

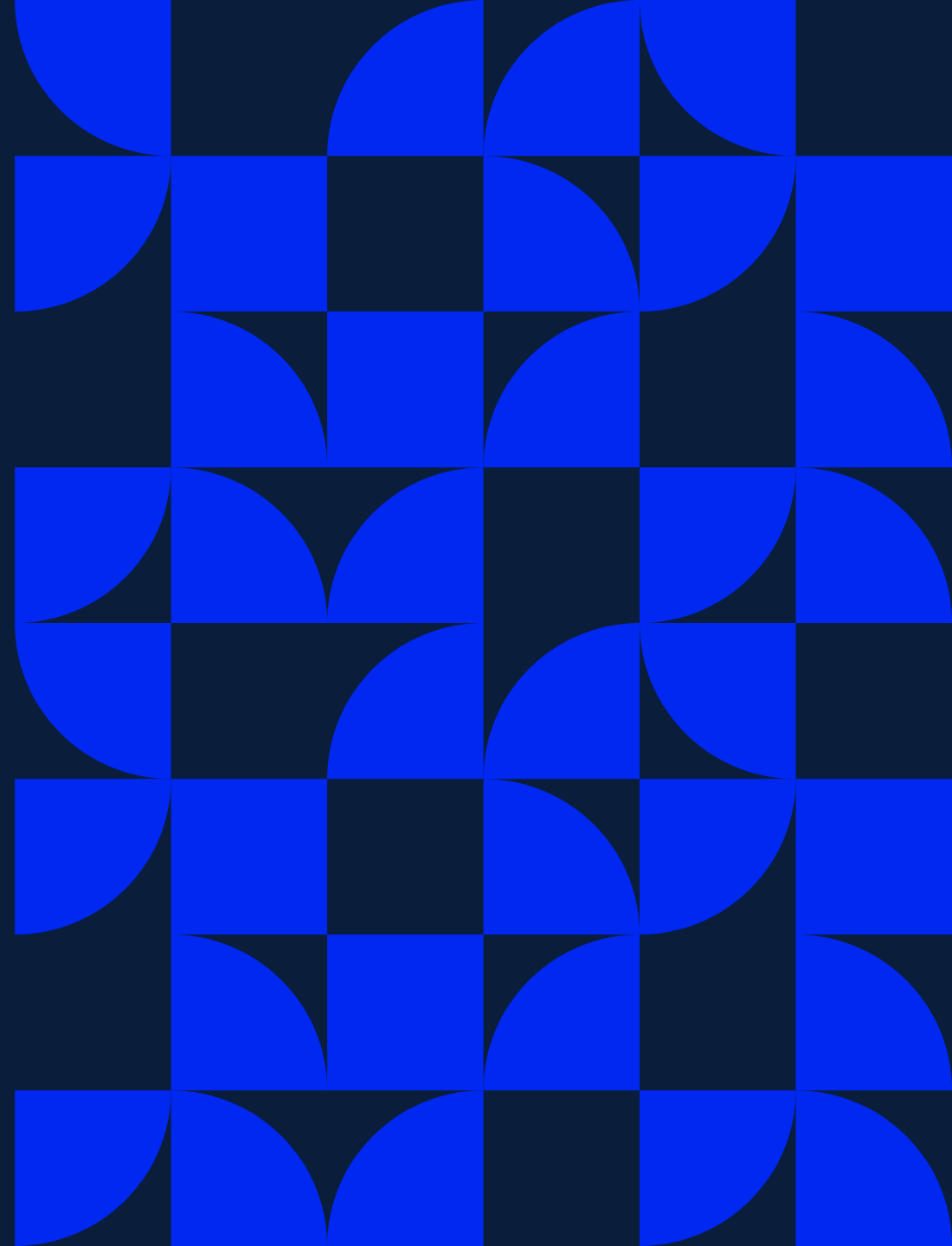


# F-Secure Corporation

**Timo Laaksonen, President & CEO**

**Sari Somerkallio, CFO**

Investor Presentation May 2024



# F-Secure in 2023

Revenue  
**130.4**  
MEUR  
(+17.4%)

Subscribers  
**~30**  
million across  
channels

Number of  
Service Provider  
Partners  
**~200**

Adjusted EBITA  
**44.6**  
MEUR  
(34.2% margin)

Sales from  
**over 100**  
countries

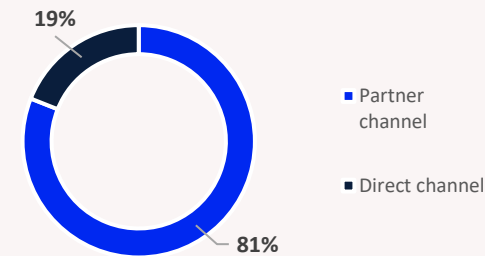
Fellows  
**~520**

Earnings per share  
**0.13**  
EUR

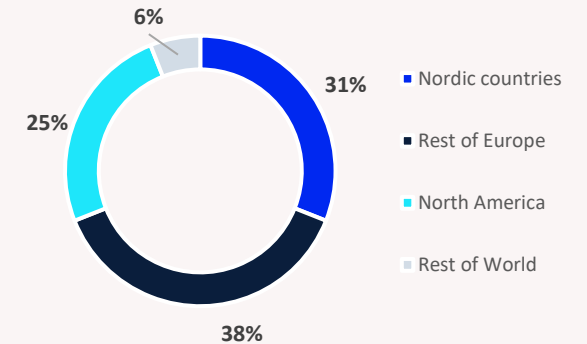
Dividend per share  
**0.07**  
EUR\*

**47**  
nationalities

Revenue by channel, %\*



Revenue by geography, %\*



Lookout consumer business is included for June to December (7 months) in 2023.

# Our purpose

We exist to make **every digital moment more secure**, for everyone

# Our vision

To become the **#1 security experience** company in the world

# Our mission

Continuously deliver brilliantly **simple, frictionless security experiences** to our customers and partners



# What are the problems we solve?

## Consumers



## Partners



How do we drive adoption?

Can we create strategic value?

Complex

Confined

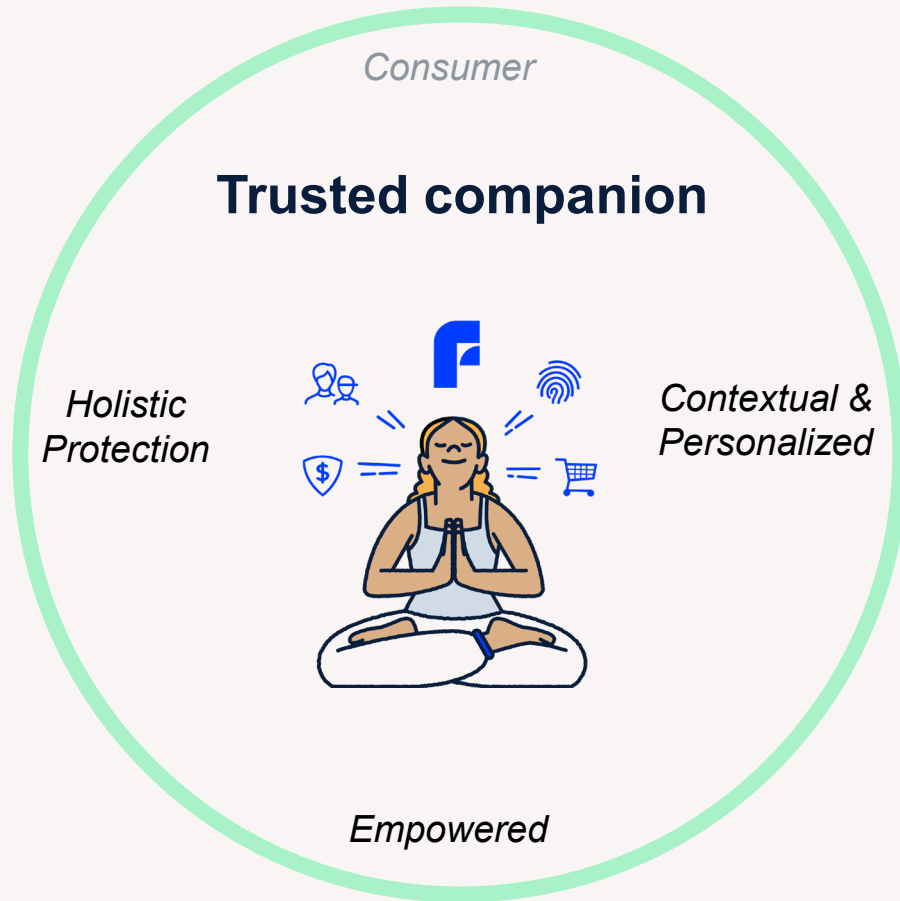
Impersonal

Tactical service

Low corporate impact

Poor time to value

# Our #1 security experience vision



# F-Secure consumer security portfolio

Protecting your customers' digital moments in a holistic way.

## Internet Security

Browsing & Phishing Protection



Privacy Protection

## Privacy Protection

Device Protection



Identity Monitoring & Breach alerts

## Identity Protection

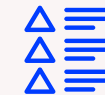
Family Rules



Password Vault

## Scam Protection

Messaging Protection



Breach Report

## Home Protection

Shopping Protection



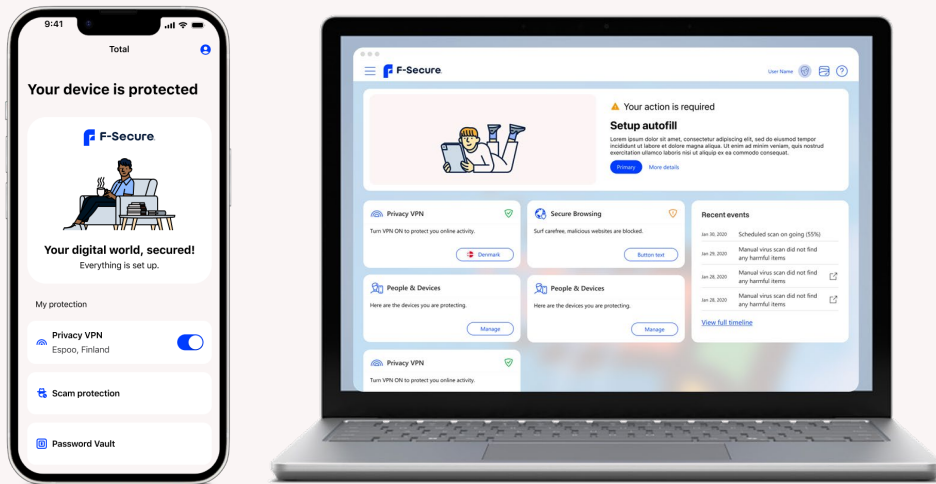
Cyber Help



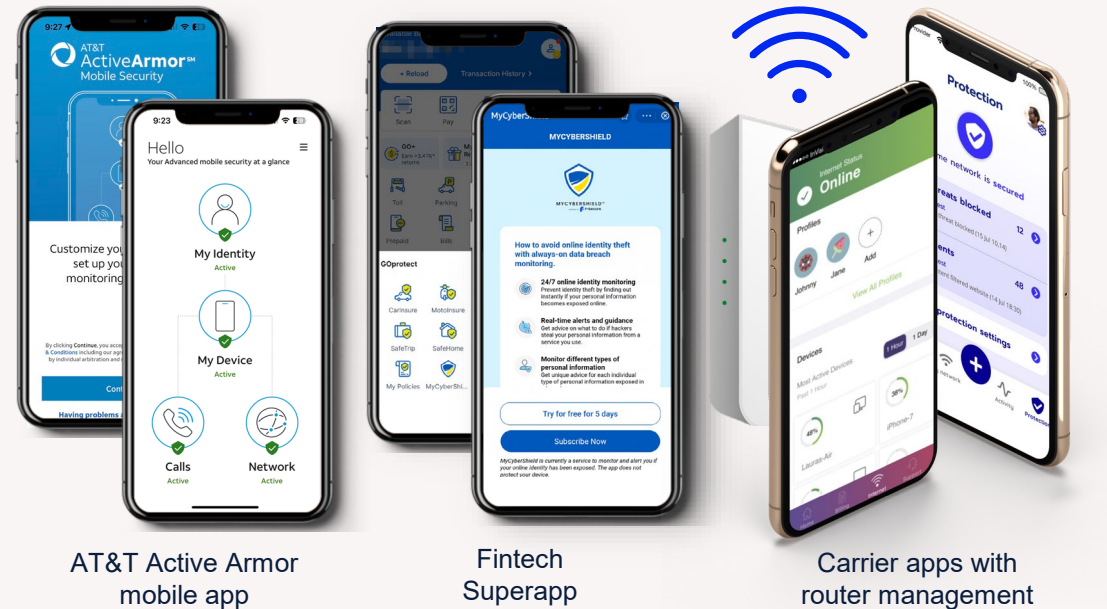
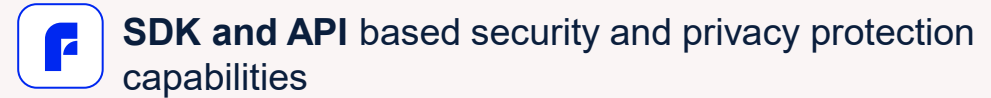
Smart Home Protection

# Comprehensive portfolio across platforms, devices & networks

## All-in-one security and privacy app



## Embedded security



AT&T Active Armor  
mobile app

Fintech  
Superapp

Carrier apps with  
router management



Device Security



Scam Protection



Identity Protection



Privacy Protection






Home Protection



Network Security

# Our target partner channels

## Go-to-market and value proposition focus



	Focus growth areas		Additional growth areas			
Channel	Tier 1s	Communication Service Providers	Insurance	Banks	Fintech & Superapps	Router & WiFi providers
Value proposition focus	Differentiation vs. competitors with unique proposition	Increasing revenue & profitability, improving loyalty	Improving customer experience & loyalty		New revenue streams	
Portfolio offering focus	<div><b>Embedded Security</b> – Offering co-created to fit Tier 1 partner’s strategy</div>	<div><div><b>F-Secure Total</b> – All-in-one security and privacy app</div><div><b>Embedded Security</b> – Standardized SDKs and APIs</div></div>				



# Monthly, per user based subscription business model

## Security Suite

## Embedded Security

Offering	 <b>F-Secure Total –</b> All-in-one security and privacy app		 F-Secure <b>security assets embedded in partner applications</b> , routers and networks as SDKs and/or APIs	
F-Secure services and set-up fees (NREs)	Low		<div>Tier 1s</div> <div>Medium to Large</div> <div>Tier 2+</div> <div>Low to Medium</div>	
Partner go-to-market model	Core Service ( <i>bundle</i> )	Value-Added Service	Core or Value-Added Service	Core or Value-Added Service
Expected volume	Large	Medium	Large+	Medium to Large
F-Secure unit price <sup>i)</sup>	Low	Medium	Low to Medium <sup>ii)</sup>	Low to Medium

# 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



# Journey to becoming the security experience leader

2023

2024

2025

2026



**Total**

Growth through Total and replacing stand-alone products



**Agility**

2x Customer base with service that talks to people



**No.1 Security Experience**

Double-digit revenue growth



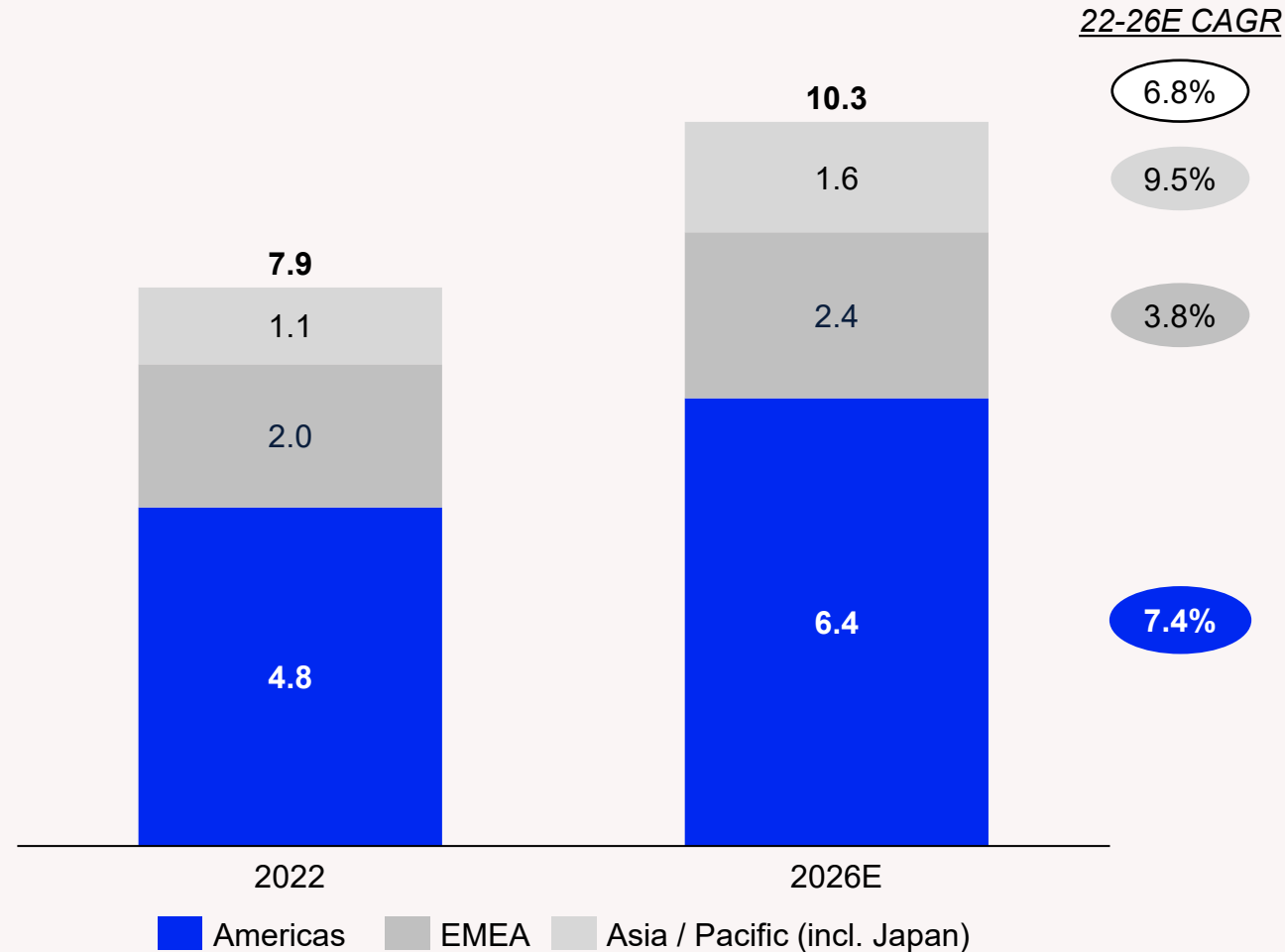
**Tier 1 Partner Excellence**

Leader among Tier 1 partners

# Consumer cyber security is a large, growing market

Several market drivers accelerating growth

Global cyber security market (EURbn)\*



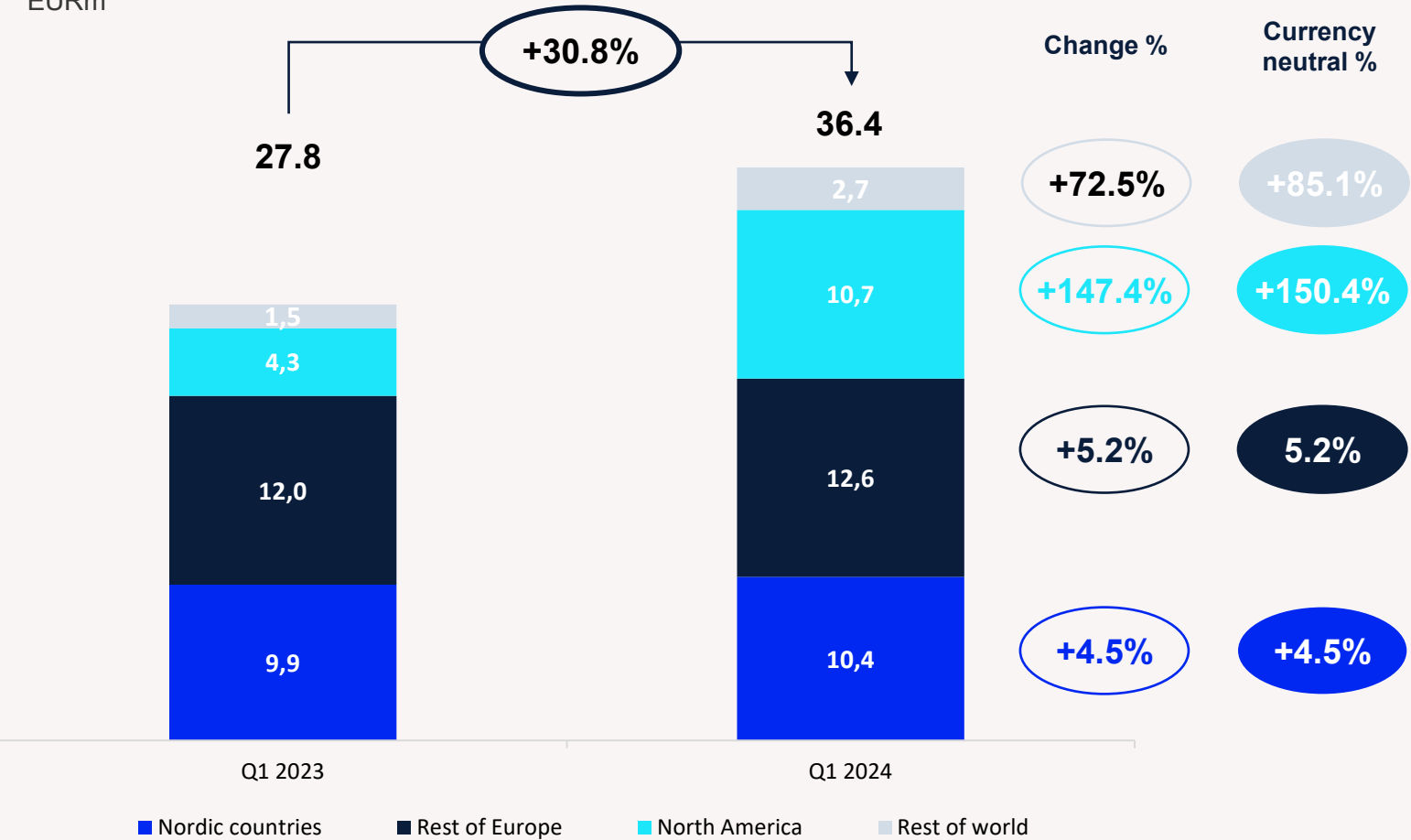
- Increasing digitalization affects consumer behavior
- Consumers' increasing willingness to pay is increasing
- Cyber security concerns have increased
- Cyber security remains complex for consumers

# Q1/2024: Revenue up by 30.8%, organic growth 3.2%

Currency neutral organic growth 3.8%

## Revenue by geography

EURm



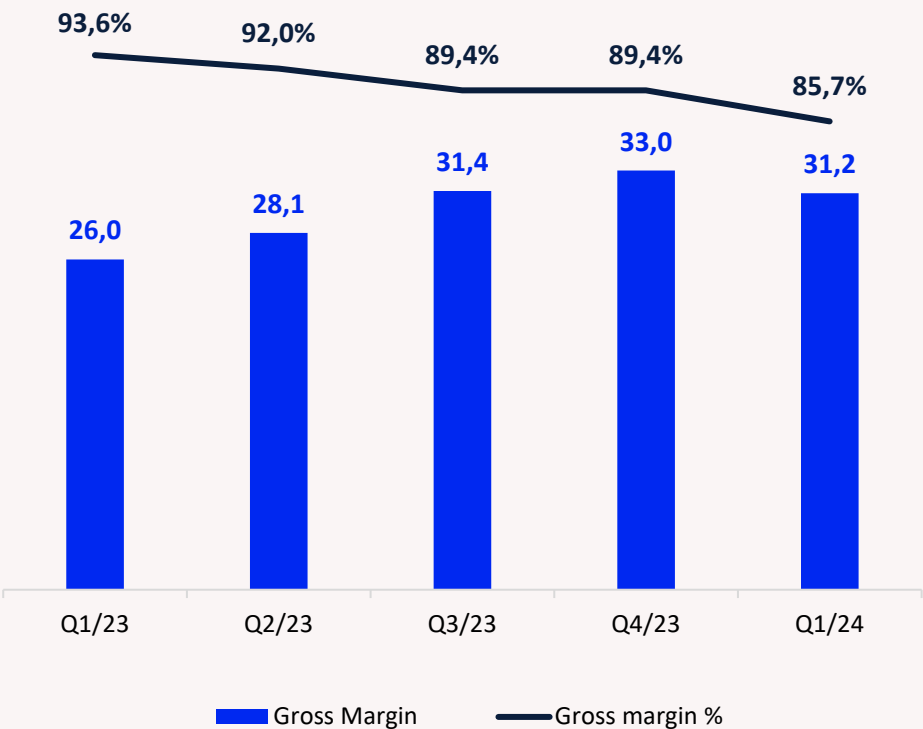
- Partner Channel: Revenue increased by 33.6% to EUR 29.4 million (EUR 22.0 million), organic growth was 4.7%.
  - Revenue increased in Japan, Singapore and Hong Kong.
  - Growth continued in the Netherlands, activity and partners' interest in F-Secure solutions is strong.
  - Revenue decreased in Poland following continued headwinds. Revenue decreased also in Germany, due to continued weaker business performance.
- Direct Channel: Revenue increased by 20.3% to EUR 6.9 million (EUR 5.8 million), thanks to Lookout Life impact
  - Direct Channel organic growth was -2.3%. However positive billings trend continued after Q4, which is visible in deferred revenue growth.
  - Because of no paid acquisition, new sales volume significantly lower – offset by higher prices and higher retention.

# Q1/2024: Gross margin and adjusted EBITA development

Lower gross margin the main driver for lower profitability

## Gross margin

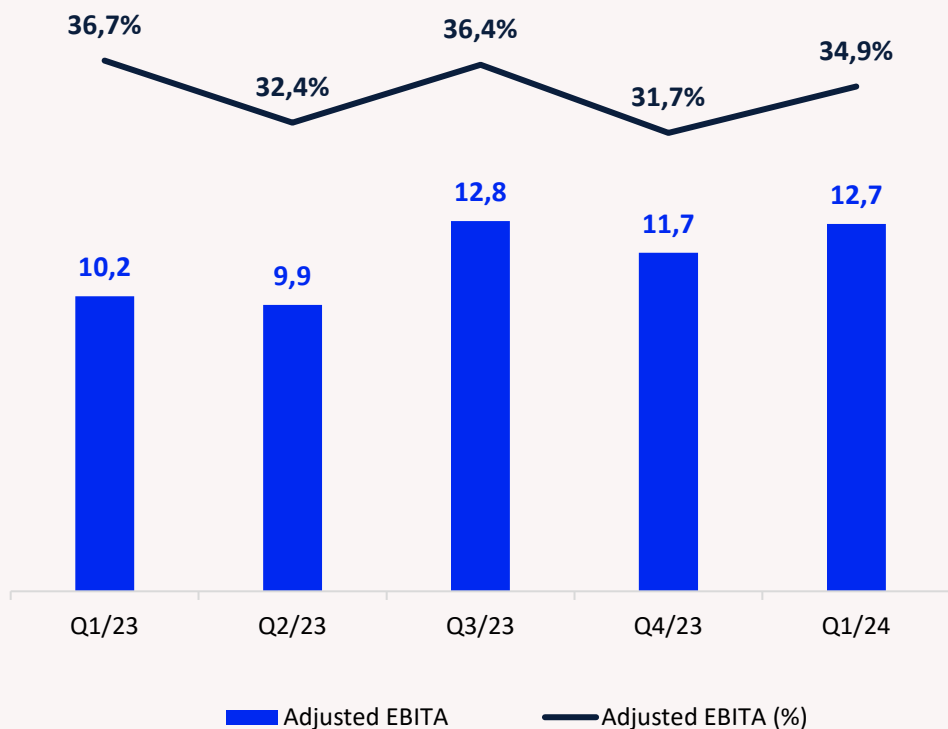
EURm



- Gross margin burdened by some additional costs related to lost synergies post-TSA period.
- Gross margin was also impacted by fair valuation adjustments of deferred revenue made in purchase price allocation, and also the acquisition itself - considering lower level of Lookout Life.

## Adjusted EBITA and adjusted EBITA margin

EURm



- Because of the lower gross margin, profitability for the first quarter was lower than in the comparison period.

# Towards medium-term financial targets 2026

## Key growth levers

1. Total conversion

2. Evolving go-to-market channels and offering

3. Best partner experience

### Financial targets 2026

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 2024

Revenue in the range of  
**EUR 142–152 million.**

Adjusted EBITA  
**in the range of  
EUR 48–54 million.**

### Delivered 2023

Total revenue  
**EUR 130.4 million**  
(+17.4%)

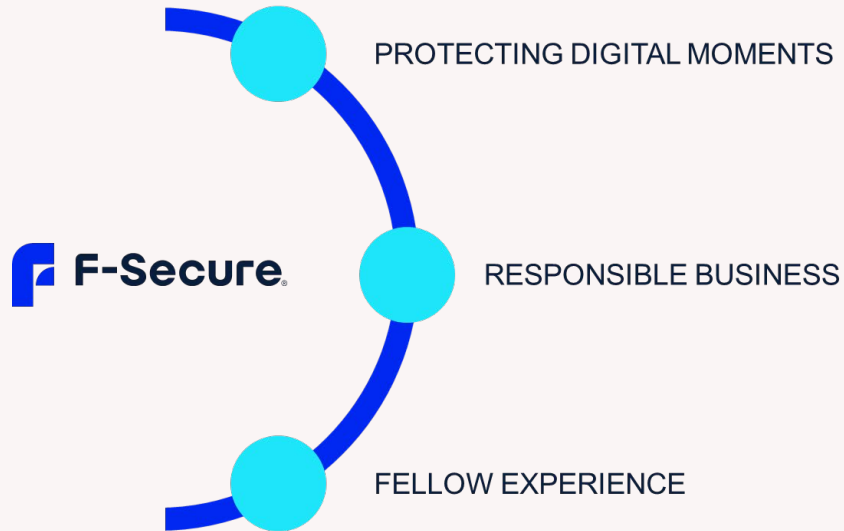
Adjusted EBITA  
**EUR 44.6 million,**  
**34.2% margin**

Dividend proposal  
**0.07 per share**  
**55% of net profit**

Leverage  
**3.6x**

# Delivering sustainable security experiences

## Our ESG Commitments



## 2024 sustainability priorities

- 1 Legislative compliance
- 2 Transparency and value to stakeholders
- 3 Talent development, retention and acquisition
- 4 DEI and Fellow wellbeing



# Focus areas in 2024

A leading security experience



**Accelerate profitable growth to fund further growth investments**

**Deliver on #1 Security Experience vision on product and service offering**

**Stronger focus on Partner Business and Tier 1 partnerships as a new focus area**

**Optimize Direct Business revenue and profit**

# Thank you!

**Next up:**

**Half Year Financial Report: July 18, 2024**

Silent period begins on June 18, 2024



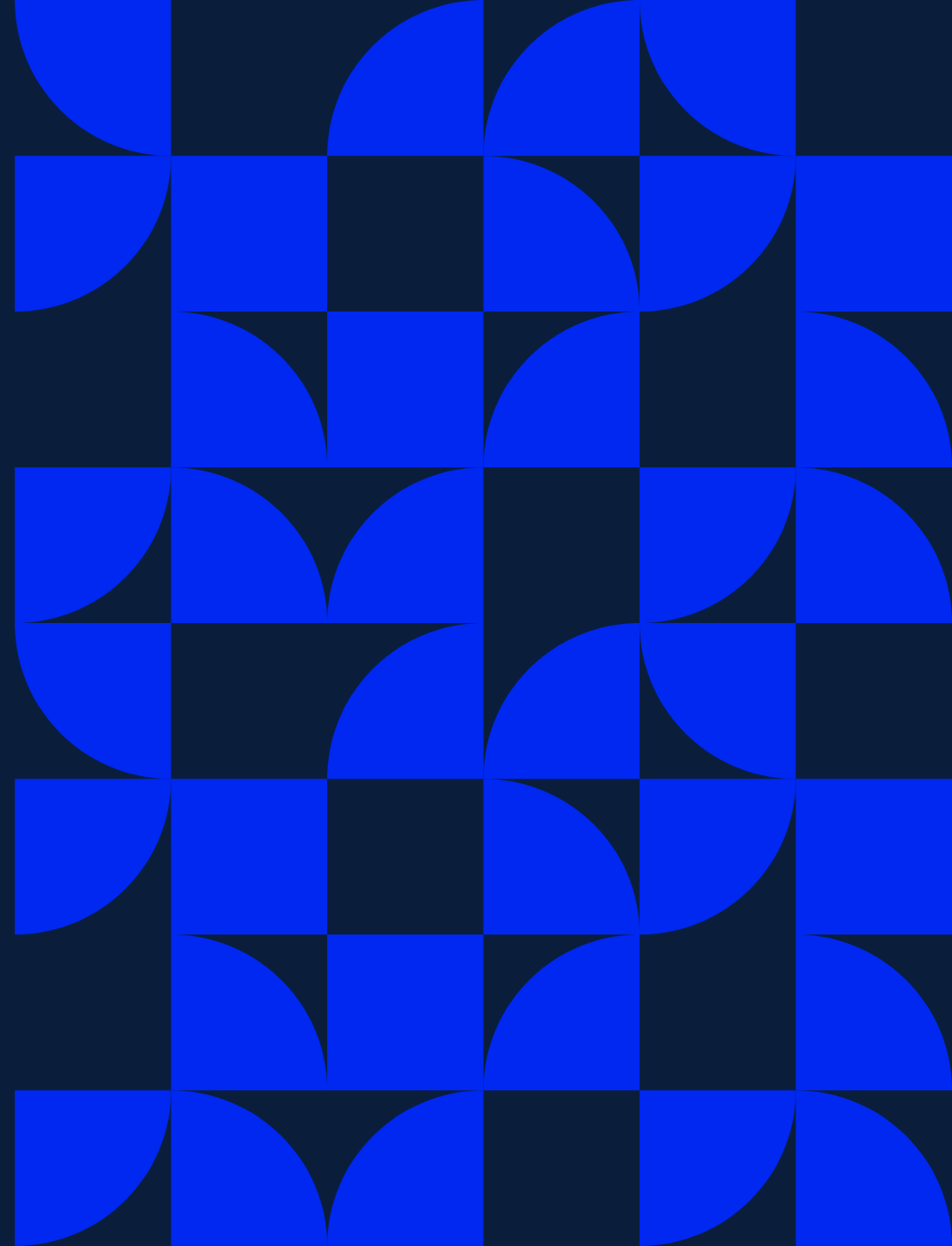




# Appendix: Q1 2024: Solid start to the year

Interim Report

1 January–31 March 2024



# Q1/ 2024: Solid start to the year

## Market cautiously recovering

Revenue growth **30.8%**, thanks to Lookout Life acquisition – organic growth in Partner Business, strong renewal performance and increased ARPU in Direct Business.

**Gross margin** burdened by some additional costs related to lost synergies post-TSA period.

**Partner focused strategy execution:** Signed a major deal with one of the world's leading Communication Service Providers (CSP).

- Reiterates the importance of the acquisition of Lookout consumer security business.
- Continued investments in Embedded Security capabilities, including Tier 1 capabilities to boost growth in mid-term.

**Direct Business focus** on consumer experience, retention and upsell.

**New organization** fully up and running, **renewed corporate culture** in roll-out phase.






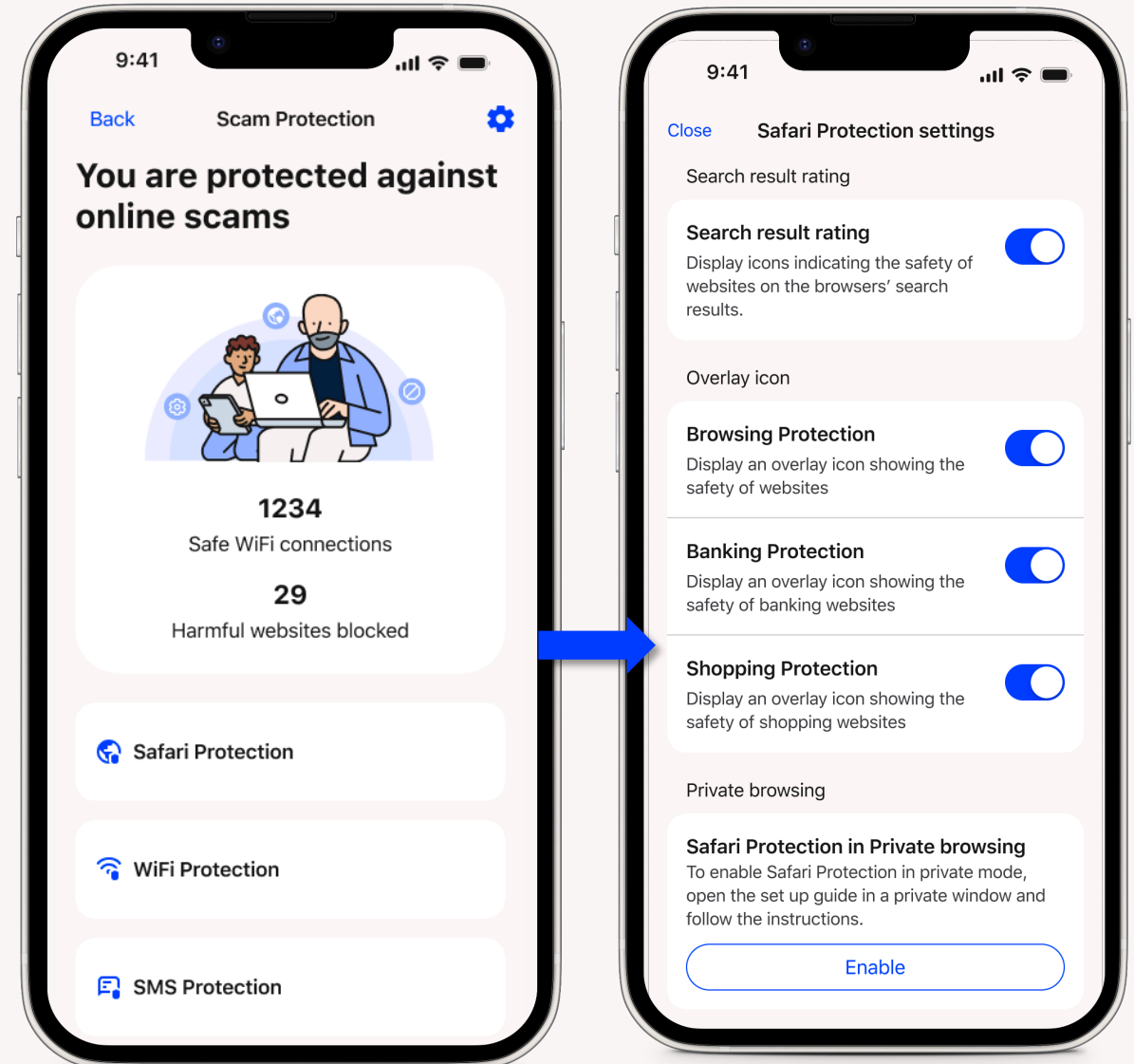
# Q1/2024: Focus on Partner Business

	Increase average revenue per user (ARPU)	Developing current offering and new products	Expand into new channels
Strategic focus:	Accelerate the roll-out of F-Secure Total	Expand market coverage and the accessible market	Replicate our proven business model
Progress:	<ul style="list-style-type: none"> <li>Signing of three Total deals: One new partner, the other two were existing partner expansions</li> <li>Significant growth in Total, quarterly billings almost tripling from Q1/2023</li> <li>Direct Business: Improved renewal performance supported by high customer satisfaction scores and subscription experience improvements                             <ul style="list-style-type: none"> <li>Total NPS 50 – on a strong level, helping to drive growth and increase retention</li> </ul> </li> <li>Positive ARPU development powered by pricing measures and Total full feature offering upsell.</li> </ul>	<ul style="list-style-type: none"> <li>Embedded Security: Signed a major Tier 1 deal with one of the world's leading Communication Service Providers (CSP), also expanding Embedded portfolio width</li> <li>Initiatives to further improve Tier 1 competitiveness: Product offering, services and delivery capabilities to fit even the most demanding partner requirements</li> <li>Continued active work on new Tier1 partnerships with a solid pipeline of prospects.</li> <li>F-Secure Trusted Shopping well received by the market</li> <li>Launched AI powered protection against messaging scams ("smishing"), deliveries starting in Q2</li> </ul>	<ul style="list-style-type: none"> <li>Continued focus on winning new vertical partnerships, proceeded according to plan</li> <li>Active pipeline development: Insurance companies, banks, payment providers</li> <li>Signed one new deal while converted one existing new verticals partner to Total in Denmark (Tryg insurance)</li> </ul>

# Scam Protection module launched

Comprehensive set of scam protection capabilities

-  SMS Scam Protection with AI
-  Shopping Protection
-  Banking Protection
-  Browsing and Phishing Protection
-  WiFi Protection
-  Ad Blocker





# F-Secure corporate culture – launched in March 2024

The values of Fellowship we live by every day, in every interaction and every decision

We exist to make every digital moment secure, for everyone. Our vision is to be the number one security experience company on earth.

The pace of change in the world is constantly picking up speed. Shared values, beliefs and ways of working are the cornerstones of trust pushing us towards our goal.

Our renewed culture, founded on Fellowship, creates speed.





# Financials

Sari Somerkallio, CFO

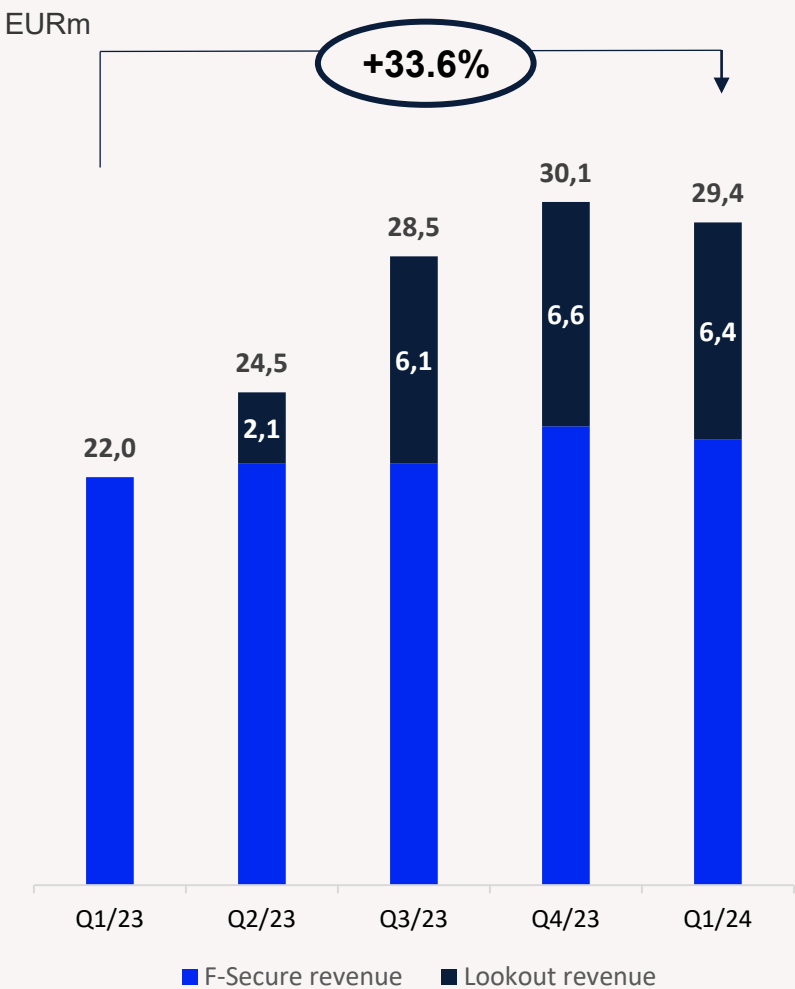
F-Secure changed the calculation method for gross margin in its income statement as of 1 January 2024. Comparative figures for 2023 are also revised.



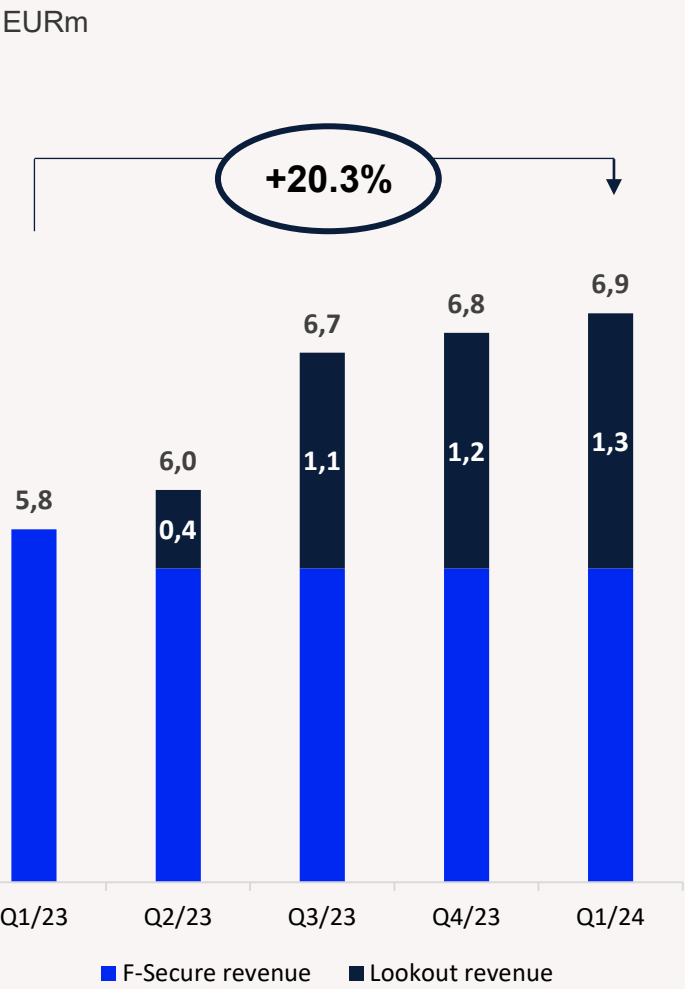
# Q1 2024: Group revenue up by 30.8%

Revenue growth attributable to the acquisition of Lookout Life consumer business

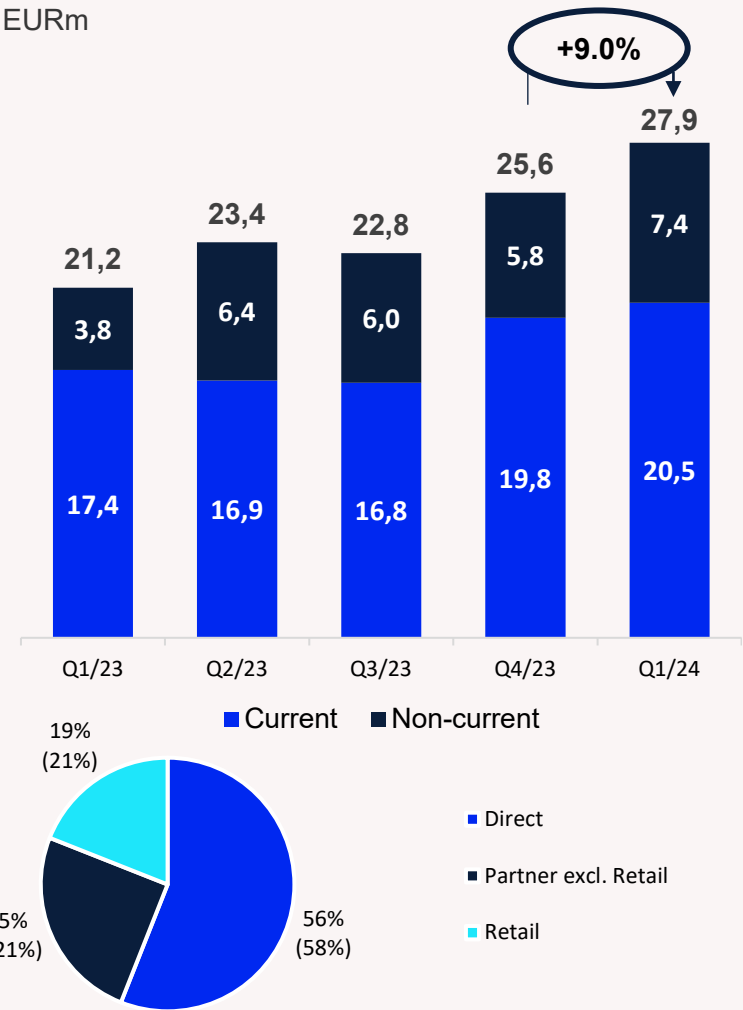
## Partner channel revenue



## Direct channel revenue



## Deferred revenue\*

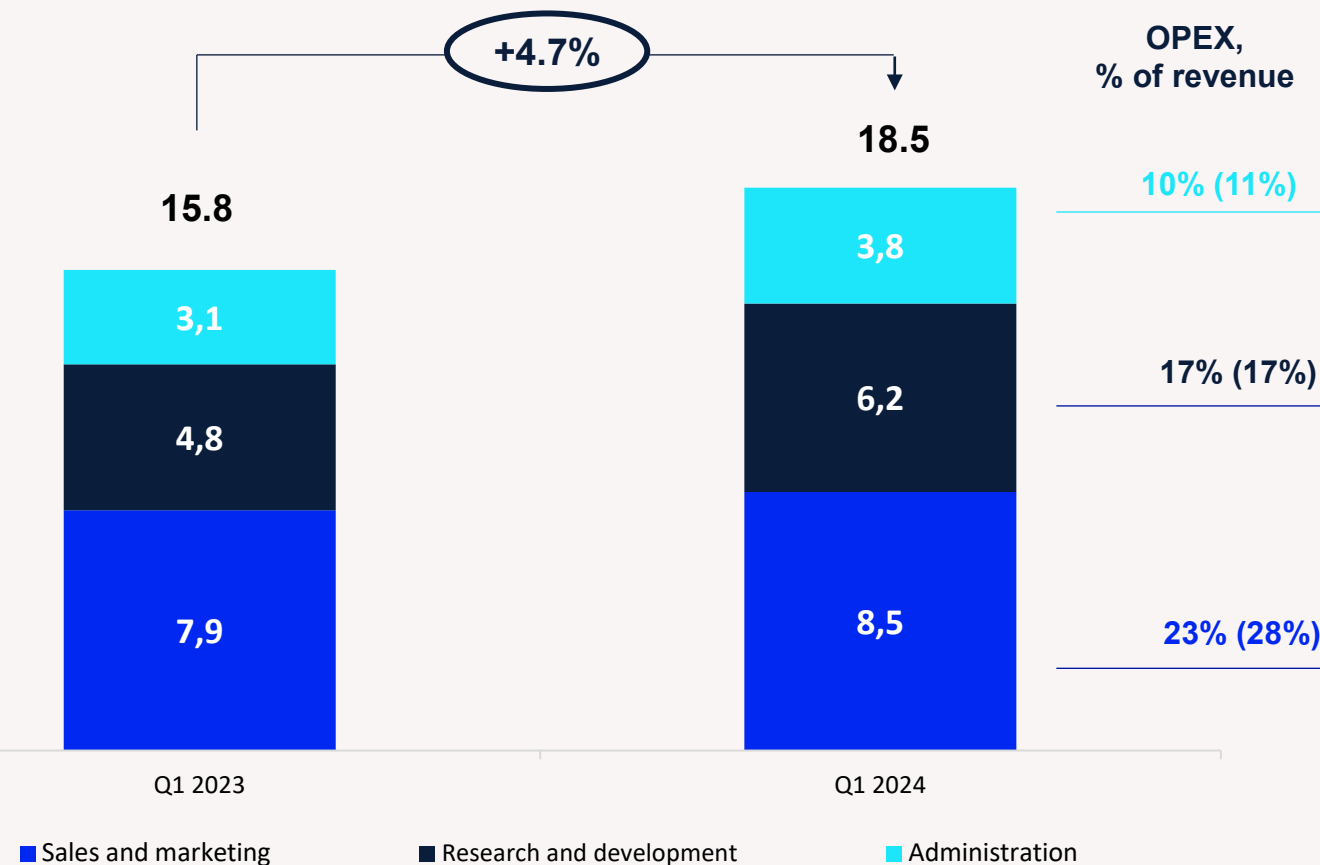


\* Deferred revenue breakdown is indicative, figures in brackets refer to Q4/2023<sup>26</sup>

# Operating expenses in Q12024

## OPEX\* development Q1

EURm



- R&D costs increased mainly as Lookout consumer security business R&D expenses have been included.
- Sales and marketing costs increased also due to actions for stronger sales operations and excellence.
- Operating expenses have increased less than revenue

# Transitional services agreements ended with WithSecure

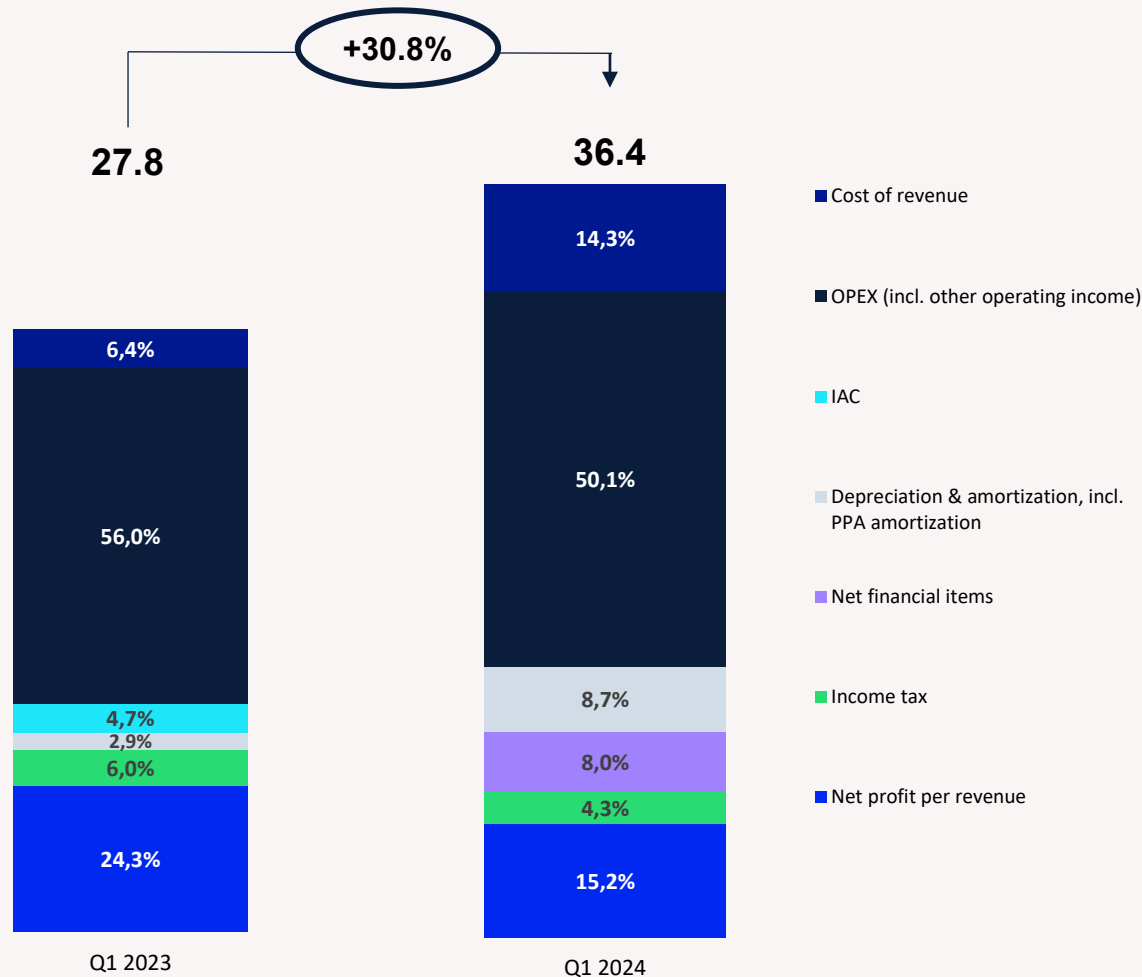
- Transitional services agreements (“TSA”) between F-Secure and **WithSecure** terminated at the end of 2023.
- TSAs entered between F-Secure and **Lookout** consumer security business started in June 2023.
  - TSAs in R&D and cost of revenue are planned to last several years, although some of these TSAs will terminate during the second quarter of 2024.

EURm	1-3/24 Total <sup>1)</sup>	1-3/24 Lookout TSA	1-3/2023 TSA (WithSecure)	1-12/2023 TSA
<b>Cost of revenue</b>	5.2	1.2	0.7	5.4
<b>Operating expenses</b>				
R&D	6.2	0.7	1.0	4.8
Administration	3.8	0.1	0.5	1.6
<b>Total</b>		<b>2.0</b>	<b>2.2</b>	<b>11.8</b>

<sup>1)</sup> Excluding IAC and depreciation and amortization.

# Revenue increased by 30.8%, Opex efficiency improving

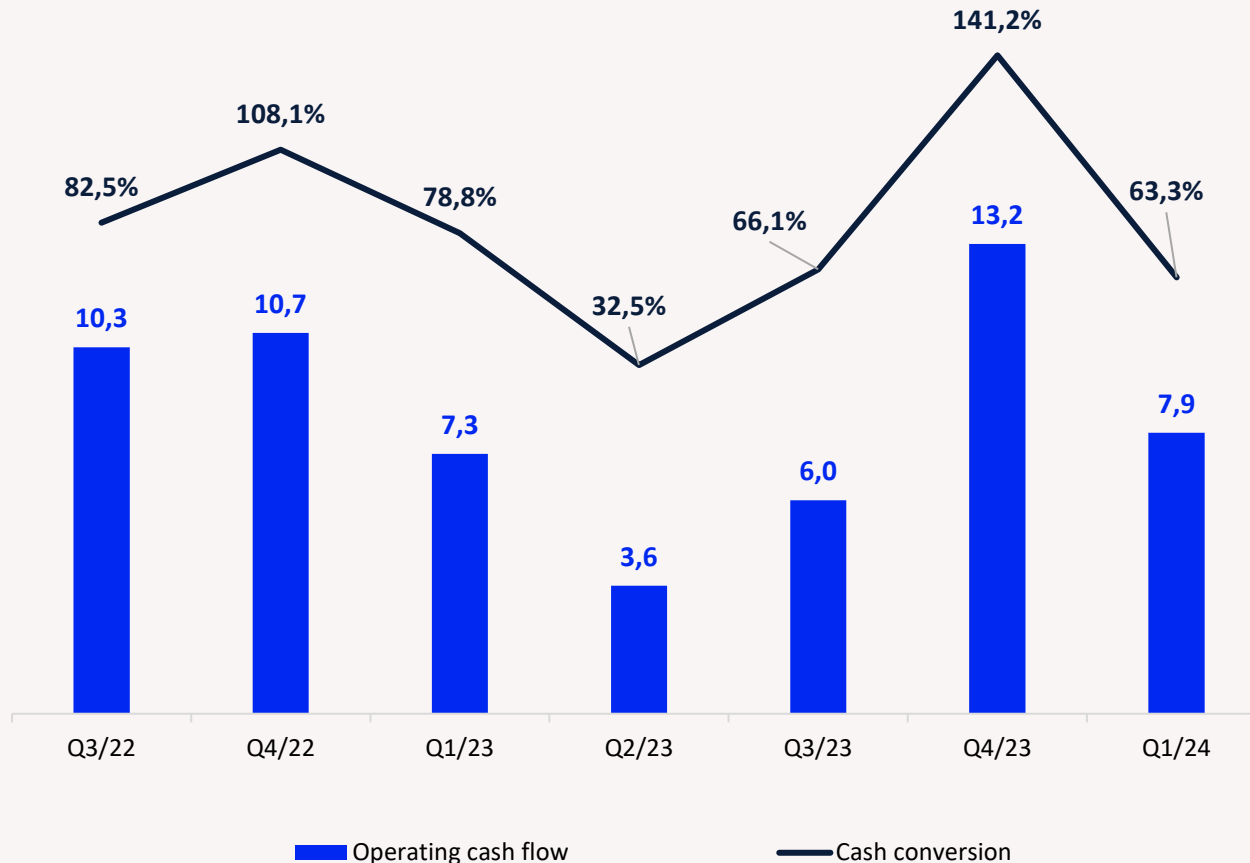
Revenue and cost components (MEUR), share of revenue



- Gross margin burdened by some additional costs related to lost synergies post-TSA period.
- Financial expenses in the first quarter increased to EUR 3.2 million (EUR 0.5 million), due to the interest for the loan.
- Earnings per share (EPS) was EUR 0.03 (EUR 0.04). Earnings per share excluding PPA amortization was EUR 0.04 (EUR 0.04).

# Q12024: Cash flow impacted by dividend payment

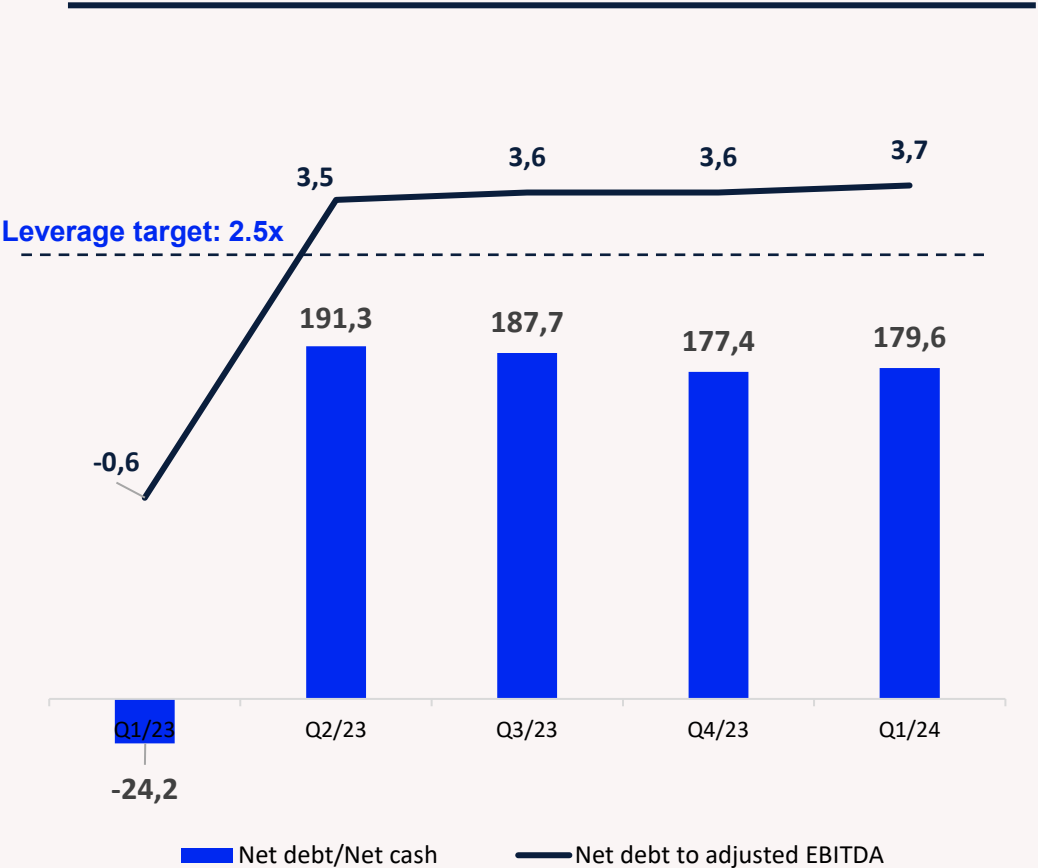
## Operating cash flow and cash conversion (QTD)



- Cash flow from operations was EUR 7.9 million.
- Cash conversion rate decreased to 63.3% (78.8%), following the first dividend payment in March 2024 as well as an increase in capital expenditure. In 2023, the dividend was fully paid in the second quarter.
- Cash at the end of March 2024 amounted to EUR 13.9 million.

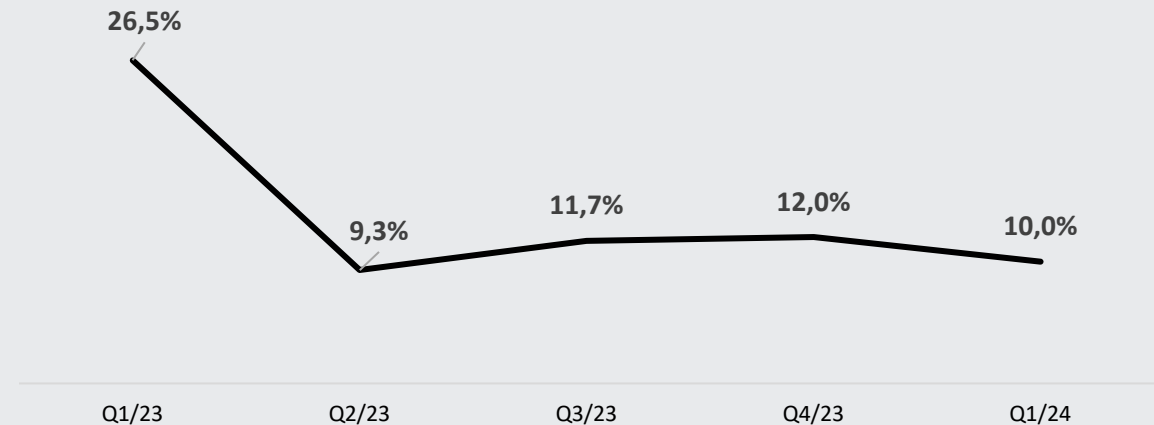
# Net debt to adjusted EBITDA above mid-term target level

Net Debt / Net cash and Leverage<sup>1)</sup>

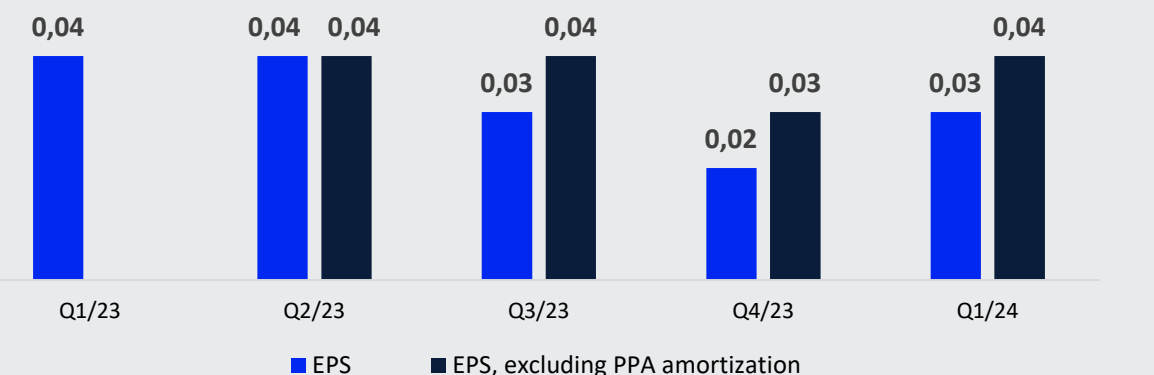


<sup>1)</sup> Leverage for the last 12 months includes Lookout consumer business unit EBITDA on an illustrative basis as if the acquisition had been made on the first day of the period in question.

Equity ratio, %



Earnings per share, EUR <sup>1)</sup>



<sup>1)</sup> Based on the average number of shares during the reporting period.

