



# Solid performance amid challenging environment

Financial Statement Release  
1 January–31 December 2022

Timo Laaksonen CEO  
Sari Somerkallio CFO

# Highlights of Q4 2022

Solid performance amid challenging environment

Revenue growth of **4.3%** and continued solid profitability

**Operating environment** more challenging, lower consumer confidence amid high inflation

Strong focus on the roll-out of **F-Secure Total** with important new vertical partnerships

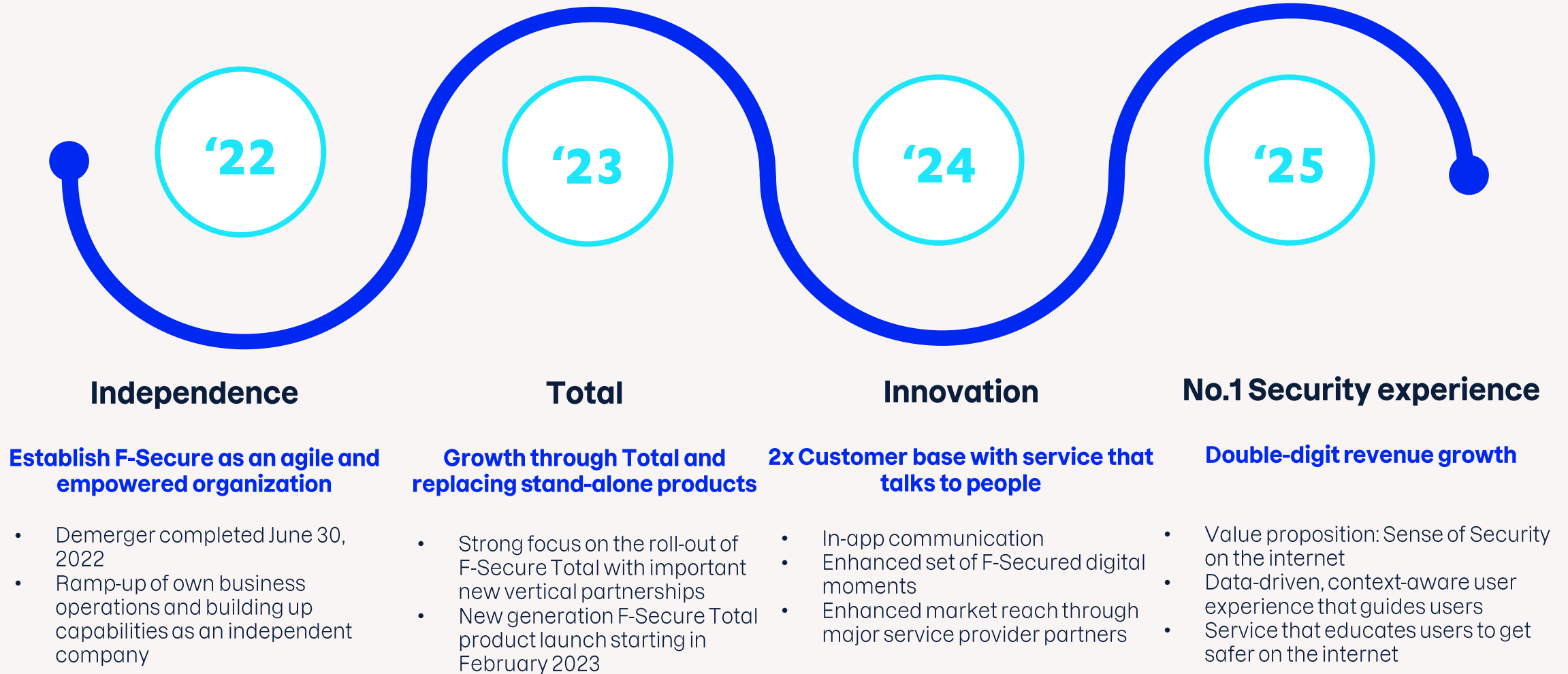
**Dividend proposal of** EUR 0.07 per share, 78% of the group July–December net profit



# Progress in strategy execution in 2022

	Increase average revenue per user (ARPU)	Developing current offering and new products	Expand into new channels
Strategic focus:	Accelerate the roll-out of F-Secure Total	Expand market coverage and the accessible market	Replicate our proven business model
Progress in Q4:	<ul style="list-style-type: none"> <li>Signed up another 10 partners for F-Secure Total</li> <li>All in all, 35 existing partners have signed up for F-Secure Total upgrade</li> <li>Significant ARPU increase for users who have upgraded to the Total service</li> </ul>	<ul style="list-style-type: none"> <li>Launch of F-Secure Sense with an operator in Finland, our 4th production deployment               <ul style="list-style-type: none"> <li>More operators will follow in the early part of 2023</li> </ul> </li> <li>A new product business cell, 'Embedded Security' to complement our existing portfolio               <ul style="list-style-type: none"> <li>First partner for Embedded Security signed</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A large European bank signed up for F-Secure Total</li> <li>A large Nordic bank signed up for F-Secure Total</li> <li>Active pipeline development: Insurance companies, banks, payment providers</li> </ul>

# Towards our strategic targets



# Focus areas supporting growth

## Brilliantly simple security experiences

- 1. All-in-one security suite**  
Covers all key digital moments
- 2. Network security**  
Protects households and people without needing to install an app
- 3. Embedded security (new)**  
Adds security capabilities into apps and services consumers already trust

## Expanding market reach

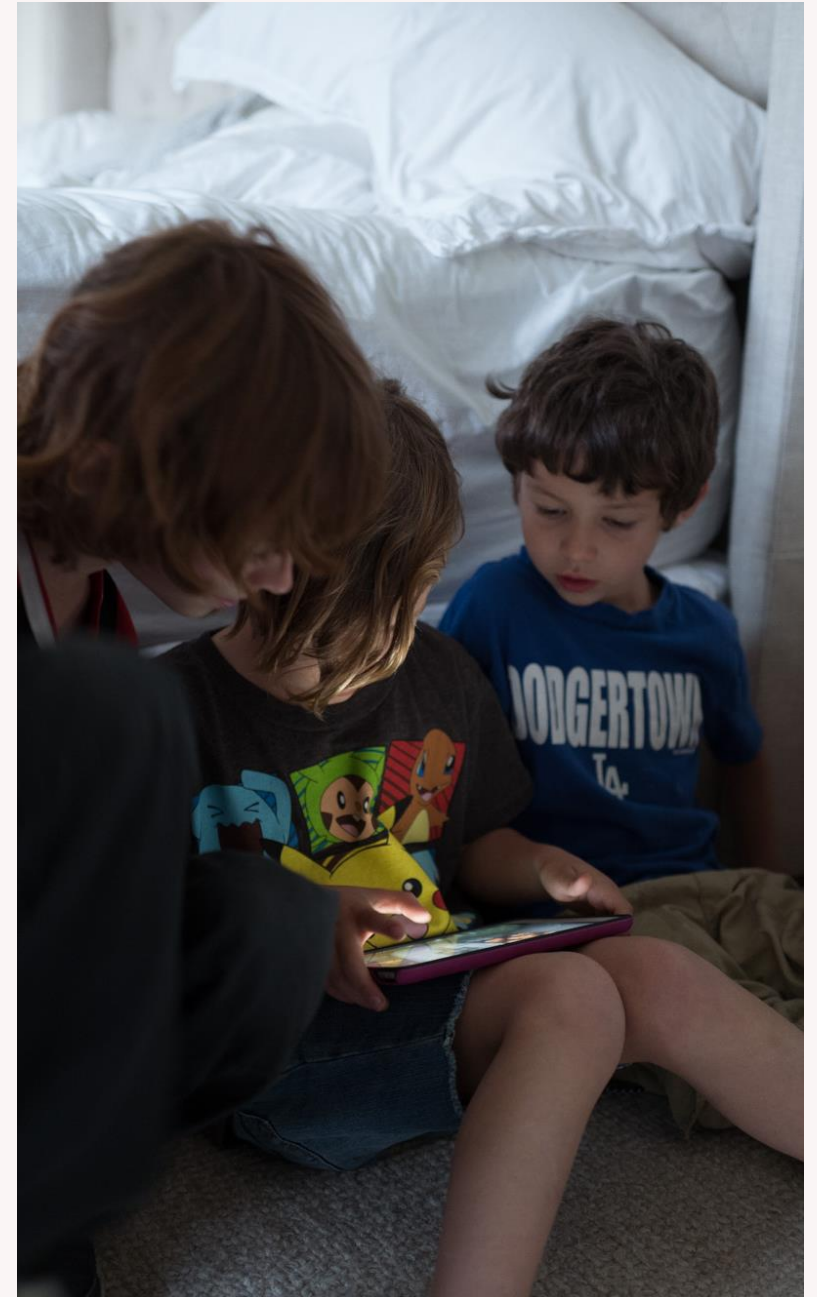
- 4. New verticals**  
Banking, insurance, fintech and payments, and retail
- 5. Geographical expansion**  
Increase presence in Japan, Asia-Pacific, and North America
- 6. New partnership models**  
Develop reseller and integration partnerships for network security

# F-Secure Embedded Security

Comprehensive coverage and seamless security

A new product business cell '**Embedded Security**' launched during Q4 2022

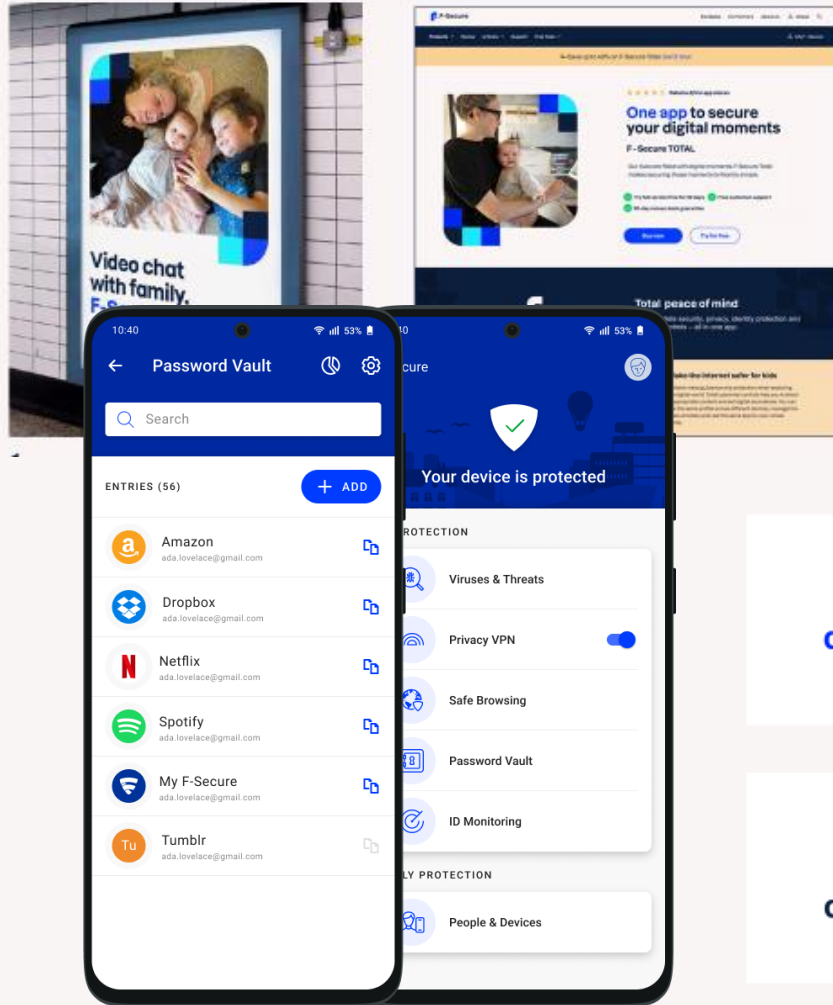
- Complements existing portfolio and allows partners to embed F-Secure capabilities and experience natively through their own applications
- Enhances our offering in the service provider segment and provides a new point of entry into new vertical partnerships
- Enables integration of endpoint, privacy, identity and family protection capabilities into existing customer apps and services





# Brand renewal: The New F-Secure

Vision to become the No 1 security experience company in the world



**F-Secure.**  
Your house? Insured. | Your car? Insured.  
**Your digital life? F-Secured.**



Secure every  
digital moment

Your life online,  
F-Secured

Everything **digital**  
is protected

One app to  
secure every  
digital moment

Your life online,  
secured in one  
**single app**

All the **protection**  
you need in one  
brilliantly simple app

# Financials

Sari Somerkallio, CFO



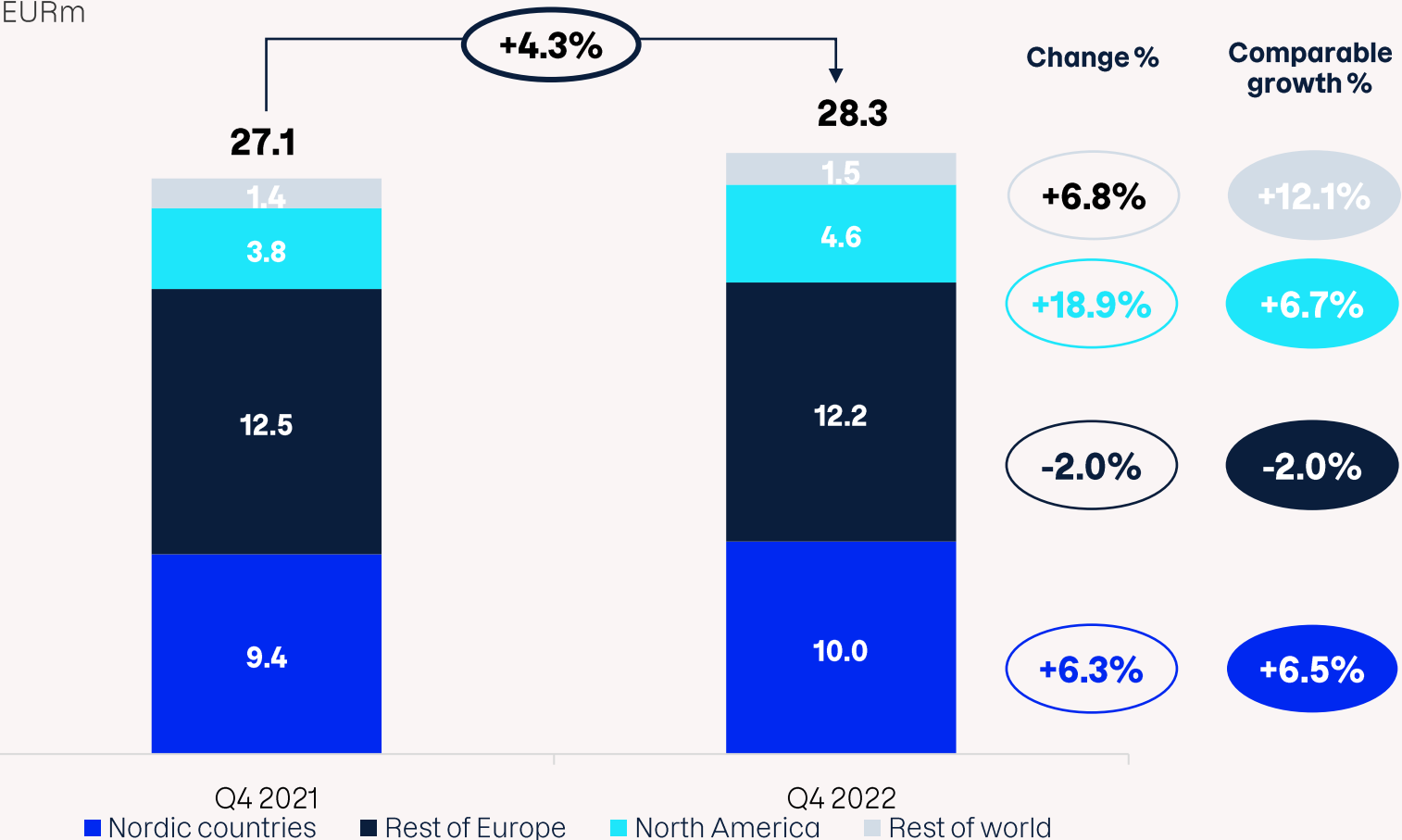


# Q4: Revenue growth especially in North America and Nordics

At comparable exchange rates, revenue increased by 2.9%

## Revenue by geography

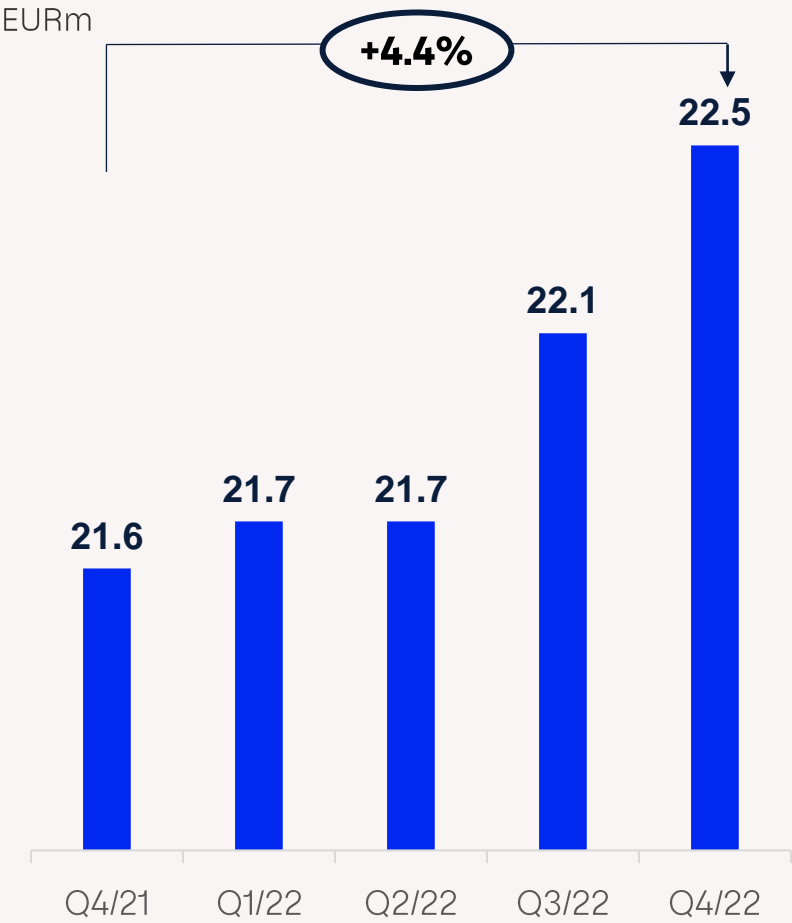
EURm



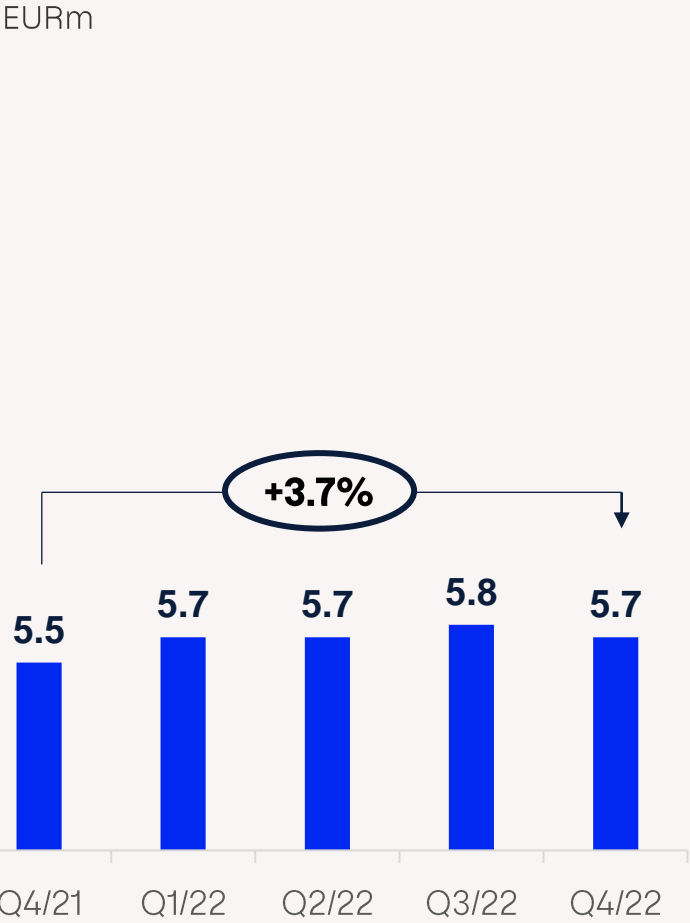
- Partner Channel: revenue increased across several regions
  - Sales increased especially in North America and Nordic countries. Growth in North America mainly attributable to a positive USD currency impact.
  - Regulatory change in Poland in 2021 has a continued negative impact on adoption rates on the local market.
- Direct Channel: E-commerce developed well, especially in Germany
  - Average revenue per user (ARPU) continued to grow and renewal performance was on moderate level.
  - Deteriorating consumer sentiment and weaker market demand due to high general inflation resulted in a lower new business sales volumes.

# Q4 2022: revenue up by 4.3%

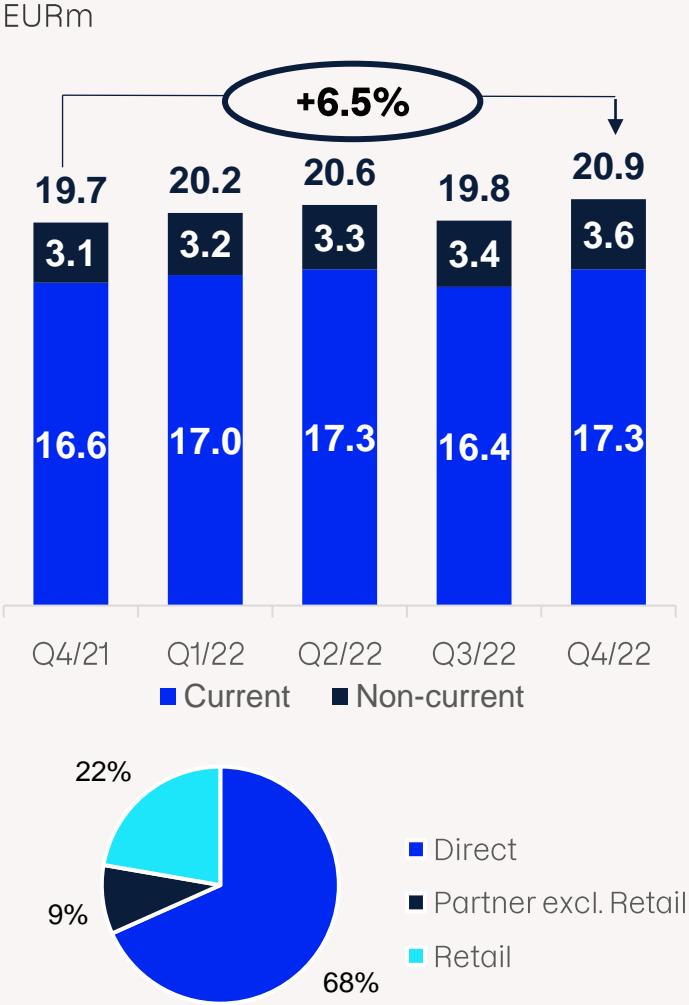
## Partner channel revenue



## Direct channel revenue



## Deferred revenue\*

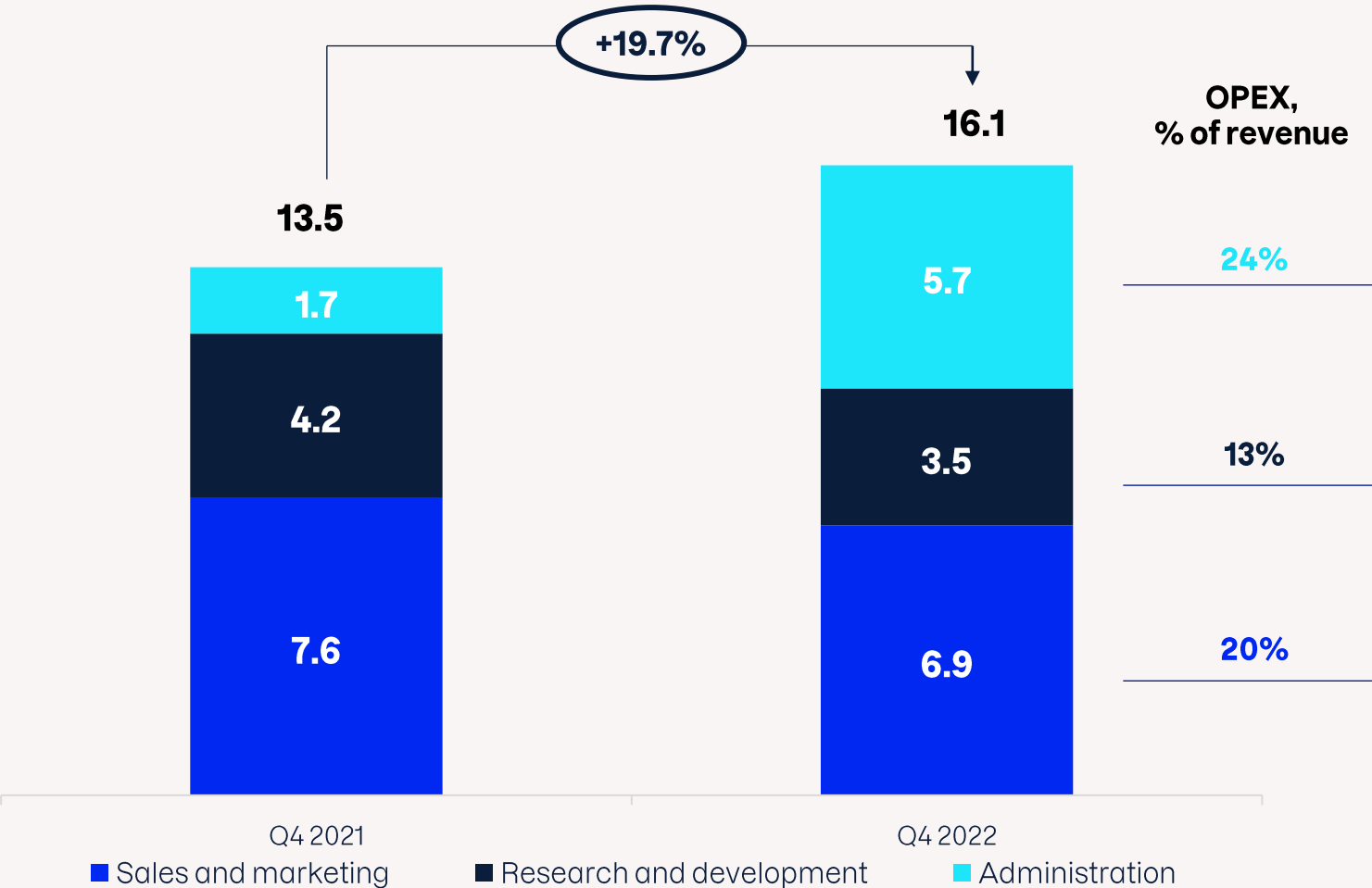


\* Deferred revenue breakdown is indicative

# Costs increased due to the ongoing ramp-up process

## OPEX\* development Q4

EURm



- Administration costs increased due to the ongoing ramp-up process as we are strengthening and developing our internal operations after the demerger.
- Figures for comparison period are not fully comparable as the classification and allocation method used in carve-out vary from actuals.

# Transitional services agreements support independency

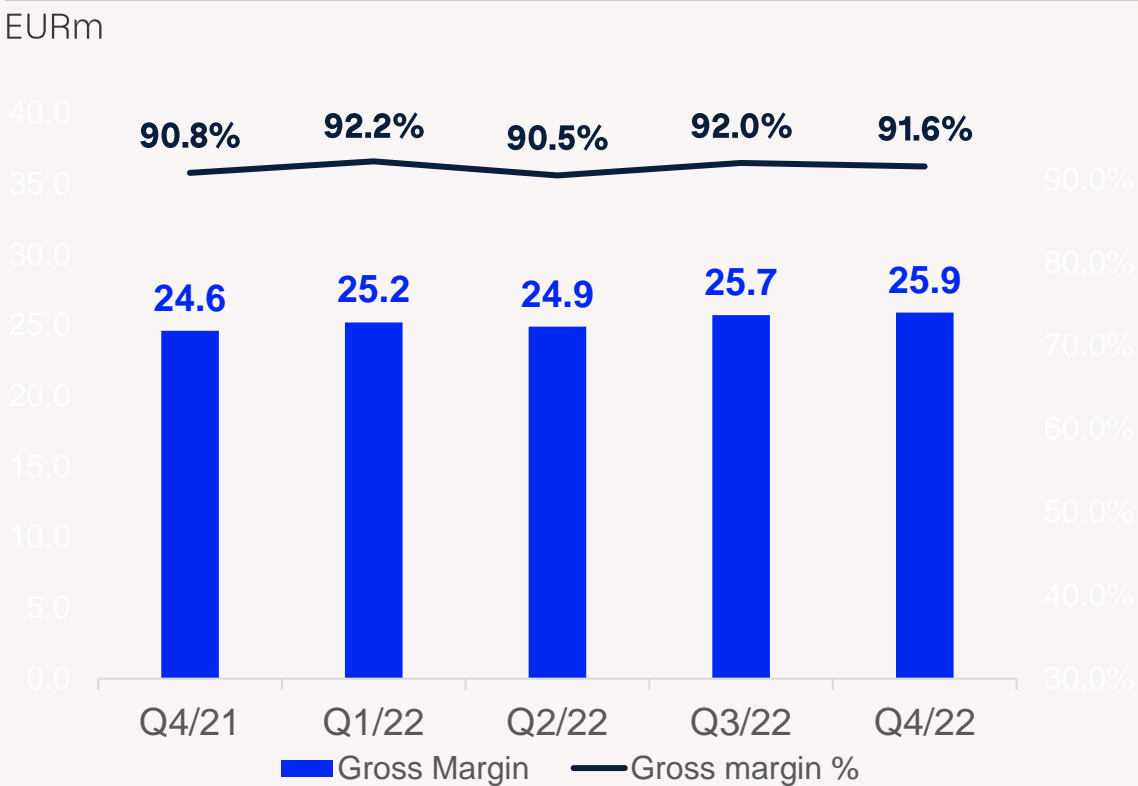
- In connection with the demerger from WithSecure, F-Secure and WithSecure entered into transitional services agreements (“TSA”) to support the continuous operations of F-Secure.
- TSA costs in cost of revenue are planned to terminate latest by the end of 2023.
- Majority of the administration TSAs terminated at the end of 2022, and the rest of administration and all of R&D planned to terminate by the end of 2023.

EURm	10-12/2022 Total	10-12/2022 TSA	7-12/2022* TSA
<b>Cost of revenue</b>	2.4	0.8	1.8
<b>Operating expenses</b>		<b>3.5</b>	<b>7.2</b>
R&D	3.5	0.8	1.9
Administration	5.7	2.7	5.3
<b>Total</b>		<b>4.3</b>	<b>9.0</b>

\*TSA costs incurred only in the second half of the year.

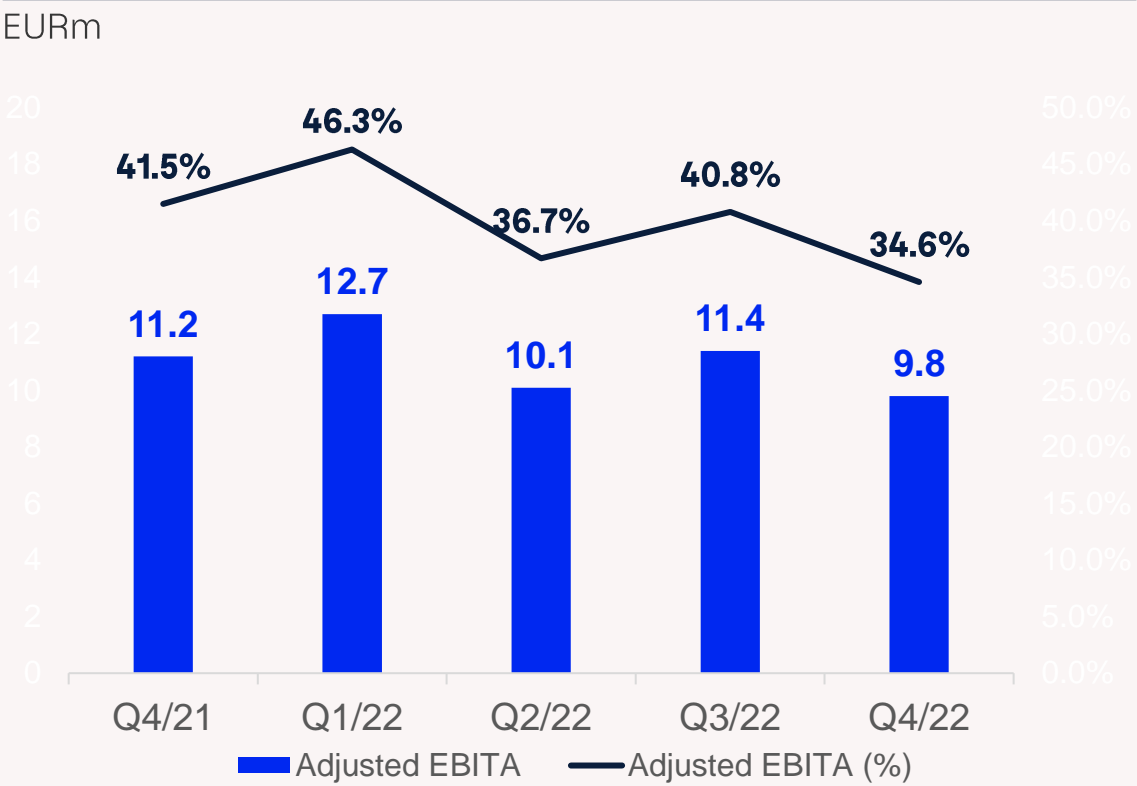
# Adjusted EBITA and gross margin development

## Gross margin



- Gross margin increased by EUR 1.3 million to 25.9 million (EUR 24.6 million) and was 91.6% of revenue (90.8%).

## Adjusted EBITA and adjusted EBITA margin

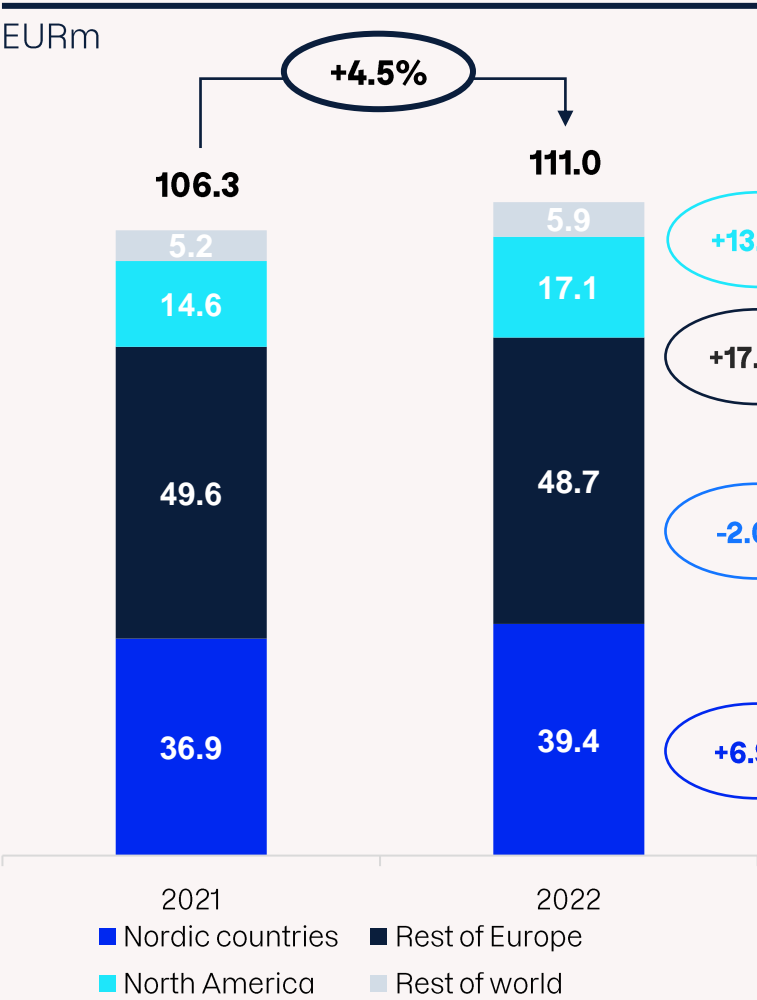


- Profitability in the fourth quarter was in line with expectations burdened by increased administration costs, as we have strengthened our operations as an independent company.

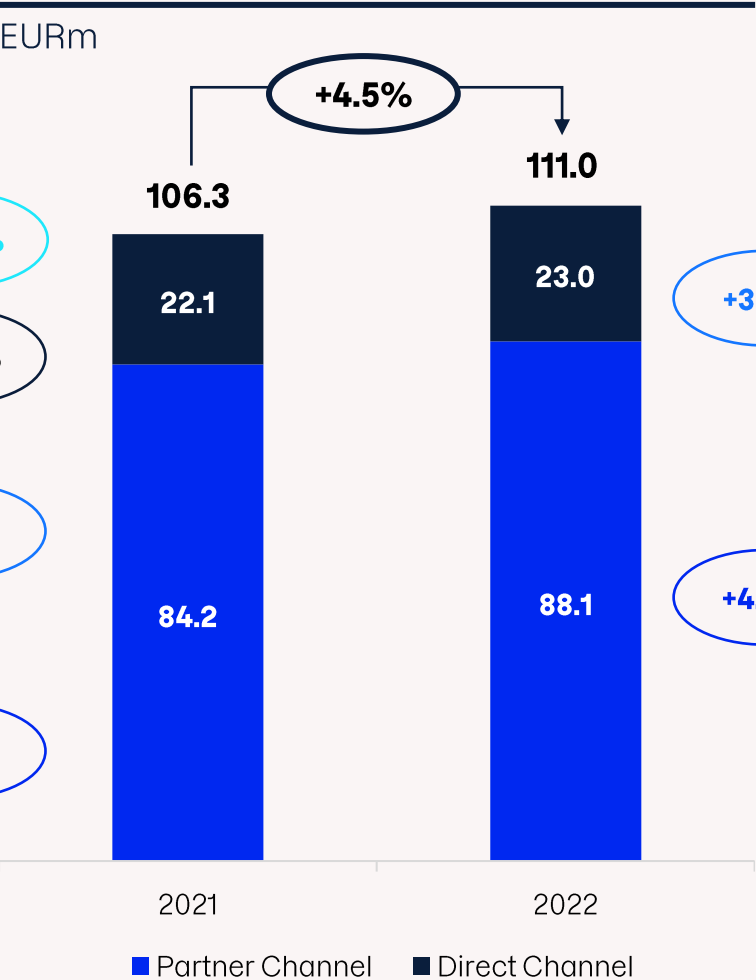
# Full year 2022 in figures: solid revenue growth

At comparable exchange rates, revenue increased by 2.9%

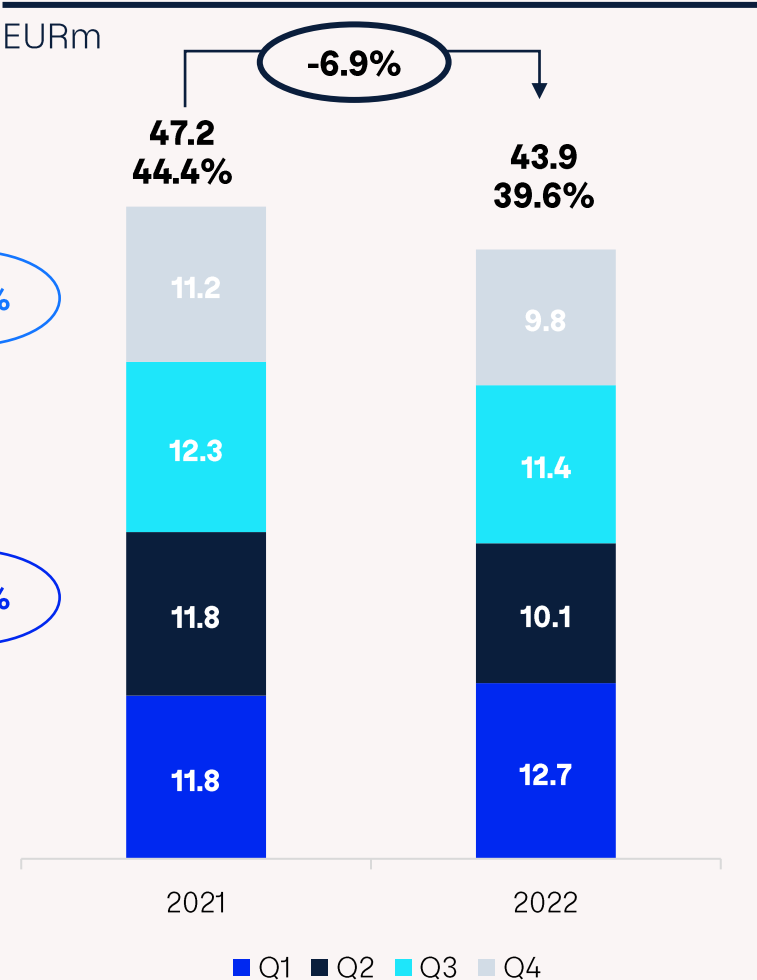
Revenue by geography



Revenue by channel



Adjusted EBITA

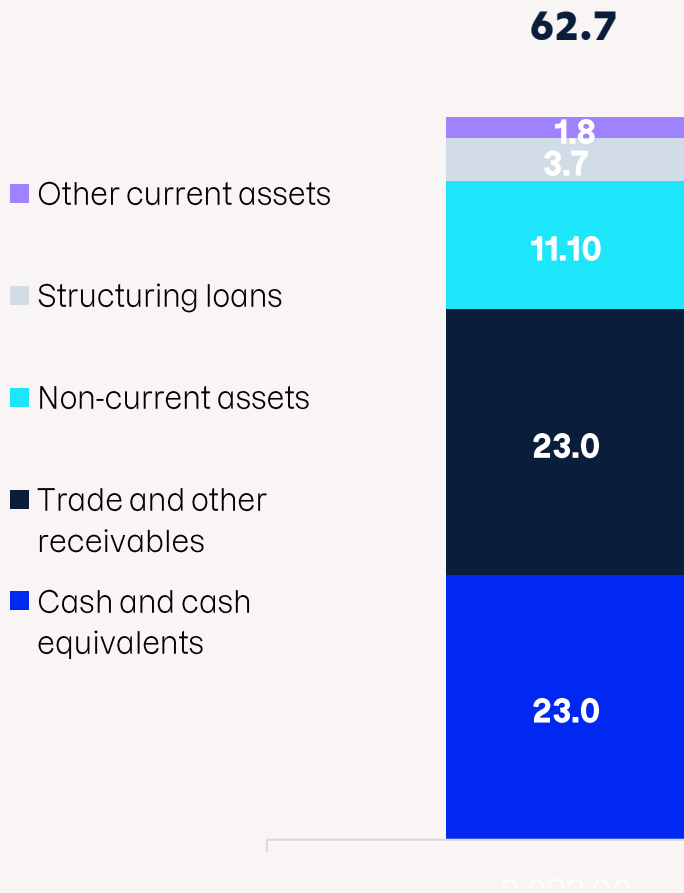




# Solid cash position

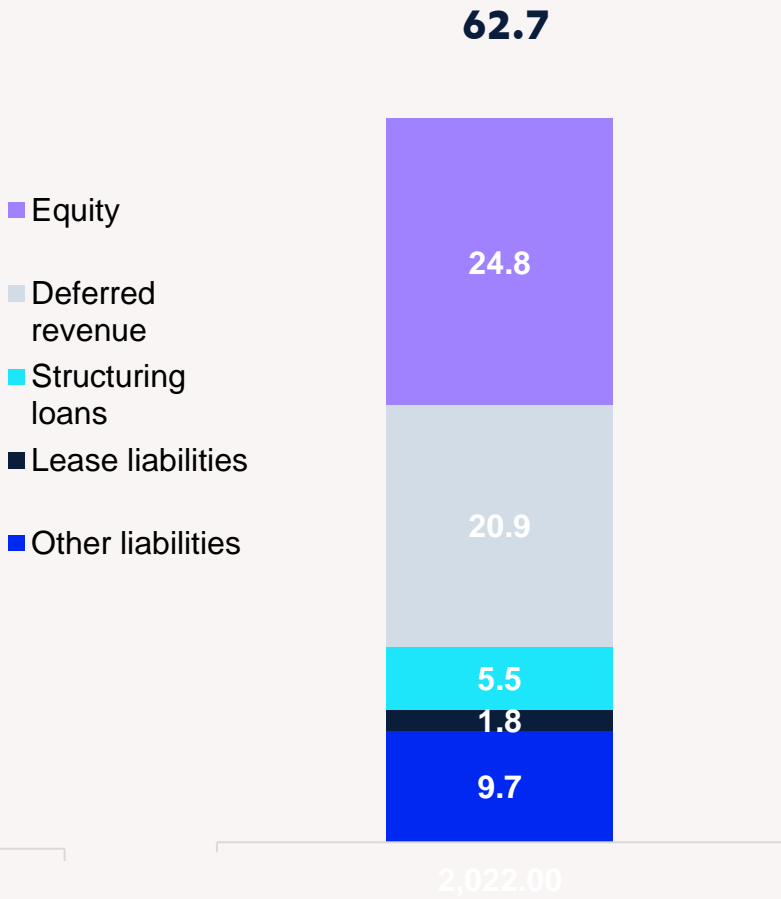
## Assets at 31.12.2022

EURm



## Equity and liabilities at 31.12.2022

EURm



- Equity ratio was 39.6% (24.5%)
- Net cash was EUR 19.3 million (net debt of EUR 0.2 million)
- Receivables and interest-bearing liabilities due to forming the legal standalone subsidiary structure. F-Secure payables totaled in EUR 5.5 million and the receivables totaled EUR 3.7 million

# Dividend proposal EUR of 0.07 per share

Board of Directors' proposal for the distribution of profit



- **Dividend policy:** payment of around or above 50% of net profit as dividend on an annual basis
- **Distributable funds:** EUR 14.9 million
- **Dividend proposal:** EUR **0.07** per share, in total EUR 12.2 million to be paid as dividends
- **Earnings per share** (EPS) for the period 7-12/2022 0.09 and the proposed dividend is **78%** of the Group July–December net profit

# Outlook 2023

F-Secure expects the global demand for cyber security solutions to grow while our operating environment has turned more challenging and consumer confidence remains unstable in the face of rising inflation, causing higher risk for weaker development on new business sales in the direct channel.

We have made a number of growth-related investments in 2022 and continue to do so in 2023. There is a level of uncertainty when these will have a concrete effect on our financial performance.

**F-Secure expects revenue to grow by 4-8% year-on-year.**

**Adjusted EBITA for the full year 2023 is expected to be within 38-41%.**

*F-Secure continues to drive its business following Rule of 40 – the sum of revenue growth % and adjusted EBITA % is expected to be 42-49% based on the growth and profitability expectations.*



# Medium-term financial targets

By 2025

## Growth

High single-digit organic revenue growth.

## Profitability

After initial growth investments, adjusted EBITA margin of above 42%.

## Dividend yield

F-Secure aims to pay around or above 50% of net profit as dividend on annual basis.



**Target to consistently  
outperform market  
growth  
&  
Rule of 40**



# Q&A

