



# **F-Secure Corporation Financial Statements Release 2024**

**1 January - 31 December 2024**

# Solid end to the year with focus on future growth

## Highlights of October–December (Q4) 2024

- Revenue was at previous year level, and was EUR 37.0 million (EUR 36.9 million). Organic growth was 0.4%.
  - Revenue from Partner Channel was at previous year level and was EUR 30.0 million (EUR 30.1 million), organic growth was 0.5%.
  - Revenue from Direct Channel increased by 2.2% to EUR 7.0 million (EUR 6.8 million), organic growth was 0.1%.
- Adjusted EBITA was EUR 11.8 million (EUR 11.7 million), 31.8% of revenue (31.7%).
- Items affecting comparability (IAC) were EUR -1.7 million (EUR -1.9 million) related to organization restructuring.
- Earnings per share (EPS) was EUR 0.02 (EUR 0.02). Earnings per share excluding PPA amortization was EUR 0.03 (EUR 0.03)<sup>1)</sup>
- Cash flow from operating activities before financial items and taxes was EUR 11.9 million (EUR 17.4 million).
- During the fourth quarter F-Secure conducted change negotiations to reorganize its operations. As a result of the completed change negotiations, 33 employments in F-Secure will be terminated, of which 19 in Finland.

## Highlights of January–December 2024

- Revenue increased by 12.2% to EUR 146.3 million (EUR 130.4 million). Organic growth was 1.8%.
  - Revenue from Partner Channel increased by 12.5% to EUR 118.2 million (EUR 105.1 million), organic growth was 2.4%.
  - Revenue from Direct Channel increased by 11.0% to EUR 28.0 million (EUR 25.2 million), organic growth was -0.5%.
- Adjusted EBITA was EUR 52.2 million (EUR 44.6 million), 35.7% of revenue (34.2%).
- Items affecting comparability (IAC) were EUR -1.4 million (EUR -8.0 million) related to organization restructuring.
- Earnings per share (EPS) was EUR 0.12 (EUR 0.13). Earnings per share excluding PPA amortization was EUR 0.16 (EUR 0.15)<sup>1)</sup>
- Cash flow from operating activities before financial items and taxes was EUR 53.9 million (EUR 37.6 million).
- Net debt amounted to EUR 163.6 million (177.4 million) and leverage was 3.1x.
- The Board of Directors proposes a dividend of EUR 0.04 per share (33% of the group January–December 2024 net profit), to be paid in two instalments.

Figures in brackets refer to the corresponding period in the previous year, unless otherwise stated. Percentages and figures presented herein may include rounding differences and therefore may not add up precisely to the totals presented. Figures in this financial statements release are unaudited.

As announced on 20 March 2024, F-Secure changed the calculation method for gross margin in its income statement. Some of the costs previously recorded in F-Secure income statement as Cost of revenue have been included in Research and development and Sales and marketing costs. F-Secure applies the new calculation method for gross margin as of 1 January 2024. Comparative figures are also revised.

<sup>1)</sup>From the third quarter of 2023, F-Secure has reported also earnings per share excluding purchase price allocation amortization (PPA) due to amortization following the acquisition of Lookout Life.

# Outlook for 2025

**Growth:** F-Secure expects mid-single digit revenue growth for 2025.

**Profitability:** The group's adjusted EBITA is expected to be approximately on the same level as in 2024 (EUR 52.2 million).

## Background for the outlook:

- F-Secure expects the core consumer cyber security market to grow mid-single digit CAGR mid- to long-term<sup>1)</sup>. F-Secure sees the potential to grow faster than the market focusing on partner channel and its offering around Embedded security and Scam Protection. The growth may be moderated due to the uncertainties around consumer sentiment in certain markets.
- Partner business and especially Embedded services are expected to drive F-Secure growth during 2025. Growth is expected to accelerate throughout the year as new partners and services gradually start to generate revenue.
- Direct business revenue development is expected to be negative due to continued strategy of refraining from paid customer acquisition.
- Gross margin is expected to be slightly lower than in 2024 (86.2%) due to growth of strategic partners with embedded solutions, as these typically have a lower gross margin level than F-Secure Total business.
- F-Secure continues to develop its service, operations and production capabilities further to meet Tier 1 partner requirements. These efforts are still reflected in the higher cost base. As business scales we expect to leverage continued service level investments across a wider partner base, leading to positive Adjusted EBITA % development over time.
- Capex level is expected to remain on similar level as in 2024. However, new product development projects related to partner demand can have an impact on the outcome.

# Financial targets

F-Secure's medium-term financial targets and dividend policy for the company was published on 19 November 2024. The targets reflect the company's growth ambitions and strategic direction. 2025 is still a business ramp-up year, after which the journey towards achieving the financial targets is expected to accelerate.

- **Growth:** High single digit growth (CAGR) with additional significant upside from major Tier 1 deals
- **Profitability:** Adjusted EBITA margin approaching 40% as revenue reaches EUR 200 million
- **Dividend Yield:** Around or above 50% of net profit; which can be adjusted as long as leverage is higher than the targeted level
- **Leverage:** Net debt / adjusted EBITDA ratio below 2.5x, excluding temporary impact from acquisitions

F-Secure Corporation follows the Rule of 40 metric as internal performance measurement and guiding principle, according to which the combined revenue growth rate and profitability margin should be equal to or greater than 40%.

<sup>1)</sup>Industry analyst views such as Gartner and IDC, and F-Secure management estimates

# Financial performance

EUR million	10-12/2024	10-12/2023	Change %	1-12/2024	1-12/2023	Change %
Revenue	370	369	0.4%	146.3	130.4	12.2%
Gross Margin <sup>1)</sup>	32.1	33.0	-2.8%	126.0	118.6	6.3%
% of revenue	86.7%	89.4%		86.2%	90.9%	
Adjusted EBITDA <sup>2)</sup>	12.1	12.0	1.1%	53.5	45.7	171%
% of revenue	32.7%	32.4%		36.6%	35.0%	
Adjusted EBITA <sup>2)</sup>	11.8	11.7	0.7%	52.2	44.6	17.2%
% of revenue	31.8%	31.7%		35.7%	34.2%	
Items affecting comparability (IAC) <sup>3)</sup>	-1.7	-1.9		-1.4	-8.0	-81.9%
PPA amortization	-2.0	-2.0		-7.8	-4.7	
EBIT	6.7	7.1	-4.8%	38.4	29.5	30.3%
% of revenue	18.1%	19.1%		26.3%	22.6%	
Earnings per share (EUR) <sup>4)</sup>	0.02	0.02	6.3%	0.12	0.13	-5.8%
Earnings per share, adjusted for PPA amortization (EUR) <sup>4)</sup>	0.03	0.03	3.6%	0.16	0.15	4.7%
Shareholder's equity per share				0.27	0.19	
Operating cash flow	9.1	13.2	-31.0%	38.8	30.1	28.9%
Cash conversion %	99.4%	141.2%		80.5%	81.2%	
Deferred revenue				28.5	25.6	11.1%
Net debt (+) / Net cash (-)				163.6	177.4	-7.8%
Net debt/Adjusted EBITDA				3.1	3.5 <sup>5)</sup>	
Gearing, %				356.0%	547.2%	
Equity ratio %				17.4%	12.0%	
Personnel at the end of the period				530	524	1.1%

1) As announced on 20 March 2024, F-Secure changed the calculation method for gross margin in its income statement. Some of the costs previously recorded in F-Secure income statement as Cost of revenue have been included in Research and development and Sales and marketing costs. F-Secure applies the new calculation method for gross margin as of 1 January 2024. Comparative figures are also revised.

2) Excluding Items Affecting Comparability (IAC) and depreciation and amortization.

3) A reconciliation and breakdown of items affecting comparability is presented at the end of this report.

4) Based on the average number of shares for the reporting period.

5) Net debt/Adjusted EBITDA 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.



## Timo Laaksonen, President and CEO

F-Secure's fourth quarter revenue was slightly above the level of the previous year. Overall market sentiment was relatively stable. We won two new Communication Service Provider (CSP) partner deals in Asia-Pacific, along with several service extensions and renewals with key partners globally. We also signed a frame agreement with a European CSP group for F-Secure Sense and an agreement for DNS Security services with a Central European CSP. The positive impact of these contracts will start during the course of 2025.

The collaboration with a Tier 1 CSP for embedded security that was announced in March, was launched

according to plan in December with service marketing expected to start during the first quarter of 2025. During this delivery process, we have built the broadest embedded security portfolio in the market, offering the highest degree of flexibility to our current and prospective Tier 1 partners.

According to a study published by Global Anti-Scam Alliance<sup>1</sup> in October, more than two billion people fell victim to a scam during the year, and more than one trillion US dollars were lost worldwide. This confirms that we were clearly in the right place at the right time with our launch of Scam Protection module in F-Secure Total already in June.

In October, Omdia – an Informa Group company - ranked F-Secure as a leader in the heat map for vendors providing Telcos with consumer cyber security solutions<sup>2</sup>. The independent research firm gave F-Secure the highest possible rating in all six

categories: Internet Security, Identity Protection & Privacy, Device & Network Protection, Professional Services, Mobile Apps, and Market Impact. F-Secure also won the best use case of AI for customer experience for its AI-based SMS Protection at the AI Gala in Finland in October. The feature forms part of F-Secure's recently launched scam protection capabilities. The award celebrates an innovation that has significantly improved customer experience with the help of AI. The award serves as further endorsement to F-Secure's vision to become the #1 in consumer security experience company in the world.

F-Secure received ISO 27001 certification<sup>3</sup> in November. This certificate covers all company operations and represents the values and practices we are and have been committed to; implementing robust security policies, risk management measures, and data protection protocols to ensure our customers' and partners' information is handled with utmost care.

During the fourth quarter, we implemented a transformation to drive growth and better serve our partners in each segment. As a result of the conducted change negotiations, we achieved the targeted organization, operational model and growth strategy alignment as well as cost savings with fewer redundancies than initially indicated. These savings will be invested back into the company's growth initiatives during 2025.

Our new Leadership team has been fully operational since last quarter. The team's combined expertise, experience and vision are invaluable assets as we drive transformation, growth and operational excellence at F-Secure. We remain committed to driving innovation and excellence in consumer cyber security, and the well-being, dedication and expertise of our personnel remains an absolute focus for our leadership as we enter 2025. My sincere thanks to all our Fellows for taking meaningful strides forward in executing our growth strategy.

<sup>1</sup><https://www.gasa.org/research>

<sup>2</sup><https://www.f-secure.com/en/partners/insights/f-secure-ranked-as-leader-among-cyber-security-solutions-for-telcos>

<sup>3</sup>ISO/IEC 27001:2022 certification is recognized worldwide standard in information security management and is based on the standard set by the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC).

# Group performance

## Revenue by sales channel

EUR million	10-12/2024	10-12/2023	Change %	1-12/2024	1-12/2023	Change %
Revenue from external customers						
Partner channel	30.0	30.1	-0.1%	118.2	105.1	12.5%
Direct channel (E-commerce)	7.0	6.8	2.2%	28.0	25.2	11.0%
<b>Total</b>	<b>37.0</b>	<b>36.9</b>	<b>0.4%</b>	<b>146.3</b>	<b>130.4</b>	<b>12.2%</b>

## Revenue by geography

EUR million	10-12/2024	10-12/2023 <sup>1)</sup>	Change % <sup>1)</sup>	Comparable change % <sup>2)</sup>	1-12/2024 <sup>1)</sup>	1-12/2023 <sup>1)</sup>	Change % <sup>1)</sup>	Comparable change % <sup>1,2)</sup>
Revenue from external customers								
Nordic countries	10.7	10.1	6.7%	6.7%	42.0	40.0	5.1%	5.1%
Rest of Europe	12.0	12.8	-6.0%	-6.0%	48.1	49.2	-2.3%	-2.3%
North America	11.4	11.4	0.3%	1.6%	45.5	32.8	38.8%	39.9%
Rest of the world	2.9	2.7	7.5%	8.3%	10.6	8.4	26.9%	30.3%
<b>Total</b>	<b>37.0</b>	<b>36.9</b>	<b>0.4%</b>	<b>0.9%</b>	<b>146.3</b>	<b>130.4</b>	<b>12.2%</b>	<b>12.6%</b>

1) F-Secure has adjusted the geographical split of revenues between Rest of Europe and North America. This adjustment impacts also the change percentages. The adjustment did not have a material impact to the reported figures. Comparative periods have been adjusted accordingly.

2) Comparable change excludes the impact of exchange rates.



# October–December 2024

## Revenue

F-Secure revenue in October–December was at previous year level and was EUR 37.0 million (EUR 36.9 million). Organic revenue growth was 0.4% and currency neutral organic growth was 0.6%, due to USD currency impact. Fourth quarter revenue growth was supported by Direct Business while Partner Business continued to develop at a similar pace as in the comparison quarter. Revenue was also impacted by fair valuation adjustments of deferred revenue EUR -0.2 million (EUR -1.1 million) made in purchase price allocation. Deferred revenue increased from the previous quarter by 13.0% mainly due to the seasonal billings of some large partner contracts.

## Partner Channel

Revenue from the partner channel remained at the level of comparison period and was EUR 30.0 million (EUR 30.1 million). Organic revenue growth in the partner channel was 0.5%. Thanks to continued good progress with Total conversion the average revenue per user (ARPU) increased. The strategic collaboration with one of the world's leading (Tier 1) Communication Service Provider for embedded security that was announced in March, was launched according to plan in December. Nevertheless, revenue of some long-time F-Secure partners continues to decline also in the fourth quarter as they are addressing challenges in their core business.

Partner channel revenue increased in the Nordics especially in Sweden, where activity and partners' interest in F-Secure solutions is strong. Central Europe has continued to be weak for some quarters already and revenue decreased in the UK and in Germany, due to continued weak partner performance. The Netherlands' performance was weak mainly due to exceptionally high comparison quarter. After challenging years in Poland, revenue was finally flat.

## Direct Channel

Revenue from the direct channel increased by 2.2% to EUR 7.0 million (EUR 6.8 million). Organically revenue was flat. Direct channel revenue was supported by strong F-Secure eCommerce billings in the previous quarters. Renewals remained on a good level throughout the quarter and ARPU was strong comparing to previous year. The lower level of paid customer acquisition investments is reflected in Direct Business new sales as planned.

## Gross margin

Gross margin was 32.1 million (EUR 33.0 million) and 86.7% of revenue (89.4%). The gross margin was still burdened by some additional costs related to lost synergies post-TSA period. This impact materialized already in the first half of 2024, after which cost profile has continued to gradually improve as we have progressed in consolidating our production operations and adapted our hosting infrastructure fully to the usage patterns of the independent consumer company.

## Operating expenses

Operating expenses excluding depreciation and amortization and items affecting comparability (IAC) were EUR -20.1 million (EUR -21.3 million) in October–December 2024. Sales and marketing costs were lower than in the comparison period and totalled EUR -8.4 million (EUR -10.0 million). The decline was mainly due to lower level of paid customer acquisition investments in Direct business new sales as planned. Research and development (R&D) costs were EUR -7.9 million (EUR -7.7 million) and administration costs were EUR -3.8 million (EUR -3.5 million). Capital expenditures declined towards the end of the year and were clearly lower than in the previous quarters as expected. The decrease was mainly due to the completion of certain larger R&D projects.

Items affecting comparability (IAC) totalled EUR -1.7 million (EUR -1.9 million) and consisted of costs related to restructuring and change negotiation activities announced in October 2024.

Depreciation and amortization excluding purchase price allocation (PPA) amortization totalled EUR -1.7 million (EUR -1.0 million). PPA amortizations related to the Lookout consumer security business acquisition totalled EUR -2.0 million (EUR -2.0 million) in October–December 2024.

## Profitability

Adjusted EBITA in October–December 2024 was EUR 11.8 million and 31.8% of revenue (EUR 11.7 million, 31.7%). EBIT was EUR 6.7 million and 18.1% of revenue (EUR 7.1 million, 19.1%), the decline was mainly explained by higher amortizations.

# January–December 2024

## Revenue

F-Secure revenue increased in January–December 2024 by 12.2% to EUR 146.3 million (EUR 130.4 million). Revenue growth was attributable to the acquisition of Lookout Life consumer business in the second quarter of 2023. Organic revenue growth in January–December was 1.8% and currency neutral organic growth was 2.2%, with impact especially from the JPY but also from the US dollar. Revenue was also impacted by fair valuation adjustments of deferred revenue EUR -1.5 million (EUR -3.1 million) made in purchase price allocation. Deferred revenue increased by 11.1% from last year mainly due to the billings of a large partner contract.

## Partner Channel

Revenue from the partner channel increased by 12.5% to EUR 118.2 million (EUR 105.1 million). Organic revenue growth in the partner channel was 2.4%. The strategic collaboration with one of the world's leading CSP, announced in the first quarter, supported revenue growth in the partner channel. The actual business ramp-up started in December 2024 and will bring results towards 2025. Nevertheless, revenue of some long-time F-Secure partners continued to decline as they were addressing challenges in their core business.

Partner channel revenue increased in the USA as well as in the Asia-Pacific (APAC) area, especially in Japan. Revenue increased also in Finland and Sweden. Challenges in Poland eased towards the end of the year. Revenue decreased in Germany and in the UK, due to continued weak partner business performance.

## Direct Channel

Revenue from the direct channel increased by 11.0% to EUR 28.0 million (EUR 25.2 million). Organically revenue declined in the direct channel by -0.5%. Renewals remained on a good level throughout the year. The decrease in paid customer acquisition investments was reflected in Direct Business new sales throughout the period as planned.

## Gross margin

Gross margin was 126.0 million (EUR 118.6 million) and 86.2% of revenue (90.9%). Lookout Life business has a lower gross margin level than what F-Secure

traditionally had. The gross margin was also impacted by fair valuation adjustments of deferred revenue made in purchase price allocation. In addition, the gross margin was burdened by some additional costs related to lost synergies post-TSA period. This impact materialized already in the first quarter as full technical autonomy was achieved at the end of 2023 when the TSAs ended with WithSecure. This cost profile gradually improved throughout the year as we have made progress in consolidating our production operations and adapted our hosting infrastructure fully to the usage patterns of an independent consumer company.

The transitional services agreements ("TSA") entered between F-Secure and Lookout consumer security business amounted to EUR 4.3 million (EUR 2.7 million) in cost of revenue in January–December 2024. The only remaining TSA is planned to last several years and is already of commercial nature.

## Operating expenses

Operating expenses excluding depreciation and amortization and items affecting comparability (IAC) were EUR -73.3 million (EUR -73.7 million) in January–December 2024. Sales and marketing costs were lower than in the comparison year and totalled EUR -33.4 million (EUR -35.9 million). Decline was mainly due to lower marketing costs in Direct business as planned. Research and development (R&D) costs were EUR -25.4 million (EUR -25.2 million). However, overall R&D cost increased, but more R&D investments were booked as capital expenditure. Administration costs were EUR -14.5 million (EUR -12.7 million), where the increase is related to building maturity specific to Tier 1 partner business.

The transitional services agreements ("TSA") entered between F-Secure and Lookout consumer security business amounted to EUR 1.8 million (EUR 1.7 million) in R&D and EUR 0.2 million (EUR 0.4 million) in administration in January–December 2024. The one remaining TSA in R&D is planned to last several years and is already of commercial nature. The last TSAs in administration were terminated during the second quarter of 2024.

Items affecting comparability (IAC) totalled EUR -1.4 million (EUR -8.0 million), consisted of costs mainly related to restructuring and change negotiation activities announced in October 2024. The comparison period included EUR -6.1 million of items affecting comparability attributable to the acquisition of Lookout



consumer security business and EUR -1.8 million restructuring costs related to change negotiations.

Depreciation and amortization excluding purchase price allocation amortization (PPA) totalled EUR -5.8 million (EUR -3.5 million). PPA amortizations related to the Lookout consumer security business acquisition totalled EUR -7.8 million (EUR -4.7 million) in January–December 2024.

## **Profitability**

Adjusted EBITA in January–December 2024 was EUR 52.2 million and 35.7% of revenue (EUR 44.6 million, 34.2%). Items affecting comparability (IAC) were EUR -1.4 million (EUR -8.0 million). EBIT was EUR 38.4 million and 26.3% of revenue (EUR 29.5 million, 22.6%). Profitability was positively impacted by the recording of more long-term technology investments as capital expenditure in the second and third quarter and burdened by higher amortizations and purchase price amortizations.

# Cash flow, financial position and financing

EUR million	10-12/2024	10-12/2023	Change %	1-12/2024	1-12/2023	Change %
Cash and cash equivalents				8.1	15.9	-49.0%
Bank loans, non-current				130.9	160.4	-18.3%
Bank loans, current				38.0	30.0	26.7%
Interest-bearing receivables				3.8	3.7	2.7%
Lease liabilities, non-current				0.5	0.3	66.7%
Lease liabilities, current				0.7	1.0	-26.1%
Other interest-bearing liabilities				5.3	5.3	
Financial income	0.6	0.3	779%	1.7	7.0	-75.5%
Financial expense	-3.0	-3.8	-209%	-13.1	-8.8	48.9%
Capital Expenditure excl. acquisition	1.2	1.4	-12.4%	11.1	7.9	40.3%
% of revenue	3.3%	3.8%		7.6%	6.1%	
Capital expenditure	1.2	2.3	-46.1%	11.2	215.7	

In January–December 2024, cash flow from operating activities before financial items and taxes amounted to EUR 53.9 million (EUR 37.6 million), where the increase was due to the acquisition of Lookout Life consumer business. Cash flow from operations was EUR 38.8 million (EUR 30.1 million). Fourth quarter cash conversion rate was 99.4% (141.2%), mirroring the weaker cash conversion in the third quarter of 2024. In the comparison quarter, cash conversion was exceptionally high driven by recovery of receivable challenges earlier in that year. Cash conversion rate in January–December 2024 was 80.5% (81.2%). Cash at the end of December 2024 amounted to EUR 8.1 million (EUR 15.9 million). F-Secure has a revolving credit facility (RCF) of EUR 20 million that matures in 2027. F-Secure has drawn down EUR 8 million revolving credit facility for general cash management purposes.

At the end of December 2024, F-Secure net debt amounted to EUR 163.6 million (EUR 177.4 million) and net debt to adjusted EBITDA ratio was 3.1x, being above the medium-term target of below 2.5x, due to Lookout Life acquisition. Subsequently, equity ratio was 17.4% (12.0%).

The acquisition of Lookout Life consumer business in the second quarter of 2023 was financed with debt. The Group's loan agreement includes a quarterly measured financial covenant based on the ratio between net debt and adjusted EBITDA. The group has met these covenant terms and conditions on the reporting date. The

term loan was repaid by EUR 15 million during the fourth quarter of 2024 and by EUR 30 million during financial year 2024.

Total assets were EUR 270.6 million (EUR 275.3 million) at the end of December 2024.

As of 31 December 2024, current lease liabilities were EUR 0.7 million (EUR 1.0 million) and non-current lease liabilities were EUR 0.5 million (EUR 0.3 million). The lease liabilities relate to leases for office premises and cars.

F-Secure payables to WithSecure totalled EUR 5.3 million and the receivables from WithSecure totalled EUR 3.8 million, presented in the table above as Other interest-bearing liabilities and interest-bearing receivables, respectively. These balances are now short-term and due for payment in the second quarter of 2025 as per the original repayment schedule.

In January–December 2024, capital expenditure was EUR 11.2 million (EUR 215.7 million) and was mainly related to technology.

# Organization and leadership

At the end of December 2024, F-Secure had 530 (524) employees. The average number of personnel in 2024 was 519 (484).

## Change negotiations

During the fourth quarter of 2024, F-Secure conducted change negotiations to reorganize the company to better reflect company's increased focus on addressing specific partner segment needs and opportunities and to secure the successful execution of the company's growth strategy. The change negotiations concerned most operations within Sales, Marketing, Services and Technology. As a result of the concluded change negotiations, 33 positions were to be terminated, of which 19 in Finland. However, all 33 employees were still on payroll at the end of December 2024.

## F-Secure Leadership Team

At the end of December 2024, the composition of the Leadership Team was the following:

Timo Laaksonen	President & Chief Executive Office
Richard Larcombe	Chief Marketing Officer
Nina Lehto	Senior Vice President, Services
Antero Norkio	Senior Vice President, Corporate Development
Bruno Rodriguez	Chief Revenue Officer
Sari Somerkallio	Chief Financial Officer
Kaisa Tikka-Mustonen	Chief People Officer
TL Viswanathan	Chief Product Officer
Toby White	Chief Technology Officer

The following leadership team change took place during the fourth quarter of 2024: Bruno Rodriguez started in a position of Chief Revenue Officer (CRO) and a member of the Leadership Team of F-Secure Corporation as of 1 October 2024.

# Shares and shareholders

At the end of December 2024, the registered share capital of F-Secure was 80,000 and the company had 174,673,165 fully paid shares.

F-Secure has one share class and the company's shares are included in a book-entry system. The closing price of the share at the end of December 2024 was EUR 1.78. In January–December 2024, the highest price paid was EUR 2.33 and the lowest EUR 1.67. In January–December 2024, the share's volume weighted average price was EUR 1.95. The share trading volume in January–December 2024 was EUR 44.8 million and 22.9 million shares. On 31 December 2024, the company's market capitalization was EUR 312 million.

The number of registered shareholders at the end of December 2024 was 33,921, including nominee registers. The list of the shareholders of F-Secure Corporation is based on the information given by the Euroclear Finland Ltd.

F-Secure did not hold any treasury shares at the end of the review period.

## Flagging notifications

During the review period, F-Secure received one flagging notification of change in holdings in accordance with Chapter 9, Section 10 of the Securities Market Act:

According to a notification received on 20 February 2024, the number of voting rights in F-Secure controlled by Nordea Funds decreased below ten (10) per cent of the total shares and voting rights of F-Secure Corporation on 19 February 2024.

# Governance

## Annual General Meeting 2024

The Annual General Meeting of F-Secure Corporation held on 13 March 2024 adopted the annual accounts and the consolidated annual accounts for the financial year ended 31 December 2023, discharged the members of the company's Board of Directors and the CEO from liability, and approved all proposals made to the Annual General Meeting by the Board of Directors. The Annual General Meeting also approved the 2023 remuneration report for governing bodies. The resolution was of an advisory nature according to the Finnish Companies Act.

### Resolution on the use of the profit shown on the balance sheet and the payment of dividend

The Annual General Meeting resolved that for the financial year that ended on 31 December 2023, a dividend of EUR 0.07 per share be paid. The dividend was paid in two instalments as follows; The first dividend instalment of EUR 0.035 per share was paid on 22 March 2024. The second dividend instalment of EUR 0.035 per share was paid on 4 October 2024.

### Composition and remuneration of the Board of Directors

The Annual General Meeting resolved that the number of the members of the Board of Directors shall be six (6). The current board members Pertti Ervi, Risto Siilasmaa, Thomas Jul and Petra Teräsaho were re-elected to the Board of Directors. Tommi Uitto was elected as a new member. Katja Kuusikumpu, who belongs to the personnel of the corporation, was also elected as a new member of the Board of Directors.

It was resolved that the remuneration of the members of the Board shall remain unchanged. The remuneration is as follows: EUR 80,000 annually for the Chair of the Board of Directors, EUR 48,000 annually for the Committee Chairs, EUR 38,000 annually for the members of the Board of Directors, and EUR 12,667 for members employed by F-Secure. It was resolved that approximately 40% of the remuneration be paid as shares in the Company repurchased from the market or as treasury shares held by the company. The company will pay any transfer tax levied on the repurchase of shares. The Company will repurchase the shares or transfer shares held by the company as treasury shares in the name and on behalf of the members of the Board of Directors.

Furthermore, the travel expenses and other costs of the members of the Board of Directors directly related to board work are paid in accordance with the company's policy in force from time to time and that each member of the Board of Directors of F-Secure is paid a predetermined travel fee in addition to travel expenses for meetings held outside their country of residence as follows: A separate meeting fee of EUR 1,000 is paid to the Board members travelling from another European country to an on-site meeting in Europe. If inter-continental travel is required, the fee is EUR 2,000. No separate travel fee will be paid to members of the Board of Directors employed by the company.

### Election and remuneration of the Auditor

The Annual General Meeting re-elected the audit firm PricewaterhouseCoopers Oy as Auditor of the company. Mr Samuli Perälä, APA, will continue as the company's Responsible Auditor. The same audit firm was elected to audit the sustainability report from the financial year 2024.

The Auditor will be remunerated in accordance with the invoice approved by the company and the same applies to the auditor's fees relating to the audit of the company's sustainability report from the financial year 2024.

### Authorising the Board of Directors to decide on the repurchase of the company's own shares

The Annual General Meeting authorised the Board of Directors to resolve on the repurchase of a maximum of 10,000,000 of the company's own shares in one or more instalments with funds belonging to the company's unrestricted equity. This number of shares corresponds to approximately 5.72% of the company's total number of shares on the date of the notice to the Annual General Meeting

The authorisation entitles the Board of Directors to decide on the repurchase also in deviation from the proportional holdings of the shareholders (directed repurchase). The authorisation comprises the repurchase of shares either in public trading or otherwise based on the market price on the date of purchase, or with a bid to the shareholders in which case the repurchase price must be the same for all shareholders. The company's own shares shall be repurchased to be used for carrying out acquisitions or implementing other arrangements related to the company's business, for optimising the company's capital structure, as part of the

implementation of the company's incentive scheme or otherwise to be transferred further or cancelled. The authorisation includes the right of the Board of Directors to decide on all other terms related to the repurchase of the company's own shares. The authorisation is valid until the conclusion of the next Annual General Meeting, but no later than 30 June 2025. The authorisation cancels the company's prior authorisations concerning the repurchase of the company's own shares.

### **Authorising the Board of Directors to decide on the issuance of shares and special rights entitling to shares**

The Annual General Meeting authorised the Board of Directors to decide on issuance, in one or more instalments, of new shares or shares possibly held by the company through share issue and/or issuance of option rights or other special rights entitling to shares, referred to in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act, so that by virtue of the authorisation altogether 17,000,000 shares may be issued and/or transferred at the maximum. This number of shares corresponds to approximately 9.73% of the company's total number of shares on the date of the notice to the Annual General Meeting.

The authorisation can be used for the financing or execution of potential acquisitions or other arrangements or investments relating to the Company's business, for the implementation of the company's incentive scheme or for other purposes subject to the Board of Directors' decision.

The authorisation entitles the Board of Directors to decide on all terms and conditions of the share issue and the issuance of special rights referred to in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act. The authorisation thus includes the right to issue shares also in a proportion other than that of the shareholders' current shareholdings in the company under the conditions provided in law, the right to issue shares against payment or without charge, as well as the right to decide on a share issue without payment to the company itself, subject to the provisions of the Finnish Limited Liability Companies Act on the maximum amount of treasury shares.

The authorisation will remain valid until the conclusion of the following Annual General Meeting, but no later than 30 June 2025. The authorisation cancels the company's prior authorisations concerning the issuance of shares and special rights entitling to shares.

### **Organisational meeting of the Board of Directors**

In its organisational meeting the Board of Directors of F-Secure re-elected Pertti Ervi as Chairman of the Board of Directors. From among its members, the Board elected Petra Teräsaho (Chair of the committee), Pertti Ervi and Risto Siilasmaa as members of the Audit Committee.

### **Establishment of the Personnel and Nomination Committee**

In its organisational meeting, the Board of Directors resolved to establish a Personnel and Nomination Committee. The Personnel and Nomination Committee prepares material and instructs with issues related to the composition and compensation of the Board of Directors and remuneration of the other members of the top management of the company. From among its members, the Board elected Pertti Ervi (chair of the committee) and Risto Siilasmaa as members of the Personnel and Nomination Committee. Following the announcement on 3 April 2024, F-Secure Corporation's Board of Directors appointed Thomas Jul, F-Secure Board member as the third member of the Personnel and Nomination Committee.

### **Corporate Governance Statement and remuneration report**

F-Secure compiles a separate Corporate Governance Statement in accordance with the recommendation of the Finnish Corporate Governance Code. The statement is included in the Annual Report 2024 but published separately from the Board of Directors' report. The statement is available on F-Secure's investor website at [investors.f-secure.com/en](https://investors.f-secure.com/en) on the week beginning 24 February 2025 (week 9).

### **Corporate Sustainability Reporting**

F-Secure will publish a sustainability report in accordance with the EU Corporate Sustainability Reporting Directive (CSRD) in the Board of Director's Report during week 9.

# Risks and uncertainties

## Risks related to the integration of Lookout consumer business

Following the completion of the transitional services agreements (TSA) and carve-out with Lookout, F-Secure faces an elevated risk level due to the new operational landscape. Despite gaining full control, the integration of acquired systems, processes, and personnel has introduced complexities and potential operational challenges that may expose F-Secure to claims related to Service Level Agreements (“support penalties”), and/or impact negatively partner relationships and future revenue outlook. This heightened risk is expected to persist in the short-term as we adapt to and optimise our expanded operations. F-Secure is actively monitoring and implementing mitigation strategies to reduce the risk exposure over time.

## Risks related to F-Secure’s operating environment

Intensifying competition in the consumer security market could lead to a general decline of the price level and affect F-Secure’s ability to maintain or increase its market share, and the intensifying competition could thus have an adverse effect on F-Secure revenue, profitability and market share.

F-Secure may not be able to keep up with rapid changes in customer demand, distribution channels, technologies and the evolution of malware and cyber security threats, which could have an adverse effect on F-Secure reputation, competitiveness, operational results and financial position.

Uncertainty on F-Secure’s key markets, financial markets and general economic situation could have an adverse effect on F-Secure’s business and growth opportunities and reduce the demand or increase cost of the products and services offered by F-Secure. Geopolitical instability has increased uncertainty in the world and the risk of unexpected disruptions of the world economy. The war for example in Ukraine has caused some exceptional consequences to the cyber security landscape, such as highly visible governmental activities, as well as organized civilian response to the war efforts.

## Risks related to F-Secure’s business operations and strategy

If F-Secure’s agreement with a significant business partner or Channel Partner ends or is terminated, or if F-Secure is unable to continue cooperating with a

business partner or Channel Partner under acceptable terms, or if there is a failure by a Channel Partner to fulfil its duties, this could significantly decrease F-Secure revenue, increase its costs, hinder its operative business and weaken its ability to offer services or solutions to its customers. Furthermore, some Channel Partners may be slow in adopting new solutions that may delay F-Secure revenue growth or increase maintenance related costs.

The loss of key persons and skilled employees, the possible delay of new hires or increase in personnel expenses could weaken F-Secure’s profitability and the standard of its services or solutions, hinder operations and prevent F-Secure from successfully developing and growing its business.

Actual, possible or perceived defects, disruptions or vulnerabilities in F-Secure products or services, including risks from cyber security attacks and errors or abuses by F-Secure employees and business partners, could harm F-Secure or its customer reputation, decrease sales, hinder operations, tie up personnel resources and give rise to claims for damages and increase other costs.

Integration of F-Secure and Lookout consumer security product portfolios over time may prove to be more costly than estimated or take longer than planned. These may increase F-Secure’s costs or negatively impact planned future product releases, their scope, availability and/or competitiveness and thereby revenue growth.

F-Secure provides consumer cyber security solutions to some of the largest Service Providers in the world (“Tier 1 Channel Partners”) and aims to win new Tier 1 Channel Partner contracts. Tier 1 Channel Partners may require solutions that F-Secure is unable to create, deliver and maintain with sufficient profitability over time. These contracts may also expose F-Secure to claims related to Service Level Agreements (support penalties) or include other similar and material contractual liabilities, such as consumer data breach. F-Secure may have to invest upfront to create and deliver said solutions, which in turn may have a negative impact on F-Secure product roadmaps, company revenue and profitability.

F-Secure is in the process of transforming the company and its operating model with its growth strategy. Changes in the company strategic priorities, structure and processes may take time to become effective. Additionally, these changes may at least initially have a negatively impact on company product roadmap and



its operations. New strategy and implemented changes may also lead to higher attrition rate. These combined can have a negative impact on financial outlook of the company.

### **Risks related to the technology used by F-Secure, intellectual property rights and other regulations**

Any malfunctions in technologies, IT systems or network connections used by F-Secure or any security breaches could endanger disruptions to F-Secure's service offering. F-Secure may not succeed in registering, protecting, managing, maintaining and enforcing its intellectual property rights, and F-Secure may be targeted by intellectual property right infringement claims which can cause significant costs. Leakage of personal data collected by F-Secure may have a material adverse effect on F-Secure's business and reputation and result in claims for damages as well as fines and orders imposed by the authorities. As is customary in the cyber security industry, F-Secure protection is combination of own IPR and third party solutions. F-Secure continues to have a relationship with Lookout and WithSecure, related to certain protection capabilities after the carve-out and demerger and having completed the TSAs with both companies. Third parties, such as Lookout's or WithSecure's, inability to provide these protection capabilities could have a material adverse effect on F-Secure's business operations and its customers.

### **Risks related to F-Secure's financial position and financing**

The number of operations and sites outside the Eurozone in different currencies exposes F-Secure to a risk related to currency fluctuations. Changes in the exchange rates between currencies could have an adverse effect on F-Secure's revenue, results and financial position. F-Secure is exposed to transaction risks caused by purchasing and selling products and goods in currencies that are not F-Secure's home currencies, especially USD after Lookout consumer security business acquisition. In addition, F-Secure is exposed to investment risks in units abroad and translation risks that arise when investments in subsidiaries in different currencies are converted into F-Secure's operational currency, i.e., the euro. Furthermore, F-Secure financed the acquisition of Lookout's consumer security business with bank debt subject to leverage covenants. Failure to comply with the covenants would lead to early expiry of the debt. Changes in interest rates have an impact on interest costs.

## Significant events during the review period

### Updated medium-term financial targets

On 19 November 2024, F-Secure updated the medium-term financial targets and dividend policy for the company. The targets reflect the company's growth ambitions and strategic direction. 2025 is still a business ramp-up year, after which the journey towards achieving the financial targets is expected to accelerate. Financial targets and dividend policy can be found on page 3 of this report.

### Change negotiations

On 17 October, F-Secure Corporation and its subsidiaries announced its plans for targeted restructuring of its operations. To discuss the planned changes, the company started change negotiations on possible redundancies in Finland and in other countries. The scope of the change negotiations concerned approximately 360 F-Secure employees globally. On 2 December 2024, F-Secure concluded the change negotiations. As a result, 33 positions will be terminated, of which 19 in Finland.

The estimated annual cost savings of EUR 4 million will be reinvested back into the company to support growth and improve sales and service maturity. One-off costs related to the changes amounted to EUR 1.5 million, and this was recorded as items affecting comparability (IAC) in the fourth quarter of 2024.

## Significant events after the review period

F-Secure Board's Personnel and Nomination Committee gave proposals to the Annual General Meeting scheduled for 1 April 2025 for the composition and remuneration of the Board of Directors. Committee proposes, that the Board of Directors consists of a total of six members and that the following persons be elected as members of the Board of Directors for a term expiring at the end of the Annual General Meeting 2026: Pertti Ervi, Petra Teräsaho and Tommi Uitto are proposed to be re-elected, and as new members are proposed to be elected Roxana Diaconescu and Cornelia Schaufrecker.

The Personnel and Nomination Committee proposes to the Annual General Meeting that the following annual remuneration be paid to the members of Board of Directors to be elected at the Annual General Meeting: EUR 80,000 annually for the Chair of the Board of Directors; EUR 38,000 annually for the external members of the Board of Directors; EUR 12,667 for members employed by F-Secure; EUR 10,000 additional remuneration for the Audit Committee Chair; EUR 4,000 additional remuneration for the Personnel and Nomination Committee Chair; EUR 2,000 additional remuneration for the members of Audit Committee as well as Personnel and Nomination Committee. The proposed annual fee and the fees for Committee work correspond to the current remuneration, with the exception of the additional remuneration for Personnel and Nomination Committee Chair and members of the Audit Committee and Personnel and Nomination Committee. In addition, The Personnel and Nomination Committee proposes that approximately 40 percent of the remuneration be paid as shares in the company repurchased from the market or as treasury shares held by the company.

## Board of Directors' proposal for the distribution of profit

According to the company's dividend policy, F-Secure aims to pay around or above 50% of net profit as dividend on an annual basis, which can be adjusted as long as leverage is higher than the targeted level. On 31 December 2024 distributable funds of F-Secure Corporation were EUR 13.7 million. As the leverage (3.1x) is above the target level, the Board of Directors proposes to the Annual General Meeting 2024 that a dividend of EUR 0.04 per share to be paid. Earnings per share (EPS) for the period January–December 2024 was EUR 0.12, and the proposed dividend is 33.2% of the group January–December 2024 earnings. The dividend is proposed to be paid in two installments.

No material changes have occurred in the company's financial position since the end of the financial year.

## Annual General Meeting 2025

F-Secure Oyj's Annual General Meeting 2025 is planned to be held on Tuesday 1 April 2025 at 12:00 pm EET as a hybrid meeting in Helsinki. The Board of Directors will summon the meeting separately with the stock exchange release later.

## Financial reporting in 2025

In 2025, F-Secure Corporation will publish financial information as follows:

- Annual Report 2024 on Thursday, 27 February 2025
- Interim Report for January–March 2025 on Tuesday, 29 April 2025
- Half-year Financial Report for January–June 2025 on Friday, 18 July 2025
- Interim Report for January–September 2025 on Tuesday, 28 October 2025

Helsinki, 6 February 2025

F-Secure Corporation Board of Directors

# Income Statement

EUR thousand	10-12/2024	10-12/2023	Change %	1-12/2024	1-12/2023	Change %
Revenue	37,040	36,907	0.4 %	146,258	130,371	12.2 %
Cost of revenue <sup>1)</sup>	-4,943	-3,896	26.9 %	-20,243	-11,814	71.4 %
<b>Gross margin<sup>1)</sup></b>	<b>32,097</b>	<b>33,010</b>	<b>-2.8 %</b>	<b>126,015</b>	<b>118,557</b>	<b>6.3 %</b>
Other operating income	112	131	-14.6 %	751	830	-9.5 %
Sales and marketing <sup>1)</sup>	-8,711	-10,242	-14.9 %	-34,591	-36,996	-6.5 %
Research and development <sup>1)</sup>	-9,184	-8,381	9.6 %	-29,275	-27,496	6.5 %
Administration <sup>2)</sup>	-7,594	-7,458	1.8 %	-24,478	-25,398	-3.6 %
<b>EBIT</b>	<b>6,720</b>	<b>7,061</b>	<b>-4.8 %</b>	<b>38,422</b>	<b>29,497</b>	<b>30.3 %</b>
Financial income	570	320	77.9 %	1,714	6,995	-75.5 %
Financial expenses	-2,968	-3,752	-20.9 %	-13,124	-8,815	48.9 %
<b>Profit before taxes</b>	<b>4,322</b>	<b>3,630</b>	<b>19.1 %</b>	<b>27,011</b>	<b>27,677</b>	<b>-2.4 %</b>
Income tax	-913	-423	116.0 %	-5,944	-5,316	11.8 %
<b>Result for the period</b>	<b>3,408</b>	<b>3,207</b>	<b>6.3 %</b>	<b>21,067</b>	<b>22,360</b>	<b>-5.8 %</b>
<b>Other comprehensive income</b>						
Exchange difference on translation of foreign operations	4,545	-2,690	-269.0 %	4,047	-1,990	-303.3 %
<b>Comprehensive income for the period</b>	<b>7,954</b>	<b>517</b>	<b>1439.5 %</b>	<b>25,114</b>	<b>20,370</b>	<b>23.3 %</b>

1) As announced on 20 March 2024, F-Secure changed the calculation method for gross margin in its income statement. Some of the costs previously recorded in F-Secure income statement as Cost of revenue have been included in Research and development and Sales and marketing costs. F-Secure applies the new calculation method for gross margin as of 1 January 2024. Comparative figures are also revised.

2) Costs related to restructuring increase administration expense by EUR 1.7 million in Q4/2024 (EUR 1.8 million) and EUR 1.4 million in Q1-Q4/2024. Costs related to acquisition increase administration expense by EUR 6.2 million in 1-12/2023.

Earnings per share	10-12/2024	10-12/2023	Change %	1-12/2024	1-12/2023	Change %
Earnings per share, basic and diluted, EUR	0.02	0.02	6.3 %	0.12	0.13	-5.8 %

# Statement of financial position

EUR thousand	31 Dec 2024	31 Dec 2023
<b>Assets</b>		
Tangible assets	326	360
Right-of-use assets	1,200	1,257
Intangible assets	125,736	125,179
Goodwill	89,783	88,361
Deferred tax assets	58	883
Interest-bearing receivables	-	3,658
Other long-term receivables	223	-
<b>Total non-current assets</b>	<b>217,327</b>	<b>219,698</b>
Inventories	29	35
Accrued income	3,333	1,953
Trade and other receivables	37,049	35,604
Interest-bearing receivables	3,757	-
Income tax receivables	968	2,108
Cash and cash equivalents	8,095	15,867
<b>Total current assets</b>	<b>53,231</b>	<b>55,568</b>
<b>Total assets</b>	<b>270,558</b>	<b>275,266</b>

EUR thousand	31 Dec 2024	31 Dec 2023
<b>Shareholders' equity and liabilities</b>		
<b>Total Equity</b>	<b>47,018</b>	<b>33,086</b>
Interest-bearing liabilities, non-current	131,431	165,963
Deferred tax liabilities	3,584	2,064
Deferred revenue, non-current	6,398	5,837
Other non-current liabilities	45	51
<b>Total non-current liabilities</b>	<b>141,459</b>	<b>173,915</b>
Interest-bearing liabilities, current	44,046	30,965
Trade and other payables	14,142	14,182
Provisions	1,427	1,739
Income tax liabilities	387	1,592
Deferred revenue, current	22,079	19,788
<b>Total current liabilities</b>	<b>82,081</b>	<b>68,265</b>
<b>Total equity and liabilities</b>	<b>270,558</b>	<b>275,266</b>

# Cash flow statement

EUR thousand	10-12/2024	10-12/2023	1-12/2024	1-12/2023
<b>Cash flow from operations</b>				
Result for the financial year	3,408	3,207	21,067	22,360
Adjustments	7,337	7,888	32,110	15,872
<b>Cash flow from operations before change in working capital</b>	<b>10,746</b>	<b>11,095</b>	<b>53,178</b>	<b>38,232</b>
Change in net working capital	1,157	6,331	694	-661
<b>Cash flow from operations before financial items and taxes</b>	<b>11,903</b>	<b>17,426</b>	<b>53,872</b>	<b>37,572</b>
Net financial items and taxes	-2,817	-4,264	-15,055	-7,462
<b>Cash flow from operations</b>	<b>9,086</b>	<b>13,162</b>	<b>38,817</b>	<b>30,109</b>
<b>Cash flow from investments</b>				
Net Investments in tangible and intangible assets	-1,228	-1,401	-11,109	-7,920
Acquisition, net of cash acquired	-	- 877	-132	-207,764
Proceeds from sale of intangible and tangible assets	0	0	1	0
<b>Cash flow from investments</b>	<b>-1,228</b>	<b>-2,278</b>	<b>-11,240</b>	<b>-215,684</b>
<b>Cash flow from financing activities</b>				
Repayments of lease liabilities	-312	-263	-1,174	-1,070
Repayments of interest-bearing liabilities	-15,000	- 10,000	-30,000	- 10,000
Increase in interest-bearing liabilities	-	-	-	202,000
Change in short-term interest-bearing liabilities	8,000	-	8,000	-
Dividends paid	- 6,114	-	-12,227	-12,227
<b>Cash flow from financing activities</b>	<b>-13,426</b>	<b>-10,263</b>	<b>-35,401</b>	<b>178,703</b>
<b>Change in cash</b>	<b>-5,568</b>	<b>620</b>	<b>-7,824</b>	<b>-6,872</b>
Cash and cash equivalents at the beginning of the period	13,536	15,410	15,867	22,953
Effect of exchange rate changes on cash	127	-163	52	-214
<b>Cash and cash equivalents at period end</b>	<b>8,095</b>	<b>15,867</b>	<b>8,095</b>	<b>15,867</b>



# Statement of changes in shareholder's equity

EUR thousand	Share capital	Unrestricted equity reserve	Retained earnings	Translation difference	Total
Equity 31 December 2022	80	9,590	15,213	-79	24,804
Result of the financial year			22,360	-1,990	20,370
<b>Total comprehensive income for the year</b>			<b>22,360</b>	<b>-1,990</b>	<b>20,370</b>
Cost of share-based payments			139		139
Dividend			-12,227		-12,227
<b>Equity 31 December 2023</b>	<b>80</b>	<b>9,590</b>	<b>25,485</b>	<b>-2,070</b>	<b>33,086</b>
Equity 31 December 2023	80	9,590	25,485	-2,070	33,086
Result of the period			21,067	4,047	25,114
<b>Total comprehensive income for the period</b>			<b>21,067</b>	<b>4,047</b>	<b>25,114</b>
Cost of share-based payments			1,045		1,045
Dividend			-12,227		-12,227
<b>Equity 31 December 2024</b>	<b>80</b>	<b>9,590</b>	<b>35,371</b>	<b>1,977</b>	<b>47,018</b>

# Notes to the financial statements

## 1. Basis of preparation

This financial statement release has been prepared in accordance with IAS 34, Interim Financial Reporting. The accounting principles applied are consistent with those followed in the annual report 2023, note 1 Basis of preparation, accounting principles and carve-out principles.

F-Secure changed the calculation method for gross margin in its income statement (stock exchange release 20 March 2024). Some of the costs previously recorded in F-Secure income statement as Cost of revenue have been included in Research and development and Sales and marketing costs. F-Secure applies the new calculation method for gross margin as of 1 January 2024. Comparative figures are also revised.

The information of this interim report is unaudited. Percentages and figures presented herein may include rounding differences and therefore may not add up precisely to the totals presented. All figures are presented as EUR thousand unless otherwise stated.

### Segment information

F-Secure has only one segment (consumer security). Revenue per sales channel and geographical information about revenue are presented in Note 2 Revenue

### Significant exchange rates and sensitivity to exchange rate changes

One euro is	Closing rate		Average rate	
	31 Dec 2024	31 Dec 2023	1-12/2024	1-12/2023
USD	1.0389	1.1050	1.0863	1.0797
GBP	0.8292	0.8691	0.8483	0.8703
JPY	163.06	156.33	163.50	151.87

### FX Sensitivity

The sensitivity of F-Secure's profit before taxes to foreign exchange rate fluctuations when all other variables are held constant is as follows:

+/- 10% FX rate change (EUR million)	31 Dec 2024	31 Dec 2023
USD	-1.0/+1.2	-1.0/+1.2

## 2. Revenue

### Disaggregation of revenue

Revenue from external customers

Sales channels	10-12/2024	10-12/2023	1-12/2024	1-12/2023
Partner channel	30,044	30,065	118,237	105,122
of which Lookout consumer business <sup>1)</sup>	6,469	6,601	25,688	14,769
Direct channel (E-commerce)	6,996	6,842	28,021	25,249
of which Lookout consumer business <sup>1)</sup>	1,392	1,244	5,541	2,662
<b>Total</b>	<b>37,040</b>	<b>36,907</b>	<b>146,258</b>	<b>130,371</b>

<sup>1)</sup> Revenue from acquired Lookout consumer business after acquisition 1 June 2023.

Fair valuation of deferred revenue for the fourth quarter had a negative impact on revenue EUR -0.2 million (EUR -1.1 million) and for January-December 2024 EUR -1.5 million (EUR -3.1 million).

Geographical information	10-12/2024	10-12/2023 <sup>1)</sup>	1-12/2024 <sup>1)</sup>	1-12/2023 <sup>1)</sup>
Nordic countries	10,728	10,051	42,019	39,989
Rest of Europe	12,035	12,808	48,099	49,221
North America	11,390	11,361	45,518	32,792
Rest of world	2,887	2,685	10,621	8,369
<b>Total</b>	<b>37,040</b>	<b>36,907</b>	<b>146,258</b>	<b>130,371</b>

<sup>1)</sup> F-Secure has adjusted the geographical split of revenues between Rest of Europe and North America. The adjustment did not have a material impact to the reported figures. Comparative periods have been adjusted accordingly.

### 3. Acquisitions

On 1 June 2023 F-Secure completed the acquisition of the mobile consumer security business unit from Lookout Inc. Purchased mobile consumer security business unit consists of shares of Lookout LLC in the US and Saferpass s.r.o. in Slovakia as well as certain IP and related know-how transferred to Finland. In the transaction 65 employees were transferred to F-Secure.

The acquisition strengthens F-Secure's position as a leading consumer security company. F-Secure has significantly increased scale, strengthened footprint in the US and in the communication service provider channel as well as a complementary mobile optimized software product portfolio reaching tens of millions of subscribers worldwide.

#### Purchase consideration

The purchase consideration comprises of cash payment of EUR 207.9 million which was financed with external debt. The initial consideration EUR 206.9 million was paid in USD in June. EUR 0.9 million was settled during Q4/2023 and final purchase price adjustment EUR 0.1 million was settled in Q1/2024. Adjustments relate to net working capital. The company hedged the purchase price between signing and closing which resulted in profit of EUR 5.5 million booked in financial income. The company did not apply hedge accounting for the arrangement.

#### EUR thousand

Cash flow from the acquisition	
Consideration paid in cash	-207,900
Cash and cash equivalents of the acquired business	9
<b>Total cash flow from the acquisition</b>	<b>-207,891</b>

#### Recognized amounts of identifiable assets required and liabilities assumed

Lookout's net assets were identified and recognized at fair value as of the acquisition date on 1 June 2023. The following table summarizes the fair values of assets acquired and liabilities assumed.

#### Provisional fair values of the assets and liabilities recognized as a result of the acquisition

#### EUR thousand

Tangible assets	1
Technology-related intangibles	83,013
Customer-related intangibles (Partner business)	31,717
Customer-related intangibles (Direct business)	1,829
Deferred tax assets	647
Trade and other receivables	5,583
Cash and cash equivalents	9
<b>Total assets</b>	<b>122,800</b>
Other non-current liabilities	473
Trade and other liabilities	2,979
Deferred tax liabilities	546
<b>Total liabilities</b>	<b>3,998</b>
<b>Total net assets</b>	<b>118,802</b>
<b>Goodwill</b>	<b>89,099</b>

The identified intangible assets relate to technology and customer relationships. Fair values for the intangible assets have been determined using appropriate valuation methods including multi-period excess earnings method (MEEM) for customer relationships and Relief from royalty method (RfR) for technology. The amortization period for these varies from 5 years to 15 years. Goodwill reflects the value of buyer specific synergies, geographic presence, assembled workforce, future technology and customers. The total amount of goodwill that is expected to be deductible for tax purposes in Finland and USA is EUR 83.5 million.

Acquisition related costs of EUR 6.2 million are expensed and included in administration expenses in consolidated income statement and in operating cash flow in the consolidated statement of cash flows.

### **Impact on F-Secure's comprehensive income statement**

The acquired business contributed revenues of EUR 174 million and net profit of EUR -0.1 million to F-Secure for the period from 1 June to 31 December 2023 including amortization of the fair valued assets acquired for the period EUR -4.7 million and fair valuation of deferred revenue EUR -3.2 million.

Had the acquisition occurred on 1 January 2023, management estimates that combined illustrative revenue would have been EUR 142.7 million for Jan-Dec 2023 and combined illustrative net profit would have been EUR 18.4 million including amortization of fair valued assets EUR -8.0 million, interest expenses for the loan EUR -10.8 million and fair valuation of deferred revenue EUR -4.1 million.

Financial information of Lookout consumer business unit for the 5-month period ended May 30, 2023 has been carved out and combined from Lookout Inc's management reporting, accounting records and other sources of financial information. Lookout consumer business carve-out financial data for the above period includes cost allocations, management assumptions, judgements and estimates as Lookout consumer business unit has not formed a legal sub-group within Lookout, and it has not prepared consolidated group financial information prior to the transaction. Pro forma adjustments are attributable to accounting policy alignments between F-Secure's accounting policies and US GAAP accounting principles applied by Lookout and impact of the fair value adjustments.

## 4. Goodwill, right-of-use, intangible and tangible assets

EUR thousand	31 Dec 2024	31 Dec 2023
Book value at beginning of period	215,157	11,052
Acquisition	-	205,648
Additions	12,351	8,454
Disposals	-74	-34
Depreciation and amortization	-13,668	-8,195
Translation differences	3,280	-1,767
<b>Book value at end of period</b>	<b>217,046</b>	<b>215,157</b>

EUR thousand	10-12/2024	10-12/2023	1-12/2024	1-12/2023
Depreciation and amortization by function				
Sales and marketing	302	278	1,213	1,115
Research and development	1,250	677	3,882	2,339
Administration	2,153	2,087	8,525	4,745
<b>Total depreciation and amortization</b>	<b>3,705</b>	<b>3,043</b>	<b>13,621</b>	<b>8,199</b>

EUR thousand	10-12/2024	10-12/2023	1-12/2024	1-12/2023
Amortization	3,382	2,771	12,389	7,123
Depreciation	322	272	1,232	1,076
<b>Total depreciation and amortization</b>	<b>3,705</b>	<b>3,043</b>	<b>13,621</b>	<b>8,199</b>



## 5. Financial assets and liabilities

The fair value hierarchy levels are not applied in the interim report given the nature of financial assets and liabilities. F-Secure's financial assets and liabilities are presented in the following tables.

EUR thousand	Carrying Value		Total
	Financial assets Amortized Cost	Financial liabilities Amortized Cost	
<b>31 Dec 2024</b>			
Cash and cash equivalents	8,095		8,095
Interest-bearing receivables	3,757		3,757
Trade receivables	27,604		27,604
Bank loans		168,933	168,933
Trade payables		1,545	1,545
Lease liabilities		1,210	1,210
Other interest-bearing liabilities		5,334	5,334
<b>31 Dec 2023</b>			
Cash and cash equivalents	15,867		15,867
Interest-bearing receivables	3,658		3,658
Trade receivables	28,558		28,558
Bank loans		190,357	190,357
Trade payables		3,911	3,911
Lease liabilities		1,263	1,263
Other interest-bearing liabilities		5,307	5,307

The Lookout consumer business unit acquisition was financed with debt for which facilities agreement was entered into with Danske Bank A/S and OP Corporate Bank plc. The financing package consisted of two facilities, (i) a EUR 202 million amortising term loan to finance the acquisition, and (ii) a EUR 20 million revolving loan facility to be used for general corporate purposes of the combined group. Both facilities originally held a maturity of 3 years with two 1-year extension options and the first extension option was exercised in April 2024. The interest rate for credit facility is variable. F-Secure has drawn down EUR 8 million revolving credit facility for general cash management purposes.

Group Treasury is responsible for monitoring cash balances and cash forecasts to keep liquidity risk at manageable level. We expect the stable and positive cash flow from operations, existing cash balances, and revolving credit facilities to be sufficient to fund our operations and obligations for the next 12 months. The Group's loan agreement includes a financial covenant, measured on quarterly basis. The covenant relates to the ratio between net debt and adjusted EBITDA, as defined under the terms of the loan agreement. Group has met covenant terms and conditions on the reporting date.

Prior to completion of the demerger, WithSecure's consumer business conducted by its foreign subsidiaries was separated from the rest of the business into separate companies through business acquisitions or similar transactions in each relevant country. The transaction prices vary between approximately EUR 70 thousand and EUR 3.0 million. The payback time for the resulting payables and receivables is primarily three years from the effective date of each local transaction, and prepayment is allowed. Therefore, these balances are now short-term and due for payment in the second quarter of 2025. The interest rate for the unpaid transaction price varies by country. F-Secure's payables totalled EUR 5.3 million and the receivables totalled EUR 3.8 million, presented in the table above as Other interest-bearing liabilities and Interest-bearing receivables, respectively.

As at 31 December 2024, F-Secure's lease liabilities relate to leases for office premises and cars. In the second quarter of 2024, F-Secure signed a new lease agreement for headquarter office premises. This will be recorded in the balance sheet as right-of-use asset and lease liability during summer 2025 when the lease term starts, but the lease commitment already exists following the agreement.

## Financial liabilities

Contractual maturities of financial liabilities:	Amount due within 12 months	Amount due after 12 months	Total	Nominal value
Bank loans	38,000	132,000	170,000	168,933
Lease liabilities	756	490	1,247	1,210
Other interest-bearing liabilities	5,334	-	5,334	5,334
<b>Total</b>	<b>44,090</b>	<b>132,490</b>	<b>176,580</b>	<b>175,477</b>

Bank loans are recorded at amortized cost and the transaction costs are recognized as part of interest expense using the effective interest method.

# Quarterly figures and alternative performance measures

## Income statement quarterly

EUR thousand	10-12/2024	7-9/2024	4-6/2024	1-3/2024	10-12/2023
Revenue	37,040	36,349	36,492	36,377	36,907
Cost of revenue <sup>1)</sup>	-4,943	-4,960	-5,129	-5,211	-3,896
<b>Gross margin<sup>1)</sup></b>	<b>32,097</b>	<b>31,390</b>	<b>31,363</b>	<b>31,166</b>	<b>33,010</b>
Other operating income	112	158	192	288	131
Sales and marketing <sup>1)</sup>	-8,711	-8,082	-9,027	-8,771	-10,242
Research and development <sup>1)</sup>	-9,184	-6,485	-6,642	-6,965	-8,381
Administration	-7,594	-5,466	-5,683	-5,736	-7,458
<b>EBIT</b>	<b>6,720</b>	<b>11,515</b>	<b>10,204</b>	<b>9,982</b>	<b>7,061</b>
Financial net	-2,398	-2,841	-3,283	-2,888	-3,432
<b>Profit before taxes</b>	<b>4,322</b>	<b>8,674</b>	<b>6,921</b>	<b>7,095</b>	<b>3,630</b>
Income taxes	-913	-1,966	-1,501	-1,564	-423
<b>Profit for the period</b>	<b>3,408</b>	<b>6,708</b>	<b>5,420</b>	<b>5,531</b>	<b>3,207</b>

1) As announced on 20 March 2024, F-Secure changed the calculation method for gross margin in its income statement. Some of the costs previously recorded in F-Secure income statement as Cost of revenue have been included in Research and development and Sales and marketing costs. F-Secure applies the new calculation method for gross margin as of 1 January 2024. Comparative figures are also revised.

## Key figures

EUR thousand	10-12/2024	7-9/2024	4-6/2024	1-3/2024	10-12/2023
Revenue	37,040	36,349	36,492	36,377	36,907
Revenue growth %	0.4 %	3.5%	19.6 %	30.8 %	30.6 %
Currency neutral growth %	0.9 %	3.6%	20.0 %	31.6 %	32.4 %
EBITA	10,102	14,636	13,214	12,858	9,832
% of revenue	27.3 %	40.3%	36.2%	35.3%	26.6%
Adjusted EBITA	11,775	14,636	13,160	12,677	11,691
% of revenue	31.8 %	40.3%	36.1%	34.9%	31.7%
EBIT	6,720	11,515	10,204	9,982	7,061
% of revenue	18.1 %	31.7%	28.0%	27.4%	19.1%
Profit for the period	3,408	6,708	5,420	5,531	3,207
% of revenue	9.2 %	18.5%	14.9%	15.2%	8.7%
Earnings per share, EUR <sup>1)</sup>	0.02	0.04	0.03	0.03	0.02
Earnings per share, excluding PPA, EUR <sup>1)</sup>	0.03	0.05	0.04	0.04	0.03
R&D costs	9,184	6,485	6,642	6,965	8,381
% of revenue	24.8 %	17.8%	18.2%	19.1%	22.7%
Capital expenditure, excl. acquisition	1,228	3,014	3,544	3,323	1,401
% of revenue	3.3 %	8.3%	9.7%	9.1%	3.8%
Capital expenditure	1,228	3,014	3,544	3,455	2,278
Deferred revenue	28,477	25,197	25,856	27,912	25,626
Operating cash flow	9,086	5,011	16,831	7,889	13,162
Net debt (+) / Net cash (-)	163,625	165,445	166,567	179,576	177,402
Net debt/Adjusted EBITDA	3.1	3.1	3.2 <sup>2)</sup>	3.5 <sup>2)</sup>	3.5 <sup>2)</sup>
Equity ratio %	17.4 %	14.4%	12.6%	10.0%	12.0%
Shareholder's equity per share, EUR	0.27	0.22	0.20	0.16	0.19
P/E ratio	22.9	14.1	15.6	14.8	27.7
Gearing, %	356.0 %	435.8%	493.5%	654.3%	547.2%
Cash conversion, %	99.4 %	40.5%	124.5%	63.3%	141.2%
Personnel at the end of the period	530	530	519	497	524

1) Based on the average number of shares during the reporting period.

2) Net debt/Adjusted EBITDA 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.

## Alternative Performance Measures

In addition to EBIT, F-Secure uses Adjusted EBITA and Adjusted EBITDA as key performance indicators when measuring performance between periods. Adjusted EBITA and Adjusted EBITDA exclude items that affect comparability. Items affecting comparability are associated with acquisition and restructuring. Adjusted EBITA and Adjusted EBITDA are presented in addition to EBIT to reflect the underlying business performance and to enhance comparability between periods. F-Secure believes that these comparable alternative performance measures provide meaningful supplemental information by excluding items outside normal business operations, which reduce comparability between the periods.

### Reconciliation between adjusted EBITDA, EBITDA, adjusted EBITA, EBITA and EBIT

EUR thousand	10-12/2024	10-12/2023	1-12/2024	1-12/2023
<b>Adjusted EBITDA</b>	<b>12,098</b>	<b>11,962</b>	<b>53,480</b>	<b>45,651</b>
Adjustments to EBITDA				
Costs related to acquisition	-	-54	-	-6,150
Costs related to restructuring	-1,673	-1,805	-1,438	-1,805
<b>EBITDA</b>	<b>10,425</b>	<b>10,104</b>	<b>52,042</b>	<b>37,696</b>
Depreciation and amortization	-3,705	-3,043	-13,621	-8,199
<b>EBIT</b>	<b>6,720</b>	<b>7,061</b>	<b>38,422</b>	<b>29,497</b>
<b>Adjusted EBITA</b>	<b>11,775</b>	<b>11,691</b>	<b>52,248</b>	<b>44,575</b>
Adjustments to EBITA				
Costs related to acquisition	-	-54	-	-6,150
Costs related to restructuring	-1,673	-1,805	-1,438	-1,805
<b>EBITA</b>	<b>10,102</b>	<b>9,832</b>	<b>50,810</b>	<b>36,620</b>
Amortization	-1,416	-768	-4,573	-2,465
PPA amortization	-1,966	-2,003	-7,816	-4,658
<b>EBIT</b>	<b>6,720</b>	<b>7,061</b>	<b>38,422</b>	<b>29,497</b>

## Classification of adjusted costs in operating expenses

EUR thousand	10-12/2024	10-12/2023	1-12/2024	1-12/2023
<b>Operating expenses</b>				
Sales and marketing	-8,711	-10,242	-34,591	-36,996
Research and development	-9,184	-8,381	-29,275	-27,496
Administration	-7,594	-7,458	-24,478	-25,398
<b>Total</b>	<b>-25,489</b>	<b>-26,080</b>	<b>-88,344</b>	<b>-89,890</b>
<b>Depreciation and amortization by function</b>				
Sales and marketing	-302	-278	-1,213	-1,115
Research and development	-1,250	-677	-3,882	-2,339
Administration	-2,153	-2,087	-8,525	-4,745
<b>Total</b>	<b>-3,705</b>	<b>-3,043</b>	<b>-13,621</b>	<b>-8,199</b>
<b>Items affecting Comparability (IAC) by function</b>				
Administration	-7,594	-7,458	-24,478	-25,398
Less: Costs related to acquisition	-	54	-	6,150
Less: Costs related to restructuring	1,673	1,805	1,438	1,805
Less: PPA amortization	1,966	2,003	7,816	-4,658
<b>Administration excluding IAC</b>	<b>-3,955</b>	<b>-3,597</b>	<b>-15,224</b>	<b>-12,785</b>
<b>Operating expenses less depreciation, amortization and IAC</b>				
Sales and marketing	-8,409	-9,964	-33,377	-35,881
Research and development	-7,934	-7,703	-25,393	-25,157
Administration	-3,768	-3,512	-14,515	-12,698
<b>Total</b>	<b>-20,111</b>	<b>-21,264</b>	<b>-73,286</b>	<b>-73,736</b>

# Calculation of key figures

Key figure	Definition	Key figure	Definition
EBITDA	EBIT + Depreciation, amortization and impairment	Net debt (+) / Net cash (-)	Interest-bearing liabilities – Interest-bearing receivables - Cash and cash equivalents
EBITA	EBIT + Amortization and impairment	Net debt/Adjusted EBITDA	Net debt/Adjusted EBITDA for the last 12 months
EBIT	Result before taxes and net financial items	Equity ratio, %	Total equity/Total assets
Adjusted EBITDA	EBITDA before items affecting comparability	Gearing, %	(Interest bearing liabilities – cash and bank) / Total equity
Adjusted EBITA	EBITA before items affecting comparability	Cash conversion, %	(Adjusted EBITDA–Capital expenditure –/+ Change in net working capital) / Adjusted EBITDA
Items affecting comparability	Items affecting comparability are associated with restructuring and acquisition	Earnings per share, EUR	Profit attributable to equity holders of the company / Weighted average number of outstanding shares
Operating expenses	Sales and marketing, research and development, and administration expenses	Earnings per share, adjusted for PPA, EUR	(Profit attributable to equity holders of the company + PPA amortization adjusted by tax impact) / Weighted average number of outstanding shares
Capital expenditure	Corresponds to the Statement of Cash Flow line item Net investments in intangible and tangible assets	Shareholders' equity per share, EUR	Equity attributable to equity holders of the company / Number of outstanding shares at the end of period
Operating cash flow	Corresponds to the Statement of Cash Flow line item Cash flow from operations	P/E ratio	Closing price of the share (at period end) / Earnings per share (annualized)





**F-Secure Corporation**

Tammasaarencatu 7  
00180 Helsinki  
Tel. +358 9 2520 0100  
helsinki@f-secure.com  
www.f-secure.com