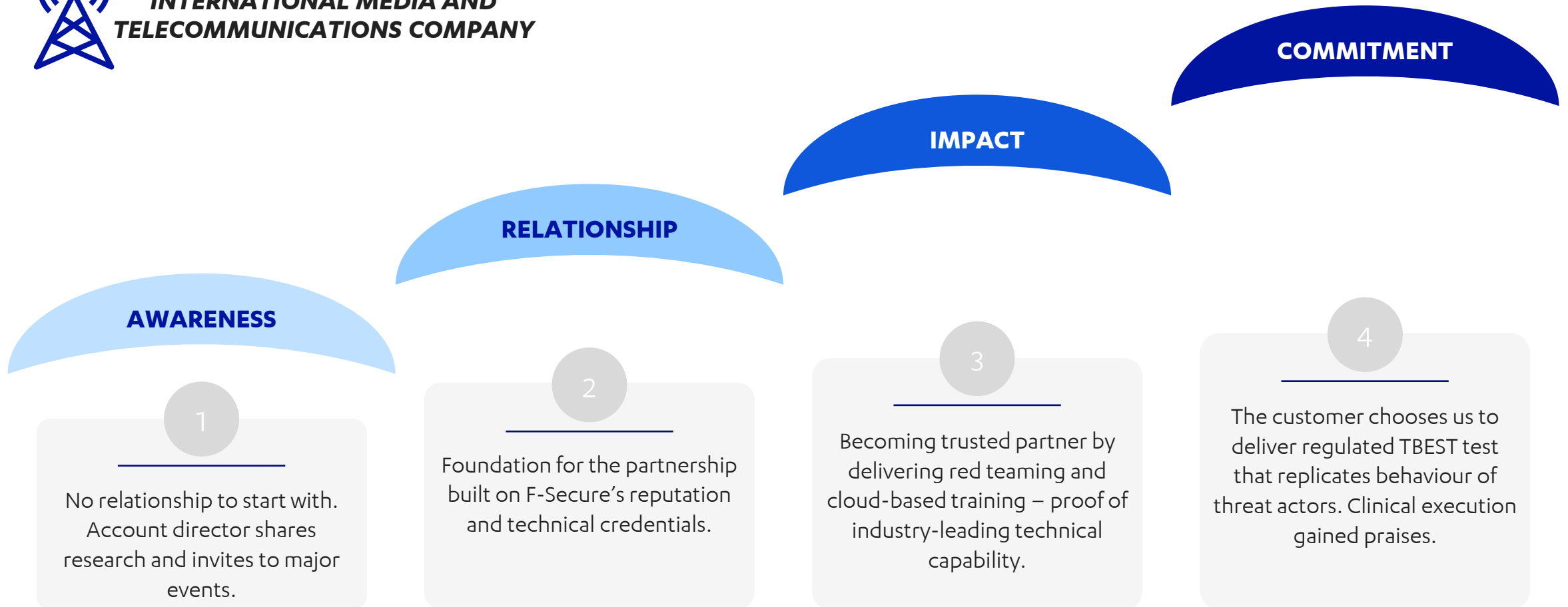
- Better performance than during the comparative period which was impacted heavily by the COVID-19 pandemic
- Good development in the UK and Nordics
- Operations in some countries remain negatively impacted by the pandemic
- Sales and service delivery faced some challenges
- Pandemic-related economic volatility has resulted in lengthier sales cycles and project scheduling

TRUSTED PARTNERSHIP AND TECHNICAL EXPERTISE KEYS TO WIN NEW CUSTOMERS IN CONSULTING

(Cyber security consulting – new customer acquisition example)



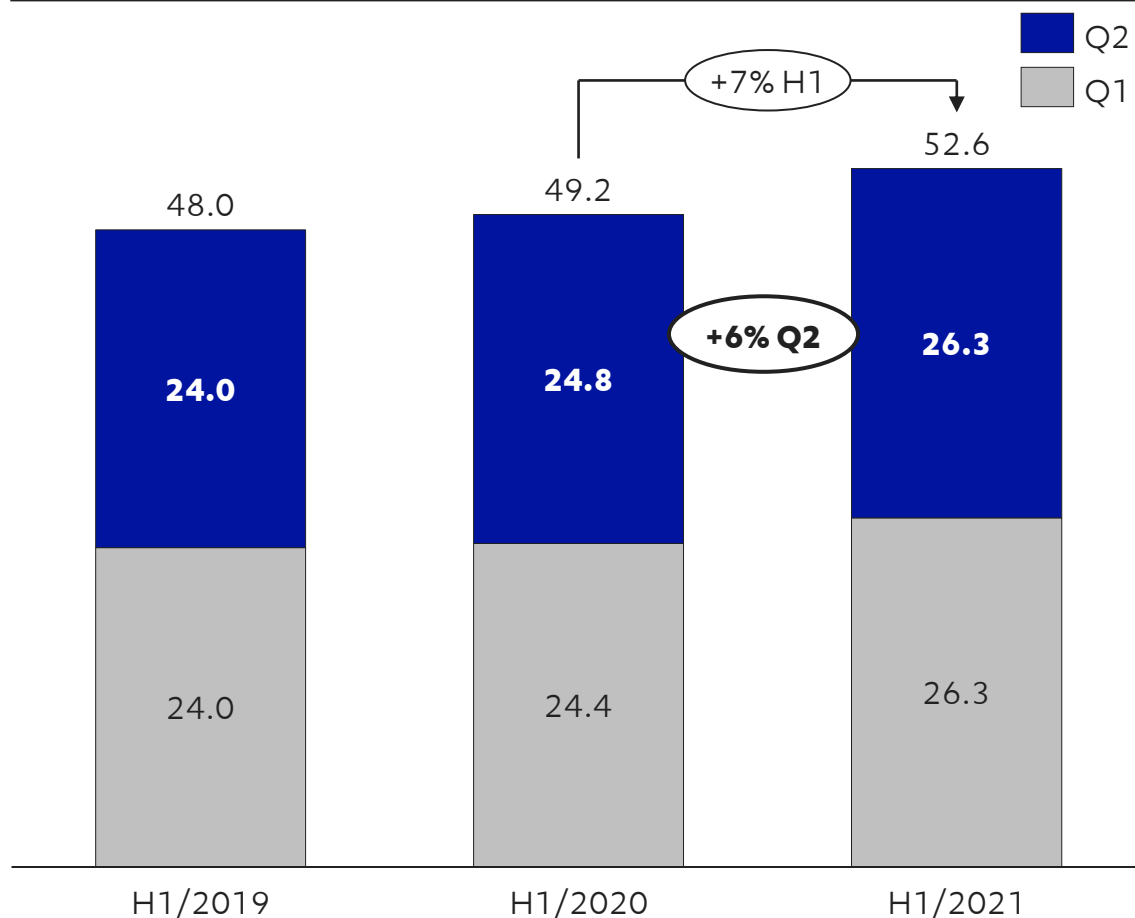
**INTERNATIONAL MEDIA AND
TELECOMMUNICATIONS COMPANY**



CONSUMER SECURITY REVENUE GREW BY 6% IN Q2

(Consumer security, 1-6/2021, EUR million)

Revenue comparison



Revenue from the operator channel grew

- Growth from core endpoint solution and partners expanding their offering to new products
- Multiple new deals within our partner network
- Nordic energy company to complement their offering with cyber security and chose F-Secure TOTAL

Revenue from direct sales to consumers grew

- Positive performance with F-Secure TOTAL
- The renewal performance continued on a good level

OPERATIONAL COSTS RETURNING TO PRE-PANDEMIC LEVEL

Q2/2021 Financial review

Eriikka Söderström, CFO



EBITDA MARGIN 14% - OPERATIONAL COSTS RETURNING TO PRE-PANDEMIC LEVEL

(Financials, 1-6/2021, EUR million)

EUR million	4-6/2021	4-6/2020	Change %	1-6/2021	1-6/2020	Change %	1-12/2020
Revenue	58.2	53.0	10 %	116.0	107.8	8 %	220.2
Consumer security	26.3	24.8	6 %	52.6	49.2	7 %	100.1
Corporate security products	20.2	18.5	9 %	39.7	37.0	7 %	74.3
Cyber security consulting	11.6	9.7	19 %	23.6	21.6	9 %	45.8
Adjusted EBITDA¹	8.1	10.2	-20 %	17.8	17.4	2 %	35.7
% of revenue	14 %	19 %		15 %	16 %		16 %
EBIT	2.4	6.0	-61 %	8.5	9.6	-11 %	19.7
% of revenue	4 %	11 %		7 %	9 %		9 %
Net Debt ²				-12.7	10.2		-11.6
Cash flow from operations before financial items and taxes	12.9	11.4	13 %	19.2	21.0	-8 %	48.3
Earnings per share (EUR) ³	0.01	0.02	-55 %	0.04	0.03	22 %	0.08
Personnel, end of period				1,694	1,713	-1 %	1,678

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.

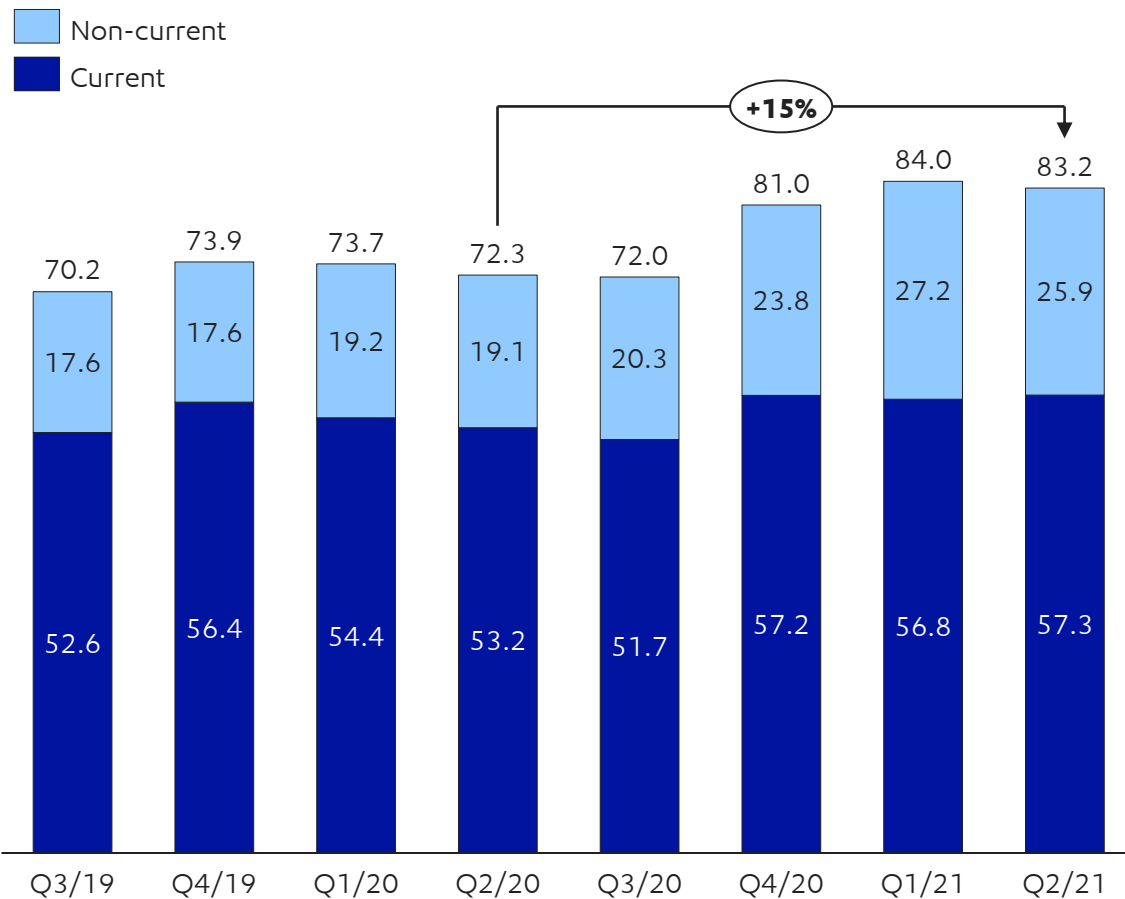
²Net Debt = Interest bearing liabilities (including IFRS16 liabilities) - Cash and financial assets at fair value through P&L

³Based on the weighted average number of outstanding shares during the period 158,320,025 (1-6/2021).

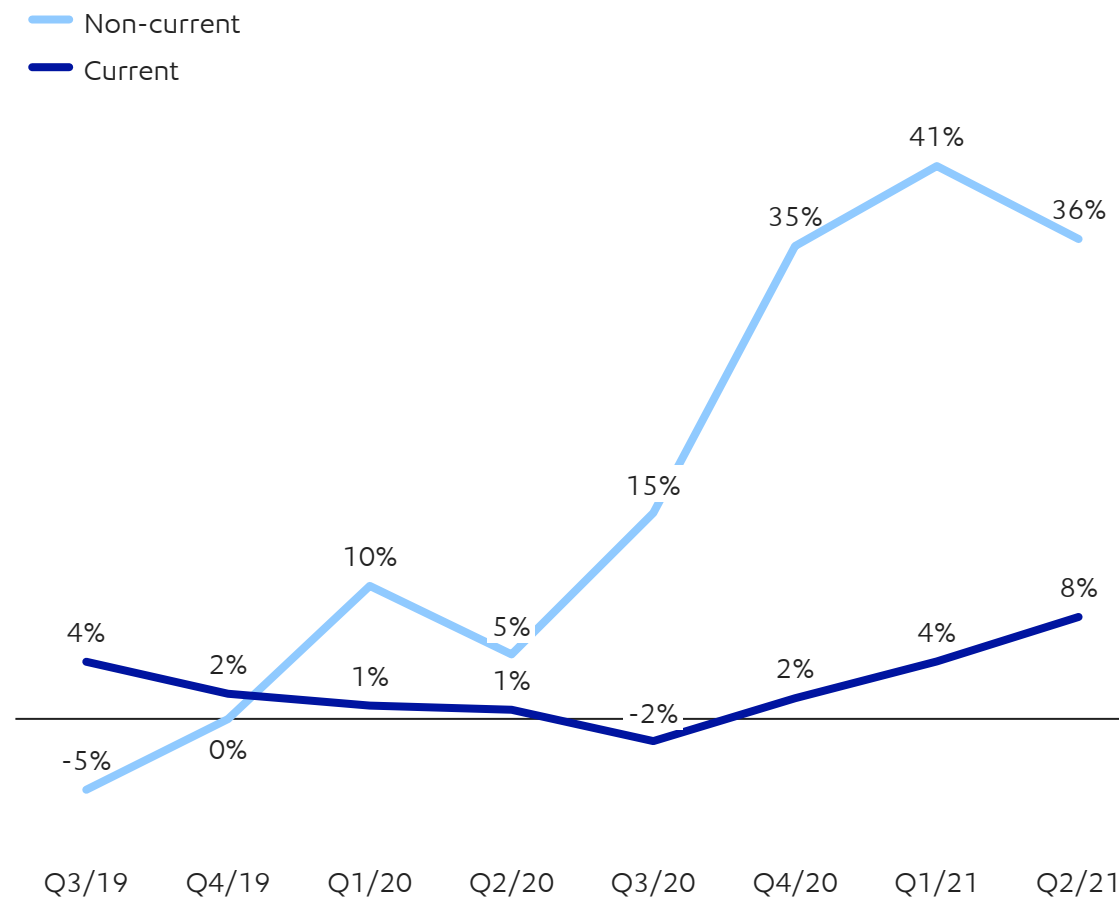
DEFERRED REVENUE GROWTH DRIVEN BY BUSINESS SECURITY SOFTWARE AND MANAGED DETECTION AND RESPONSE

(Financials, EUR million)

Deferred Revenue¹



Deferred Revenue¹ growth

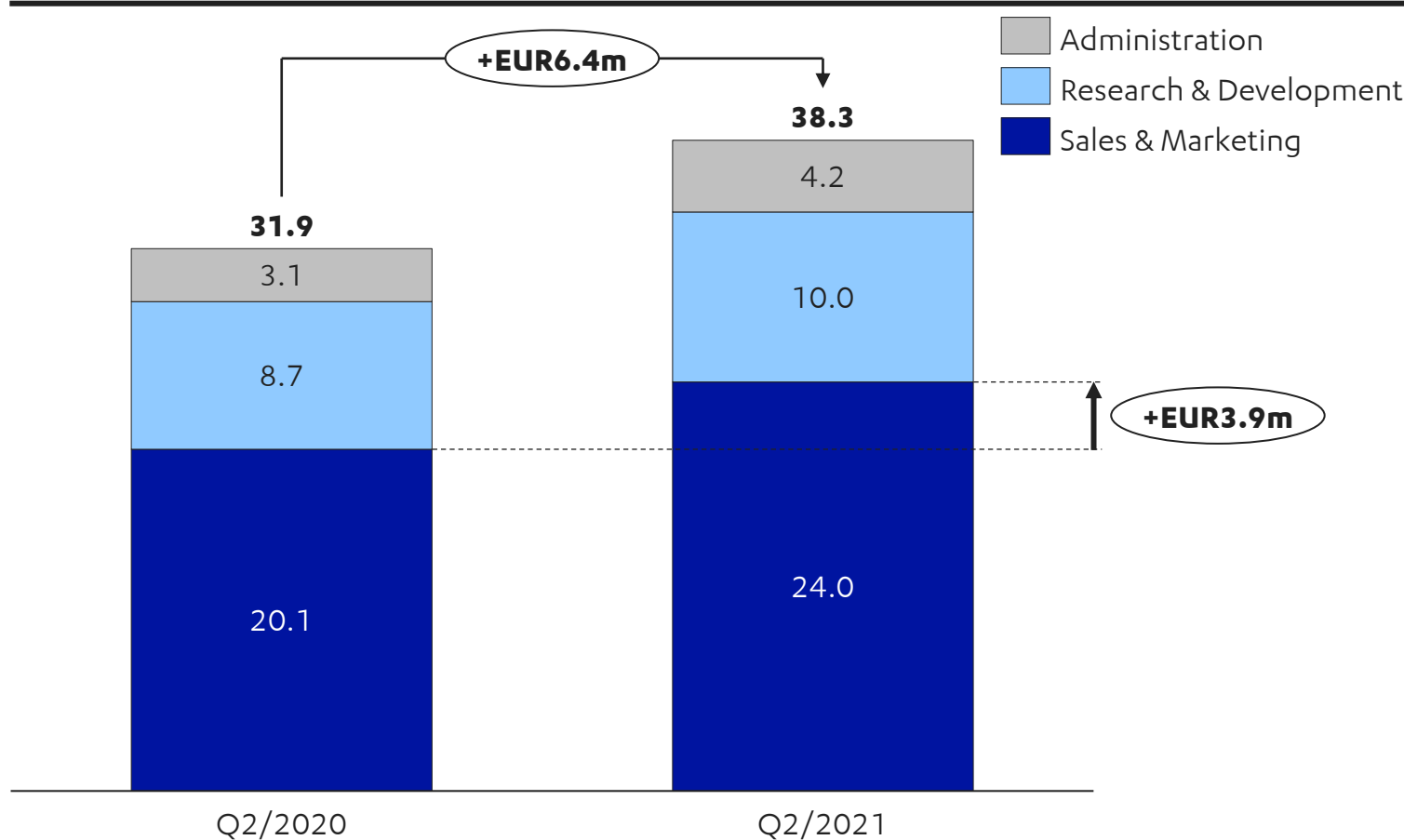


¹Non-current deferred revenue = recognized as revenue after the next 12 months onwards
Current deferred revenue = recognized as revenue within the next 12 months

INCREASE IN OPERATIVE EXPENSES¹ DURING Q2

(Financials, EUR million)

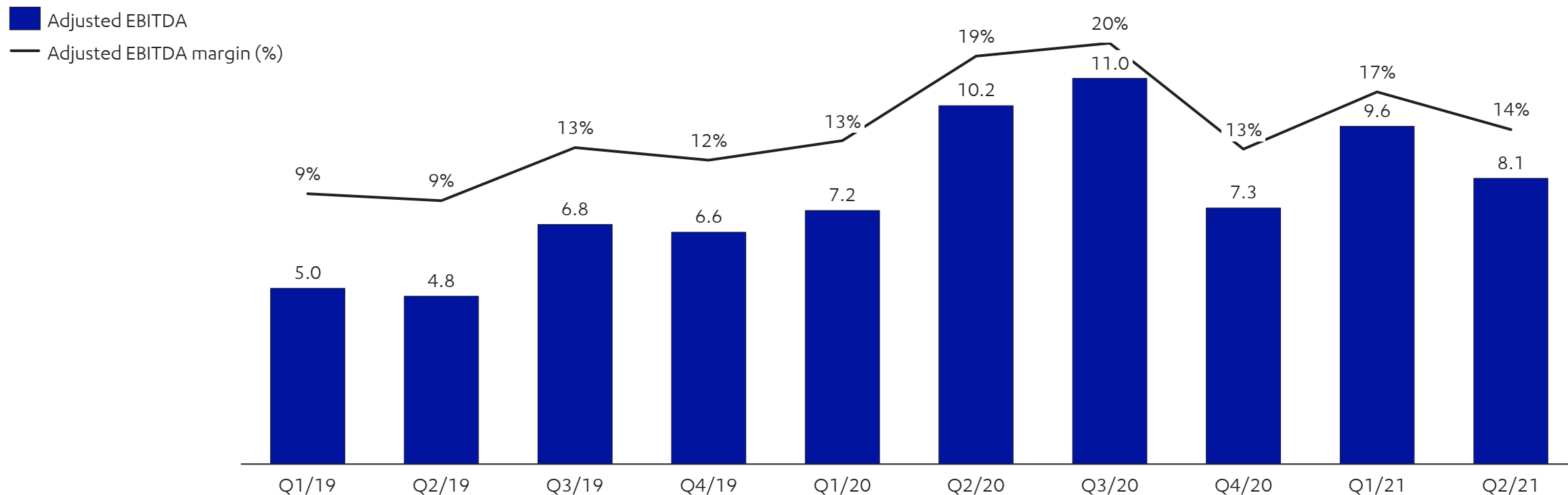
OPEX¹ development Q2/2021



- During the comparative period operative expenses were at an unusually low level due to the COVID-19 pandemic outbreak
- Increase in marketing activities and higher sales commissions
- Salary inflation in several markets
- Additionally, Items affecting comparability (IAC) 2.3M€ from a strategic review

ADJUSTED EBITDA DEVELOPMENT

(Financials, EUR million)

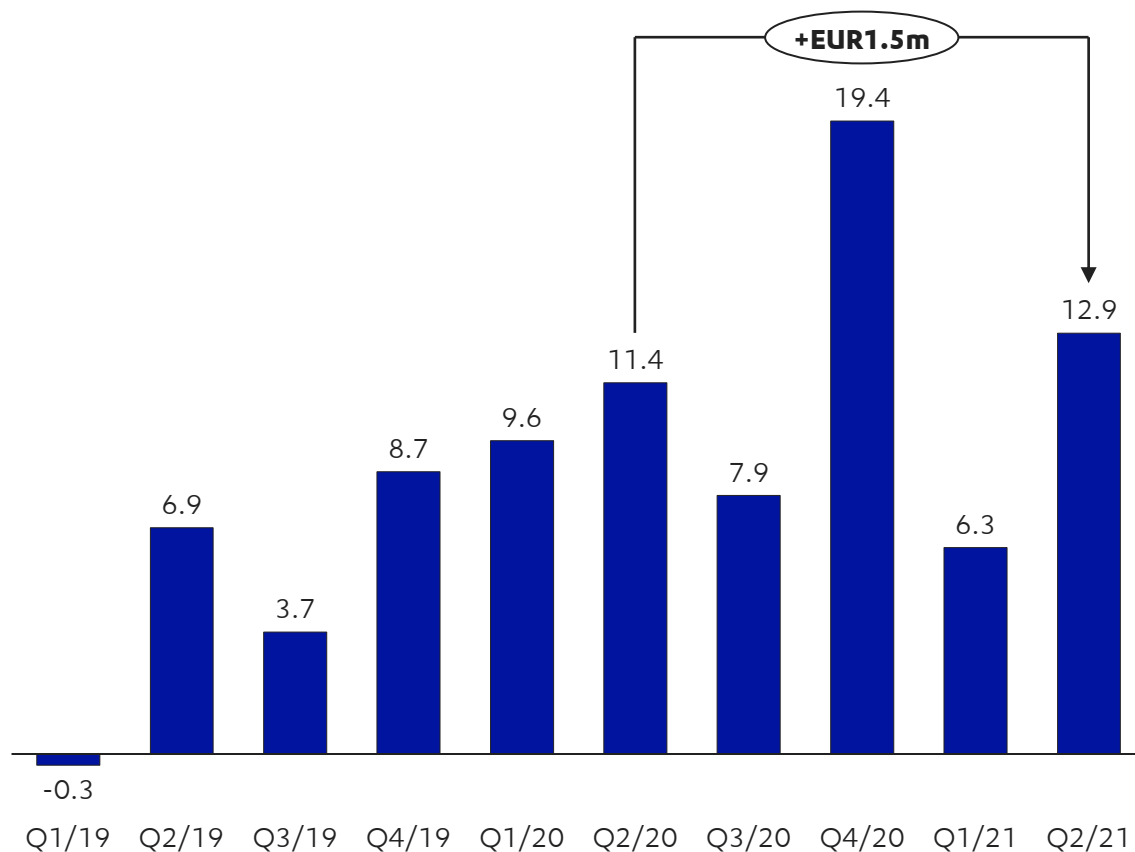


	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21
Other operating income ¹		9.1		3.4						
Items Affecting Comparability		-6.0		-4.9	0.4		-0.3	-0.4		-2.3
Depreciation & Amortization	-4.4	-4.6	-4.3	-4.4	-4.1	-4.2	-3.8	-3.7	-3.5	-3.5
EBIT	0.6	3.3	2.5	0.8	3.6	6.0	6.9	3.1	6.2	2.4
EBIT margin (%)	1%	6%	5%	1%	7%	11%	13%	5%	11%	4%

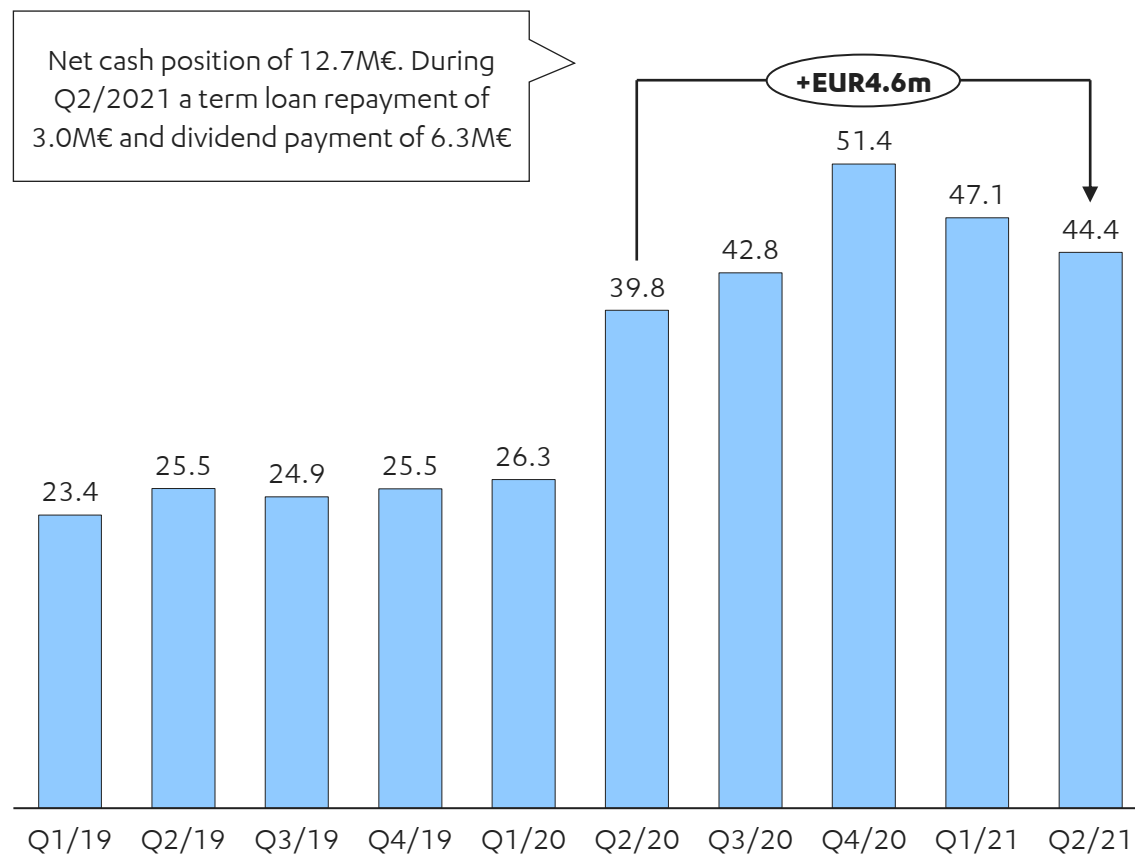
INCREASED OPERATIVE CASH FLOW SUPPORTS LIQUIDITY

(Financials, EUR million)

Cash flow from operating activities before financial items and taxes



Cash & cash equivalents¹



OUTLOOK UNCHANGED

EUR million	2019	2020	Change %	2021 Outlook
Corporate security products, revenue	72.5	74.3	2 %	Expected to grow at a high single-digit rate.
Cyber security consulting, revenue	50.0	45.8	-8 %	Expected to grow but uncertainty remains due to the COVID-19 pandemic.
Consumer security, revenue	94.8	100.1	6 %	Expected to grow approximately at the same rate as in 2020.
Adjusted EBITDA	23.2	35.7	54 %	Expected to remain approximately at the previous year's level.

Q&A





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