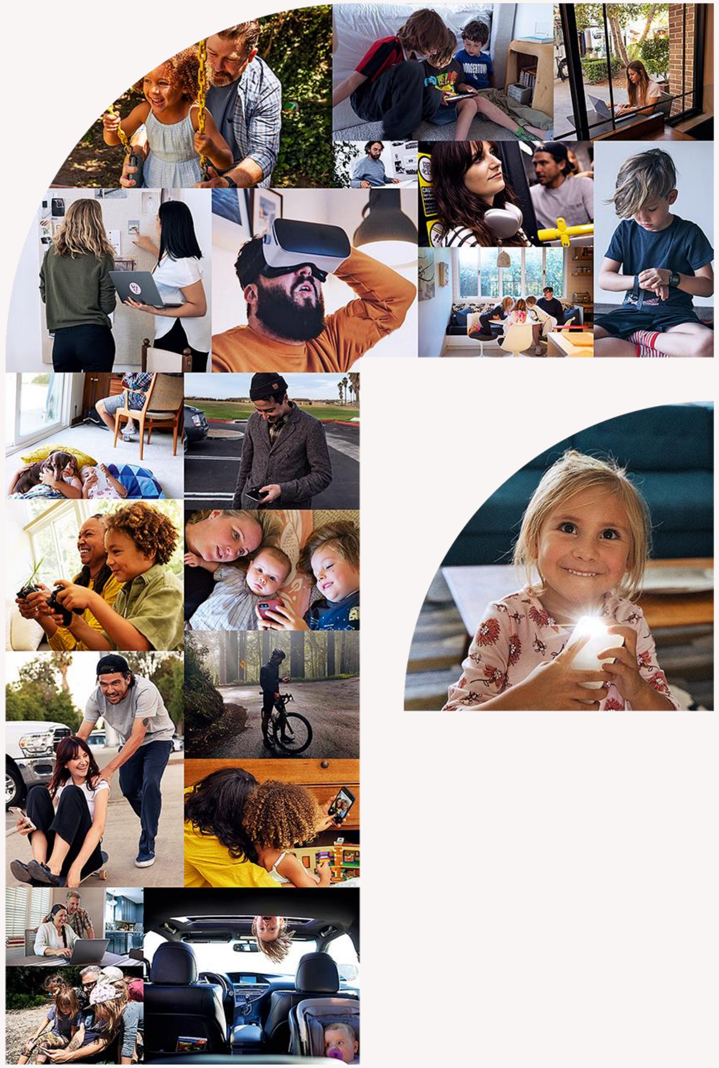
F-Secure

Stronger Together

Investor Day 2023

20 September 2023

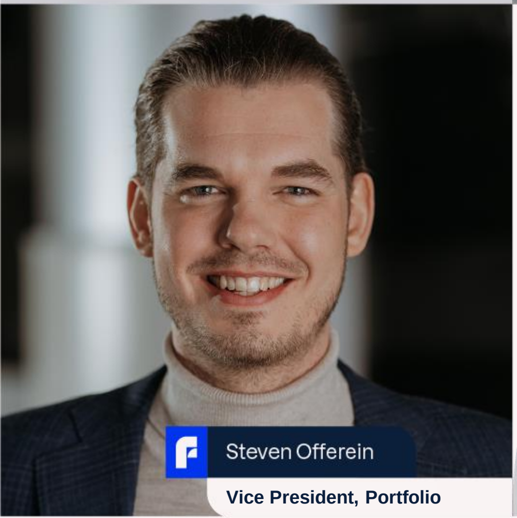


Agenda

13:00–13:30	**Sense of security for all** Timo Laaksonen, President and CEO
13:30–14:10	**Creating the #1 security experience** TL Viswanathan, Chief Product Business Officer Steven Offerein, Vice President, Portfolio Management
14:10–14:35	**Technology research and development** Toby White, Chief Technology Officer
14:35–14:50	**Break**
14:50–15:10	**Positioning for growth** Timo Laaksonen, President and CEO
15:10–15:45	**Towards 2026** Sari Somerkallio, Chief Financial Officer
15:45–16:00	**Closing words and Q&A**

F-Secure Investor Day – our speakers today

F-Secure



Disclaimer

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A few words about practicalities

Sense of security for all

Timo Laaksonen

President and CEO

Investor Day 2023

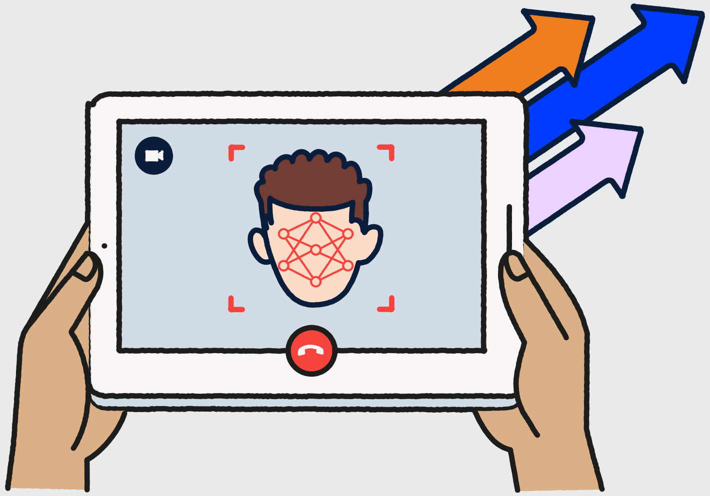
F-Secure®

Bringing sense of security ubiquitously to digital moments

Megatrends driving our vision

Vulnerable digital moments

Complexity overload



Rise of Generative AI

Sense of security for all

Growth fundamentals

Addressable Market

1) Tier 1 and new vertical partnerships 2) Best partner experience

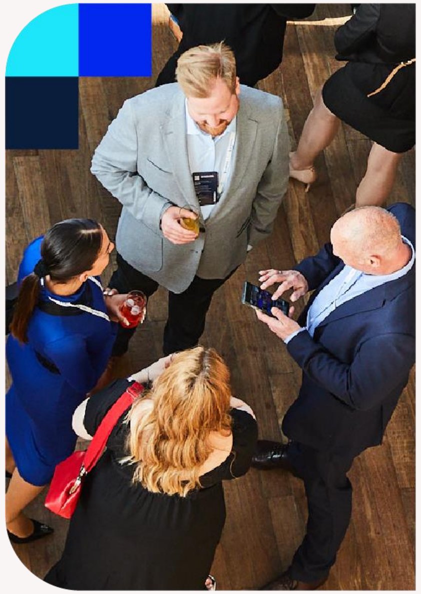
Value Increase

1) Total conversion 2) Embedded experiences

Aspirational Culture

1) Global growth mindset 2) Agility

Expanding market reach



Partner Business

Communication Service Providers

- NEW! Tier 1
- Tier 2 +

New Verticals

- NEW! Fintech and Insurtech
- Banking and Insurance

Direct Business

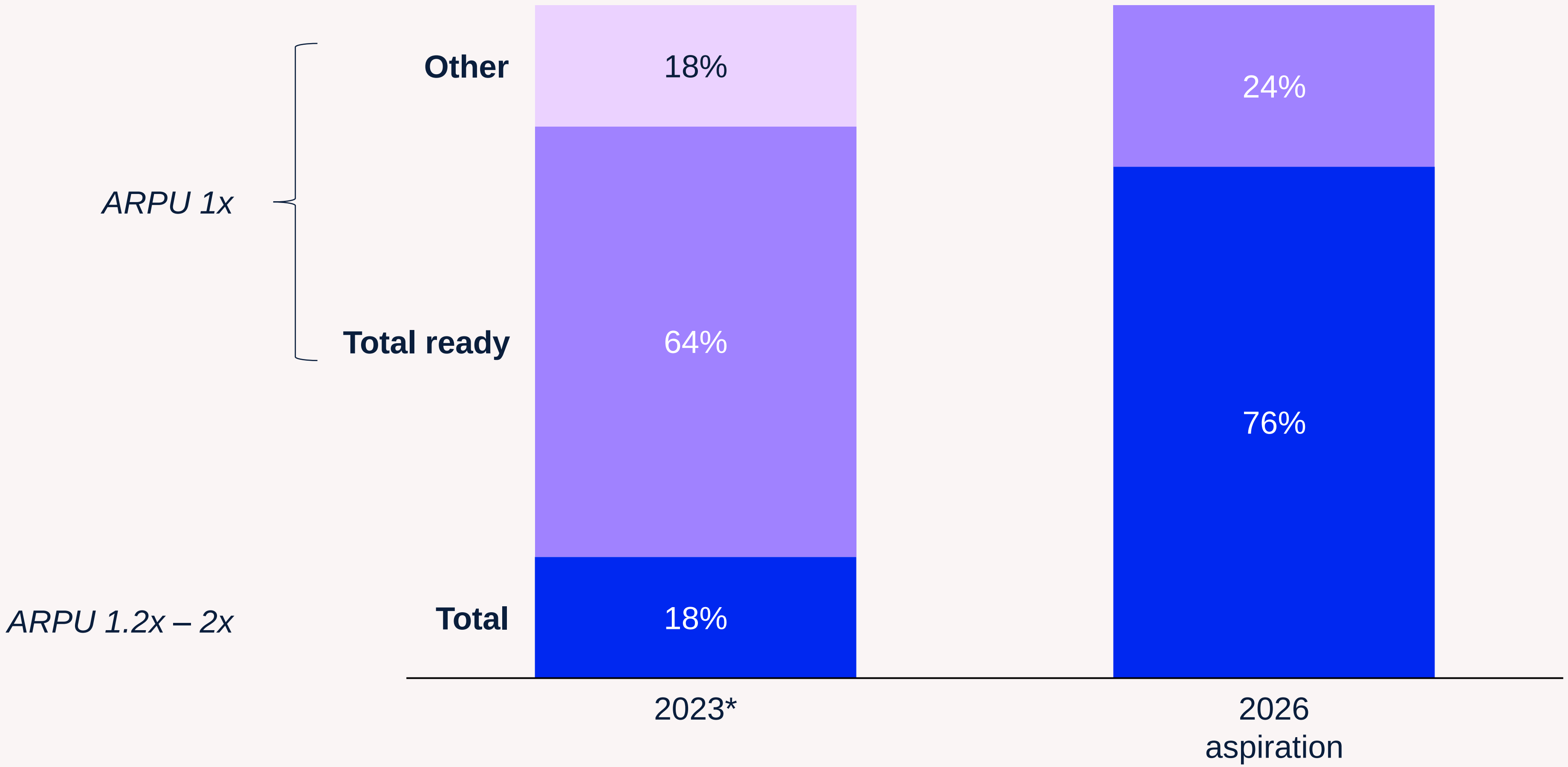
- eCom
- AppStores

1 Billion+

Addressable Consumers by 2026

Substantial value potential in Total conversion

Partner Business revenue – security apps



* Current indicative view

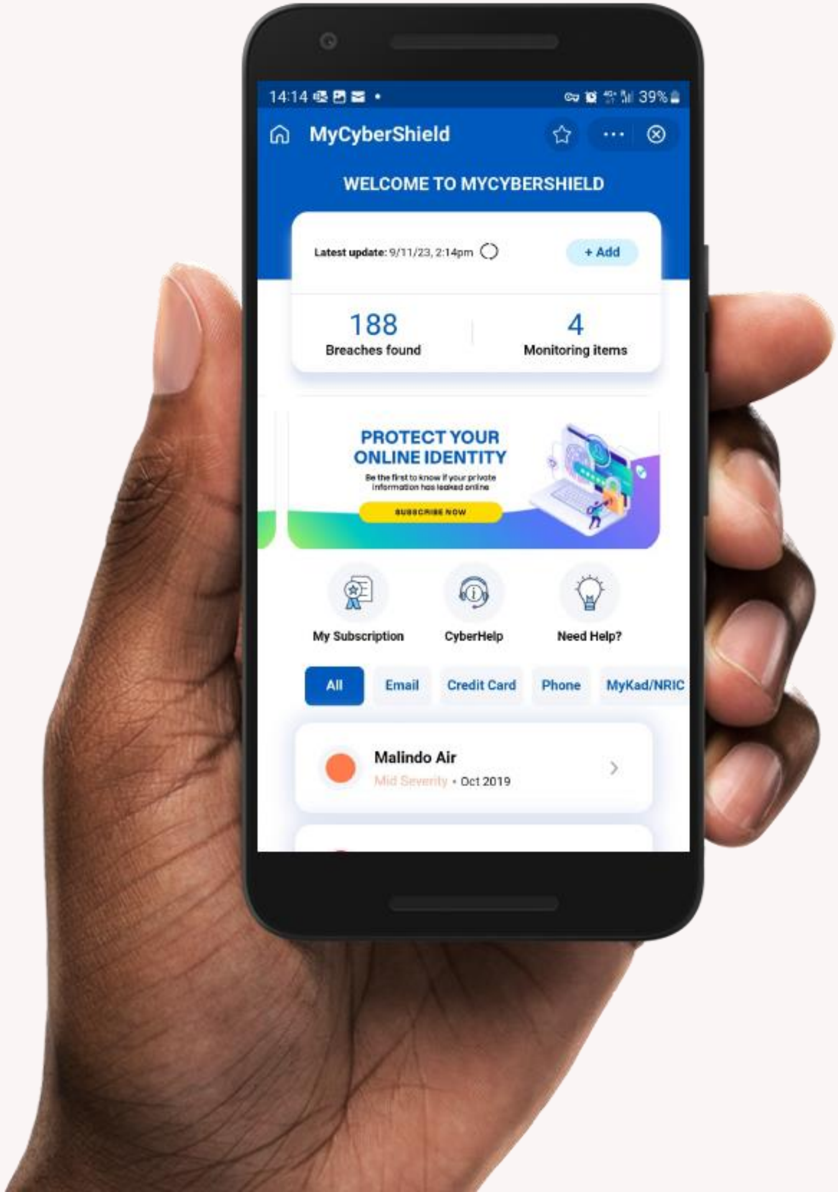
Partner testimonial: Embedded Security

Danny Chua, Touch 'n Go Digital

Superapps

Removing friction and expanding market reach

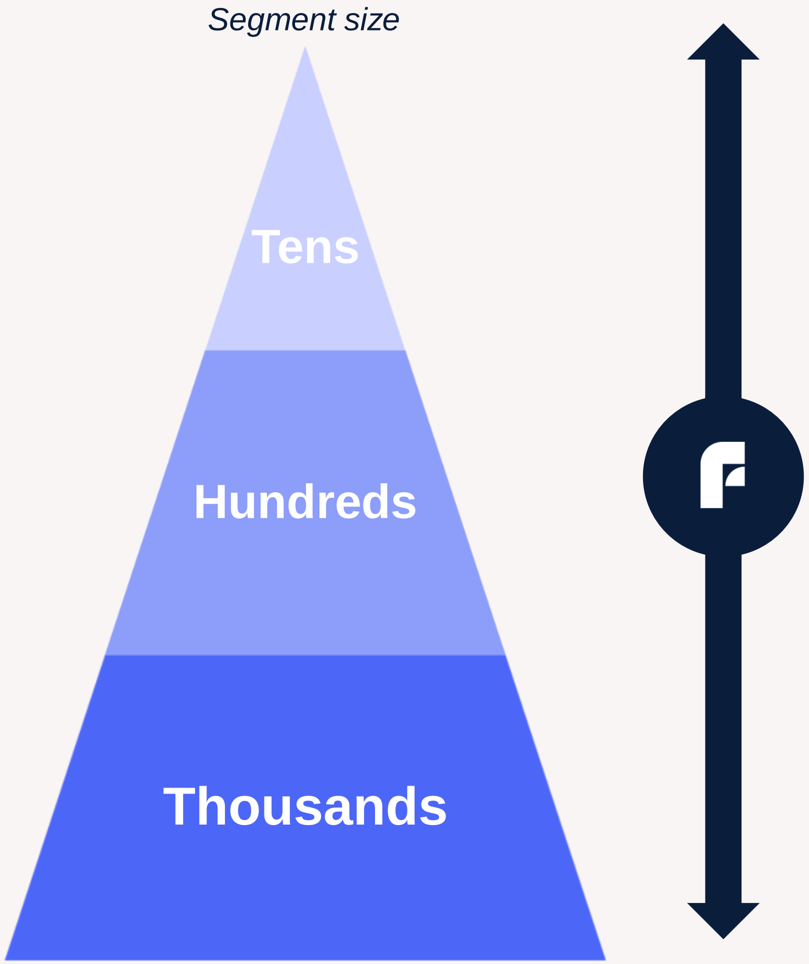
By 2027, more than 50% of the global population will be daily active users of multiple superapps*



* Gartner's Top Tech Trends for 2023, Sep 28, 2022

Best partner experience

Expanding partner engagement models



Tier 1s

Tier 2

Tier 3+

Partner specific solution

Tier 1 sales, delivery and operations

Configurable standard offering

Automated integration, delivery and go-to-market support

Stronger together with Lookout Life

LookoutLife

By F-Secure®

Agility and growth mindset

Rapid product convergence

Right to win mobile centric and Tier 1 partners

A global company

525 fellows	*46 nationalities*
Fellows in 17 countries	*Half of the leadership team from outside Finland*
Significant presence in Finland, USA, Malaysia and India	*Customers in >100 countries*

Journey to becoming the security experience leader

2023

Total

Growth through Total and replacing stand-alone products

2024

Agility

2x Customer base with service that talks to people

2025

No.1 Security Experience

Double-digit revenue growth

2026

Tier 1 Partner Excellence

Leader among Tier 1 partners

Q&A

Creating the #1 security experience

TL Viswanathan

Chief Product Business Officer

Investor Day 2023

What are we solving?

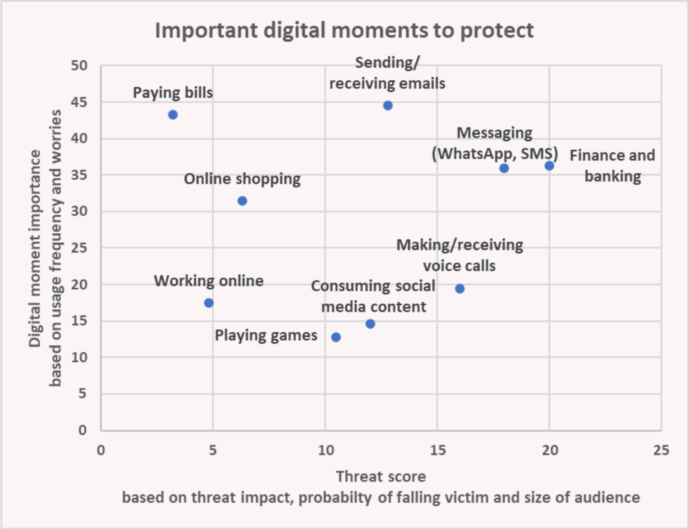
Complexity overload

66% find cyber security too complex

57% willing to pay for more simple experiences

Simplicity

Vulnerable digital moments



Protecting from Scams

Sense of security

75% worry about online safety

40% value all-in-one online protection for all devices

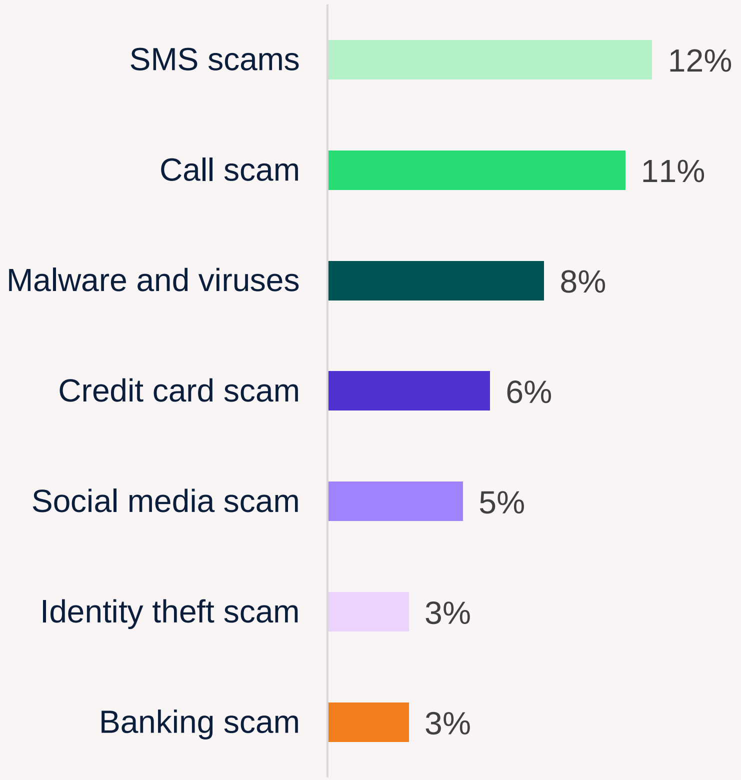
Holistic

Source: Worries: Global consumer market survey by F-Secure "Living Secure", Dec 2022, N=7000 and prioritization of digital moments. F-Secure Threat Intelligence for threat score, and for valuation of security: Global consumer market survey by F-Secure "Connected Home", Jun 2023, N=4400; Siegel+Gale World's Simplest Brands study Dec 2021, N=15000

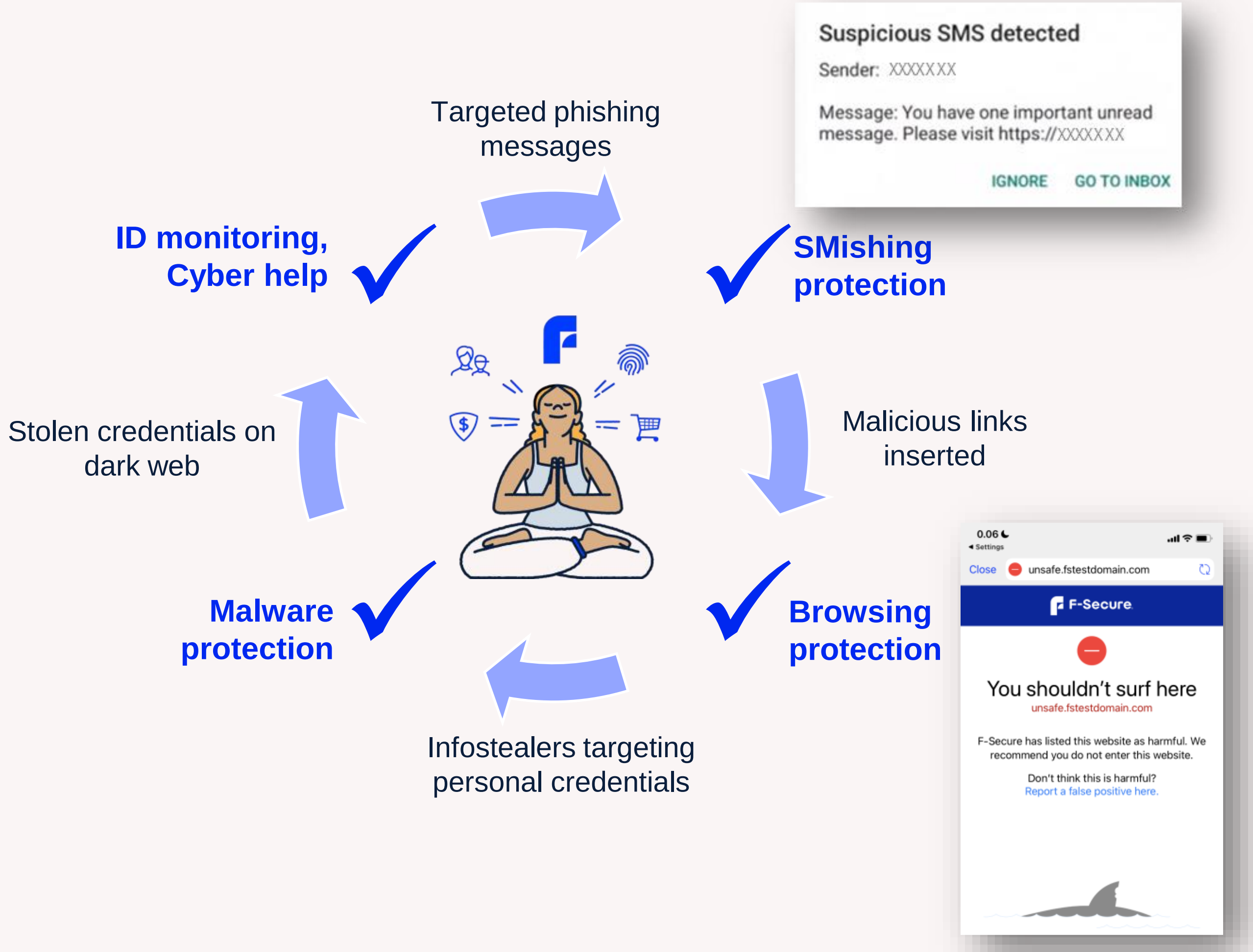
Holistic scam protection for digital moments

At home & on-the move, across connected device

Scams are the most common form of cyber crime



Example of holistic scam protection



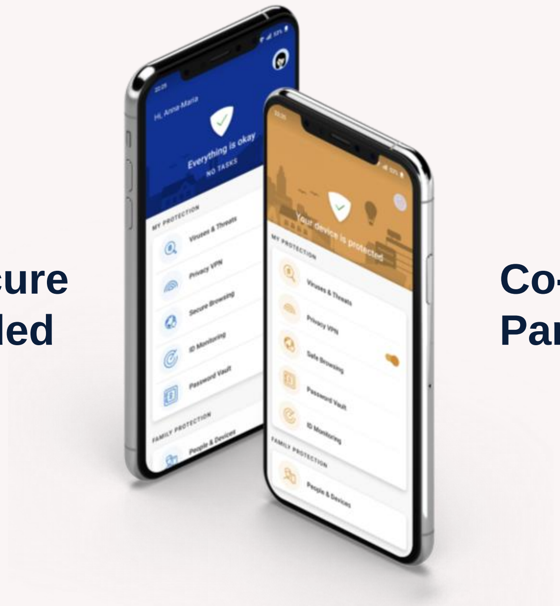
Source: Global consumer market survey by F-Secure, Jun 2023, N=4400

Comprehensive portfolio with flexible delivery models

Total

Protection delivered through F-Secure experience

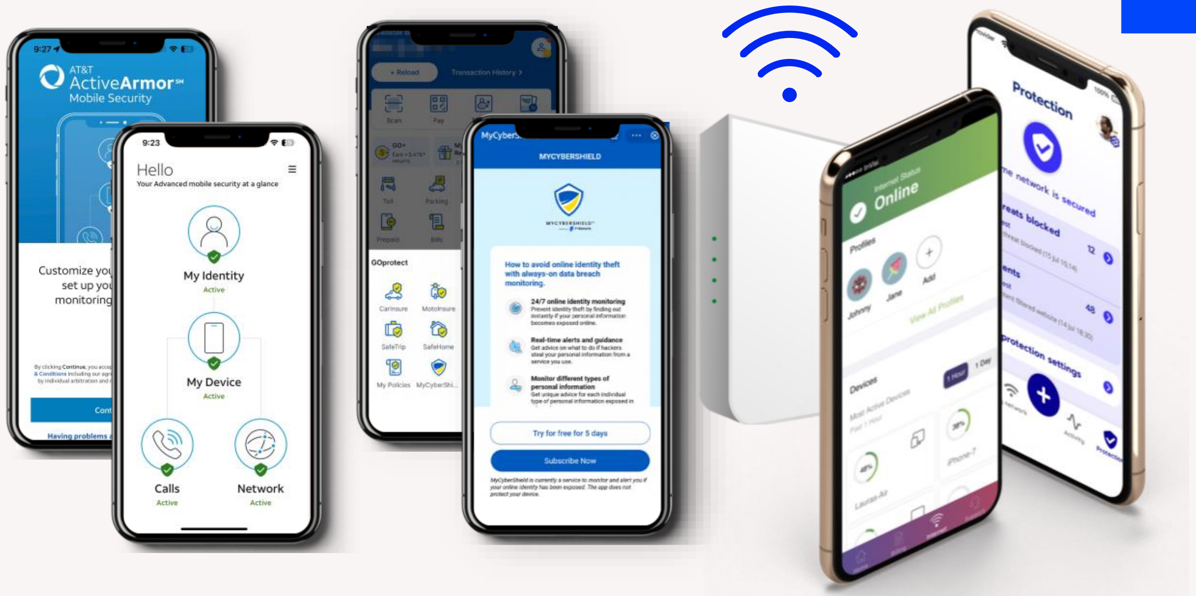
F-Secure branded



Co-branded for Partners

Embedded Security

F Secure assets built in to applications, routers* and networks as SDKs or APIs



AT&T Active Armor custom mobile app

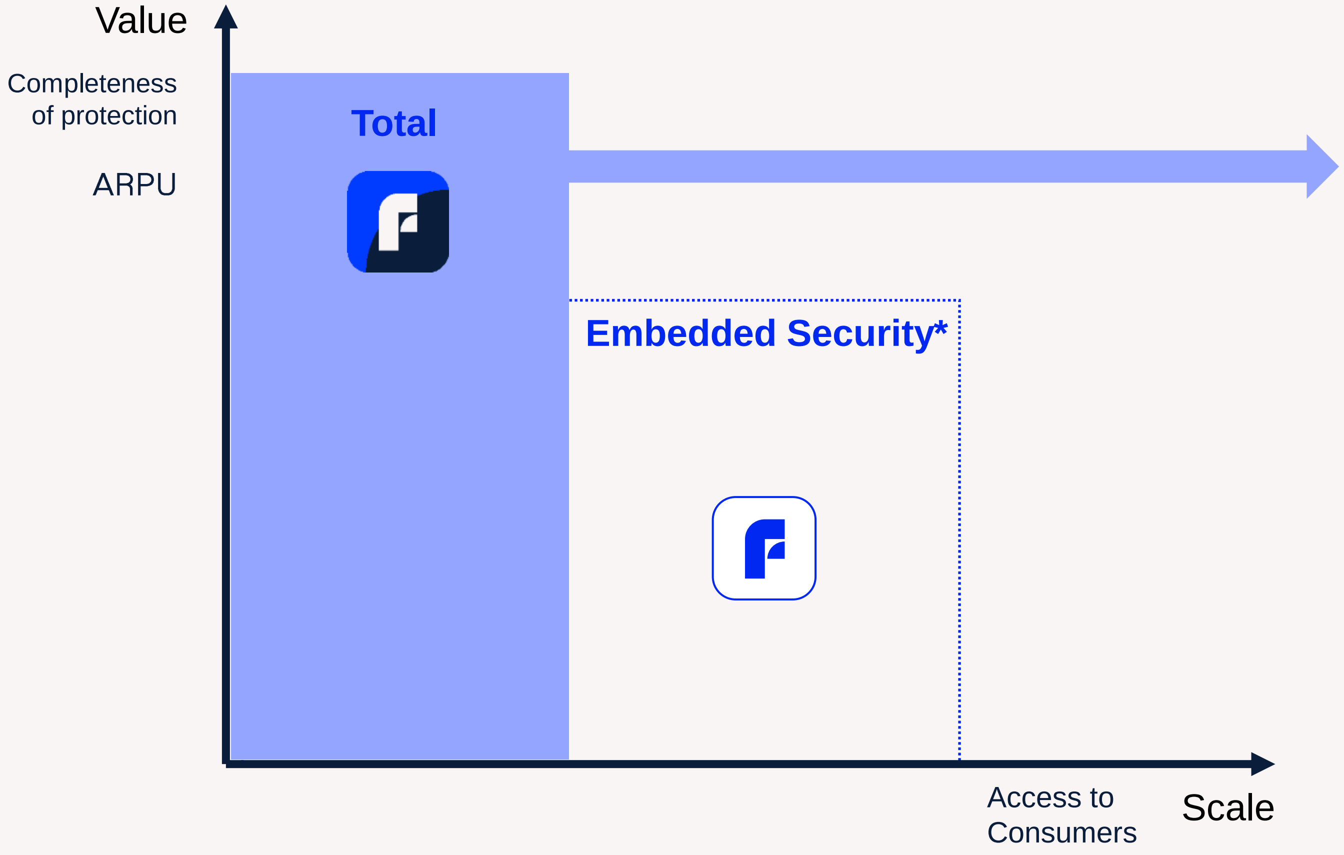
Superapp with ID monitoring

Operator/WiFi app with router management

* SENSE

SDK – Software Development Kit
API – Application Programming Interface

Executing on growth strategy



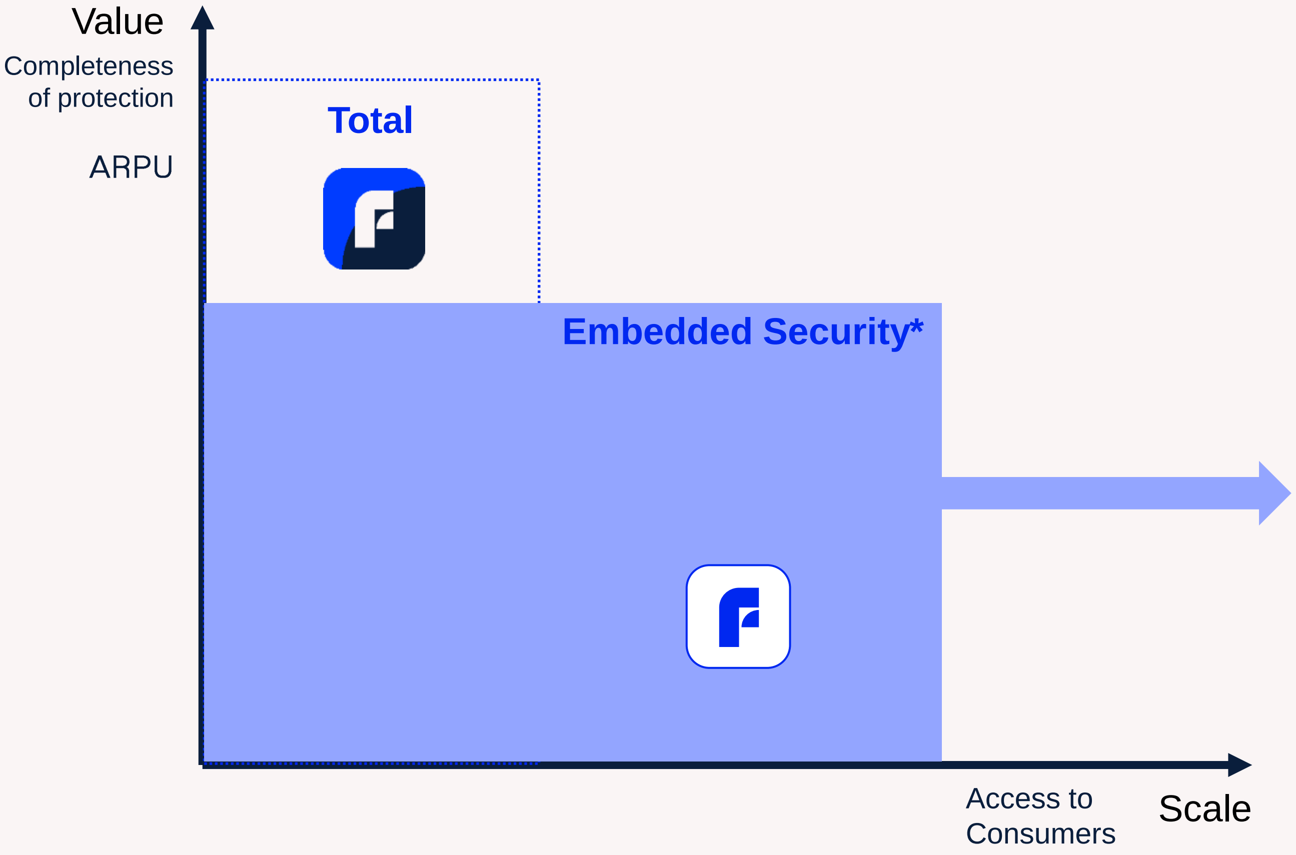
DNA Telia Allianz
@nifty windstream

- Total launched in February 23
- Positive ARPU development
- 18% of Partner revenue – security apps**
- Converging the best of Lookout Life with Total

* Includes Sense & DNS

** Current indicative view for 2023

Executing on growth strategy



- Embedded portfolio accelerated with Lookout Life
- Active Tier 1 CSP engagements
- Breakthrough with Fintech (Superapps)
- Expanding partner ecosystem with access to > 150Mn routers

* Includes SENSE & DNS

Delivering on the experience promise

Steven Offerein

Vice President, Portfolio Management

Investor Day 2023

Trusted companion led consumer security experience

Consumer experience vision

Vision

#1 Security Experience

Goal

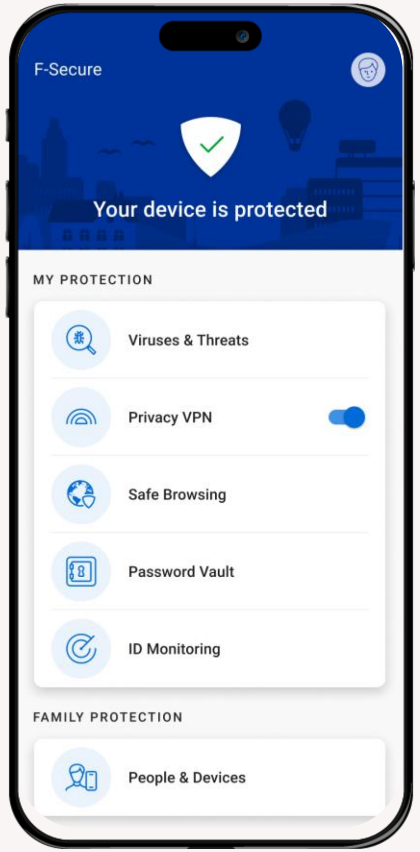
Become the Trusted Companion

Value elements

Protect | **Engage** | **Empower**

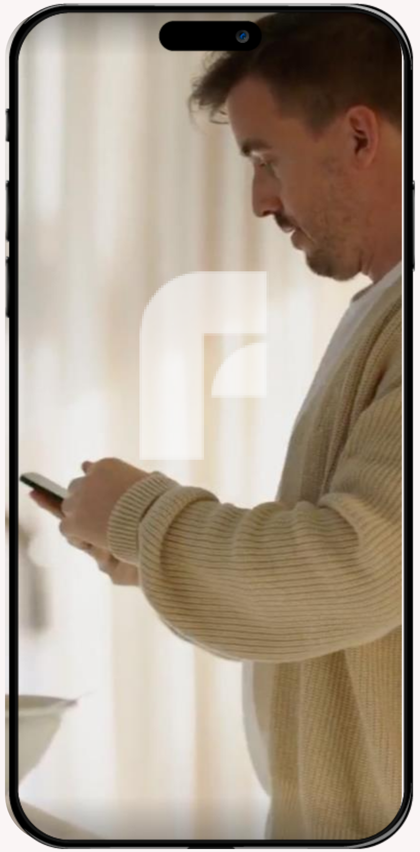
Stronger together: delivering the #1 security experience

F-Secure Total

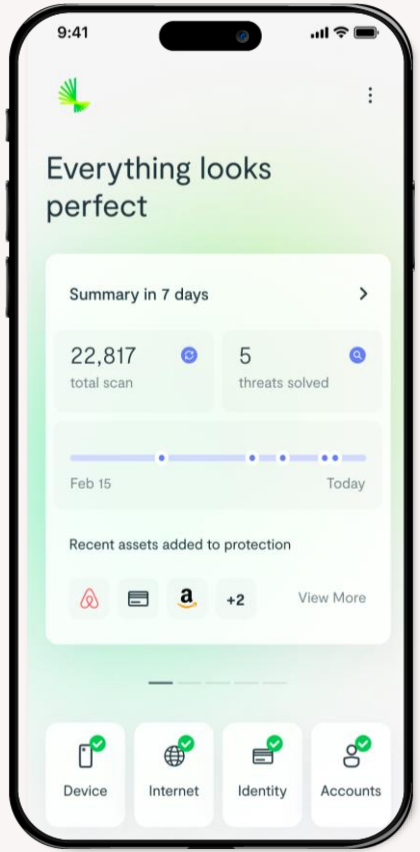


Modularity & partner-centricity

Trusted security companion



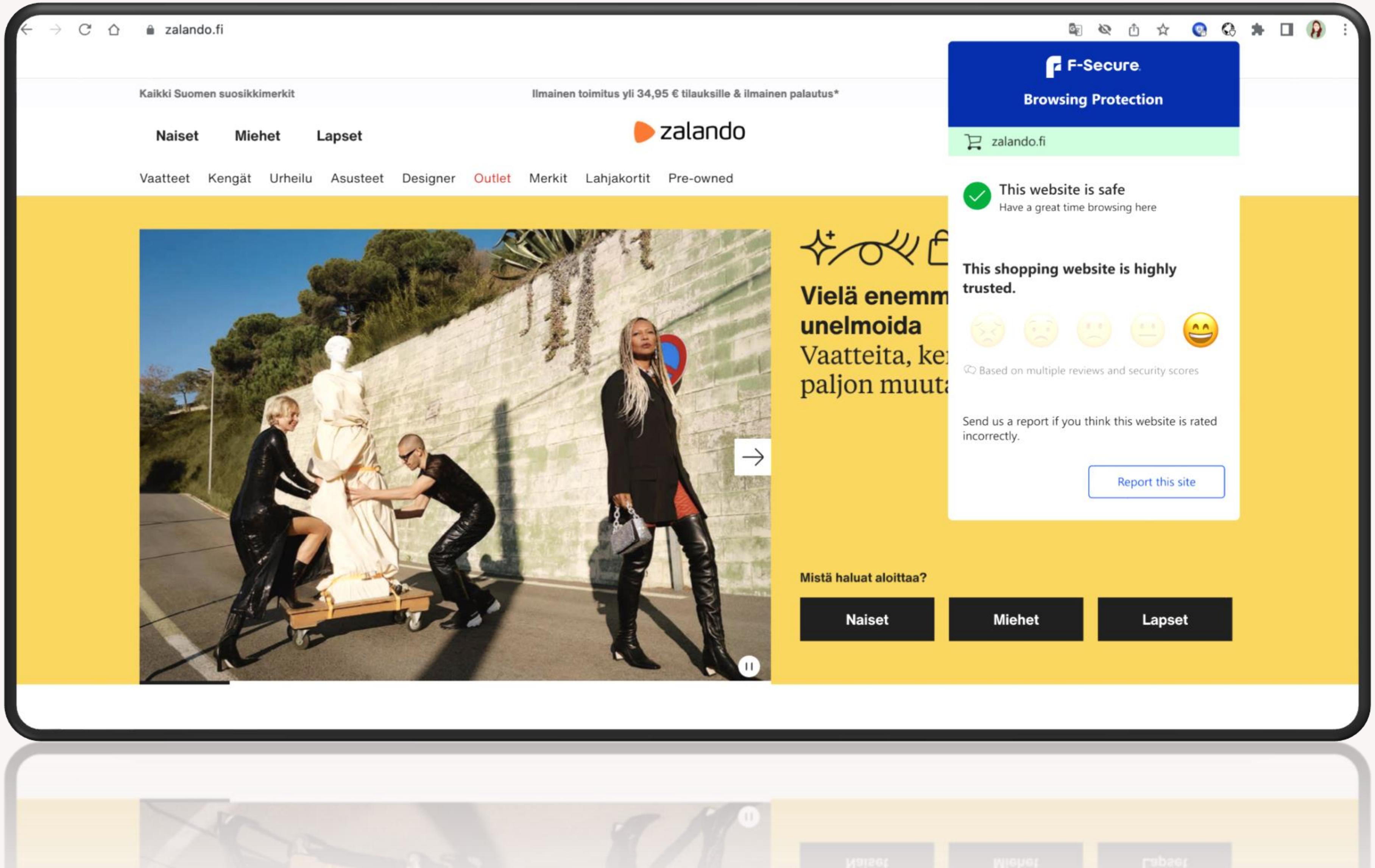
Lookout Life



Customer engagement

Delivering the #1 Customer Experience

Example: Trusted Shopping



F-Secure

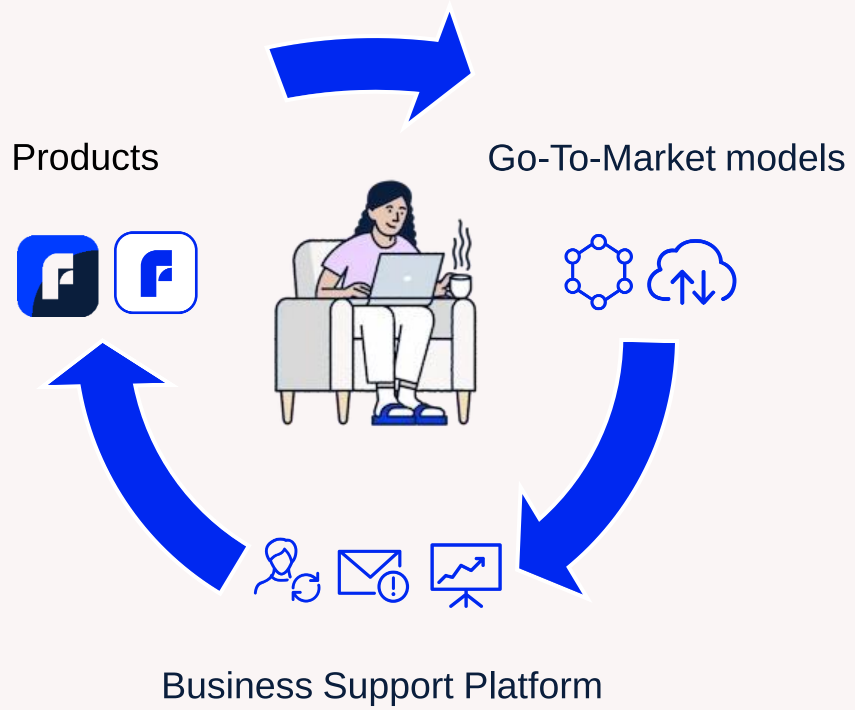
Delivering proven business outcomes

Security business-as-a-service

Partner experience vision

Vision

#1 Security Experience



Goal

Become the Trusted Companion

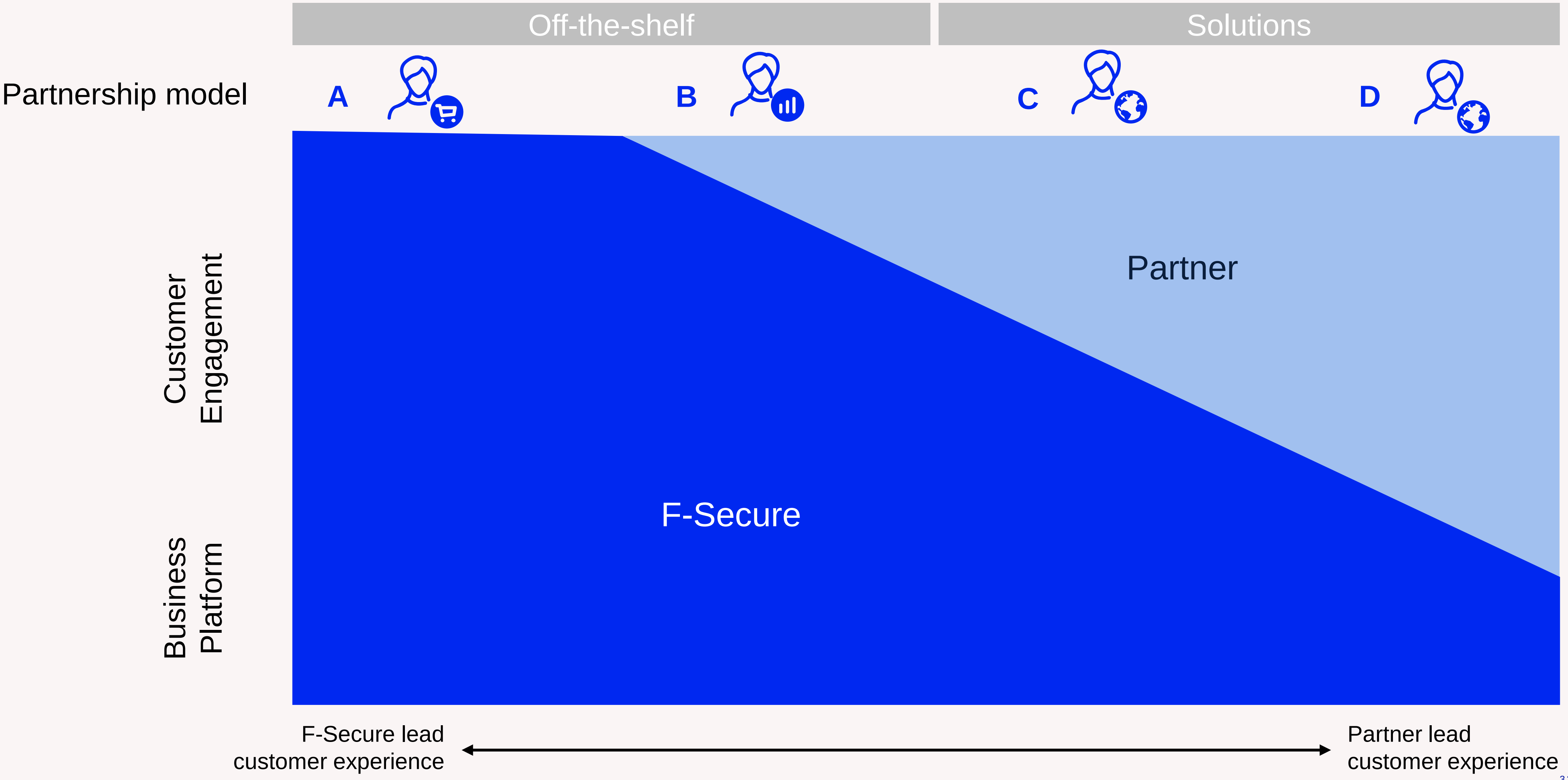
Value elements

Flexible solutions and GTM models

Customer Engagement

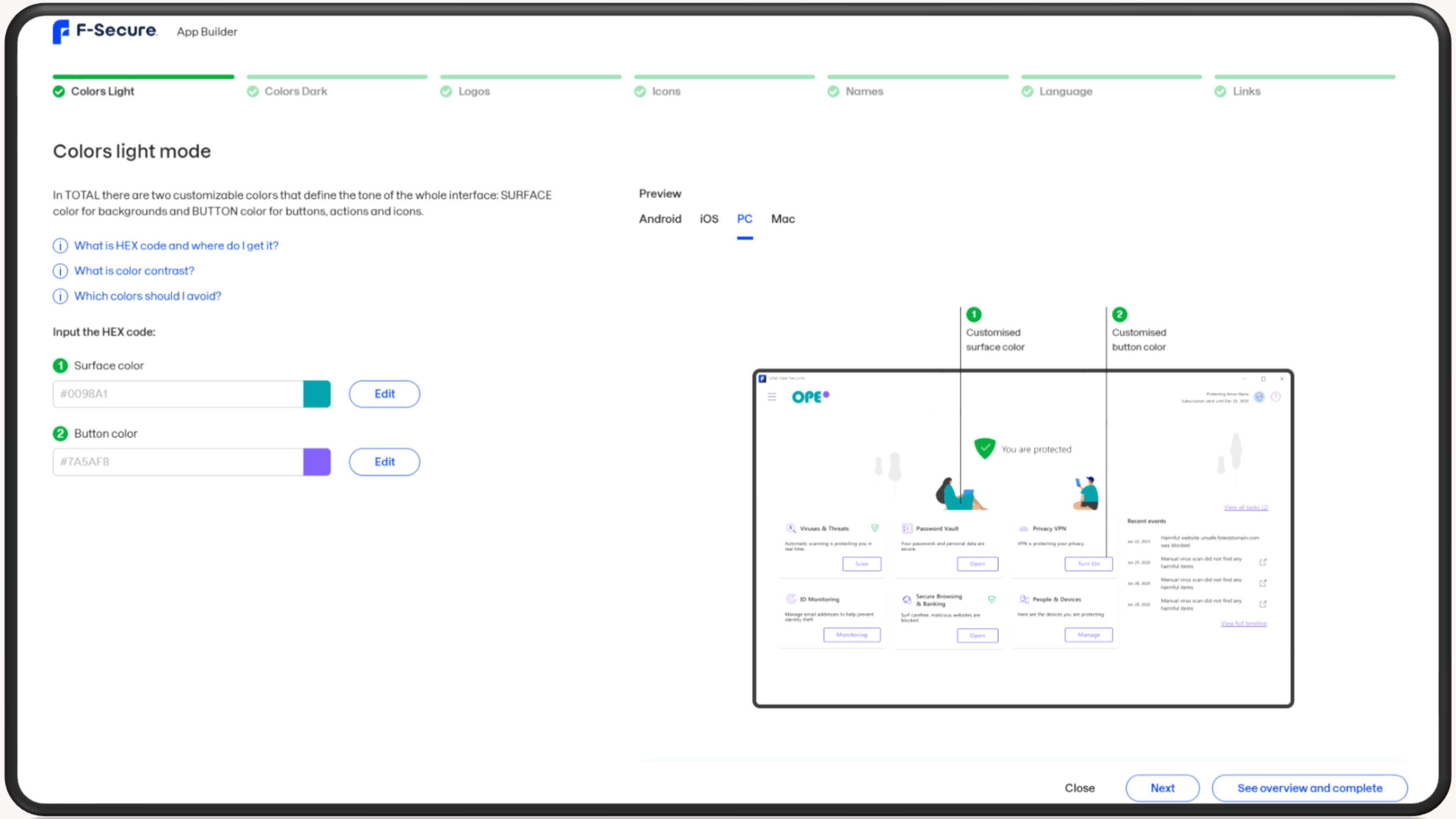
Security Business Expertise

Partnering models deliver economies of scale



Delivering the #1 Partner Experience

Example: App Builder



Q&A

Technology Research and Development

Toby White

Chief Technology Officer

Investor Day 2023

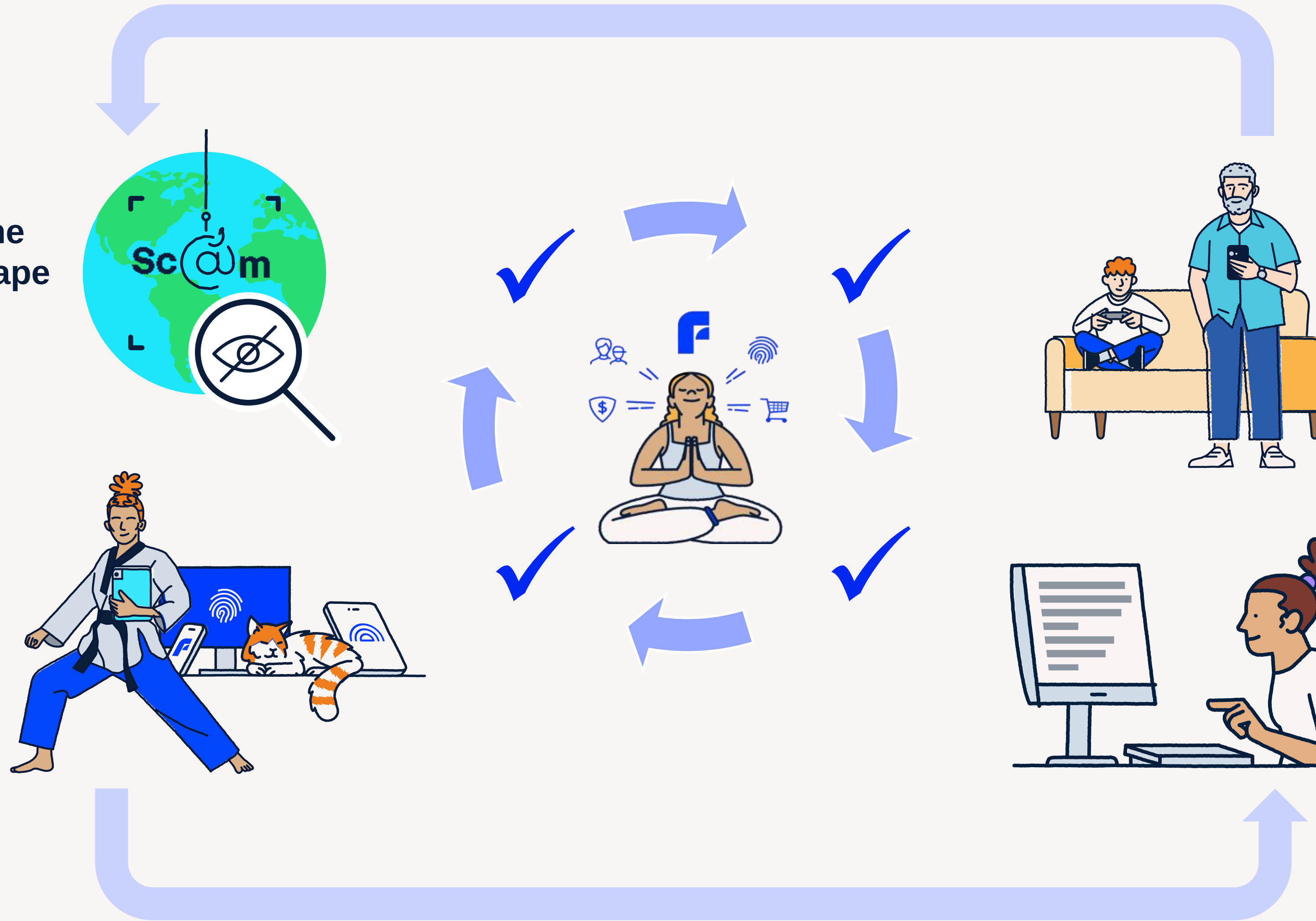
Focused research activities

1. Mapping the scam landscape

2. Defense in depth

3. Personalized threat profile

4. Contextual holistic protection



Three primary development themes

Convergence and capabilities

Product and SDKs	**F-Secure** Partner experience Modular configuration	**Lookout** Customer experience Product instrumentation	→	**Converged portfolio**
Infrastructure	**F-Secure** Flexible architecture Partner experience	**Lookout** Tier-1 SLA expectations	→	**Resilience and cost efficiency**
Security capabilities	**1.** Mapping the scam landscape **2.** Defense in depth **3.** Personalized threat profile **4.** Data-driven holistic protection		→	**Research and Protection Platform**

Transitional service agreement cost development

WithSecure Technology Temporary Services Agreement:

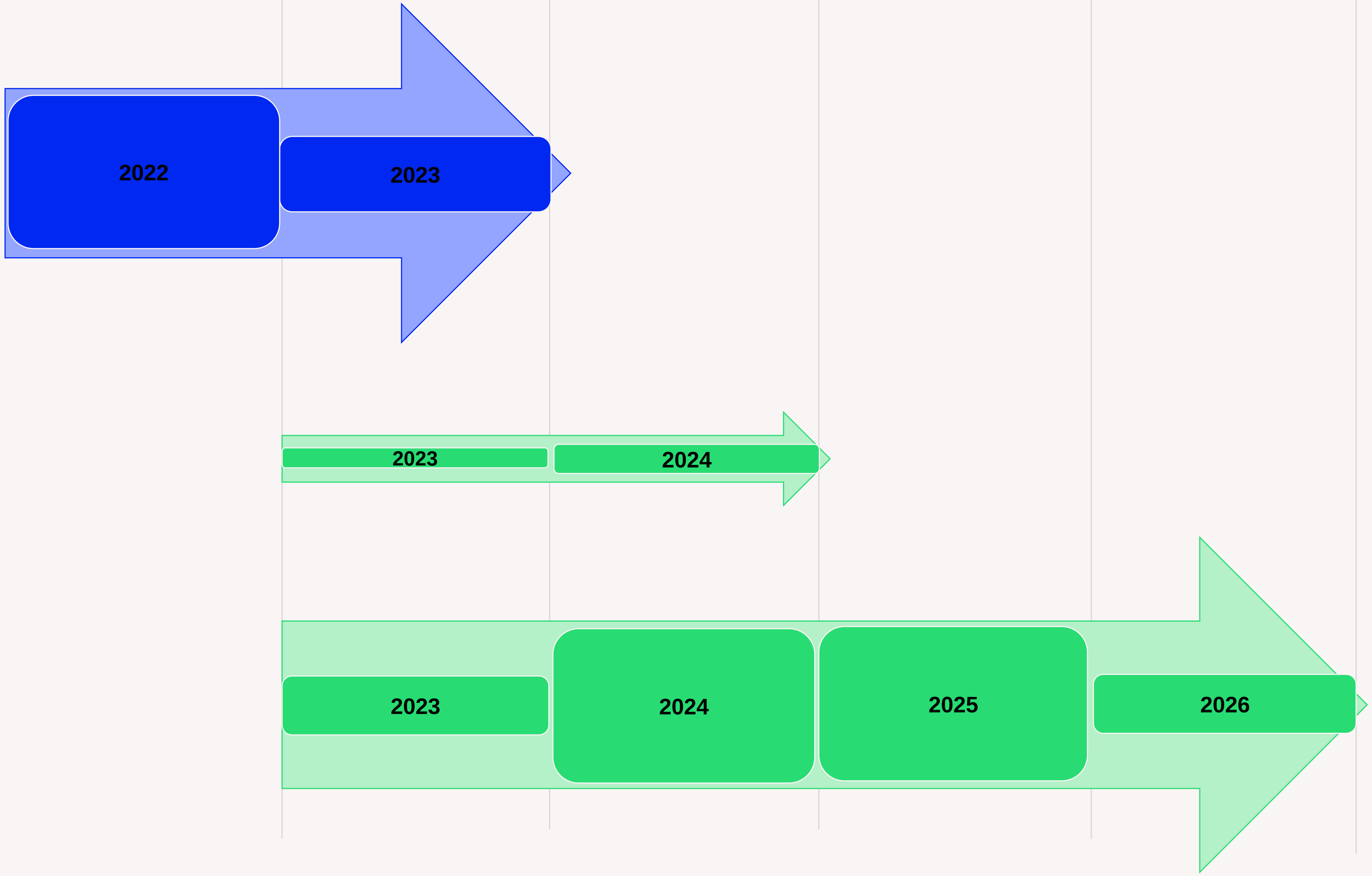
Support and development help to migrate knowhow and IP

Lookout Platform Services Agreement:

Support and development help to migrate knowhow and IP

Lookout Security Services Agreement:

Access to mobile security technology



Q&A

F-Secure

Break

Presentation continue at 14:50

Positioning for growth

Timo Laaksonen

President and CEO

Investor Day 2023

Demand for sense of security

Complex threat landscape


The Washington Post
Democracy Dies in Darkness

Subscribe Sign

INNOVATIONS

They thought loved ones were calling for help. It was an AI scam.

Scammers are using artificial intelligence to sound more like family members in distress. People are falling for it and losing thousands of dollars.

By Pranshu Verma

March 5, 2023 at 6:00 a.m. EST

Opportunity to capitalize on sense of security

Source: https://www.washingtonpost.com/technology/2023/03/05/ai-voice-scam/

News from the field

What do our customers and partners ask for

As Seen Through Consumer Eyes

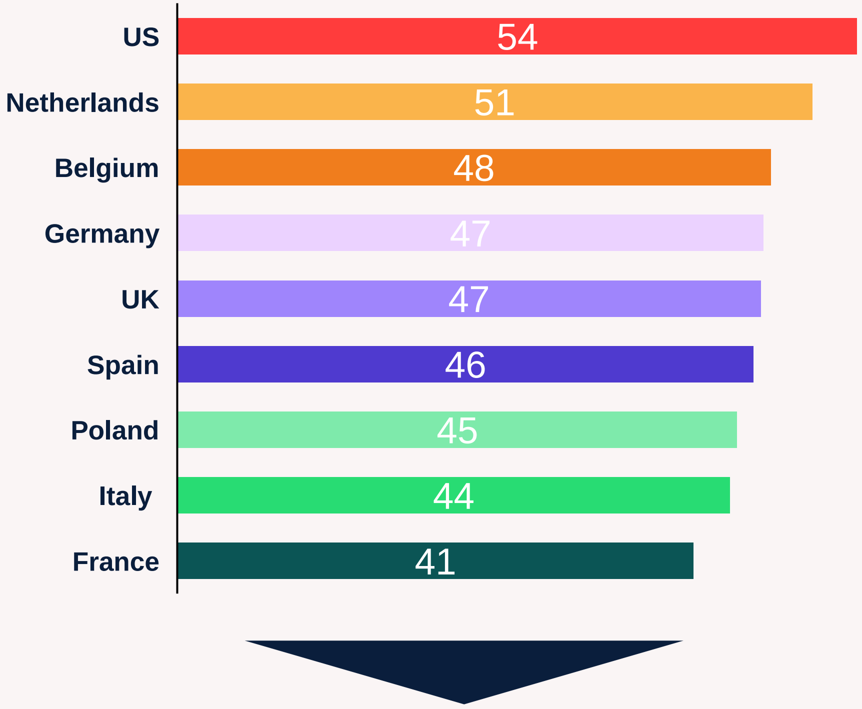
1. Simple and easy to use
2. Complete protection
3. Sense of security

As Seen Through Partner Eyes

1. Security provider that protects and delights customers
2. Differentiated solutions
3. Business outcomes

Macroeconomics impacting Direct Business

Consumer confidence 2023



US ahead, pessimism in EU area

Direct Business current state

- Investments adjusted to reflect consumer confidence
- ARPU positively impacted by price changes leading to higher subscription tiers
- New subscription sales remain still lower YoY
- Renewal sales remain stable, supported by Total NPS 48

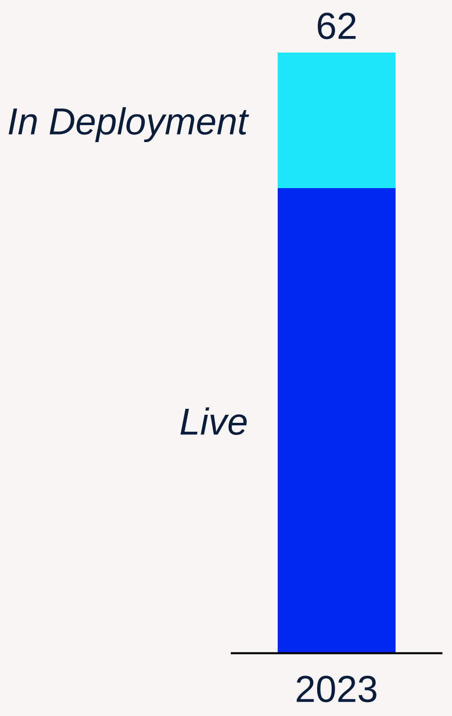
Source: Ipsos Global Confidence Index, July 2023

Partner testimonial: Telia Group

Timothy Boyd, Telia Group

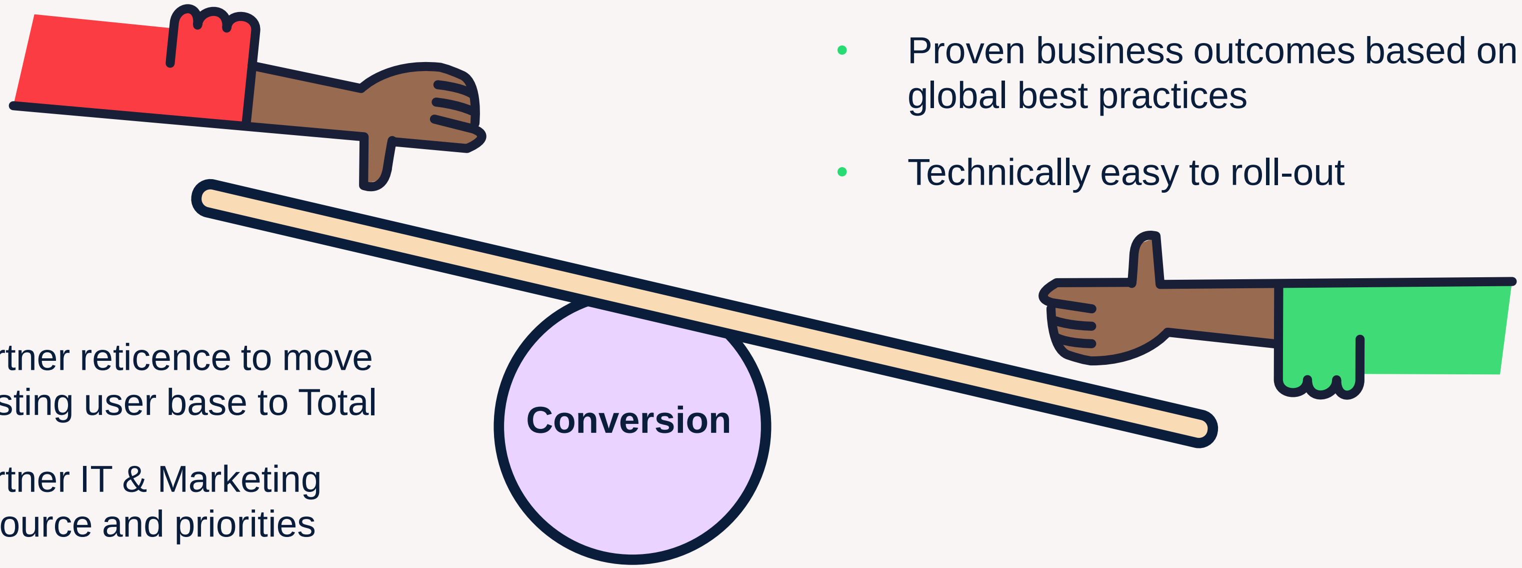
Partner Business Total conversion status

Total roll-out status



Factors impacting conversion

- Partners receptive to enhanced value proposition and upside opportunity
- Proven business outcomes based on global best practices
- Technically easy to roll-out



- Partner reticence to move existing user base to Total
- Partner IT & Marketing resource and priorities
- Price increase, especially in current macro environment

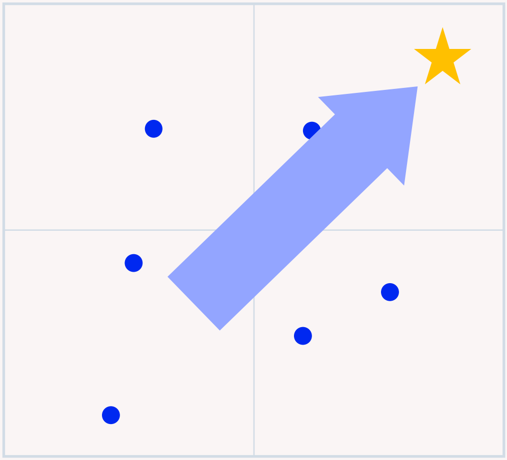
Partner testimonial:
Tier 1 Partner

Matt Bailey, AT&T

Capturing the Tier 1 opportunity

Massive increase to our consumer reach

Major brands seek competitive differentiation



Assets and “right to win” after Lookout Life acquisition

AT&T

NTT docomo

Sprint

T Mobile

Scaling with Tier 1 references

Market making power

Reference value in new partner acquisition

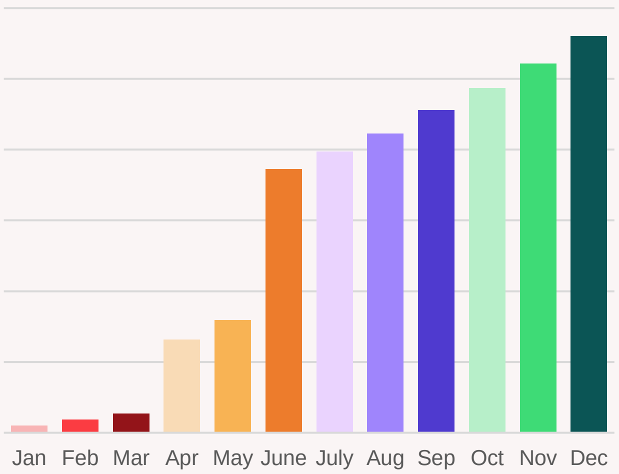
Complementing physical well-being with digital security – Allyz Cyber Care

Allianz

New vertical partnerships

Value proposition validated, gaining traction, generating revenue

2023 progress as planned



Channel insights

- Big brands seeking cyber security to complement offering
- Long time-to-market
- Land and expand
- Competitors entering channel

Future outlook

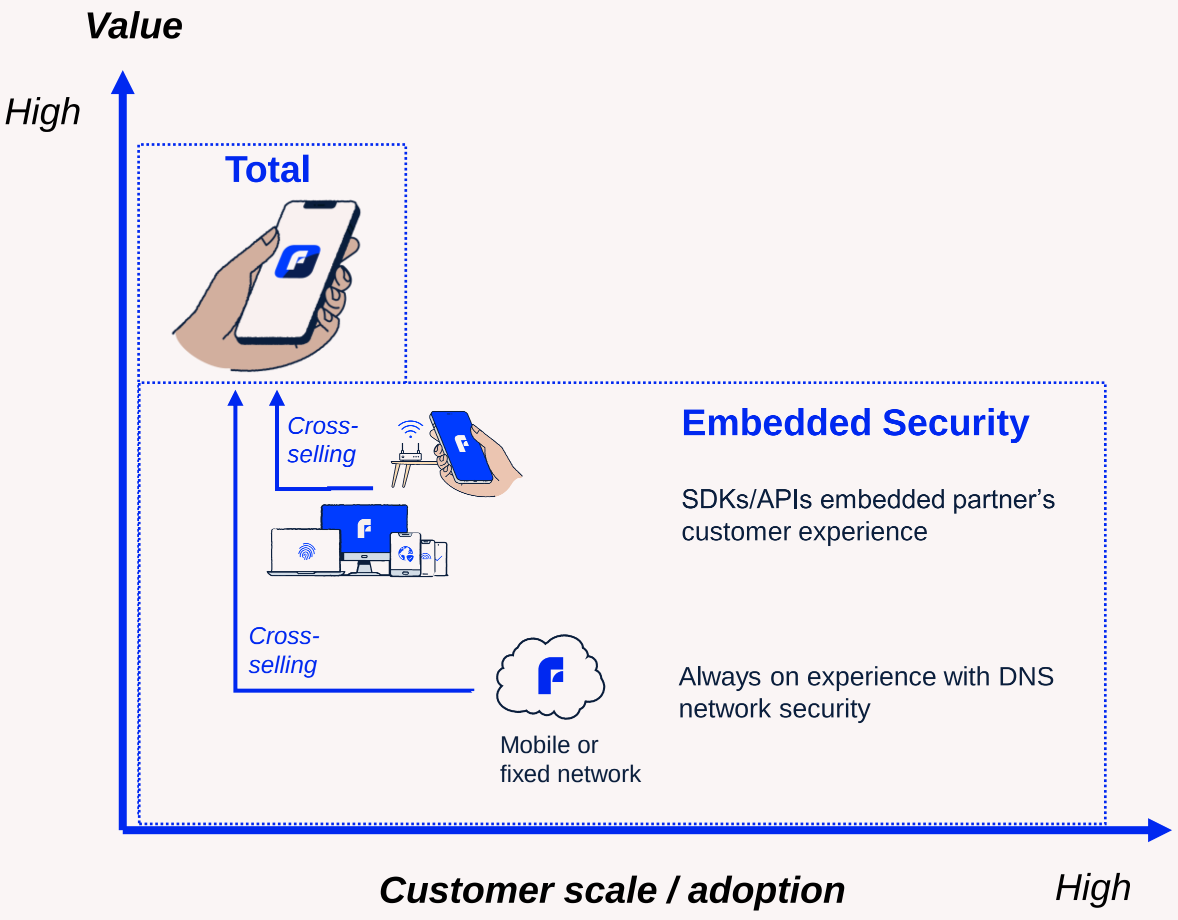
- Lookout Life acquisition strengthens offering
- Insurtech and Fintech show positive signs
- Expansion into the US in early 2024

Partner testimonial: Sense ecosystem partner

Justin Doucette, Nokia

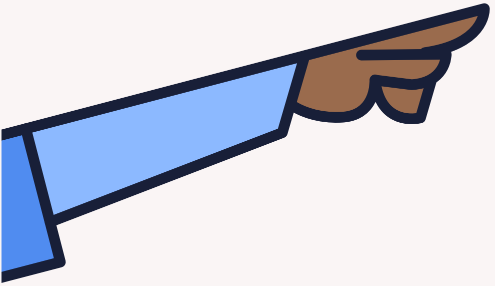
Building scale with Embedded Security

Holistic value proposition



- Cross selling Embedded Security to existing Lookout Life partners
- Ecosystem partnerships like Nokia provide scale and fast time-to-market
- Integrated 3rd party offering lead by F-Secure, 2x deals signed 2023

Why we **win**



Nutrition Facts

1 billion+ servings per container
Serving size 1

Value per serving
Sense of Security ∞

	% of Daily Value
Complete portfolio	100%
Solution delivery	100%
Partner DNA	100%
Business outcomes	100%
Multi-channel	100%

All organic, no preservatives

Q&A

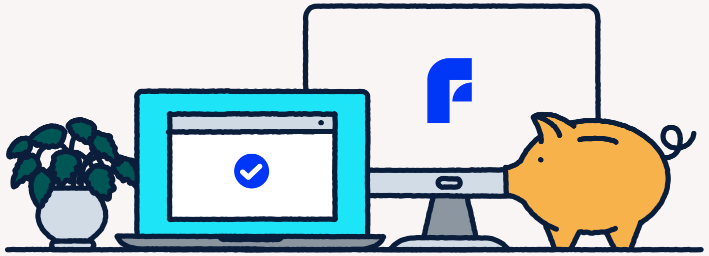
Towards 2026

Sari Somerkallio
Chief Financial Officer

Investor Day 2023

Global leader in the Communication Service Provider (CSP) channel

Consumer cyber security is a large and growing market opportunity



Positioned for growth in North America – the largest consumer security market

Why invest in F-Secure?

Expanding market reach through New Vertical and Tier 1 partnerships

Scalable, highly profitable SaaS business model outperforming rule of 40 and delivering steady dividend growth

Strong cash flow creates shareholder value

Strong cash flow

Strengthen balance sheet through focus on de-leveraging

Leverage

Net debt/Adjusted EBITDA ratio below 2.5x, excluding temporary impact from acquisitions

- Leverage in H1/2023 3.5x due to the acquisition of Lookout Life
- Interest payments due to the debt taken for the acquisition

Returning capital to shareholders

Dividends

Around or above 50 per cent of net profit as dividend on an annual basis

Allocating capital for profitable growth

Organic growth
M&A

Lookout Life synergies and integration status

Synergies are as communicated previously, good progress on integration

Enhanced revenue growth potential

Growth

EUR 12 million synergies p.a. by 2027

Expected incremental EBITA and cost synergies to drive improved profitability

EBITA

EUR 10 million synergies p.a. by 2027

Integration status

- Rapid product portfolio integration, already in motion
- Technology transfer and integration proceeding as per plan
- New fellows integrated to F-Secure organization
- Technology related TSAs continue as planned, supported by necessary IT TSA
- No other administration related TSAs

Outlook 2023

Updated September 8, 2023

Growth

F-Secure estimates that revenue for 2023 will be in the range of EUR **128–132** million.

Profitability

The group's adjusted EBITA is expected to be in the range of **EUR 41–45 million**. The adjusted EBITA margin is estimated to temporarily decrease in 2023 due to acquisition related additional OPEX investments of about EUR 3 million to ensure successful integration and drive revenue synergies.

Background for the outlook

- F-Secure expects the cyber security market to grow in 2023, although we see strong price sensitivity among the consumers, in the face of a challenging operating environment.
- Lookout consumer BU included from June to December (7 months).
- Lookout consumer BU has received payments in advance related to part of its revenue. Such payments are recognised as deferred revenue. As part of the acquisition, F-Secure fair values the deferred revenue according to IFRS reporting for the purposes of acquisition balance sheet, thus the revenues recognised post-acquisition related to deferred revenue balances will be lower compared to revenue recognised by Lookout consumer BU for those advance payments. The preliminary negative revenue impact included in the outlook is estimated to be approximately EUR 3.2 million in 2023, and negative EBITA-level impact in the outlook approximately EUR 2.6 million, respectively.

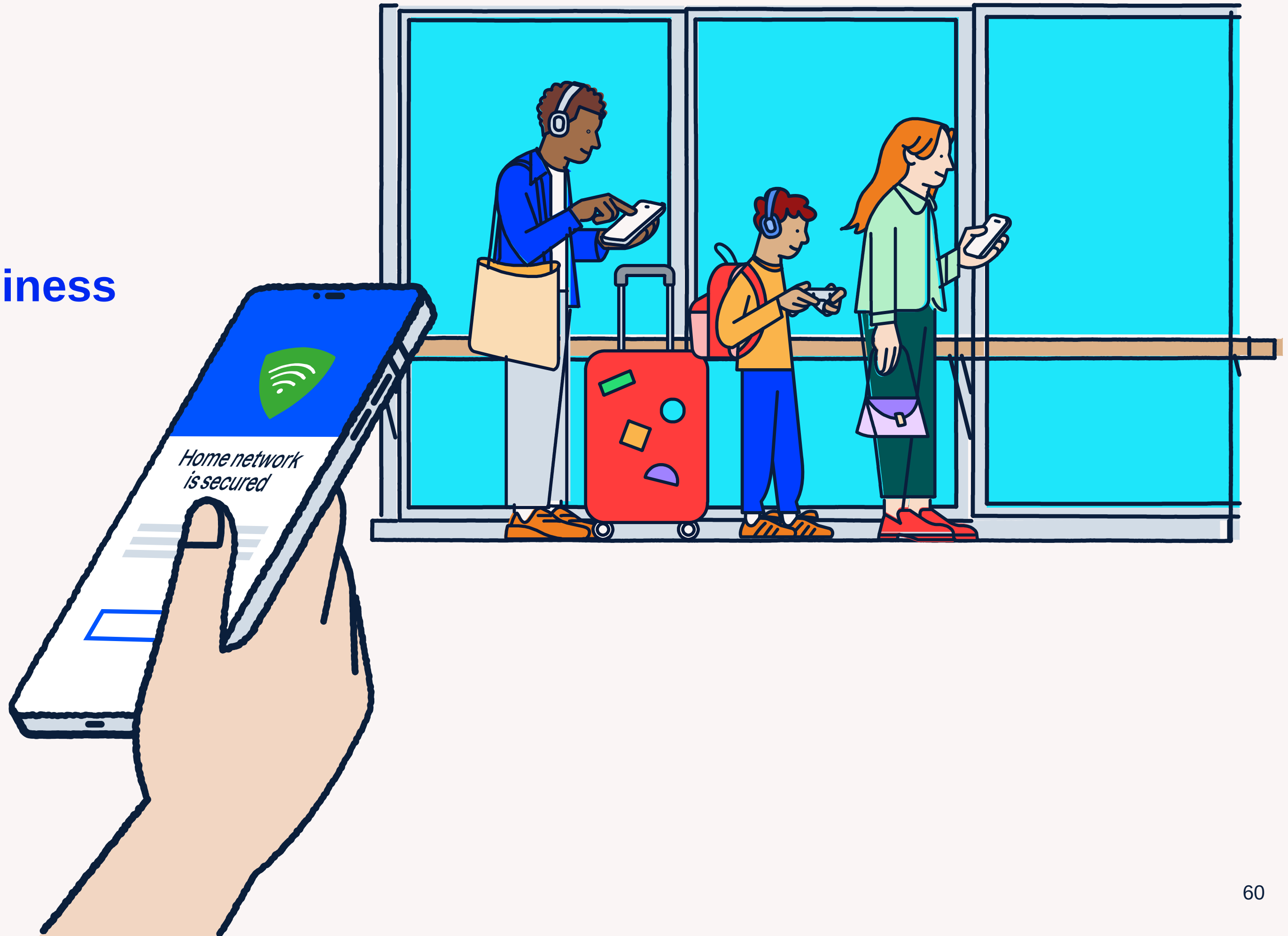
We're committed to keeping people and society safe

F-Secure

Protecting digital moments

Responsible business

Fellow experience



Increasing visibility to ESG related activities

F-Secure carbon emissions 2022

4,268t CO_2 = ~ 200 X

Average sized Finnish family's emissions

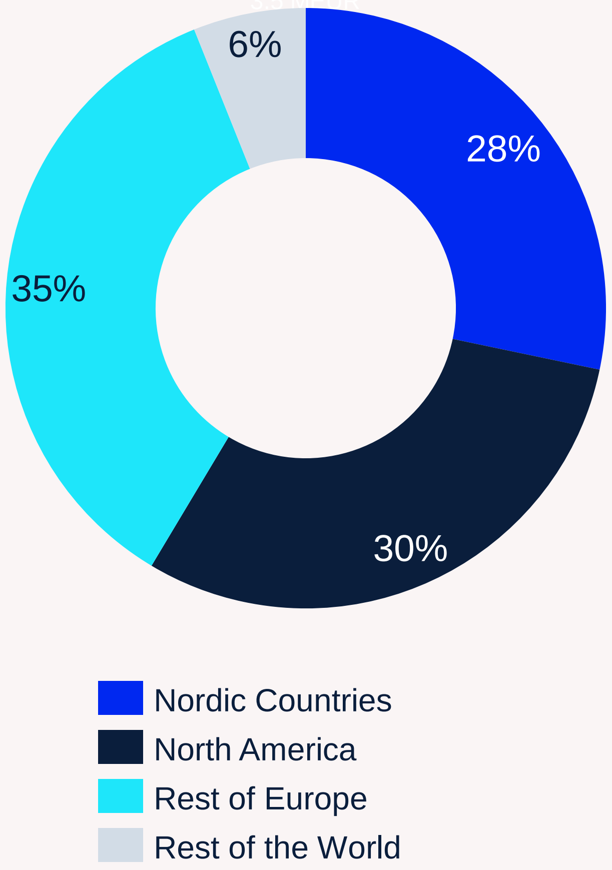
*Illustrative, F-Secure management estimate based on family characteristics in Finland

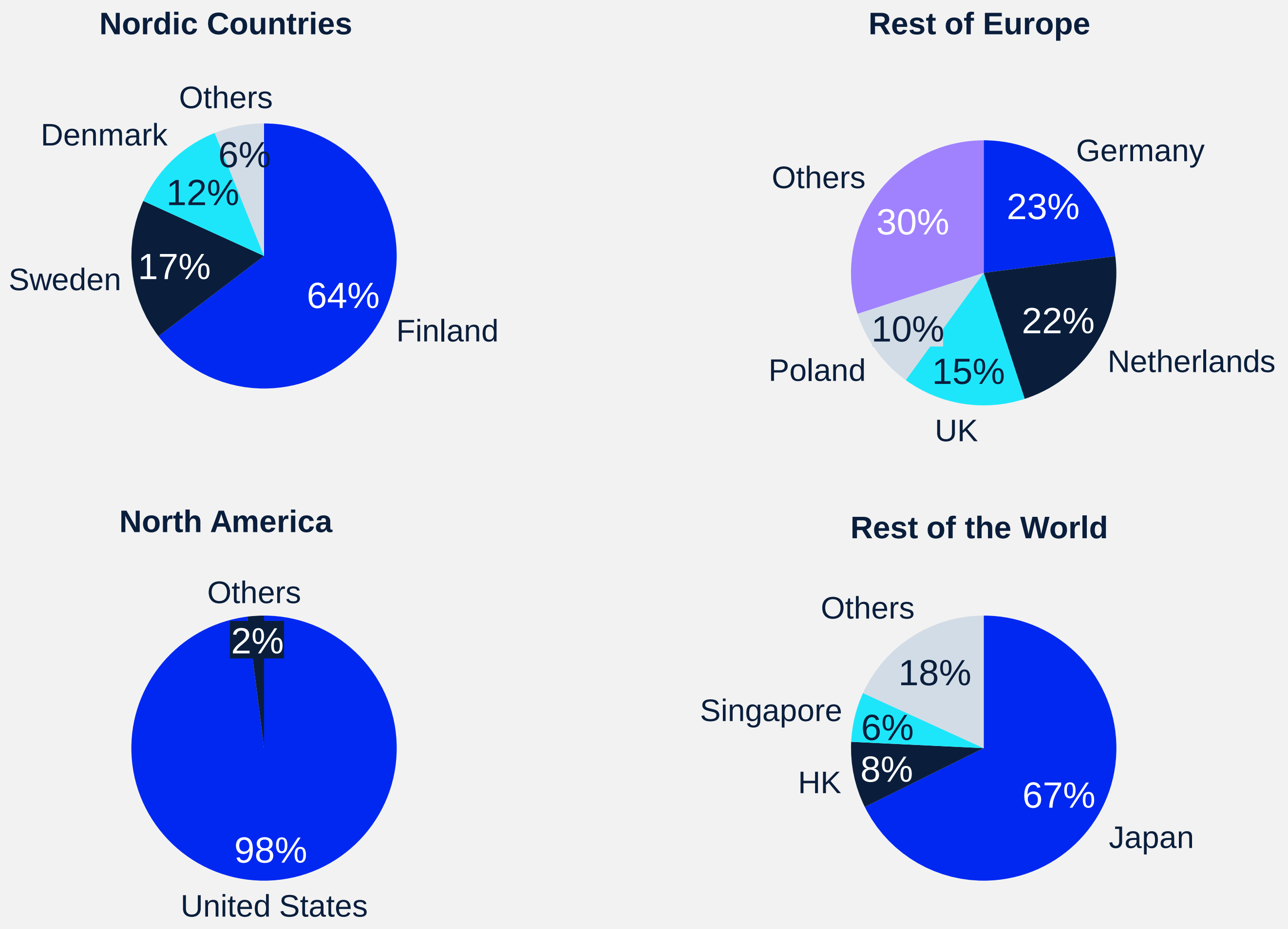
Future reporting intentions to promote transparency

- Historical illustrative financial information for Q3/2022–Q2/2023
- Organic growth: will continue to report as long as it is relevant for comparison purposes, i.e. Q2/2024
  - In case cross-selling becomes significant before that, might need to reconsider
- Cross selling and synergies: will be commented verbally
- Country-specific revenue development: will continue to comment verbally
- Transitional services agreements (TSA) roadmap:
  - WithSecure: will stop reporting after Q4/2023
  - Lookout Life: will continue reporting as relevant

Geographical revenue split: revenue by country

Indicative revenue split from external customers, based on situation after Lookout Life integration





Comprehensive portfolio with flexible delivery models

Total

Protection delivered through F-Secu

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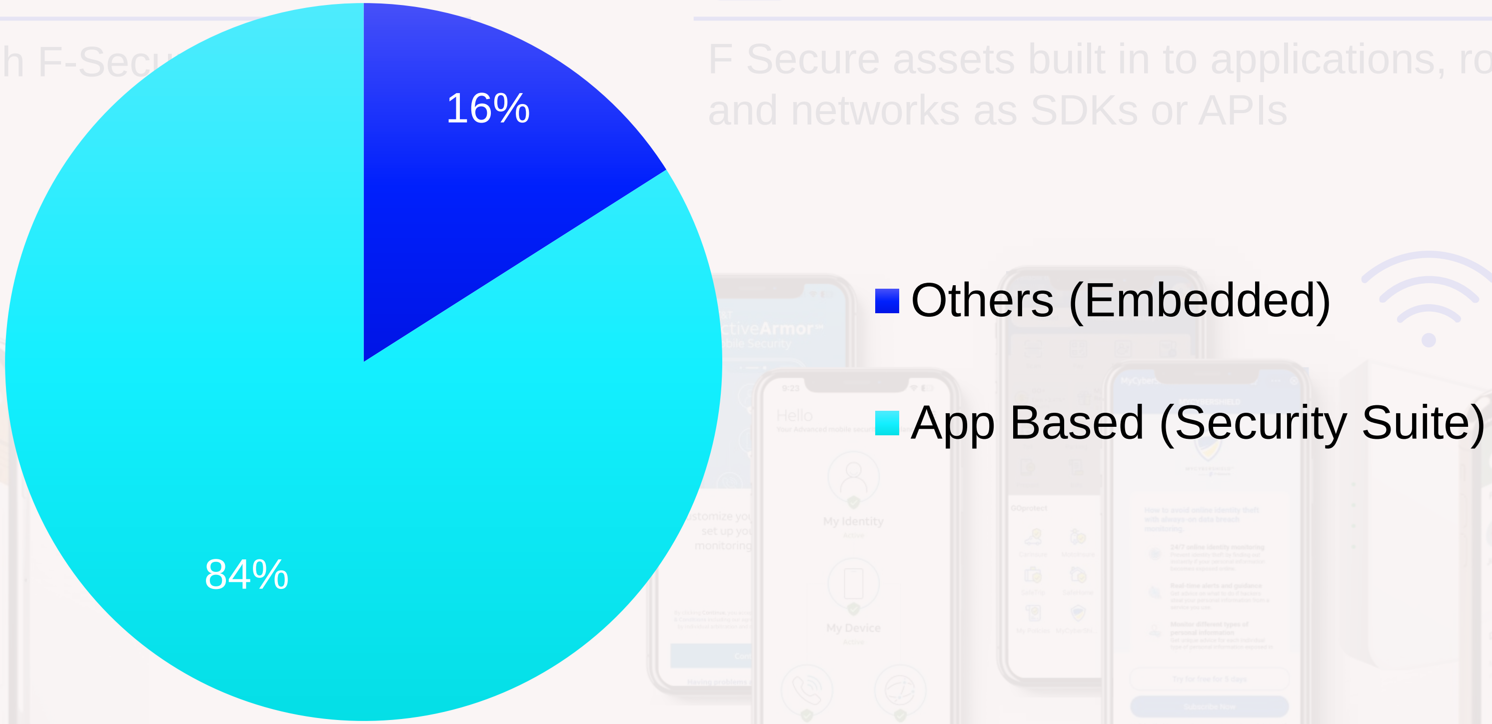
Embedded Security

F Secure assets built in to applications, routers* and networks as SDKs or APIs



AT&T Active Armor custom mobile app

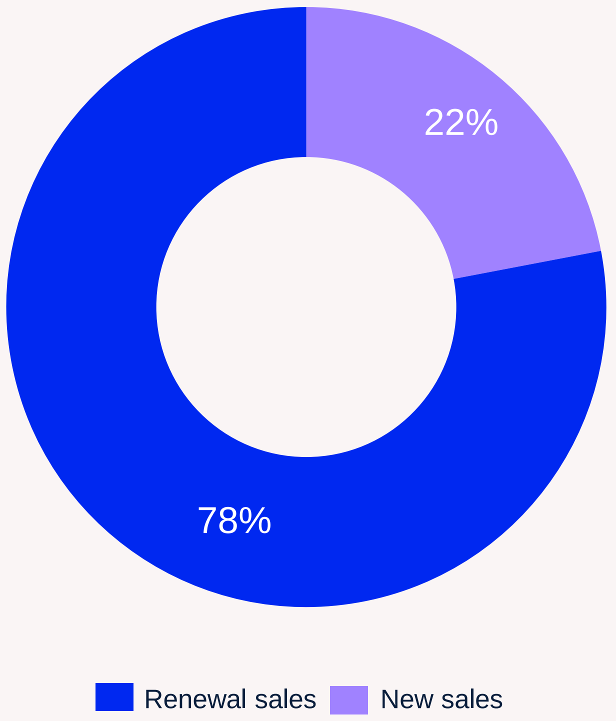
SuperApp with ID monitoring

Operator/WiFi app with router management

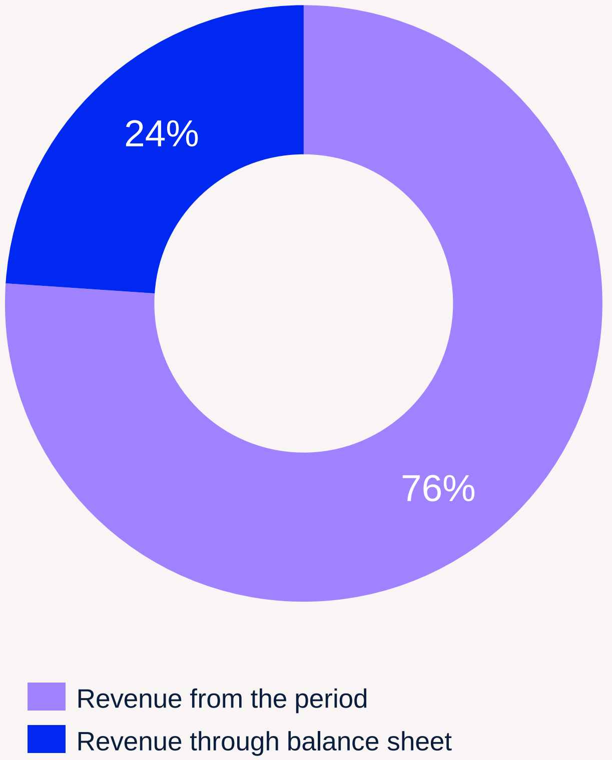
Channel specific revenue data

Indicative split, based on situation after Lookout Life integration

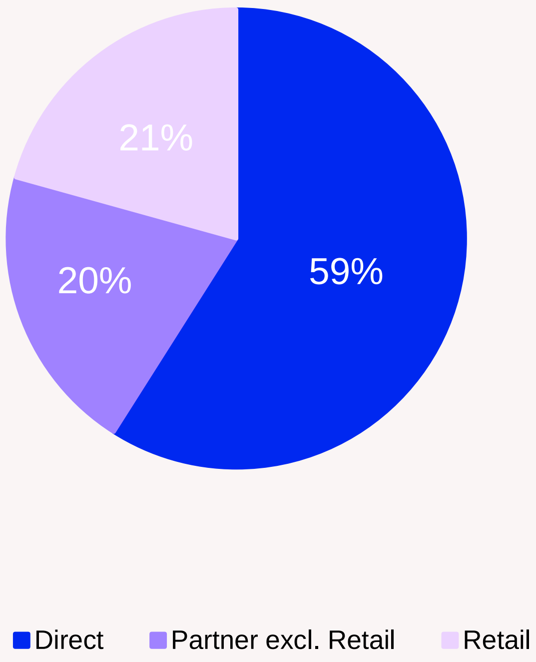
Direct Business revenue



Partner Business revenue



Deferred revenue by channel, end of Q2/2023*



F-Secure

* Deferred revenue breakdown is indicative

Towards medium-term financial targets 2026

Key growth levers

1. **Total conversion**
2. **Evolving go-to-market channels and offering**
3. **Best partner experience**

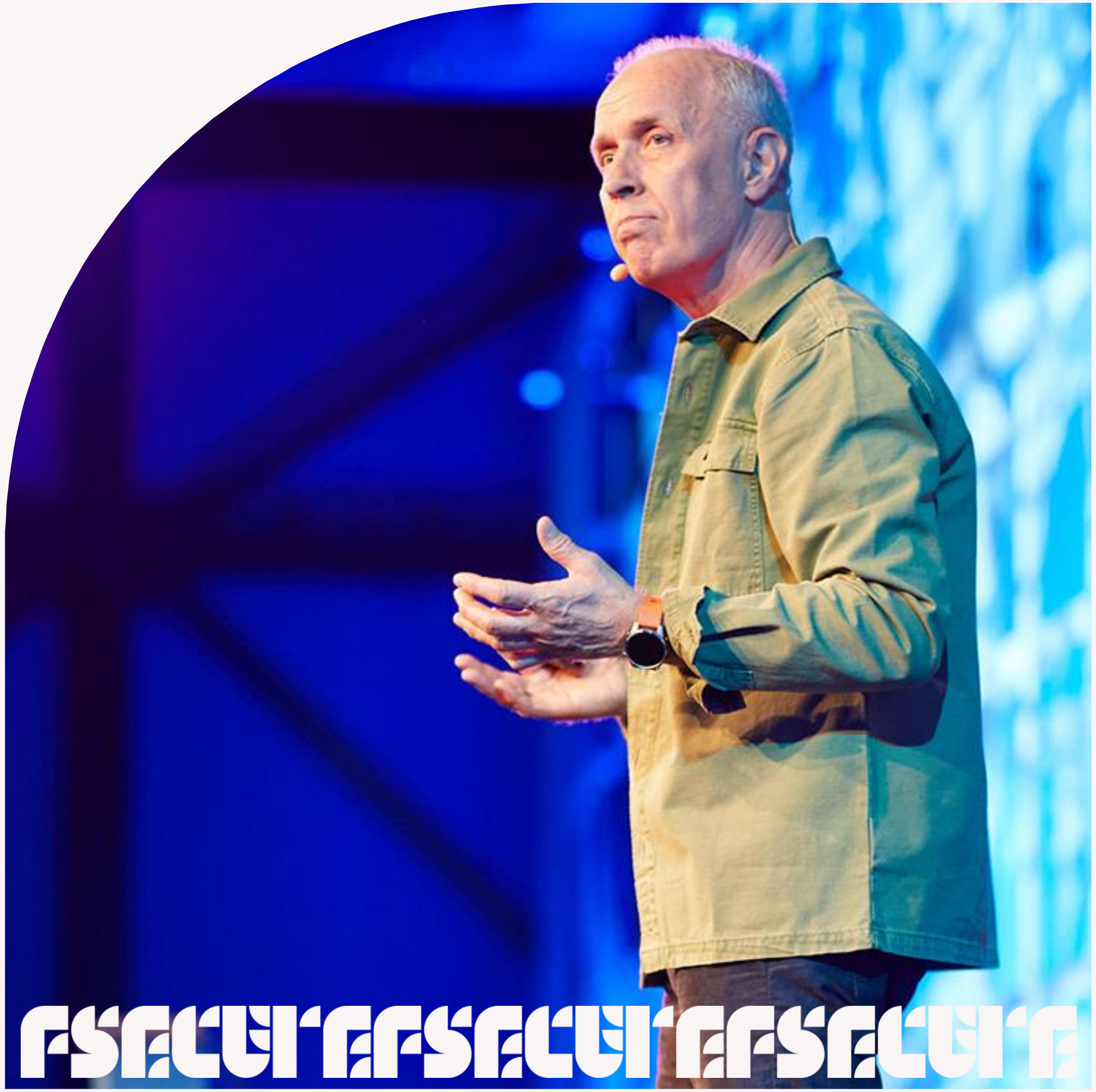
Targets 2026	Total revenue of more than **EUR 200 million.**	After initial growth investments, adjusted EBITA margin of above **42%.**	Dividend yield **around or above 50%** of net profit on an annual basis.	Net debt / adjusted EBITDA ratio **below 2.5x**, excluding temporary impact from acquisitions.
Outlook 2023	Revenue in the range of **EUR 128–132 million** (Lookout included for 7 months).	Adjusted EBITA **in the range of EUR 41–45 million.**		
Delivered 2022	Total revenue **EUR 111 million** (+4.5%)	Adjusted EBITA **EUR 43.9 million, 39.6% margin**	Dividend **78%** (July–December)	Leverage **-0.4x**

Q&A

Closing words

Timo Laaksonen
President and CEO

Investor Day 2023



Highlights of our message today

F-Secure to become the #1 security experience company in the world

Strategy remains valid

Increased focus on Tier 1 partnerships

Accelerating delivery on experience promise

Q&A

F-Secure

Thank you for joining us today!

Next up:

Interim Report for January-September 2023, Wednesday, October 25, 2023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