

**CAPITAL MARKETS DAY**

**JUNE 3, 2022**



# TODAY'S AGENDA

13:00 – 13:10 Opening Statements

13:10 – 13:40 Becoming the #1 Security Experience Company –  
Timo Laaksonen, CEO

13:40 – 14:10 Cyber Security Platforms for Complete Protection –  
Toby White, CTO

14:10 – 14:25 Break

14:25 – 15:00 Strategy for Delivering Growth Above Market Rate –  
Timo Laaksonen, CEO

15:00 – 15:30 Creating Shareholder Value Through Profitable Growth –  
Sari Somerkallio, CFO

15:30 – 16:00 Closing Remarks and Q&A



PRESENTING TODAY



# DISCLAIMER

This presentation contains forward-looking statements that reflect the current views of F-Secure Corporation (“**F-Secure**”), a company to be established in connection with the contemplated partial demerger of the consumer security business of WithSecure Corporation. These forward-looking statements include statements with regard to the expected development of business, results of operations and financial position of F-Secure. Accordingly, you should consider them with caution. Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond the control of F-Secure. Among the factors that might influence our ability to achieve our objectives are the progress of our strategy implementation and the impact of the completion of the contemplated demerger. In addition, stronger than expected competition, technological innovations, market consolidation, legal proceedings and regulatory developments, among other factors, may have a material adverse effect on our results. Further, the economic downturn in our markets may also have an impact on our business development and the availability of financing on favourable conditions. If these or other risks and uncertainties materialize, or if the assumptions underlying any of these statements prove incorrect, our actual performance may materially differ from the performance expressed or implied by forward-looking statements. We can offer no assurance that our estimates or expectations will be achieved. Without prejudice to existing obligations under capital market laws and regulations, we do not assume any obligation to update forward-looking statements to take new information or future events into account or otherwise.



# A NEW ERA FOR F-SECURE

1

**BRILLIANTLY SIMPLE SECURITY EXPERIENCES TO CONSUMERS AND PARTNERS**

2

**FIT FOR PURPOSE CONSUMER CYBER SECURITY AND TECHNOLOGY CAPABILITIES**

3

**BEST PARTNER FOR THRIVING CONSUMER CYBER SECURITY BUSINESS**

4

**STRONG FINANCIAL POSITION FOR SHAREHOLDER VALUE CREATION AND POTENTIAL M&A ACTIVITY**





## **BECOMING THE NUMBER #1 SECURITY EXPERIENCE COMPANY**

# F-SECURE AT A GLANCE

**#1**  
in CSP Channel<sup>1,2)</sup>

**~170**  
Service Provider  
Partners<sup>2)</sup>

**~16m**  
Subscribers Across  
Channels<sup>3)</sup>

**> 97%**  
Service Provider Sub.  
Retention Rate<sup>4)</sup>

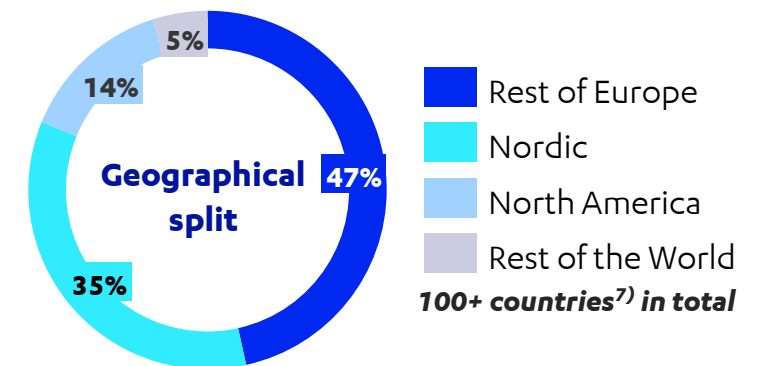
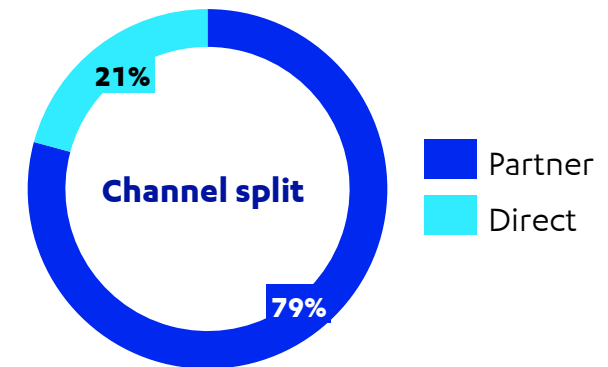
**106m**  
'21 Revenue  
(6% YoY Growth)

**47m**  
'21 Adj. EBITA<sup>5)</sup>  
(44% Margin)

**~98%**  
Subscription-Based  
Revenue '21

**> 90%**  
Cash Conversion  
Rate in '21<sup>6)</sup>

## Revenue split '21



Note: The financial information is based on F-Secure's Carve-out Financial Statements for the years ended 31 December 2021, 2020 and 2019. All financials in EUR.

1) Communication Service Provider Partner Channel; 2) Management estimate; 3) As of December 31<sup>st</sup> 2021; 4) December 2021; 5) EBITA adjusted for non-recurring items, mainly related to strategic review;

6) Defined as (adjusted EBITDA – Investments – Change in NWC) / adjusted EBITDA; 7) Countries of Sales

# CREATING A STRONG CONSUMER FOCUSED COMPANY AFTER DEMERGER

**1**

**MARKET-ORIENTED, FAST MOVING COMPANY WITH CAPABILITY TO INVEST INTO GROWTH**

**2**

**STRATEGIC VISION TO BECOME THE NO. 1 SECURITY EXPERIENCE COMPANY**

**3**

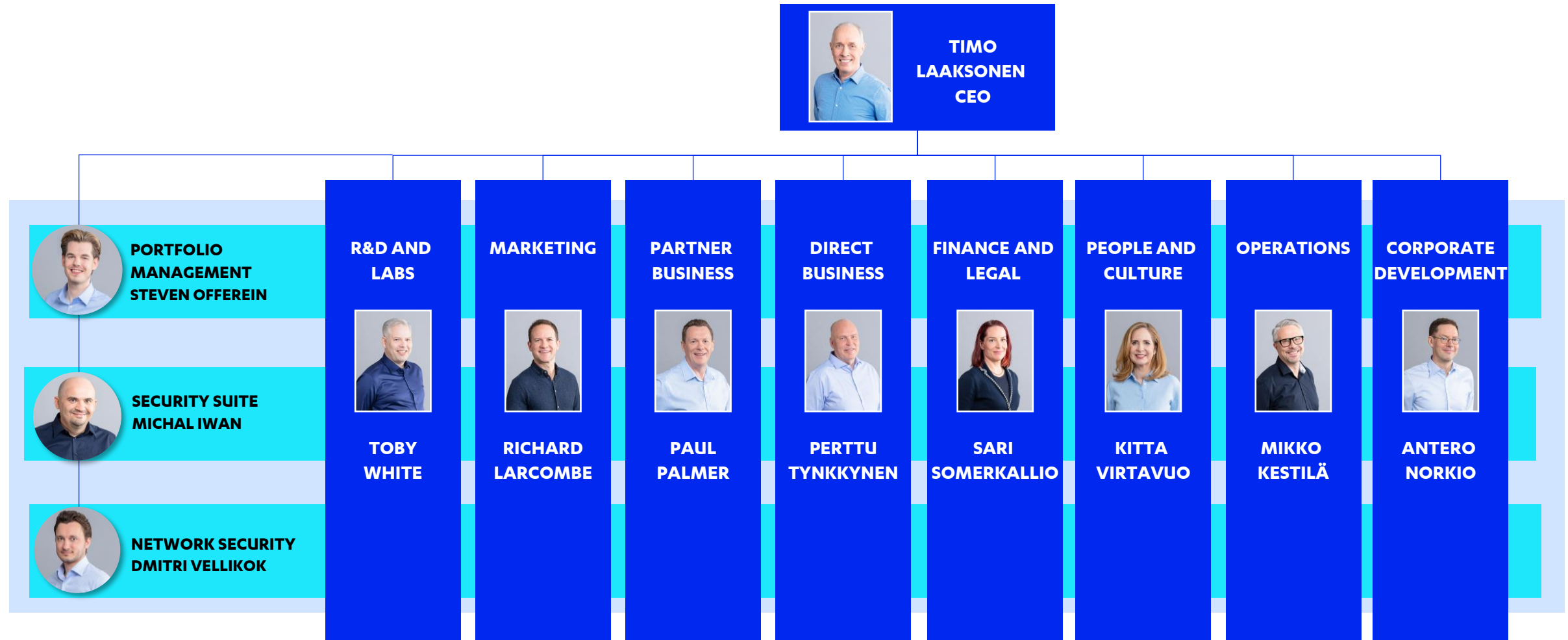
**> 350 PEOPLE FOCUSED ON CONSUMER CYBER SECURITY AND OFFERING DEVELOPMENT**

**4**

**ACCELERATING STRATEGY EXECUTION AND SHAREHOLDER VALUE CREATION**



# INCREASING CUSTOMER FOCUS AND AGILITY WITH PRODUCT BUSINESS CELLS



Leadership Team 2022 targets and incentive schemes set for revenue growth, adjusted EBITA and employee satisfaction (eNPS)

# CONSUMER SECURITY EXPERIENCE IS BROKEN

CONSUMER CONCERNS  
CONTINUE

CONSUMERS ARE CRYING  
OUT FOR HELP

CONSUMERS SEE  
PROTECTION AS AN  
IMPENETRABLE  
CHALLENGE

THE INDUSTRY IS NOT  
SUPPORTING CONSUMERS  
EFFECTIVELY



INTERNET HAS BECOME A  
DANGEROUS PLACE

65%

NEED GUIDANCE HOW TO  
IMPROVE ONLINE SECURITY

75%

SECURING ALL DEVICES IS  
MISSION IMPOSSIBLE

72%

TECHNICAL LANGUAGE  
UNCLEAR BENEFITS  
LACK OF ENGAGEMENT

# VISION: BECOME THE #1 SECURITY EXPERIENCE COMPANY— WINNING IN THE EXPERIENCE ECONOMY

**The pandemic  
has made  
people's lives  
more complex**

**57% of people  
are willing to  
pay premium  
for simpler  
experiences**

## THE EXPERIENCE PRINCIPLES

**1 PERSONAL**

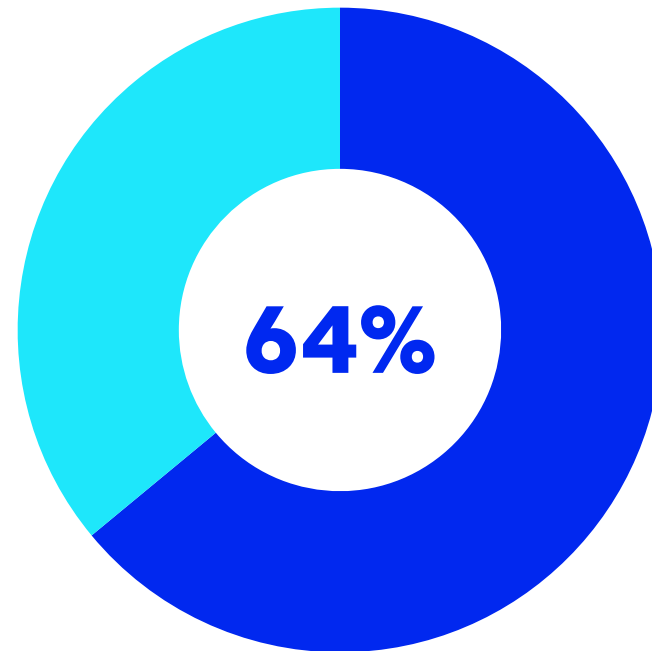
**2 REWARDING**

**3 CLARITY**

**4 SPEED**

# CONSUMERS TURNING TO SERVICE PROVIDERS FOR PROTECTION

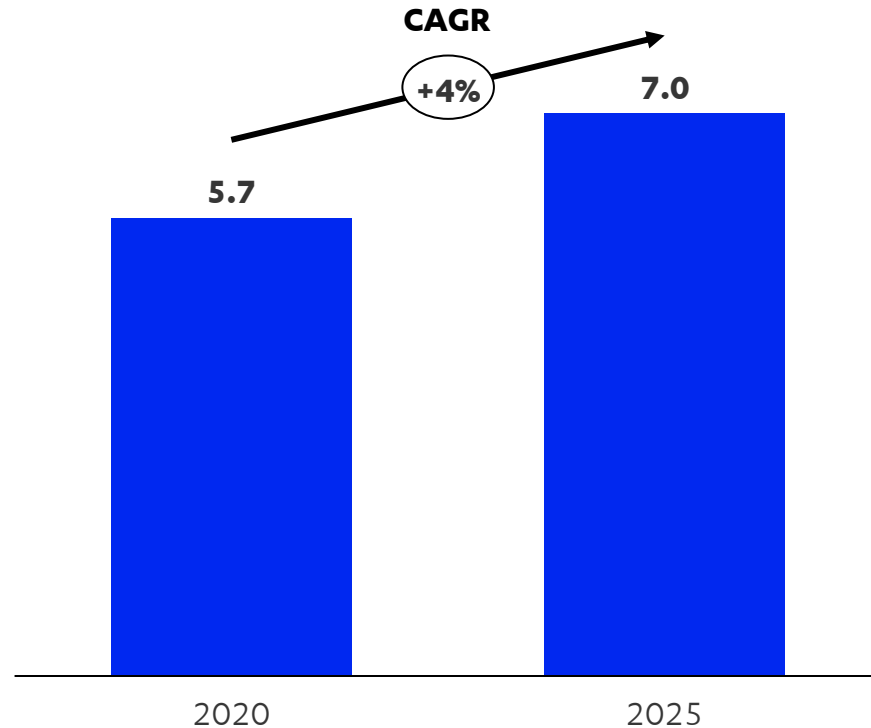
## WHO DO YOU TRUST?



**of consumers prefer to purchase security from their service provider partner**

# CONSUMER SECURITY IS A LARGE, GROWING MARKET

## CONSUMER SPEND ON CYBER SECURITY (Bn EUR)<sup>1)</sup>



**Growth driven also within the category as willingness to pay is increasing and moving to all-in-one security suite**

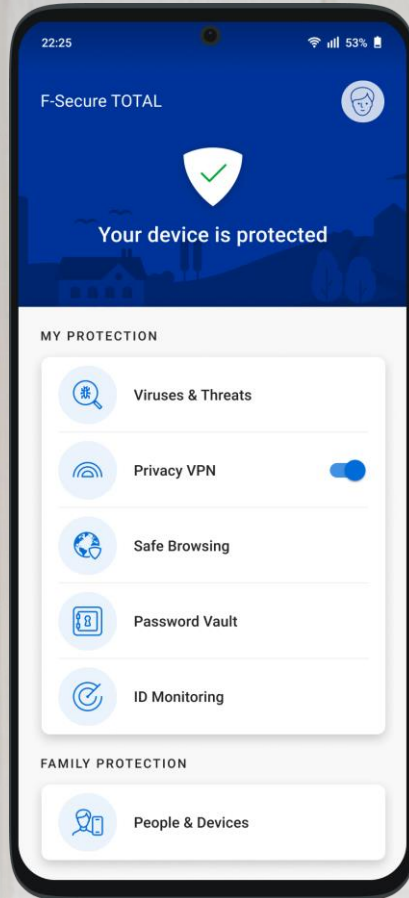
## FURTHER GROWTH POCKETS IN ADJACENT MARKETS

**IDENTITY THEFT PROTECTION MARKET 2025<sup>2)</sup>**  
**>15Bn EUR**

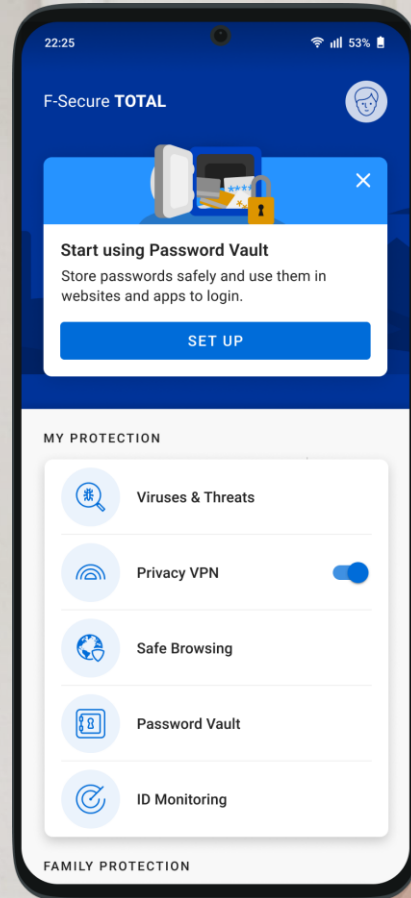
**TELECOM ROUTER MARKET 2025<sup>3)</sup>**  
**260M ROUTER UNITS**  
**SHIPPED ANNUALLY**



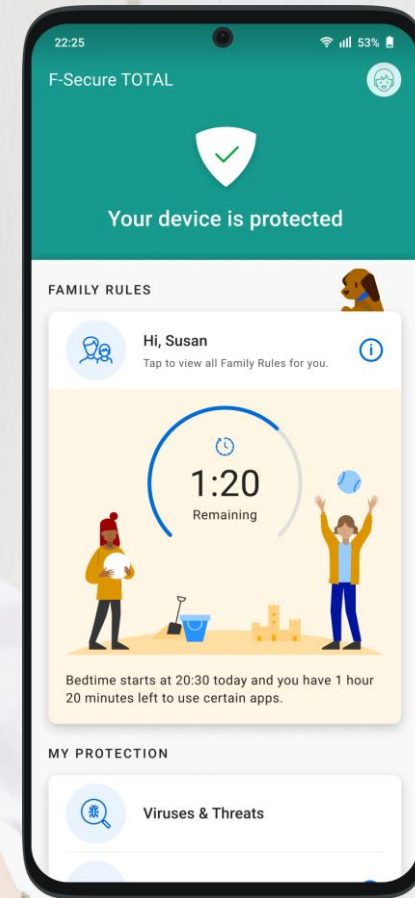
# GREAT SECURITY EXPERIENCES WITH "ALL-IN-ONE APP"



**SECURITY, PRIVACY AND  
IDENTITY PROTECTION**



**"SMART TASKS" GUIDE AND  
ASSIST CONSUMERS**

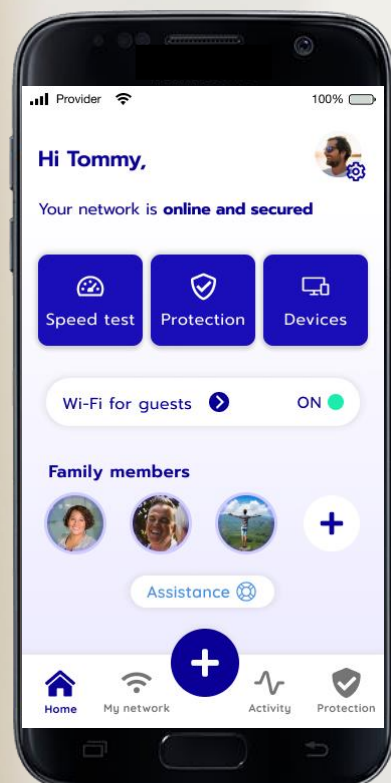


**"FAMILY RULES"  
PROTECTS THE ENTIRE FAMILY**

# EFFORTLESS SECURITY PROTECTING THE ENTIRE HOME



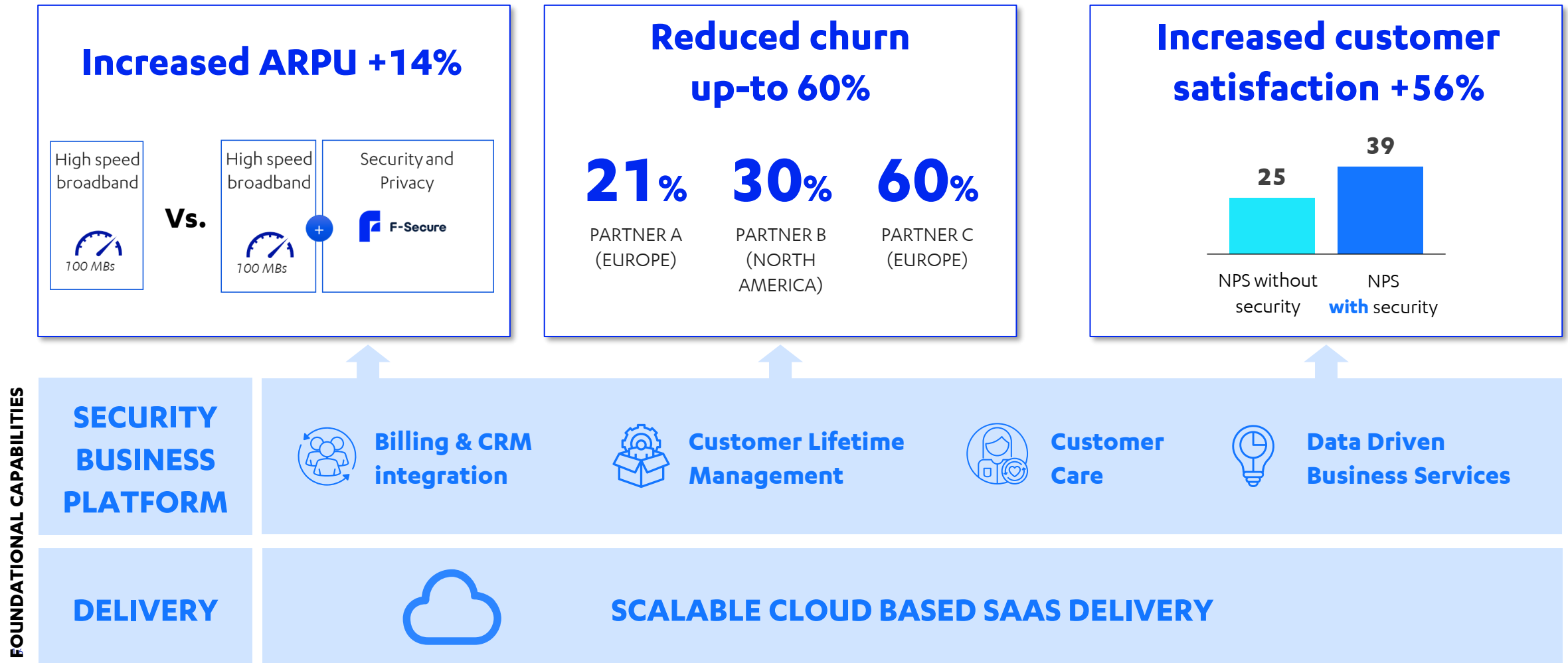
**F-SECURE SENSE AS  
TURNKEY SOLUTION**



**F-SECURE SENSE  
WITH PARTNER APP<sup>1)</sup>**



# DELIVERING BUSINESS OUTCOMES TO SERVICE PROVIDERS




# GO-TO-MARKET MODELS AND EXPANDING MARKET REACH



**New expansion areas**

17 Note: 1) Includes fixed, mobile and converged broadband operators

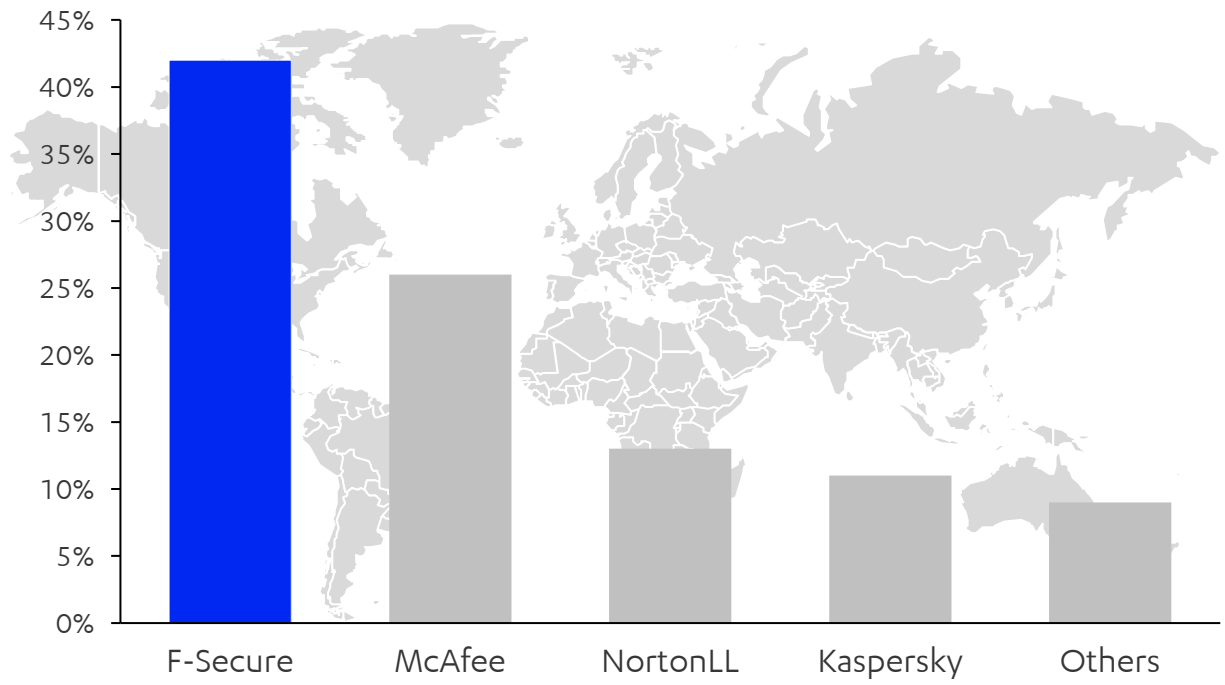
# SUBSCRIPTION BASED BUSINESS MODEL IN ALL CHANNELS

| SALES & END-CUSTOMER ACQUISITION COSTS |       | END-CUSTOMER BUYS  | END-CUSTOMER PRICE  | EXPECTED VOLUME               | F-SECURE UNIT PRICE   |        |
|--|-------|--|---------------------|-------------------------------|-----------------------|--------|
| Partner                                | B2B2C | Partner  | Core Service        | Bundled in e.g. broadband fee | LARGE                 | LOW    |
|  |       |  | Value-Added Service | 7€ monthly                    | MEDIUM                | MEDIUM |
| E-Commerce                             | B2C   |  F-Secure | Value-Added Service | 7€ monthly or 80€ annually    | LIMITED <sup>1)</sup> | HIGH   |



# GLOBAL LEADER IN COMMUNICATION SERVICE PROVIDER CHANNEL

## ESTIMATED SHARE OF CONTRACTS IN CSP CHANNEL



## KEY COMPETITIVE ADVANTAGES

**COMPREHENSIVE, AWARD-WINNING SUITE OF SECURITY SOLUTIONS**

**TRUSTED RELATIONSHIPS AND MARKET LEADER POSITION IN CSP CHANNEL**

**EXCEPTIONAL SECURITY BUSINESS PLATFORM PROVIDING PROVEN BUSINESS OUTCOMES**

**DIRECT BUSINESS CREATES BEST PRACTICES FOR PARTNER SUCCESS**

# DIRECT BUSINESS PROVIDES INSIGHTS TO CONSUMER SENTIMENTS

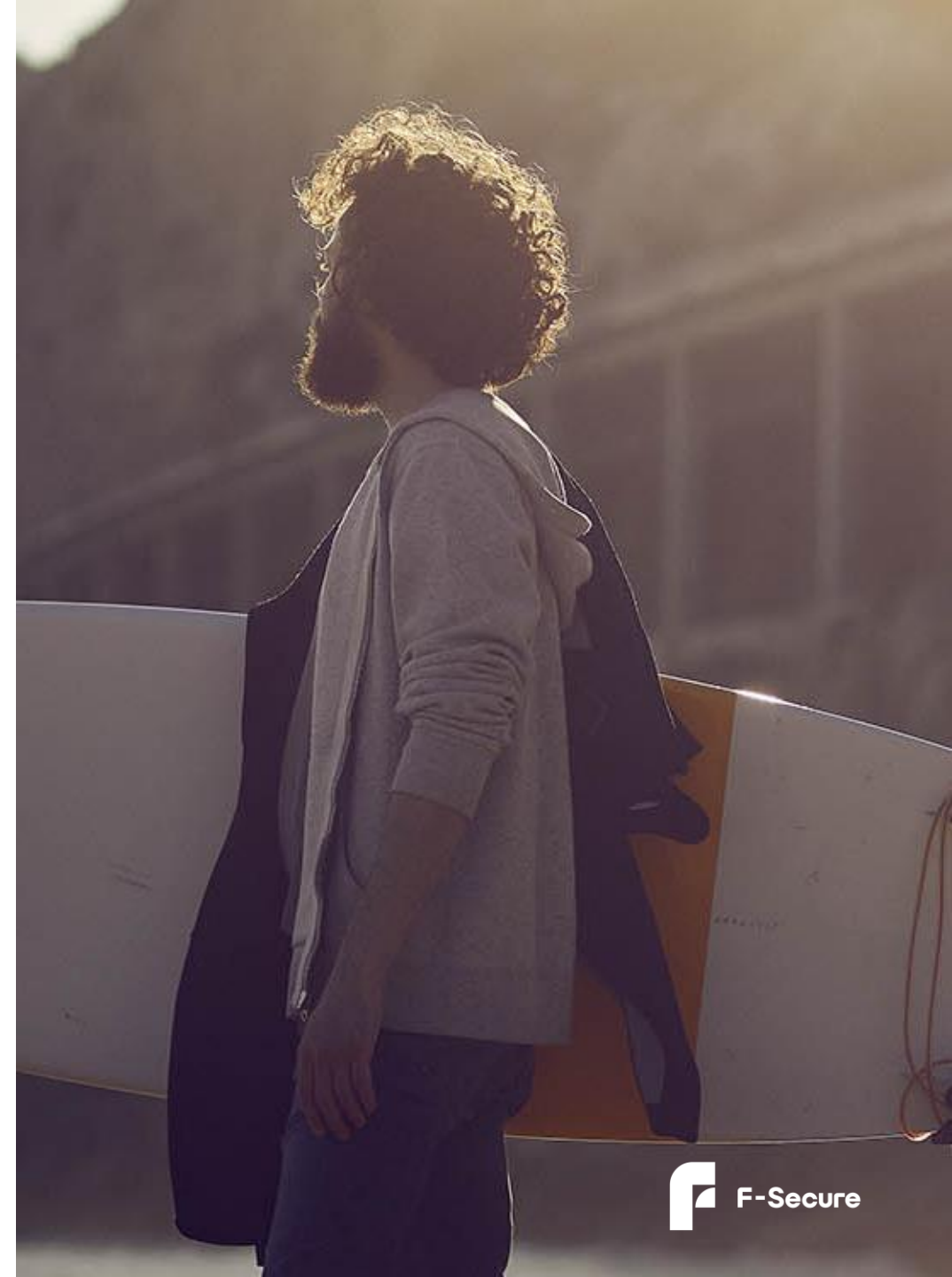
**Attractiveness of all-in-one security (TOTAL) steadily increasing ARPU and subscriber base**

**Demand for Identity Protection growing slowly in Direct Business while consumer awareness builds**

**Position as Trusted European Security company resonating in select markets**

**Delivering end-to-end customer experiences with NPS 47<sup>1)</sup>**

**Continues to provide F-Secure TOTAL marketing best practices to support Partner Business growth**





# Q & A



## **CYBER SECURITY PLATFORMS FOR COMPLETE PROTECTION**

# PROTECTING OUR DIGITAL MOMENTS REQUIRES A COMPREHENSIVE SECURITY STRATEGY

**PROTECT MORE THAN DEVICES**

**PRIVACY, IDENTITY, FAMILY AND THE ENTIRE CONNECTED HOME**

**PROTECT CONSUMERS EVERYWHERE**

**AT HOME, ON THE MOVE AND WHEN USING PUBLIC WIFI**

**ADAPT TO VARYING OPERATING ENVIRONMENTS**

**PERSONAL DEVICES, ROUTERS, NETWORKS AND CLOUD SERVICES**

**ADDRESS NEW EMERGING THREATS**

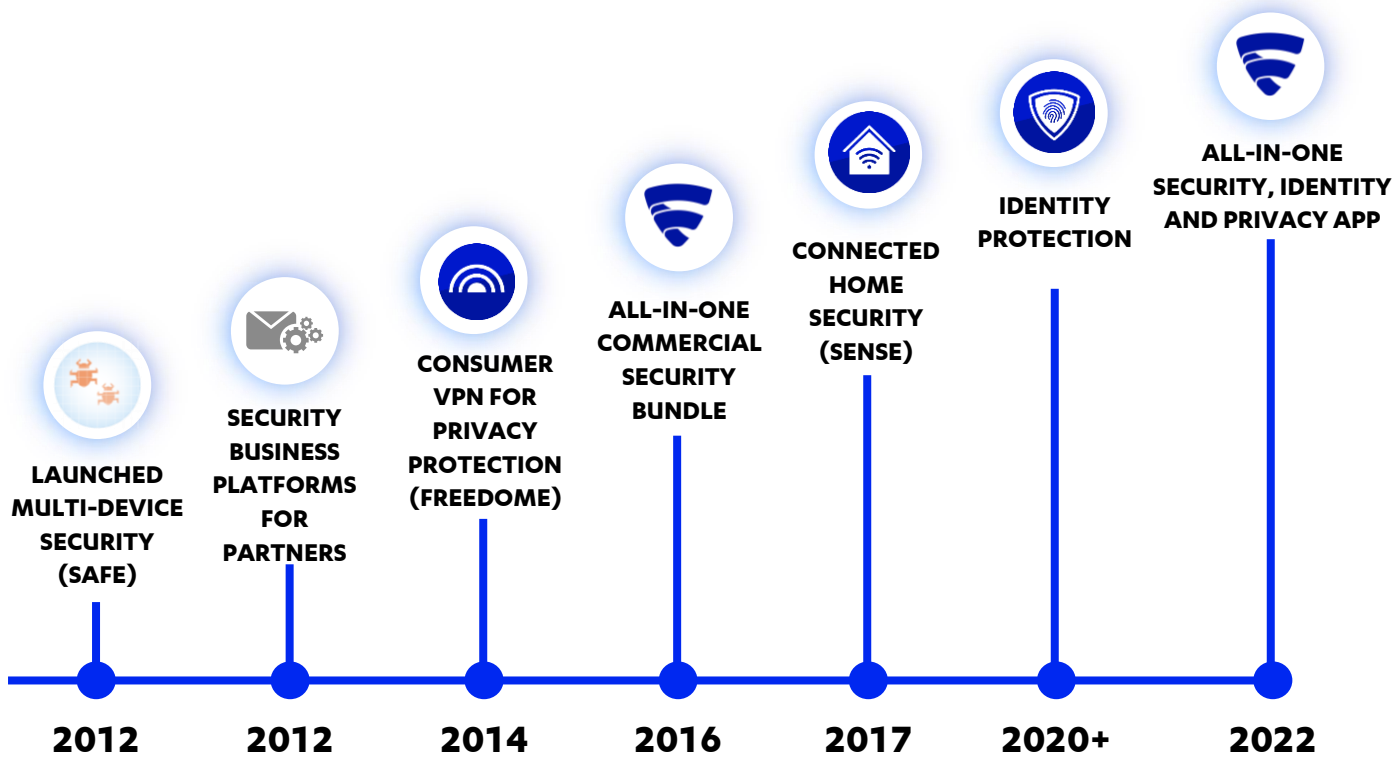
**CONSUMER BEHAVIOR EXPLOITS, IoT DEVICES AND CLOUD SERVICES**





# HISTORY OF SECURITY INNOVATION AND DELIVERING BEST PROTECTION

## INNOVATION DRIVEN BY CONSUMER BUSINESS

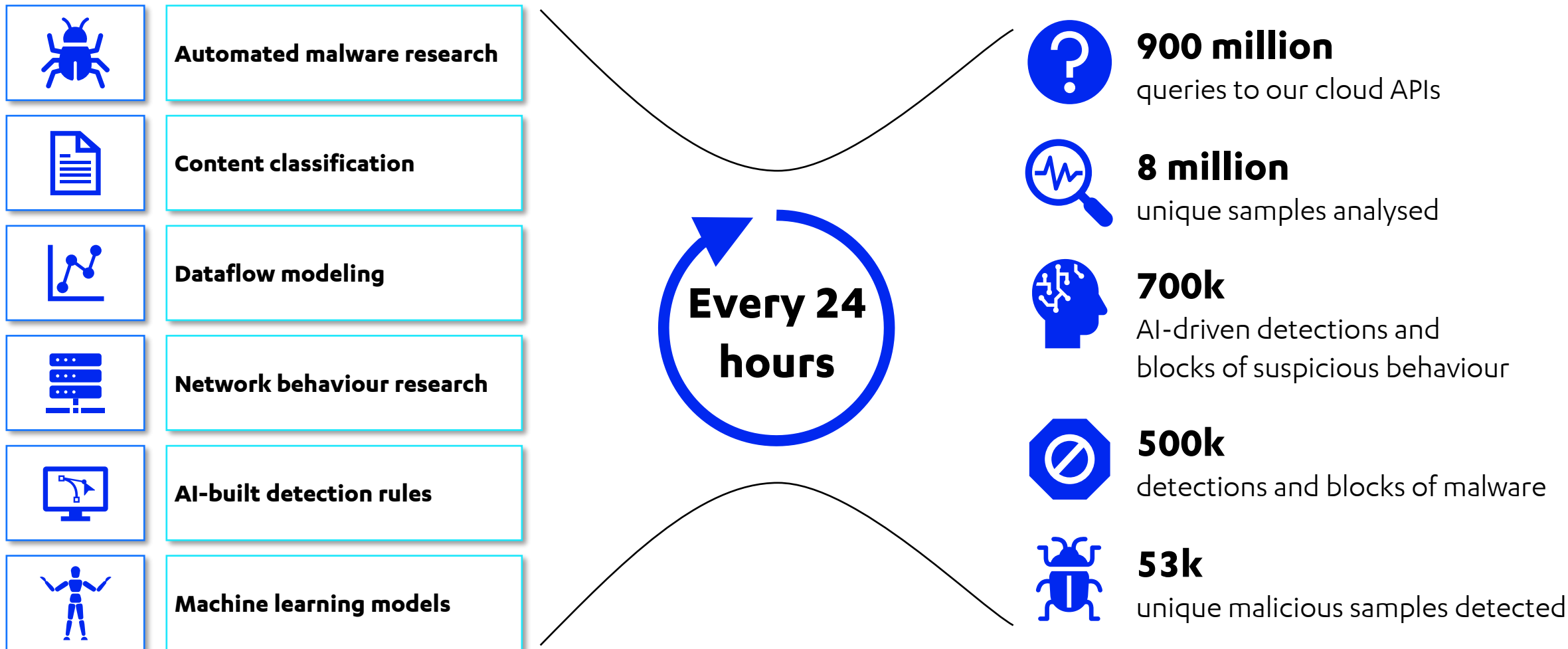


## WORLD LEADING AI AND PROTECTION TECHNOLOGIES



7 Best Protection Awards Past 11 Years

# CONSUMER CYBER SECURITY CAPABILITIES



# USER EXPERIENCE IS A CORE F-SECURE SECURITY TECHNOLOGY



## Activate

Security software that is too hard to install and activate provides no protection.



## Use

Annoying security software doesn't get used, gets uninstalled and can't provide protection.

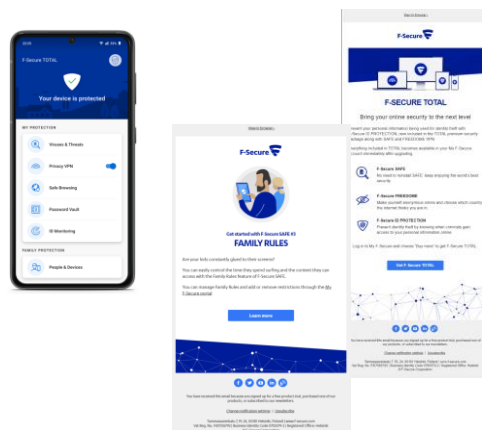


## Protect

Phishing, smishing, vishing etc are UX threats – protection needs UX expertise.

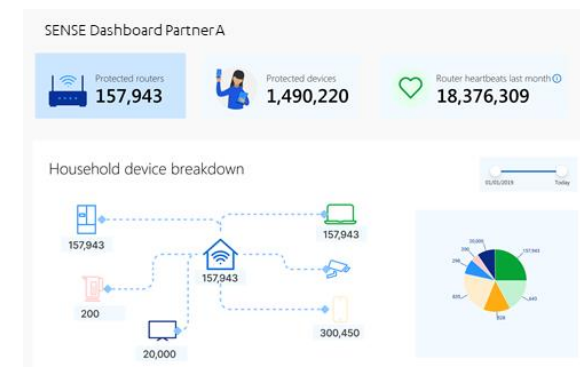
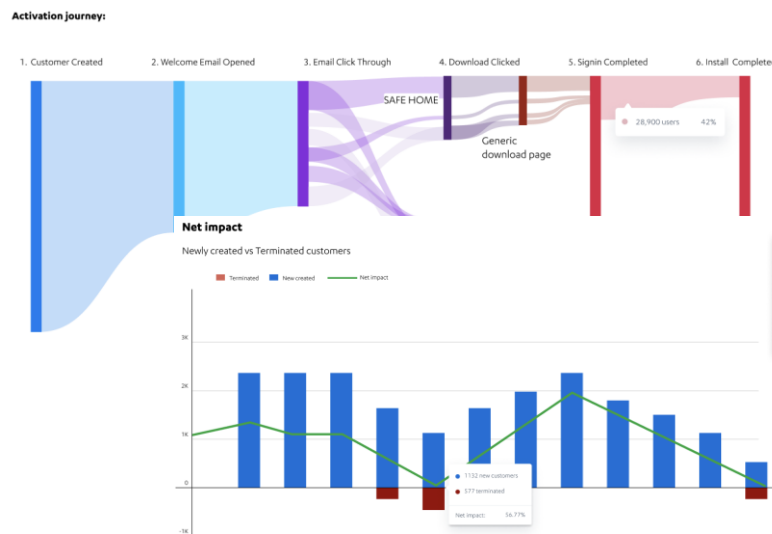
# DATA DRIVEN INSIGHTS DELIVERING PROVEN BUSINESS OUTCOMES

## CUSTOMER ENGAGEMENT



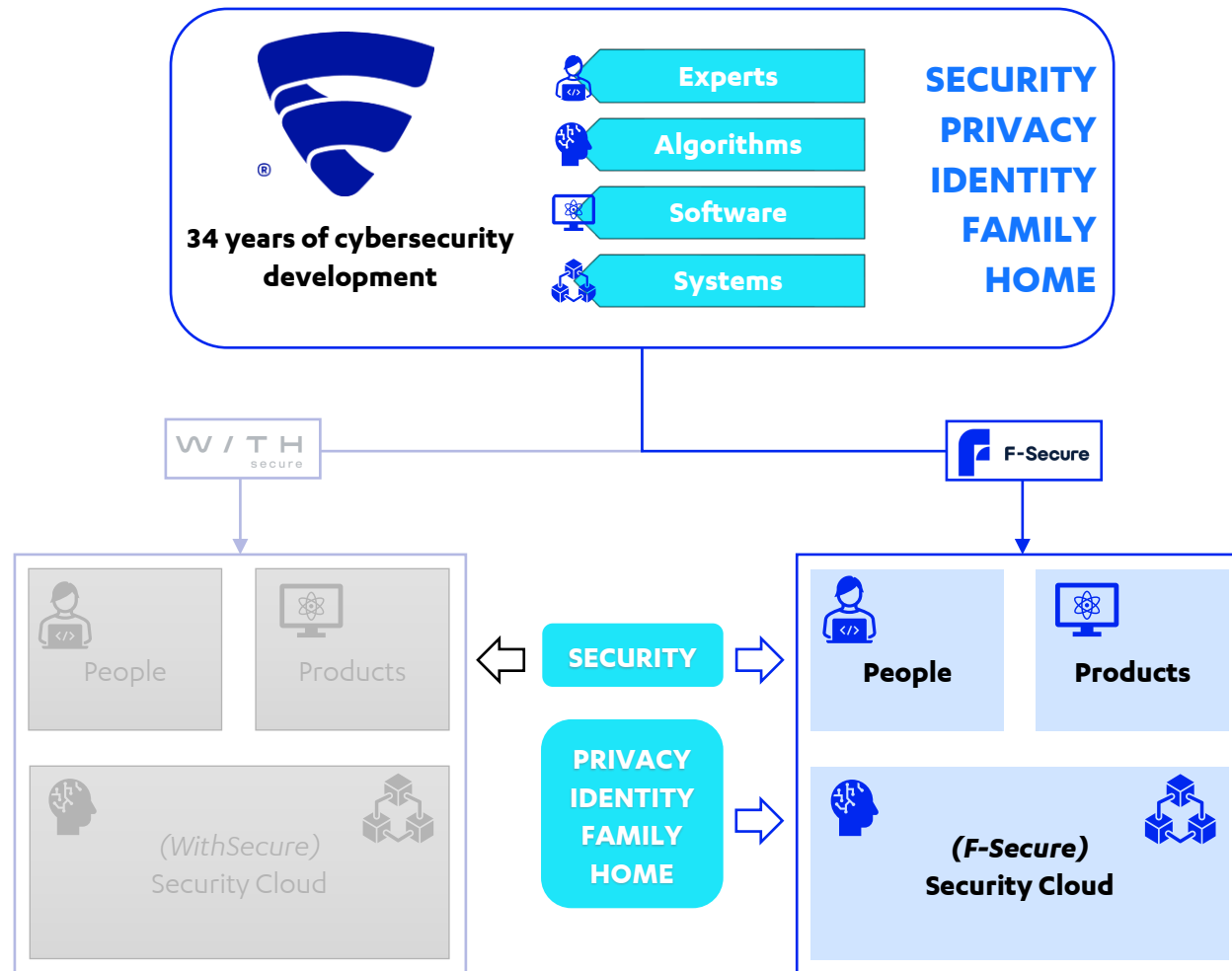
## Use data to provide personalized security service and drive lifecycle messaging across all touchpoints

## PARTNER DATA INSIGHTS



**Provide full visibility to partners' security business and customer base including customer journey, insights into customer behavior, and threat landscape**

# F-SECURE AS INDEPENDENT R&D ORGANIZATION



**F-SECURE HAS FULL CONTROL OF ITS PORTFOLIO TO DEVELOP IT INDEPENDENTLY<sup>1)</sup>**

✓ **FULL, EXCLUSIVE OWNERSHIP OF CONSUMER PORTFOLIO INTELLECTUAL PROPERTY (IP)**

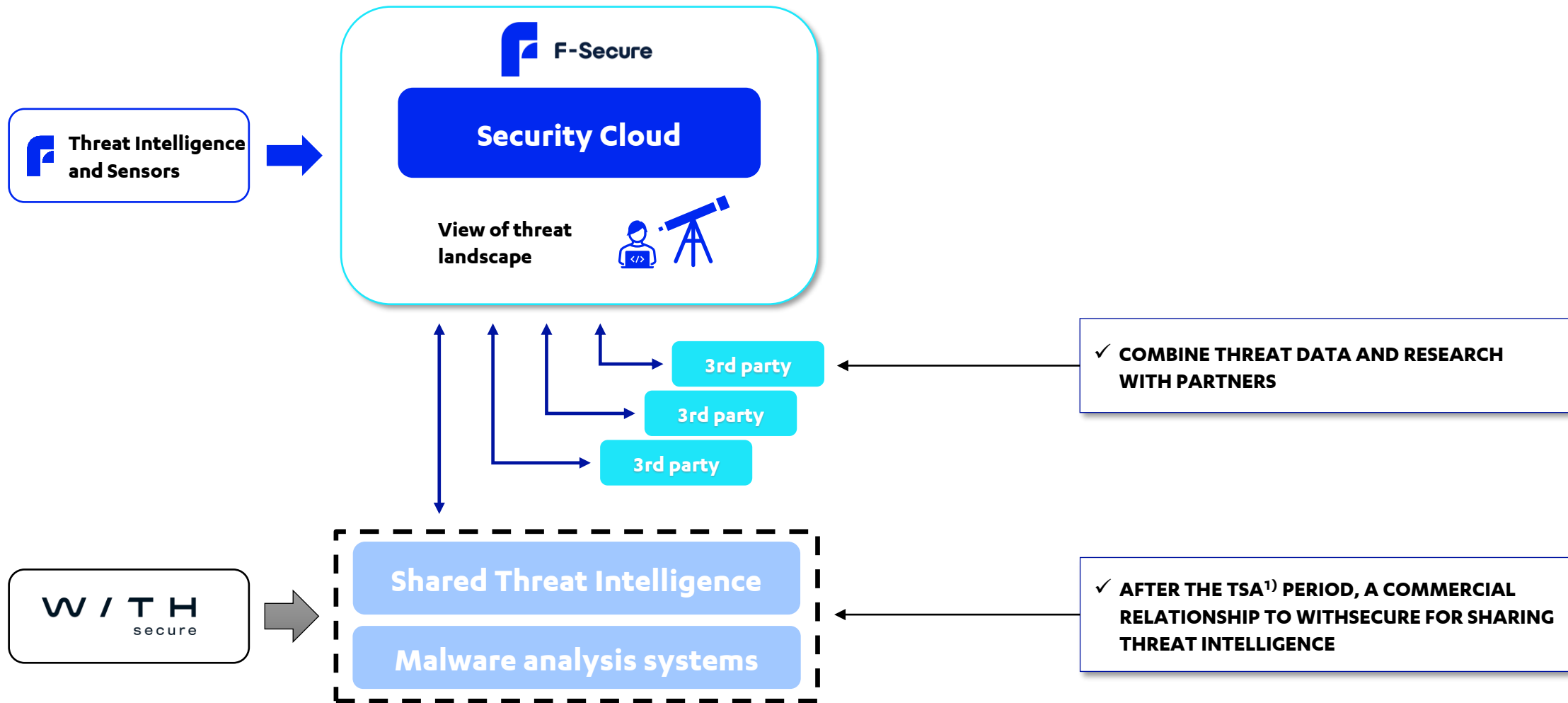
✓ **PERPETUAL RIGHTS TO ALL SHARED SYSTEMS IP, INCLUDING SECURITY**

✓ **CREATION OF F-SECURE LABS FOR RESEARCH, THREAT INTELLIGENCE AND SOFTWARE DEVELOPMENT CAPABILITY FOR ALL OF THE ABOVE**

*(Simplified diagram omitting all WithSecure activity irrelevant to F-Secure)*



# WITHSECURE WILL BE ONE OF OUR STRATEGIC PARTNERS

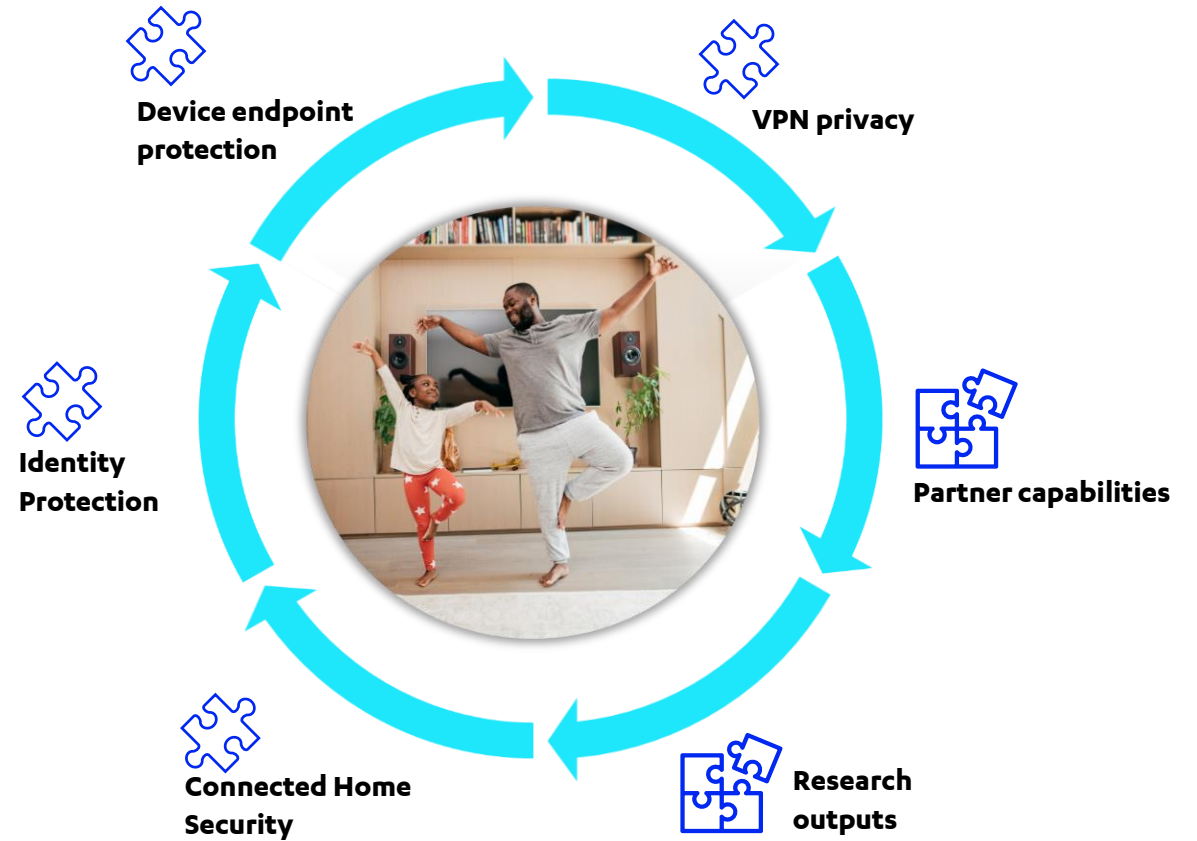


(Target state after 18 month transition to decouple the two software stacks)

# COLLABORATION IS KEY TO SUCCESS



## Comprehensive security experiences





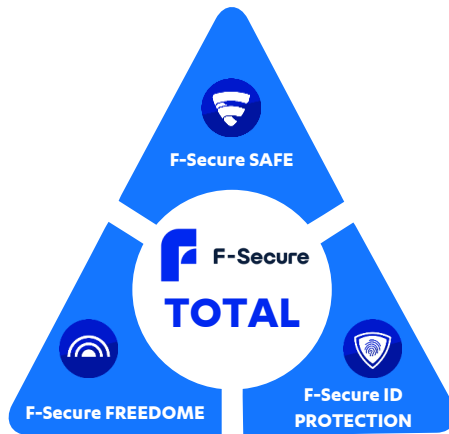
# Q & A



## STRATEGY FOR DELIVERING GROWTH ABOVE MARKET RATE

# STRATEGY FOR CONTINUED PROFITABLE GROWTH

## INCREASE ARPU



All-in-one integrated  
security experience

## DEVELOP NEW PRODUCTS

 **F-Secure  
SENSE**



 **F-Secure  
ID PROTECTION**



## EXPAND INTO NEW CHANNELS



**Insurance**

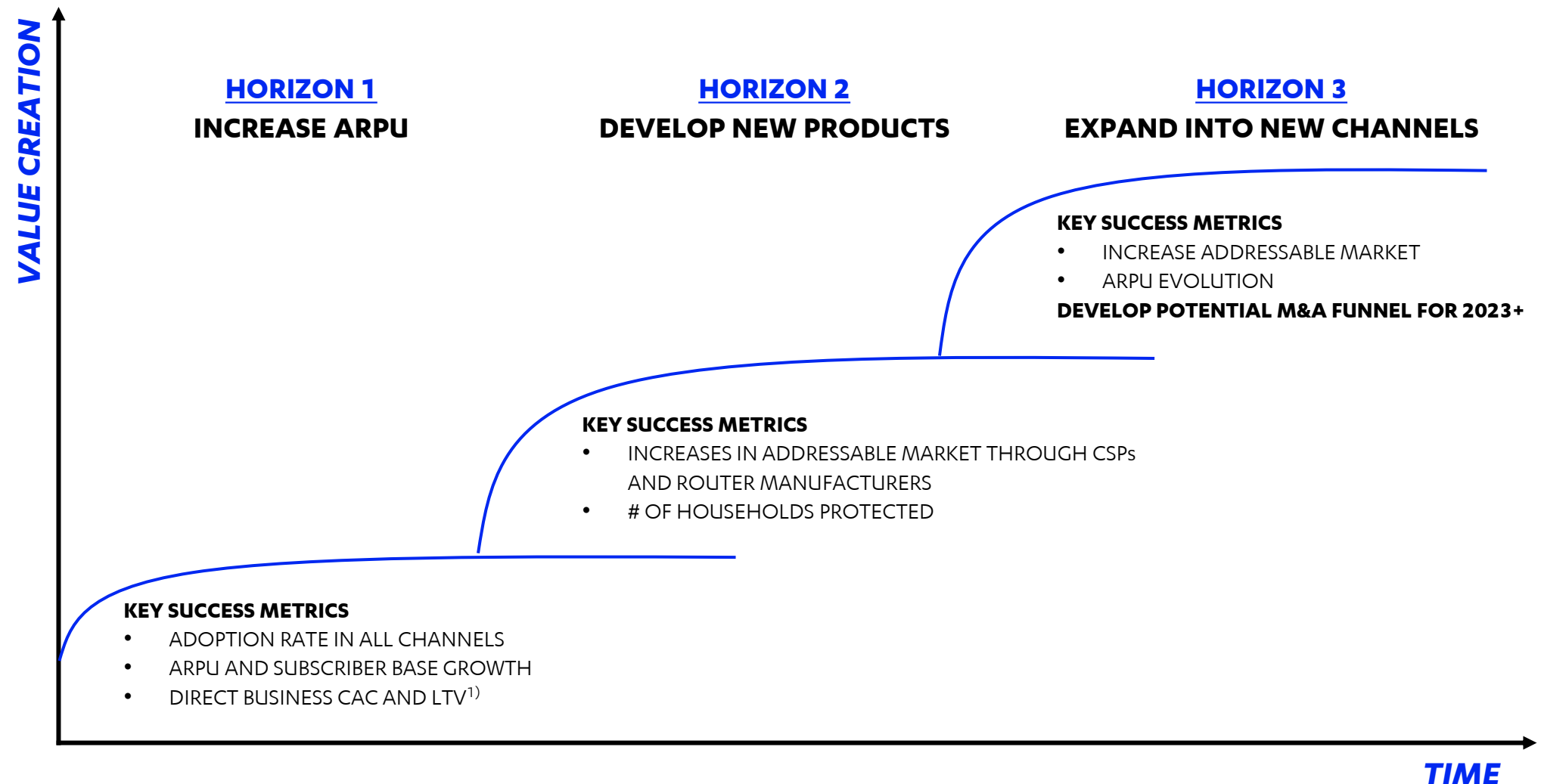


**Banking**



**Retail**

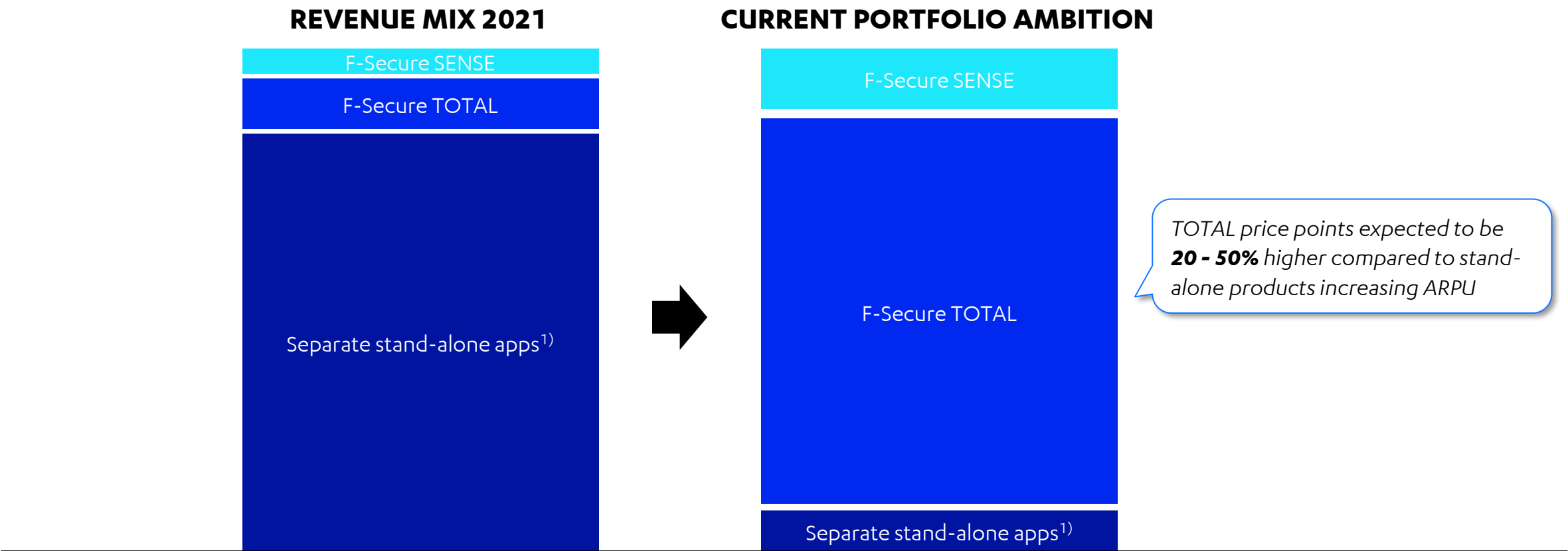
# STRATEGY BALANCED ACROSS THREE HORIZONS



34 Note: 1) Customer Acquisition Cost (CAC) and Lifetime Value (LTV)

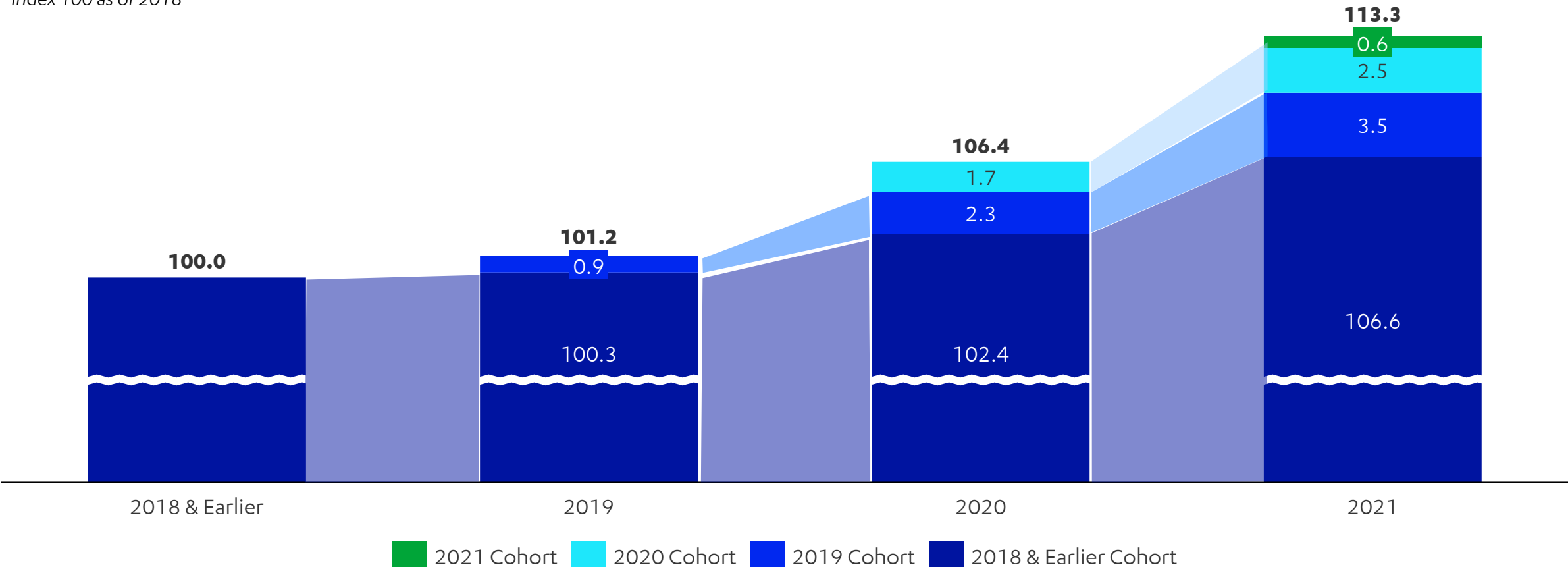


# MID TERM AMBITION TO TRANSFORM REVENUE MIX FAVORING F-SECURE TOTAL



# HIGH PARTNER RETENTION FUNDAMENTAL FOR GROWTH

**Order intake<sup>1)</sup>**  
Index 100 as of 2018



# VOICE OF CUSTOMER: INCREASING ARPU WITH THE ALL-IN-ONE SECURITY OFFERING



**VIKAS CHANANI,  
AVP**

**VIKAS CHANANI**

AVP OF MOBILE AND NEW BUSINESSES



# VOICE OF CUSTOMER: INCREASING ARPU WITH THE ALL-IN-ONE SECURITY OFFERING



**VIKAS CHANANI,**  
**AVP**

“With **cyber attacks on the rise**, we needed a product to **simplify cybersecurity for our customers**, giving them peace of mind online

We are pleased to partner with F-Secure, tapping on their expertise to offer a cutting-edge solution that delivers security, convenience and privacy to our customers

F-Secure’s comprehensive cybersecurity service **eliminates the need for multiple apps** to protect customers against online threats, and in tandem with sensible practices, **delivers the most effective layer of protection** to keep them safe online”

# VOICE OF CUSTOMER: INCREASING ARPU WITH THE ALL-IN-ONE SECURITY OFFERING



**ANTTI IHANAINEN**  
**VICE PRESIDENT**

**ANTTI IHANAINEN**

VICE PRESIDENT  
CONSUMER CONNECTIVITY BUSINESS

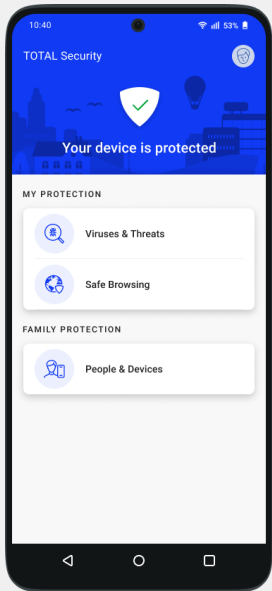


# F-SECURE TOTAL GROWTH DYNAMICS

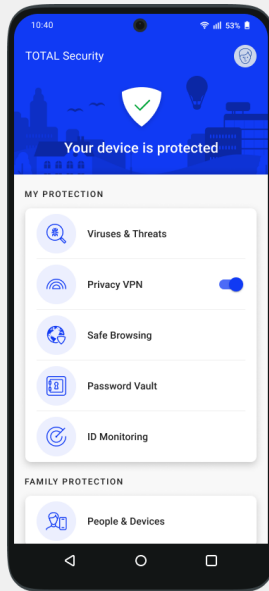
## 1. LAUNCH STRATEGIES VARY PER PARTNER

### PARTNER A

**EXISTING END-CUSTOMER  
OFFERING UNCHANGED**

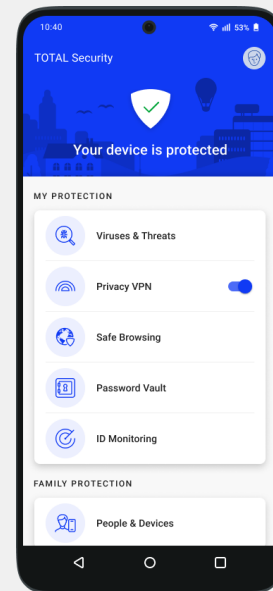


**PREMIUM FEATURES  
SOLD SEPARATELY**



### PARTNER B

**ALL-IN-ONE SECURITY BECOMES  
DEFAULT OFFERING**



## 2. ROLL-OUT SCHEDULE PARTNER DEPENDENT

**PARTNER INTERNAL PROCESSES**

- 1. IT SLOTS FOR BILLING/CRM CHANGES  
(IF NEEDED)**
- 2. MARKETING CAMPAIGN PRIORITIES**
- 3. RFP AND PROCUREMENT PROCESSES  
CAN BE LENGTHY**



# VOICE OF CUSTOMER: NEW BUSINESS OPPORTUNITIES WITH F-SECURE SENSE



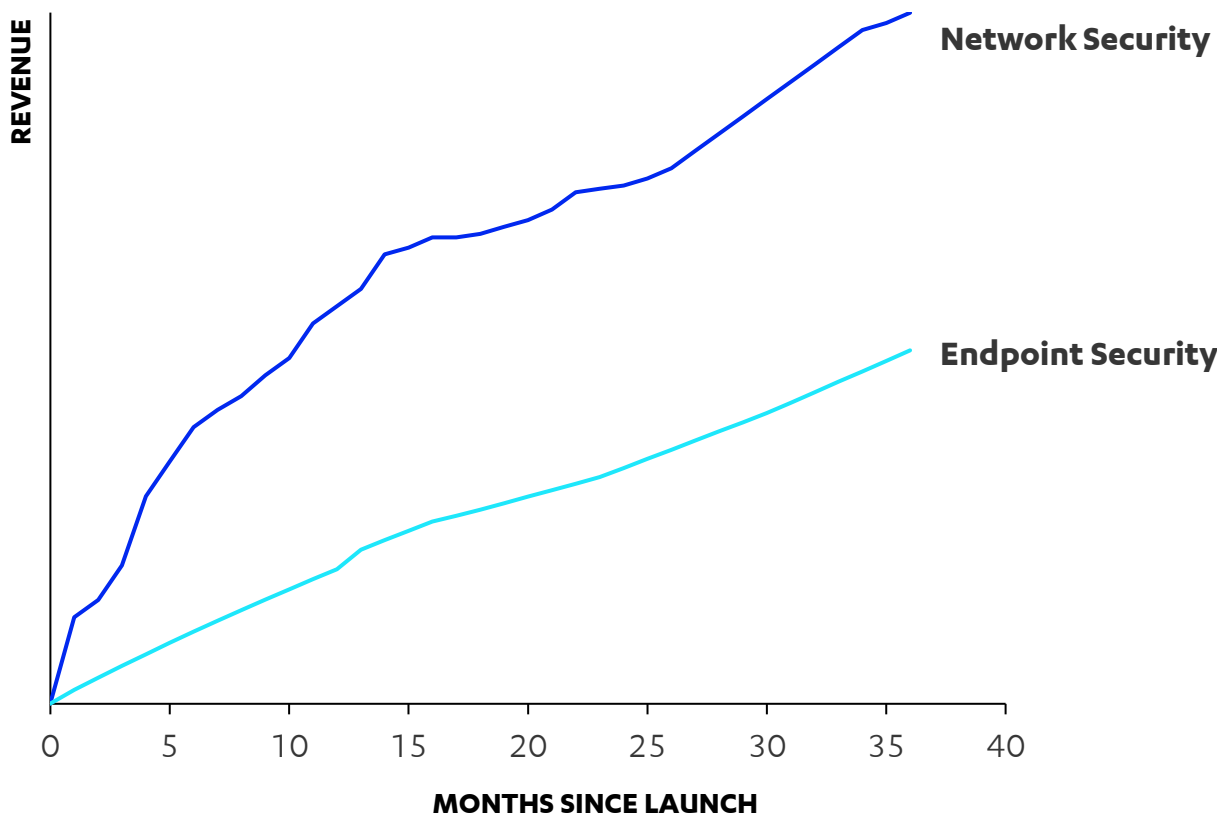
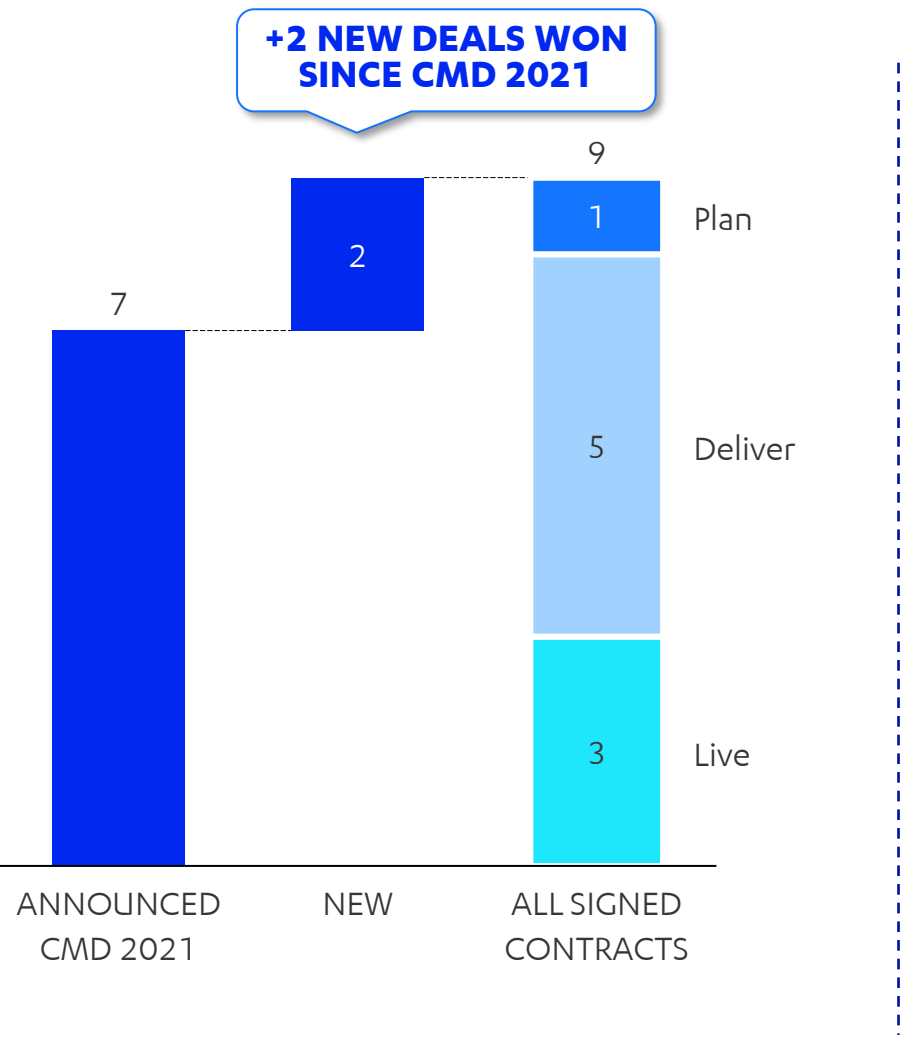
**KEVIN P BOUDREAU**  
**PRODUCT MANAGER**

**KEVIN P BOUDREAU**

KINETIC SECURE PRODUCT MANAGER



# REVENUE GROWTH POTENTIAL WITH F-SECURE SENSE



Indicative, based on small to mid-sized CSP case data and management estimate

- Both services sold as Value-Added Service
- Includes subscription and support revenue



# VOICE OF CUSTOMER: NEW BUSINESS OPPORTUNITIES WITH F-SECURE SENSE



**JULIET BONNARD**  
HEAD OF MARKETING &  
CORPORATE COMMUNICATIONS

**JULIET BONNARD**

HEAD OF MARKETING AND  
CORPORATE COMMUNICATIONS

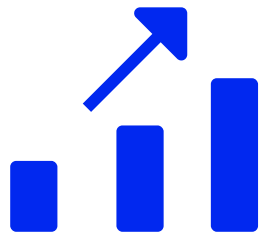
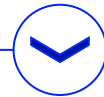


# NEW VERTICAL PARTNERSHIPS – NEEDS ALIGN WITH THOSE OF CSPs

Large, Existing  
Customer Base

Aspiration to increase  
Brand Relevancy and  
Customer Engagement

On the Lookout for  
New Business Opportunities



Grow and Protect  
Core Business



Boost Retention  
Rates and Gain Trust



Upsell/Cross-sell,  
High Margin,  
Recurring Revenue

# VOICE OF CUSTOMER: NEW VERTICAL PARTNER VIEW ON SECURITY OPPORTUNITY



**TOMAS KUNZMANN**  
**CEO**

**TOMAS KUNZMANN**

CEO MOBILITY & ASSISTANCE,  
MEMBER OF THE BOARD OF MANAGEMENT

**Allianz**  **Partners**





# Q & A

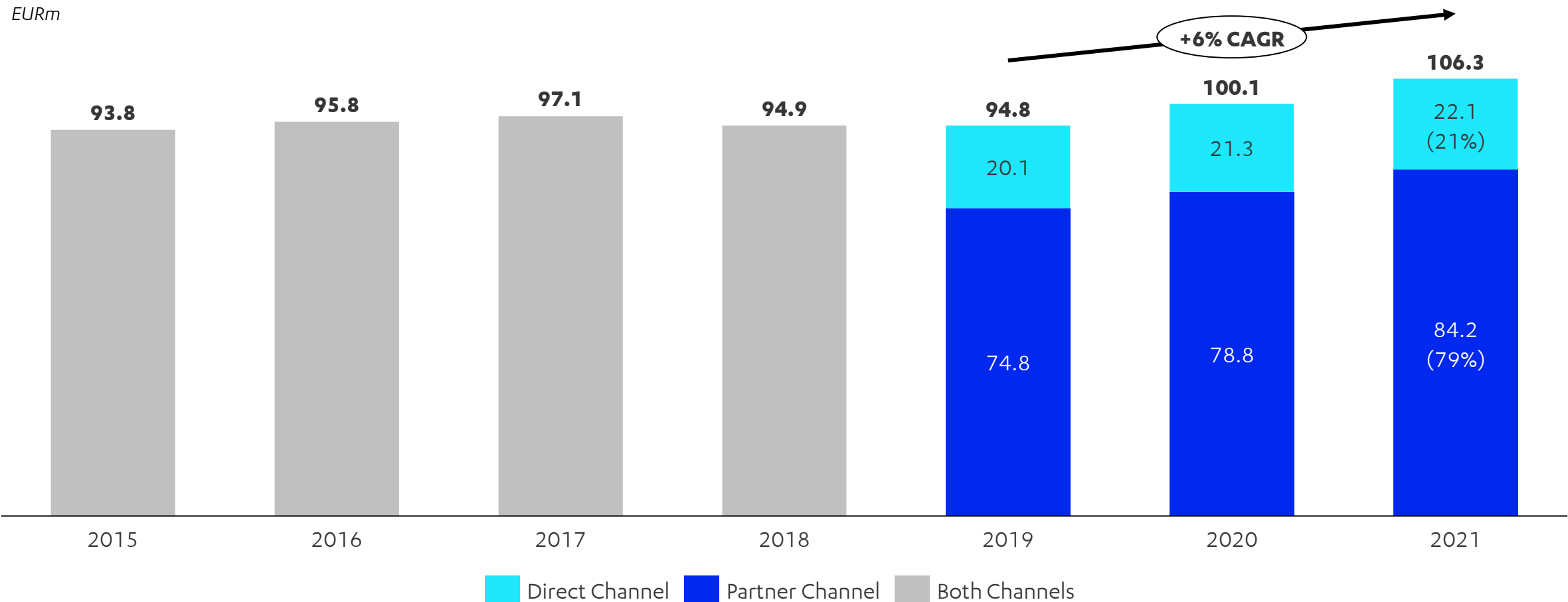




Sari Somerkallio  
CFO

## **CREATING SHAREHOLDER VALUE THROUGH PROFITABLE GROWTH**

# GROWTH OVER PAST YEARS SOLID STARTING POINT FOR INDEPENDENCE



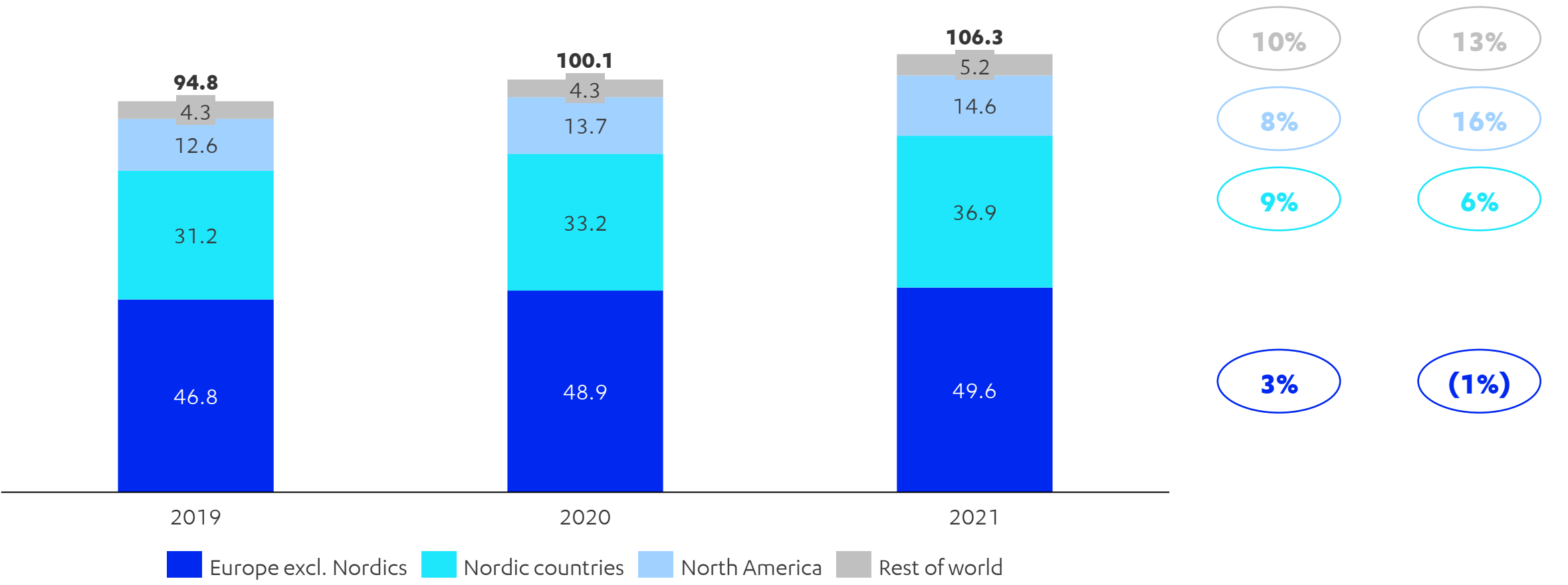
# GO-TO-MARKET MODELS WITH DIFFERENT EARNINGS LOGIC

|                   | Sales & Marketing           | Pricing                         | Payment | Deferred revenue |
|-------------------|-----------------------------|---------------------------------|---------|------------------|
| <b>Partner</b>    | <i>B2B2C</i><br><br>Partner | F-Secure Price + Partner Margin | Monthly | ✗                |
| <b>E-Commerce</b> | <i>B2C</i><br><br>F-Secure  | F-Secure Price                  | Upfront | ✓                |

# REVENUE GROWTH ACROSS ALL REGIONS

## Sales breakdown by geography

EURm

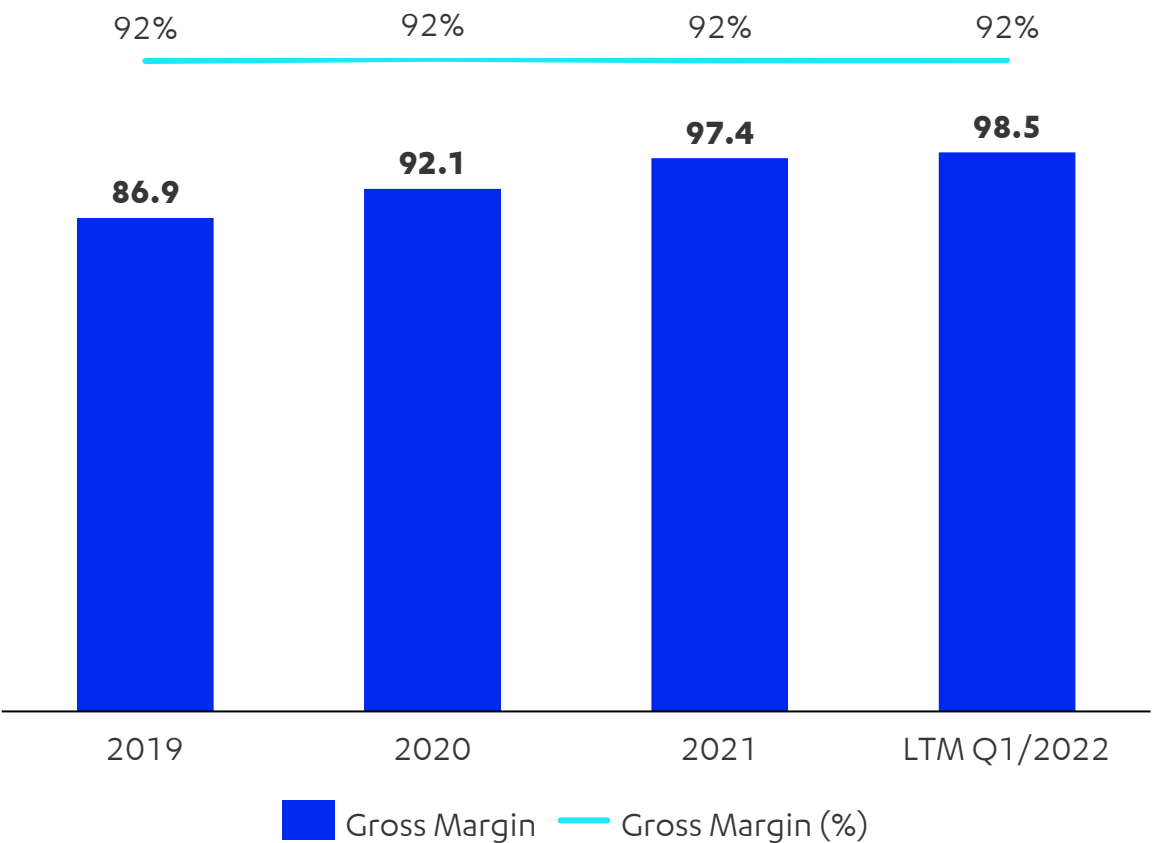


50 Note: The financial information is based on F-Secure's Carve-out Financial Statements for the years ended 31 December 2021, 2020 and 2019, and the carve-out financial information for Q1 2022.

# CONSISTENTLY HIGHLY PROFITABLE

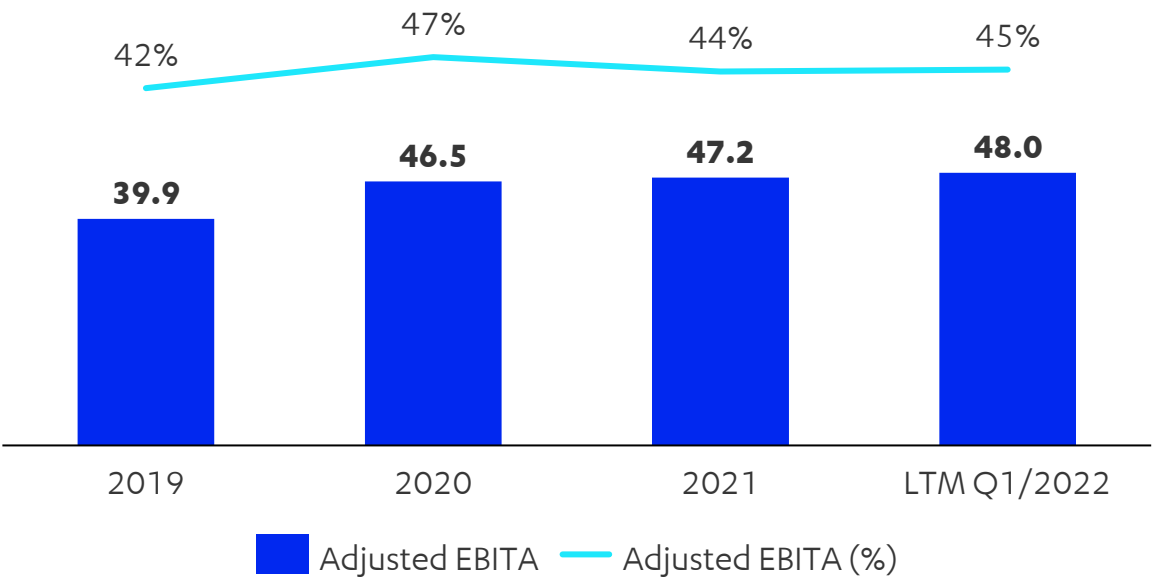
## Gross Margin

EURm



## Adjusted EBITA

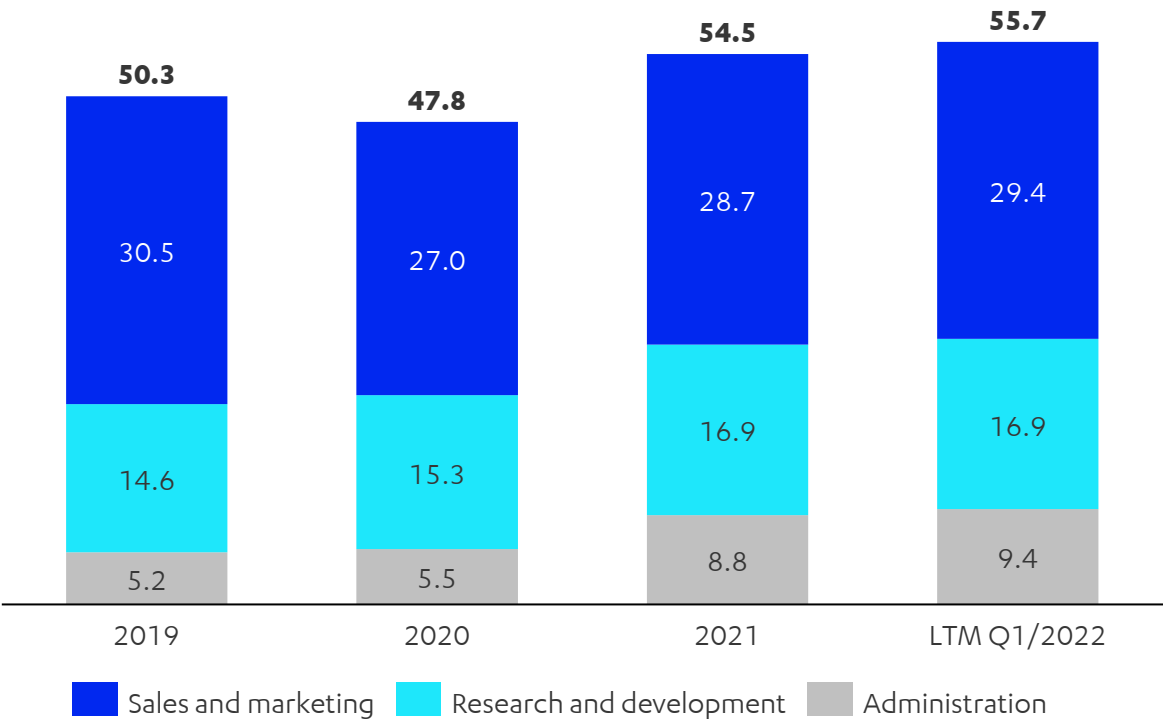
The initial standalone investments and other ramp-up costs to enable future growth and success of the operations are estimated to be approximately 4-5 million per annum



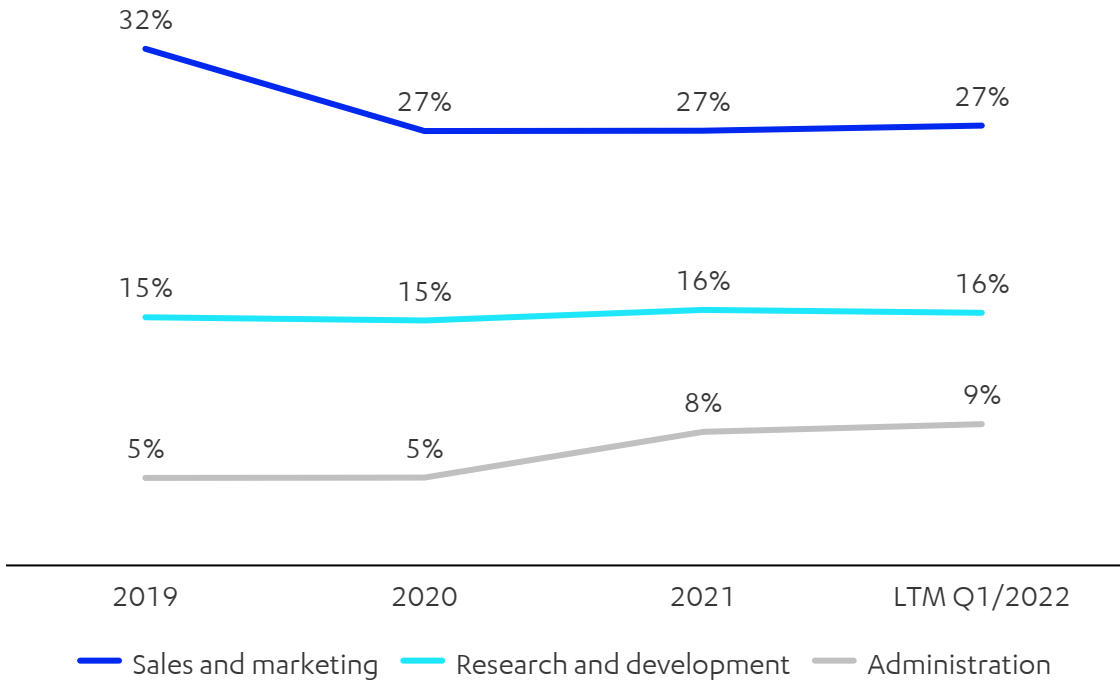
# COST BASE CHANGING DUE TO DEMERGER

## Operating expenses

EURm



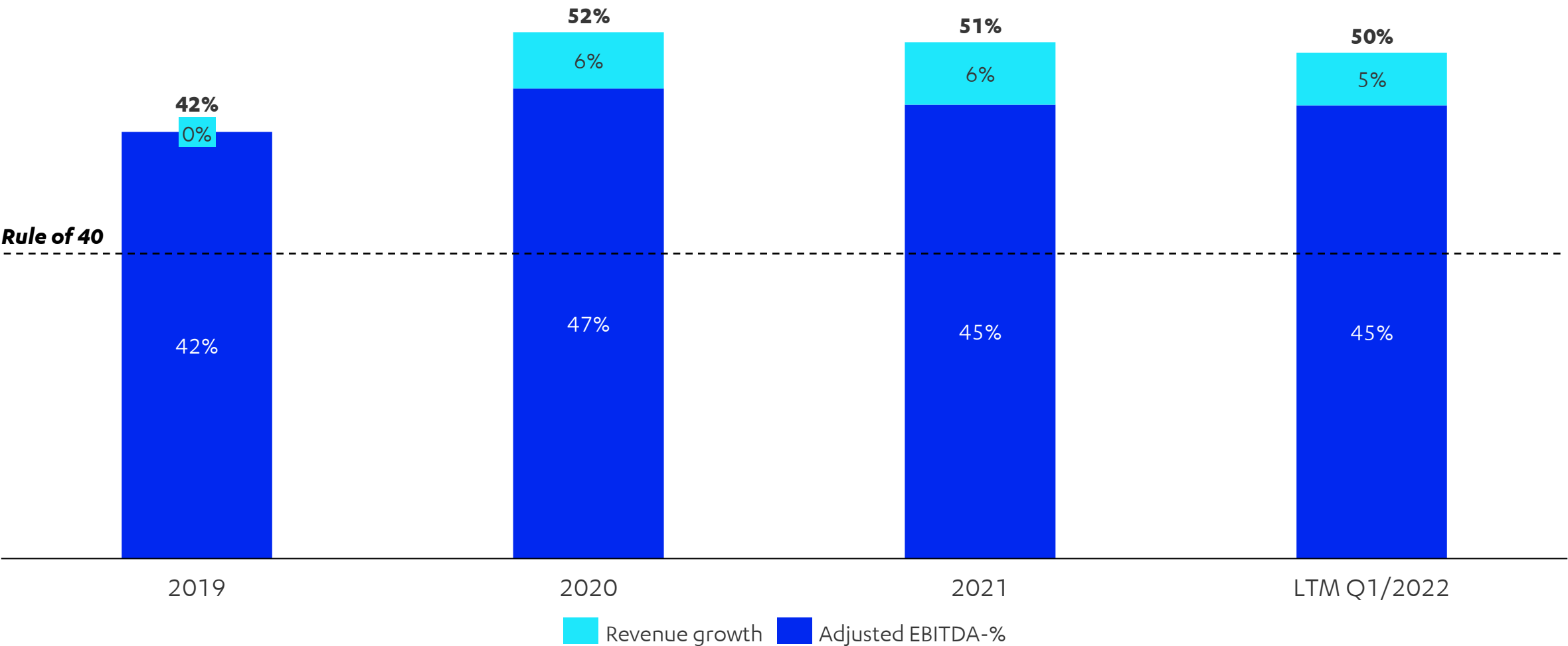
## Operating expenses, % of revenue



F-Secure to pay WithSecure service fees of EUR 9.2 million in H2/2022 of which 4.1 million is expected to be related to the technology

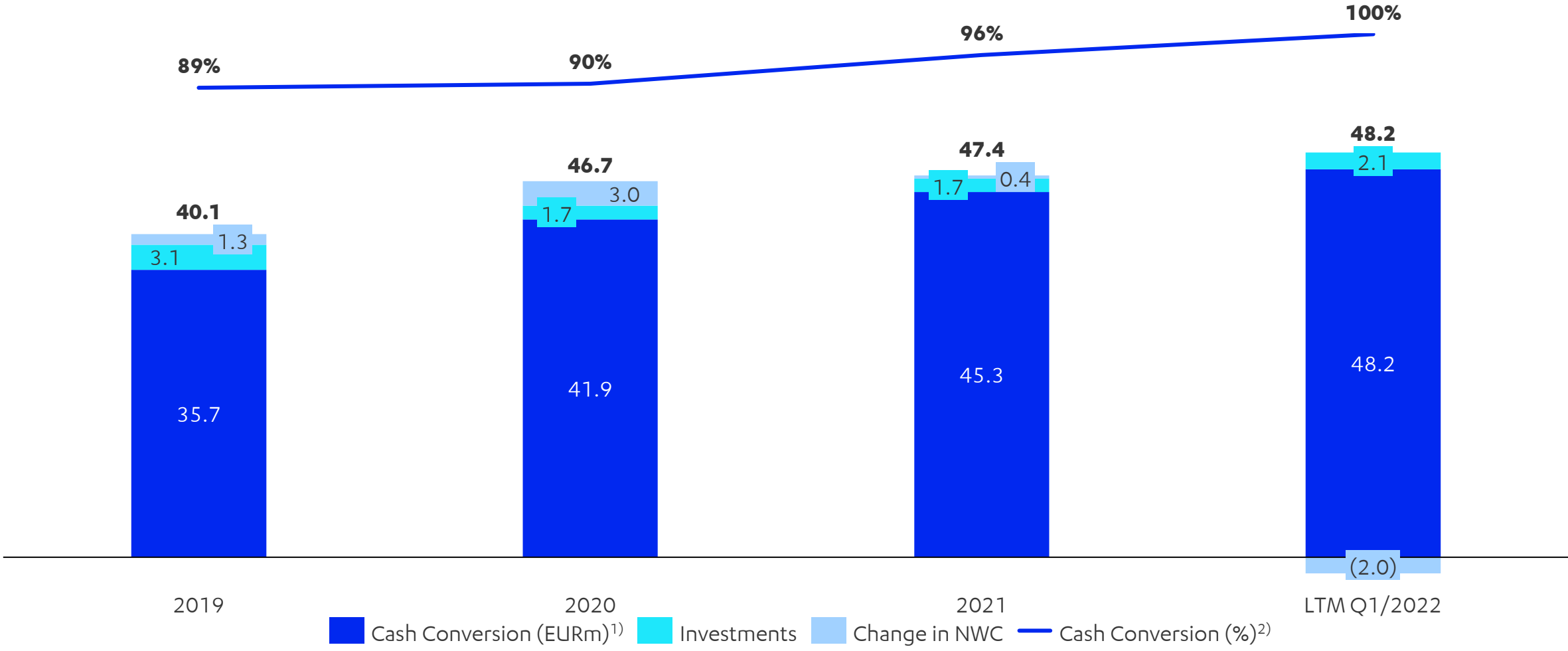


# F-SECURE HAS CONSISTENTLY OUTPERFORMED RULE OF 40



Note: The financial information is based on F-Secure's Carve-out Financial Statements for the years ended 31 December 2021, 2020 and 2019, F-Secure's carve-out financial information for Q1 2022 and WithSecure's Financial Statements for the year ended 31 December 2018.

# STRONG CASH CONVERSION

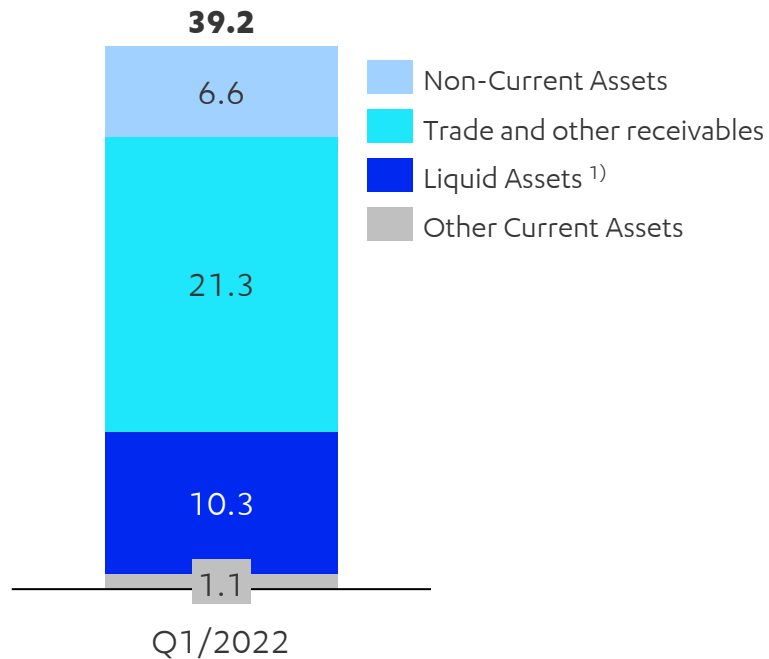


Note: The financial information is based on F-Secure's Carve-out Financial Statements for the years ended 31 December 2021, 2020 and 2019, and the carve-out financial information for Q1 2022.. 1) Cash Conversion (EURm) is defined as adjusted EBITDA – Investments – Change in NWC; 2) Cash Conversion (%) defined as (adjusted EBITDA – Investments – Change in NWC) / adjusted EBITDA

# BALANCE SHEET OVERVIEW

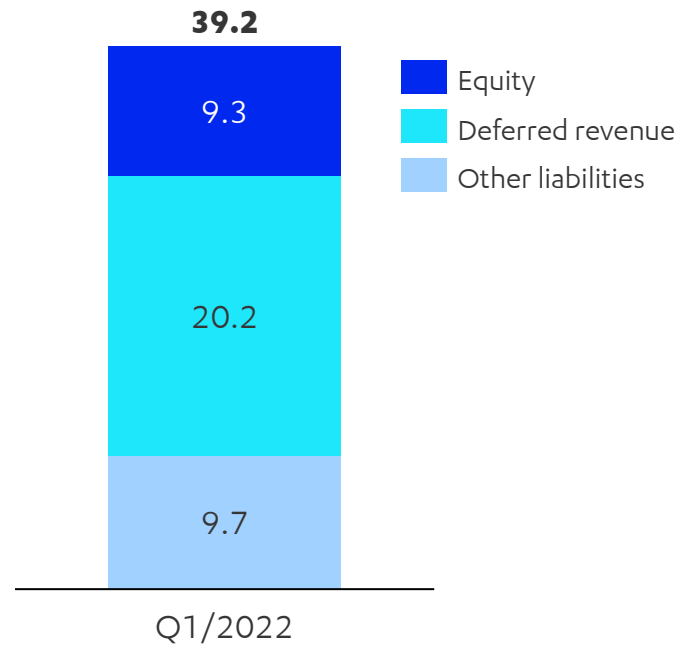
## Assets at 31.3.2022

EURm



## Equity & liabilities at 31.3.2022

EURm



## Demerger Considerations

- Demerger will take place based on the balance sheet values at 30.6.2022
- Receivables and interest-bearing liabilities due to forming the legal standalone subsidiary structure
- Sub-lease and lease agreements for office premises will be recognized upon demerger

**23.7%**  
Equity ratio Q1/'22

**No Goodwill**

**No debt from financial institutions**

# F-SECURE OUTLOOK FOR 2022

## REVENUE GROWTH

*“We expect the revenue to grow 4-6% year-on-year”*

## PROFITABILITY

*“Due to necessary investments into establishing our independence and ensuring future growth, we will see lower profitability during the rest of the year compared to Q1/2022. Thus, we expect the adjusted EBITA to be approximately 40% for the full year 2022.”*

# MEDIUM-TERM FINANCIAL TARGETS FOR CONSUMER

|                         |   | 2021 Actual                          |
|-------------------------|---|--------------------------------------|
| GROWTH<br>TARGET        | <i>“High single digit organic revenue growth”</i>   | EUR 106m (+6% Y-o-Y)<br>Revenue 2021 |
| PROFITABILITY<br>TARGET | <i>“After initial growth investments,<br/>adjusted EBITA margin of above 42 percent”</i>                    | 44%<br>Adj. EBITA margin 2021        |
| DIVIDEND<br>TARGET      | <i>“F-Secure aims to pay around or above 50 per cent of<br/>net profit as dividend on an annual basis.”</i> | n.a.                                 |



**TARGET TO CONSISTENTLY OUTPERFORM MARKET GROWTH & RULE OF 40**



# Q & A



Timo Laaksonen  
CEO

## **CLOSING REMARKS AND Q&A**



# F-SECURE AS AN INVESTMENT

- 1 **CONSUMER CYBER SECURITY IS A LARGE AND GROWING MARKET OPPORTUNITY**
- 2 **GLOBAL LEADER IN COMMUNICATION SERVICE PROVIDER (“CSP”) CHANNEL AND GROWING**
- 3 **REPLICATING CSP PROVEN BUSINESS MODEL IN NEW CHANNELS**
- 4 **HIGHLY PROFITABLE SAAS BUSINESS MODEL, OUTPERFORMING MARKET GROWTH AND RULE OF 40**
- 5 **STRONG CASH FLOW AND PROFITABILITY DRIVES DIVIDENDS AND POTENTIAL FUTURE M&A ACTIVITY**





# Q & A



**THE NO. 1 SECURITY EXPERIENCE COMPANY**