



F-Secure.

CREATING A STRONG FOUNDATION FOR GROWTH

HALF YEAR FINANCIAL REPORT 1 JANUARY–30 JUNE 2022

Timo Laaksonen, CEO

Sari Somerkallio, CFO

20 July 2022



AGENDA

- 1. HIGHLIGHTS OF Q2 2022**
- 2. GROUP DEVELOPMENT**
- 3. FINANCIALS**
- 4. OUTLOOK AND FINANCIAL TARGETS**
- 5. CONCLUDING REMARKS**

HIGHLIGHTS OF Q2 2022

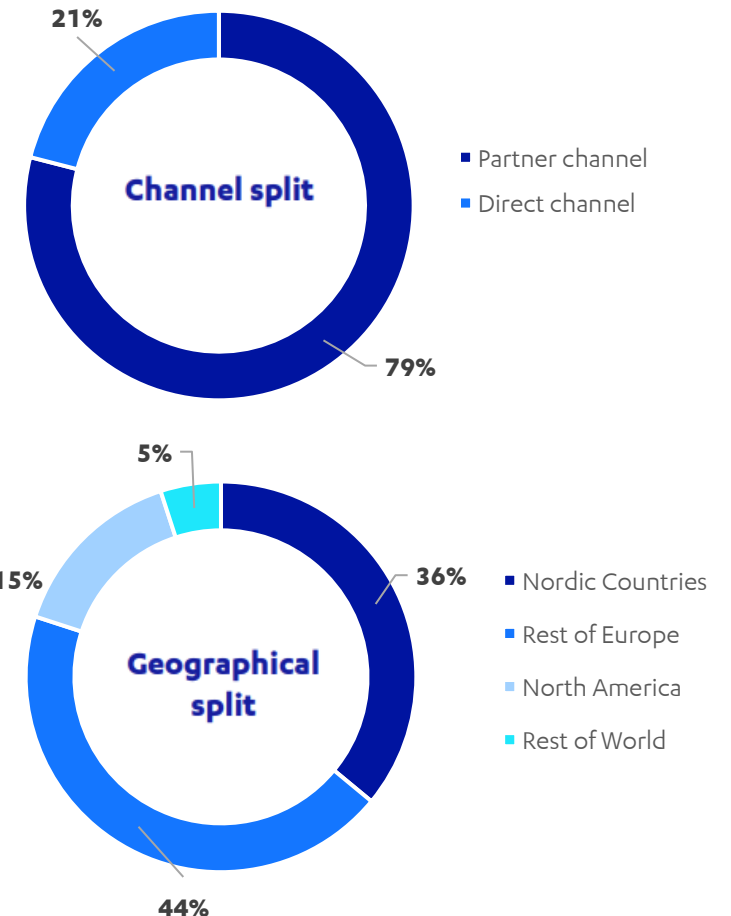
- **Continued growth and several strategic advances; revenue up by 4.3% in Q2, reflecting solid demand for our products and partially supported by the strong dollar**
- **Continued execution of our growth strategy as well as focus on operational excellence**
- **Partial demerger from WithSecure Corporation completed – utilize our full potential as an independent company**
- **Outlook for 2022 and financial targets unchanged**



Q2 2022: CREATING STRONG FOUNDATION FOR GROWTH

- Revenue increased by 4.3% to EUR 27.5 million, supported by solid demand and good market activity.
- Both Partner and Direct Channel contributed to the growth: revenue from Partner Channel increased by 4.3% and Direct Channel by 4.1%
- Adjusted EBITA decreased by 14.6% to EUR 10.1 million, 36.7% of revenue.
- Profitability in the second quarter was burdened by increased sales and marketing costs and R&D costs, as we are building up and strengthening our competences as an independent company.

Revenue breakdown Q2 2022



DEMERGER FROM WITHSECURE CORPORATION COMPLETED

12 April 2022: WithSecure Corporation's Board of Directors appointed the President & CEO and Management Team members for F-Secure.

31 May 2022: The Extraordinary General Meeting of WithSecure decided that F-Secure will demerge through a partial demerger.

30 June 2022: Completion of the demerger and a new, independent F-Secure was created, enabling us to better meet and serve the needs of our customers and partners.

1 July 2022: Trading in F-Secure's shares on Nasdaq Helsinki commenced.



STRATEGY FOR CONTINUED PROFITABLE GROWTH

We are striving for continued profitable growth based on three strategic pillars:

1.

Increase Average Revenue Per User (ARPU)

- Roll out of a new generation of TOTAL through the partner channel.
- The renewal performance continued on a good level.

2.

Developing current offering and new products

- We develop new product categories like connected home security with F-Secure SENSE to provide a complete security experience to consumers.
- We signed up with several new partners in the quarter.

3.

Expand into new channels

- Openings within new sectors, such as banks, insurance companies and retailers.
- Nordic energy company to complement their offering with F-Secure TOTAL.

Financials

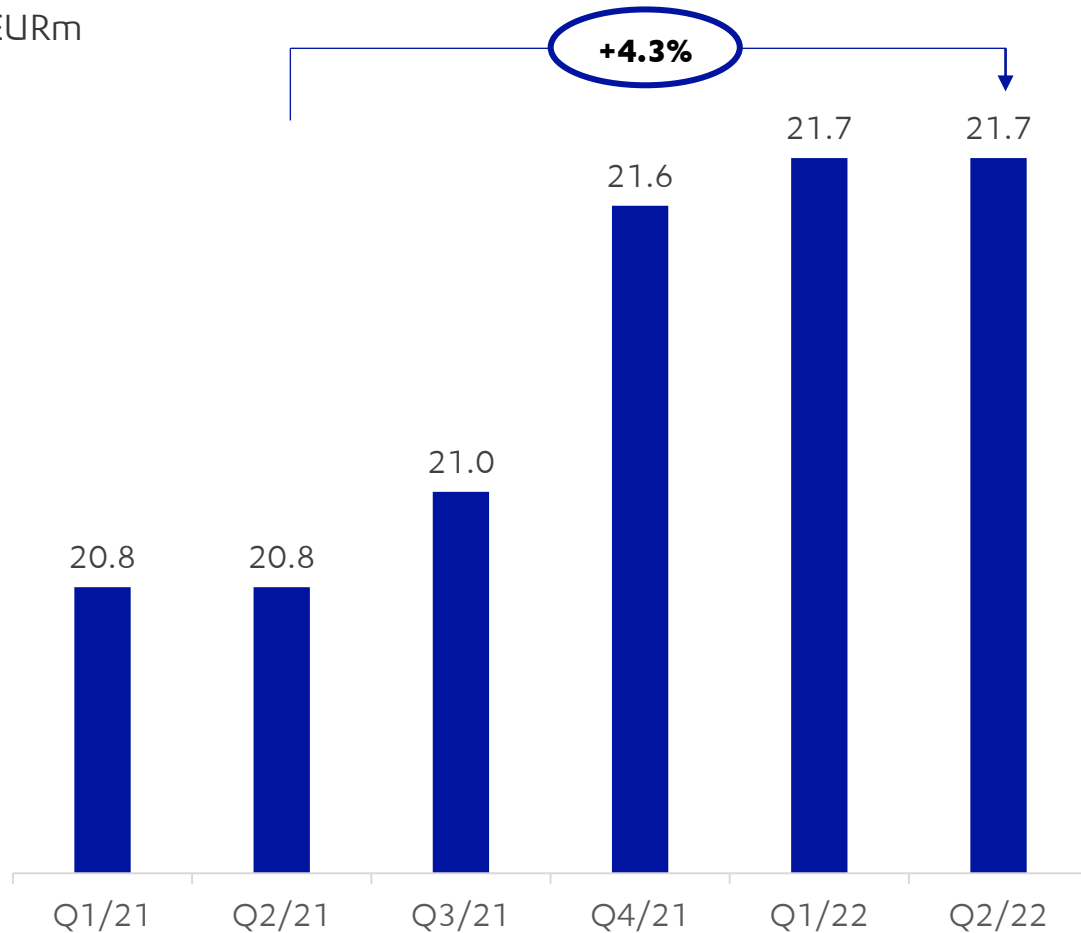
Q2/2022 Financial review

Sari Somerkallio, CFO

REVENUE GROWTH OF 4% IN BOTH SALES CHANNELS

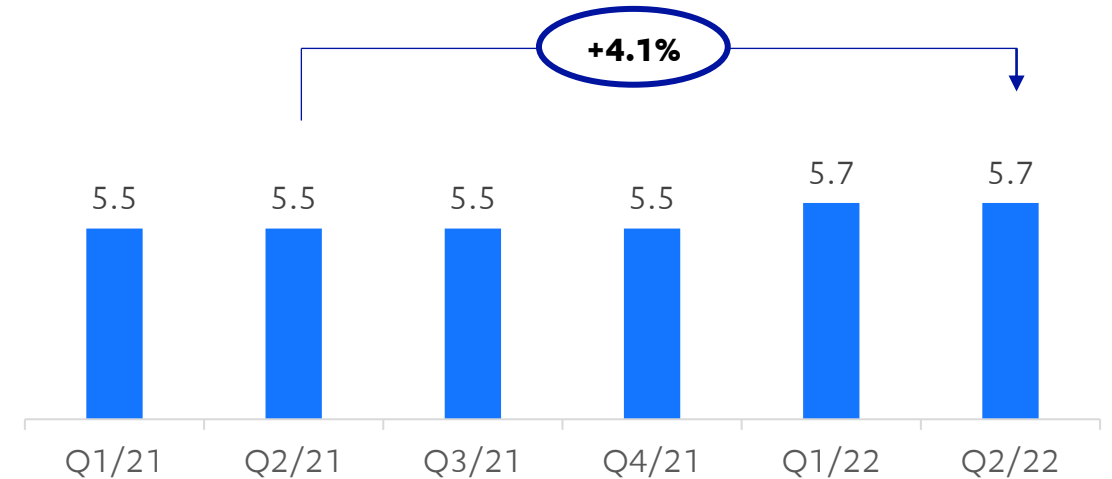
Partner channel revenue

EURm

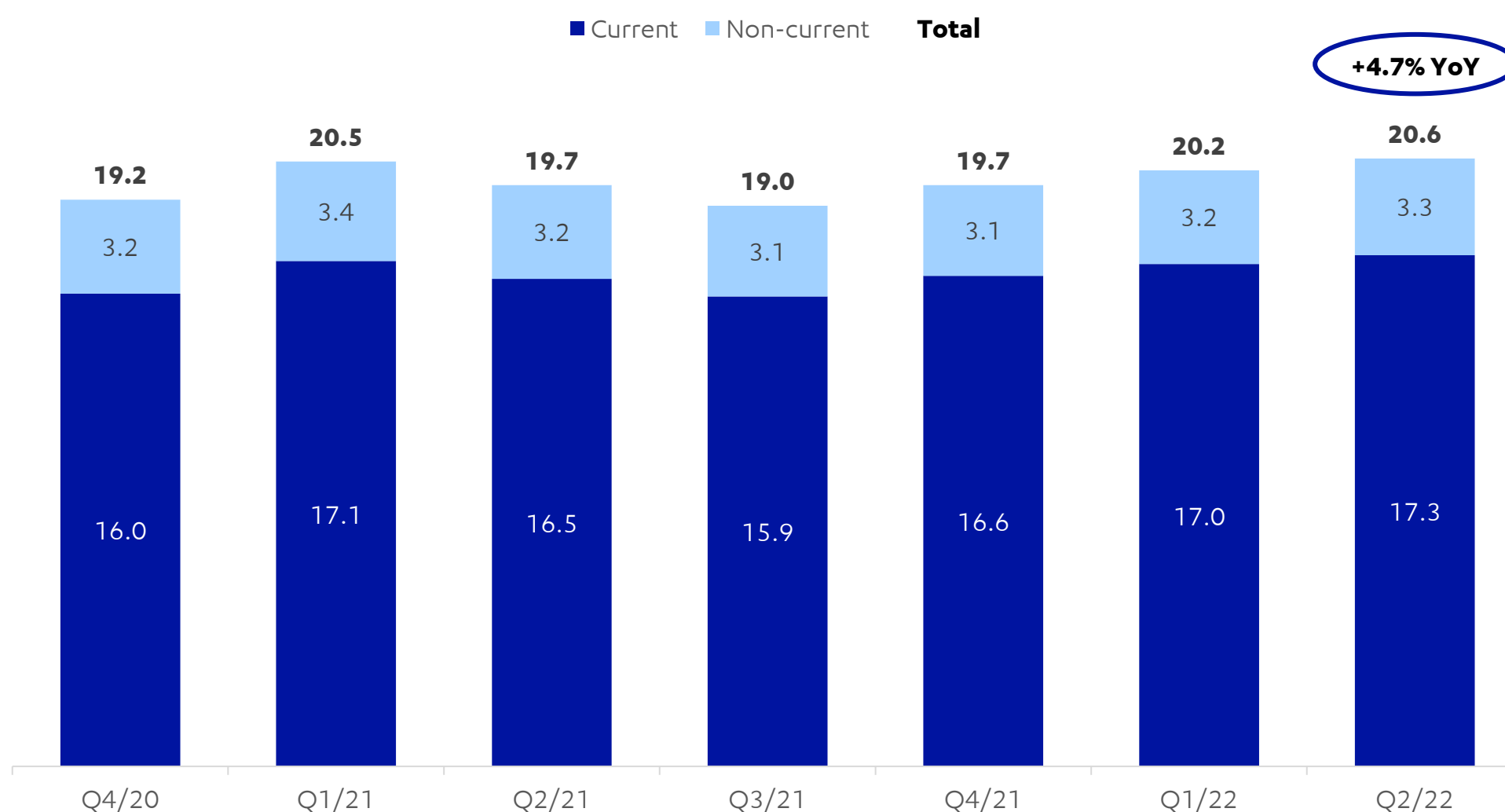


Direct channel revenue

EURm



DEFERRED REVENUE* UP BY 5% DRIVEN BY E-COMMERCE

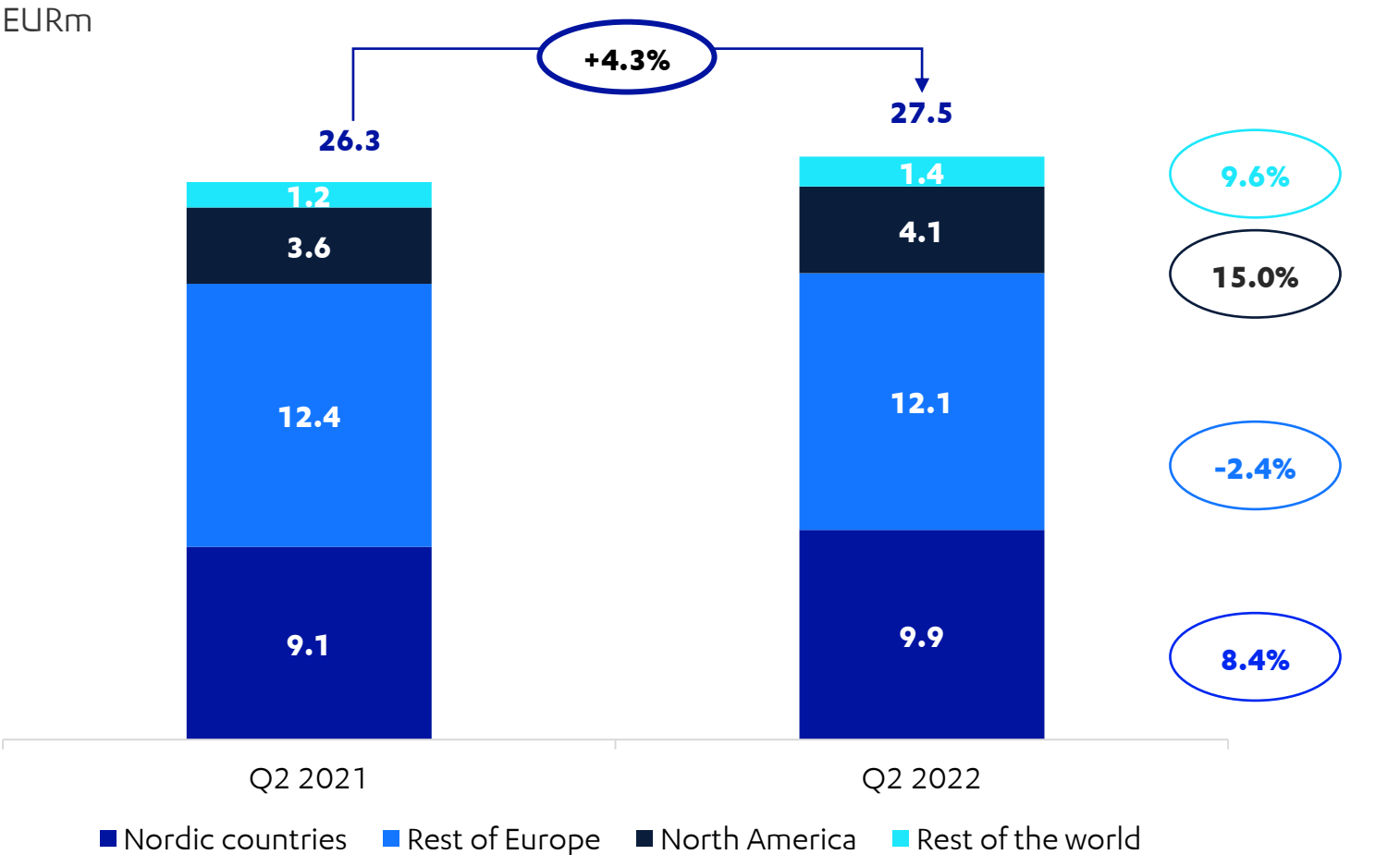


- Majority of deferred revenue from e-commerce deals that are paid upfront
- E-commerce sales performance in Q2 drives the growth deferred revenue
- In partner channel large one-off projects such as setup fees are recorded in deferred revenue

⁹ *) Non-current deferred revenue = recognized as revenue after the next 12 months onwards
Current deferred revenue = recognized as revenue within the next 12 months

REVENUE GROWTH DRIVEN BY SALES IN ASIA AND NORTH AMERICA

Revenue by geography

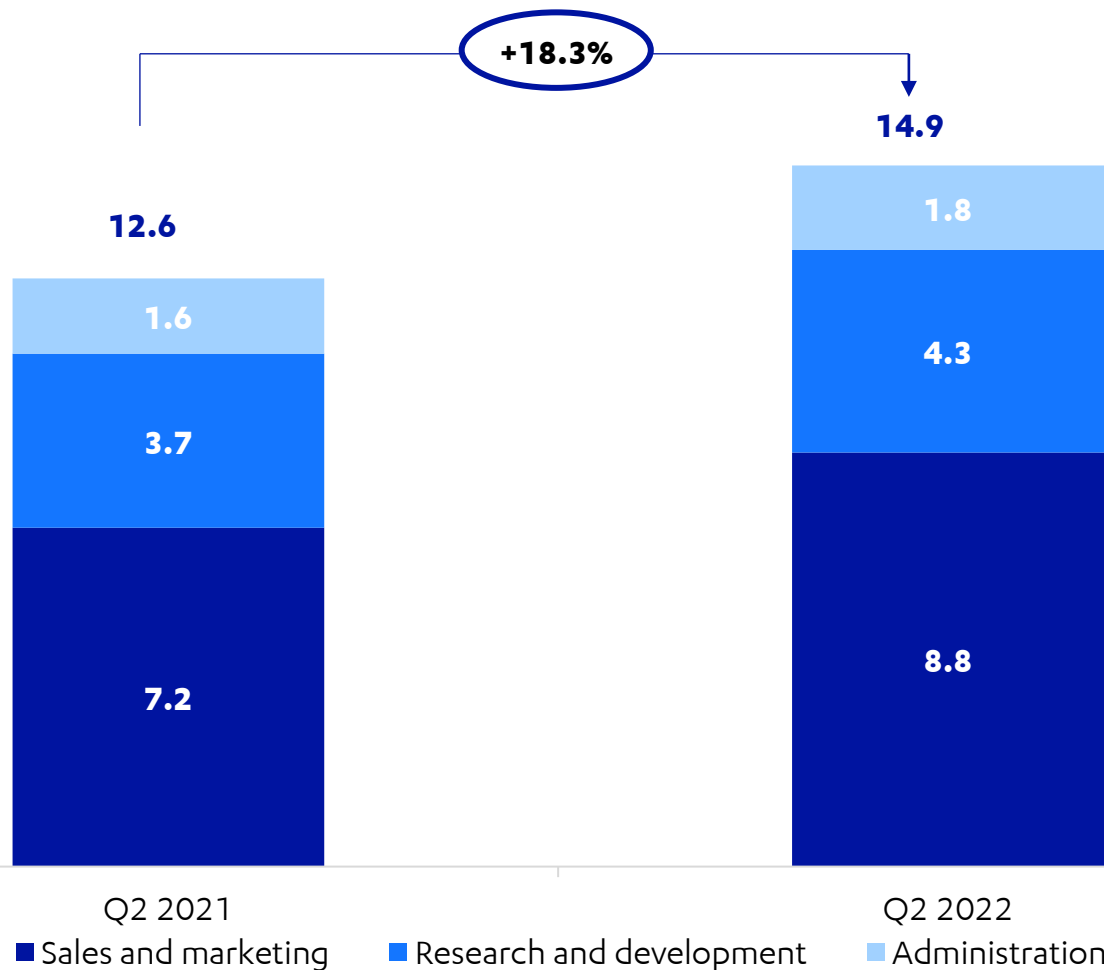


- Partner Channel: revenue increased across several regions
 - Sales increased in Nordic countries and Asia.
 - Sales increased in North America, driven by continued good demand and partially supported by the strong dollar.
- Direct Channel: E-commerce developed well, especially in Germany
 - Renewal performance remained steady.
 - Average revenue per user continued to grow.

INCREASE IN OPERATING EXPENSES ¹⁾ IN Q2

OPEX development Q2 ¹⁾

EURm

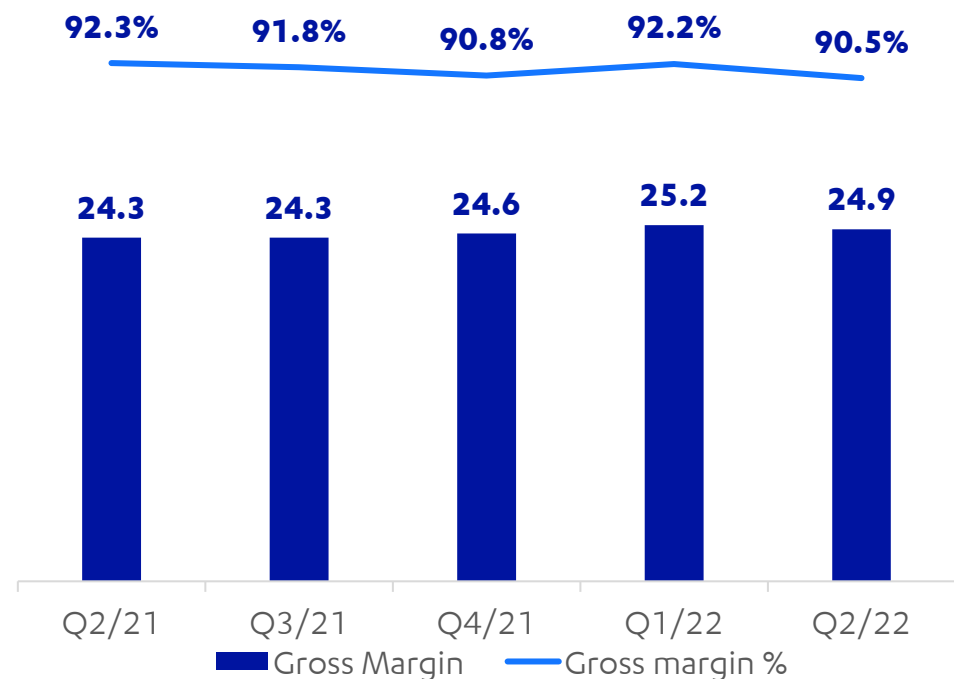


- The costs incurred due to the listing totaled EUR 3.0 million in the second quarter and are included as an item affecting comparability
- F-Secure and WithSecure has entered into transitional services agreements (TSAs), and many of the support function TSAs are planned to terminate at the end of 2022, and the rest during 2023.

ADJUSTED EBITA AND GROSS MARGIN DEVELOPMENT

Gross margin

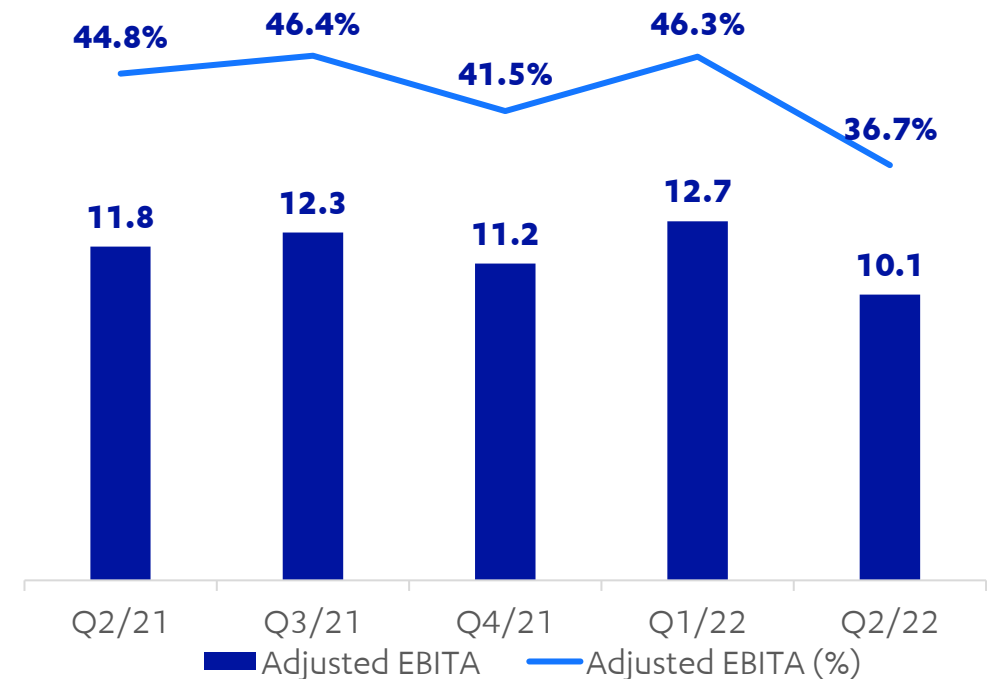
EURm



- Gross margin increased by EUR 0.6 million to 24.9 million and was 90.5% of revenue
- Royalties and hosting costs increased during the quarter

Adjusted EBITA and adjusted EBITA margin

EURm

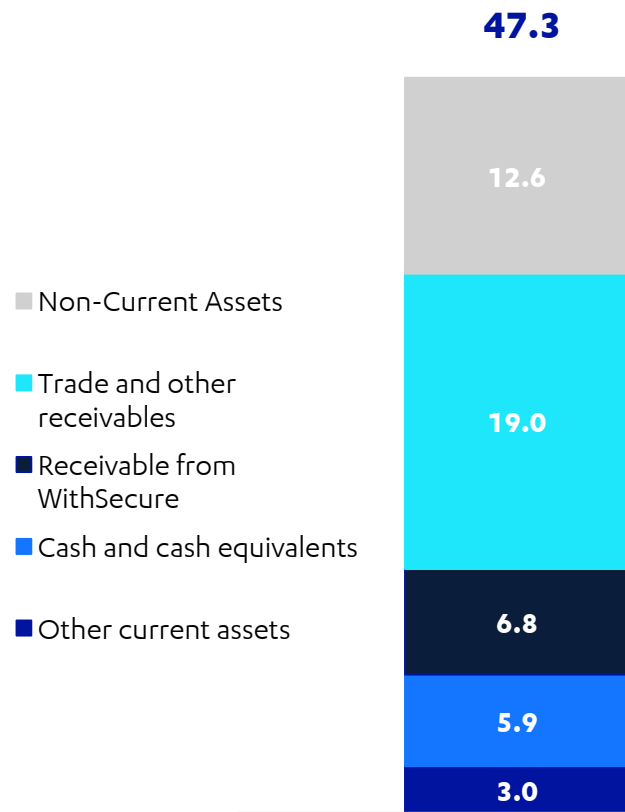


- Profitability in the second quarter was burdened by increased sales and marketing costs and R&D costs
- Build-up and strengthening of our competences as an independent company

OPENING BALANCE SHEET

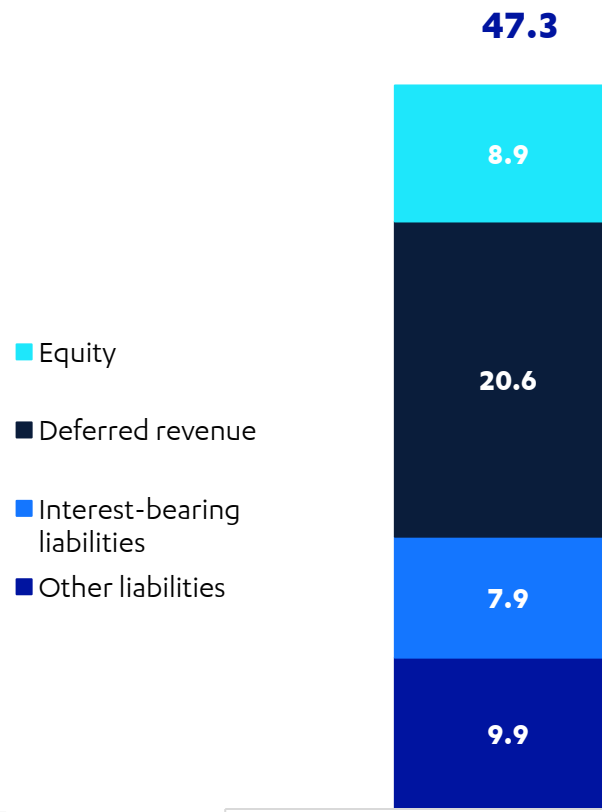
Assets at 30.6.2022

EURm



Equity and liabilities at 30.6.2022

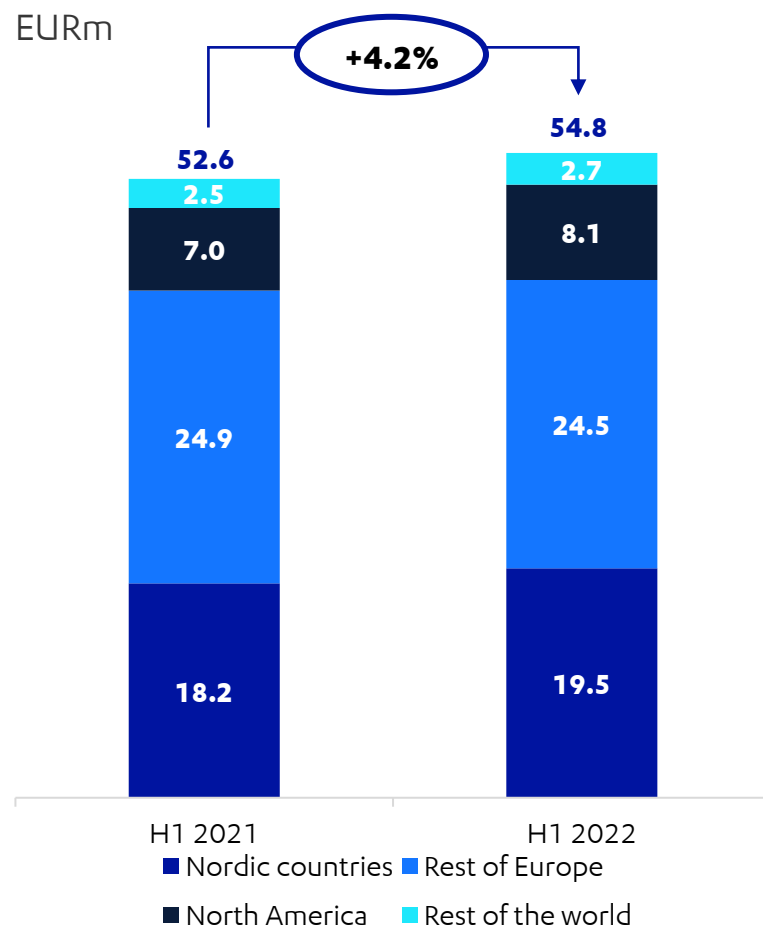
EURm



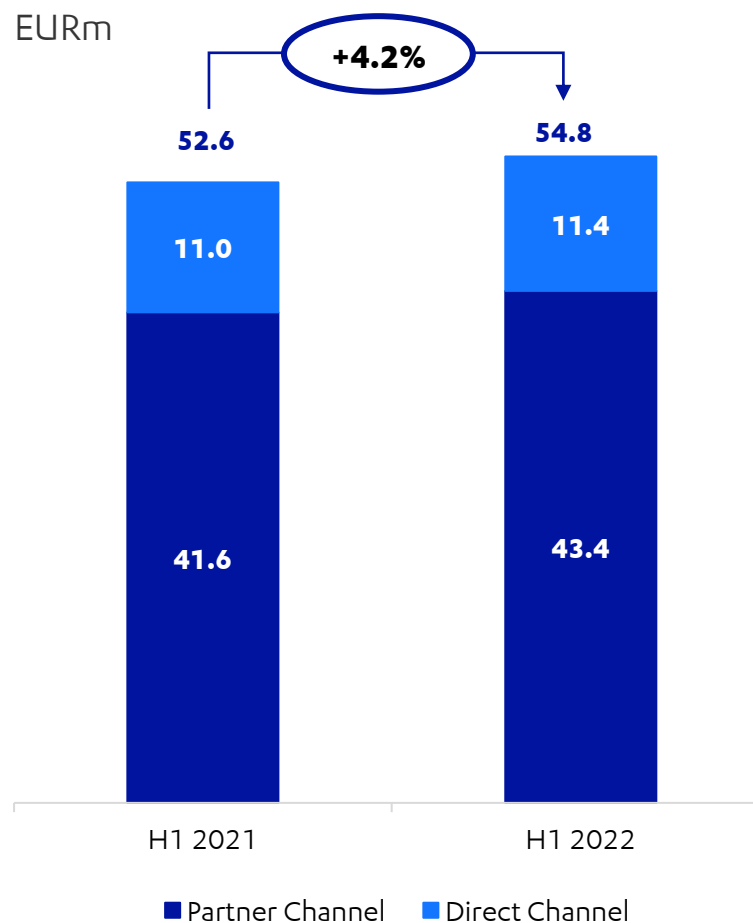
- Prior to the Demerger on 30 June 2022, no cash or cash equivalents were allocated to F-Secure in the carve-out financial information.
- The receivable from WithSecure will be transferred as cash to F-Secure in July 2022.
- As at 30 June 2022, F-Secure's current lease liabilities were EUR 0.9 million and non-current lease liabilities were EUR 1.3 million.
- Receivables and interest-bearing liabilities due to forming the legal standalone subsidiary structure. F-Secure's payables totaled in EUR 5.7 million and the receivables totaled EUR 3.8 million.

F-SECURE'S H1/2022 IN BRIEF

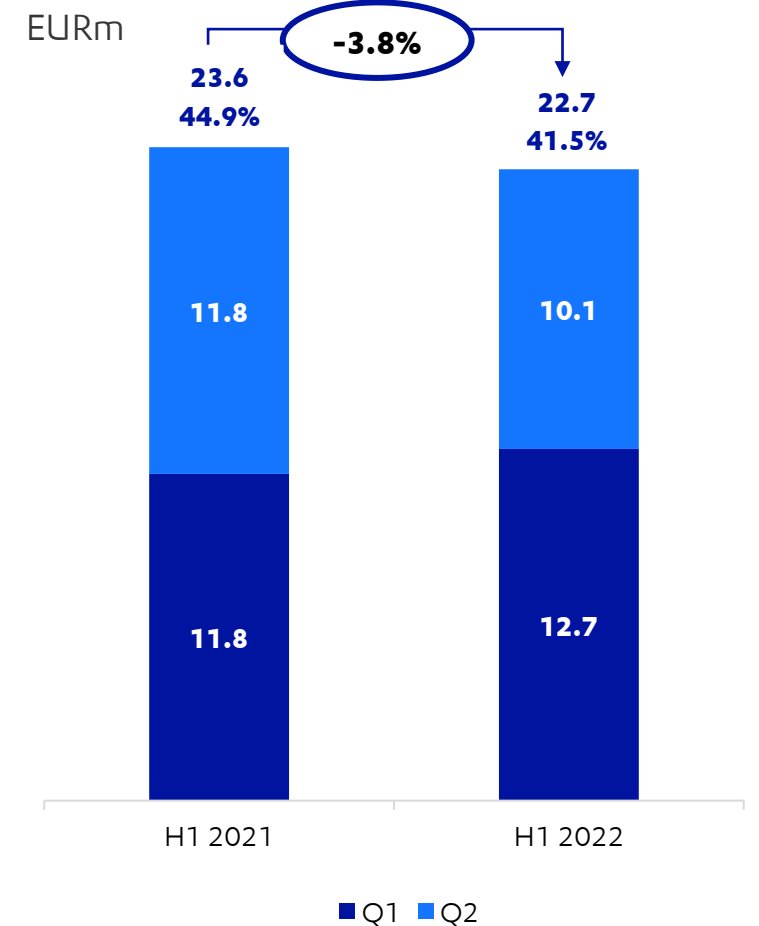
Revenue by geography



Revenue by channel



Adjusted EBITA



OUTLOOK FOR 2022

REVENUE GROWTH

“We expect F-Secure revenue to grow by 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 (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

Concluding remarks

Timo Laaksonen, CEO



A NEW ERA FOR F-SECURE: 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.

**~370 PEOPLE FOCUSED ON CONSUMER CYBER
SECURITY AND OFFERING DEVELOPMENT**

4.

**ACCELERATING STRATEGY EXECUTION AND
SHAREHOLDER VALUE CREATION**

Q&A



F-Secure®