



F-Secure Corporation

Financial Statement Release 2022

1 January–31 December 2022

Solid performance amid challenging environment

Highlights of October–December (Q4)

- Revenue increased by 4.3% to EUR 28.3 million (EUR 27.1 million).
 - Revenue from Partner Channel increased by 4.4% to EUR 22.5 million (EUR 21.6 million)
 - Revenue from Direct Channel increased by 3.7% to EUR 5.7 million (EUR 5.5 million)
- Adjusted EBITA was EUR 9.8 million (EUR 10.9 million), 34.6% of revenue (40.2%)
- Earnings per share (EPS) was EUR 0.04 (EUR 0.05)
- Cash flow from operating activities before financial items and taxes was EUR 10.7 million (EUR 13.6 million)

Highlights of January–December

- Revenue increased by 4.5% to EUR 111.0 million (EUR 106.3 million).
 - Revenue from Partner Channel increased by 4.6% to EUR 88.1 million (EUR 84.2 million)
 - Revenue from Direct Channel increased by 3.9% to EUR 23.0 million (EUR 22.1 million)
- Adjusted EBITA was EUR 43.9 million (EUR 47.2 million), 39.6% of revenue (44.4%)
- Items affecting comparability (IAC) for Adjusted EBITA were EUR -3.8 million (EUR -2.4 million).
- Earnings per share (EPS) was EUR 0.17 (EUR 0.20)
- Cash flow from operating activities before financial items and taxes was EUR 36.4 million (EUR 36.1 million)
- The Board of Directors proposes a dividend of EUR 0.07 per share (78% of the group July–December net profit)

F-Secure Corporation has formed a separate legal group as of June 30, 2022. The financial information presented in this report is based on actual figures as an independent group after the consummation of the partial demerger and carve-out figures prior to the consummation of the partial demerger. 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 report are unaudited.

Outlook for 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%.

Financial targets (unchanged)

Mid-term financial targets until the end of 2025 are:

- **Growth:** High single digit organic revenue growth
- **Profitability:** After initial growth investments, adjusted EBITA margin of above 42%
- **Dividend Yield:** Around or above 50% of net profit on an annual basis.

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%.

Financial performance

EUR million	10-12/2022	10-12/2021	Change %	1-12/2022	1-12/2021	Change %
Revenue	28.3	27.1	4.3%	111.0	106.3	4.5%
Partner channel	22.5	21.6	4.4%	88.1	84.2	4.6%
Direct channel	5.7	5.5	3.7%	23.0	22.1	3.9%
Cost of revenue	-2.4	-2.5	-4.4%	-9.3	-8.8	6.1%
Gross Margin	25.9	24.6	5.1%	101.7	97.4	4.3%
% of revenue	91.6%	90.8%		91.6%	91.7%	
Other operating income	0.3	0.2	71.3%	1.1	0.5	105.7%
Operating expenses¹⁾	-16.1	-13.5	19.7%	-58.3	-50.6	15.2%
Sales & Marketing	-6.9	-7.6	-9.4%	-29.3	-28.5	2.5%
R&D	-3.5	-4.2	-16.0%	-15.1	-15.6	-3.2%
Administration	-5.7	-1.7	240.3%	-13.9	-6.5	115.8%
Adjusted EBITDA¹⁾	10.0	11.3	-11.2%	44.5	47.4	-6.1%
% of revenue	35.5%	41.7%		40.1%	44.6%	
Adjusted EBITA¹⁾	9.8	10.9	-10.4%	43.9	47.2	-6.9%
% of revenue	34.6%	40.2%		39.6%	44.4%	
Items affecting comparability (IAC)²⁾				-3.8	-2.4	58.3%
Depreciation & amortization	-0.6	-0.4	56.8%	-2.0	-1.5	29.7%
EBIT	9.4	10.9	-13.7%	38.8	43.5	-10.9%
% of revenue	33.3%	40.2%		34.9%	40.9%	
Adjusted EBIT¹⁾	9.4	10.9	-13.7%	42.5	45.9	-7.3%
% of revenue	33.3%	40.2%		38.3%	43.2%	
Earnings per share (EUR)³⁾	0.04	0.05	-18.5%	0.17	0.20	-12.4%
Shareholders' equity per share, EUR				0.14		
Operating cash flow	10.7	13.6	-21.3%	36.4	36.1	0.7%
Cash conversion %	108.1%	94.7%		96.2%	95.6%	
Deferred revenue	20.9	19.7	6.5%	20.9	19.7	6.5%
Net debt (+) / Net cash (-)⁴⁾				-19.3	0.2	
Gearing, %				-63.0%		
Equity ratio, %				39.6%	24.5%	
Personnel at the end of the period⁵⁾				376	248	51.6%

The key figures and other financial information are presented on an actual basis for the income statement Jul–Dec/2022 and financial position as at 31 December 2022, and on a carve-out basis for all other financial information for the other periods presented. Refer to Note 1, Basis of Preparation.

¹⁾ Excluding Items Affecting Comparability (IAC) and depreciation and amortization.

²⁾ A reconciliation of items affecting comparability is presented at the end of this report.

³⁾ Based on the average number of shares for July–December 2022 and on the number of shares upon formation of F-Secure on 30 June 2022 for all other periods.

⁴⁾ Prior to the demerger on 30 June 2022, no cash or certain lease liabilities, such as lease liabilities related to business premises or machinery and equipment, were allocated to F-Secure. From 30 June 2022 onwards, the figure includes F-Secure's interest-bearing liabilities, less interest-bearing receivables and cash and cash equivalents.

⁵⁾ Prior to the demerger on 30 June 2022, the figure consisted of personnel directly employed by the consumer security business and did not include the share of personnel in shared group functions. At the end of Q4 2022, the figure comprises all personnel employed by F-Secure.

Timo Laaksonen, CEO

2022 was a year of change for F-Secure, and we are happy to deliver further revenue growth and continued solid profitability while continuing to face a more challenging operating environment. We witnessed dropped consumer confidence amid high inflation.

Fourth quarter revenue increased by 4.3% amounting to EUR 28.3 million. This is a solid achievement, which demonstrates the strength of our offering and the stable demand for security and privacy solutions. Already in the third quarter we experienced some softening of consumer sentiment resulting in lower activity in the new business sales in the direct channel. This same development continued also in the fourth quarter. The adjusted EBITA was EUR 9.8 (10.9) million for the quarter, with EBITA margin 34.6% (40.2%). Revenue in January–December amounted to EUR 111.0 million, growing by 4.5% year-on-year, with good development especially in the partner channel.



During the fourth quarter our strong focus on the roll-out of F-Secure Total continued with important new vertical partnerships, for example with a large European bank. We signed up another 10 partners for F-Secure Total. This supports our growth strategy to increase average revenue per user (ARPU) and to convert existing customer base from standalone products to our all-in-one security suite. In line with our expectations, we see a significant ARPU increase for users who have upgraded to the Total service. During the quarter, we launched F-Secure Sense with an operator in Finland, our 4th production deployment, and we are working with a few more operators who will follow during 2023. We have strategically chosen to focus on the long-term industrialization and maturity of the Sense product, including further improvements in product quality and delivery speed. We have signed three new partnerships with major router manufacturers, allowing these partners to offer Sense directly to their operator customers. This simplifies our go to market model and speeds up the process of delivering Sense on new routers.

The purpose of F-Secure is to make every digital moment more secure, for everyone. Consumers today encounter digital moments at home, on the move, on multiple devices and through numerous applications. For a comprehensive coverage and seamless security of these digital moments, we have created a new product business cell, called 'Embedded Security'. This new offering complements our existing portfolio and allows our partners to embed F-Secure capabilities and experience natively through their own applications. We have signed up the first partner for Embedded Security, a major European operator group. Our partner will integrate endpoint and identity protection capabilities into their existing customer application, thus making it easier for customers to adopt security services within an app they already have and use. Embedded Security enhances our offering in the service provider segment and provides a new point of entry into new vertical partnerships.

Our long-term focus is on creating value by providing brilliantly simple security experiences. That focus will enable us to increase average revenue per user, drive the development of current offering and new products, and our expansion into new channels. Throughout the review period, we have witnessed that this focus has delivered results. We have made great progress with our strategic priorities, and it has been a pleasure to see how the demand for comprehensive cyber security solutions is growing and the customer feedback is very positive. Cyber security is a growing concern for people around the world as the number and complexity of cyber threats continue to increase, and the growing demand for cyber security solutions will accelerate our growth.

As part of the new era as an independent company we have designed a new brand identity. It will form part of our new generation F-Secure Total product launch starting in February 2023.

The year of 2022 was unusual by all standards. During the year I have witnessed the exceptional commitment and spirit of all of us, building the future success of the company, and I would like to warmly thank all our fellows, customers and partners for the cooperation during the year.

Group performance

Revenue by sales channel

EUR million	10-12/2022	10-12/2021	Change %	1-12/2022	1-12/2021	Change %
Revenue from external customers						
Partner channel	22.5	21.6	4.4%	88.1	84.2	4.6%
Direct channel (E-commerce)	5.7	5.5	3.7%	23.0	22.1	3.9%
Total	28.3	27.1	4.3%	111.0	106.3	4.5%

Revenue by geography

EUR million	10-12/2022	10-12/2021	Change %	Comparable change* %	1-12/2022	1-12/2021	Change %	Comparable change* %
Revenue from external customers								
Nordic countries	10.0	9.4	6.3%	6.5%	39.4	36.9	6.9%	6.8%
Rest of Europe	12.2	12.5	-2.0%	-2.0%	48.7	49.6	-2.0%	-2.0%
North America	4.6	3.8	18.9%	6.7%	17.1	14.6	17.2%	4.5%
Rest of the world	1.5	1.4	6.8%	12.1%	5.9	5.2	13.4%	18.4%
Total	28.3	27.1	4.3%	2.9%	111.0	106.3	4.5%	2.9%

*Comparable change excludes the impact of exchange rates.

October–December 2022

Revenue

F-Secure revenue increased by 4.3% to EUR 28.3 million (EUR 27.1 million) in the fourth quarter, supported by solid demand for our strategic growth products, F-Secure Total, Sense and ID Protection. Comparable revenue growth was 2.9%, with significantly positive impact from the US dollar. Partner Channel continued solid and steady growth. Weakened consumer sentiment had a negative impact on revenue development in the direct channel.

Partner Channel

Revenue from the partner channel grew by 4.4% to EUR 22.5 million (EUR 21.6 million) with an increase in sales especially in Nordic countries and in North America, which was supported by the strong US dollar. Revenue decreased in the rest of Europe, due to lower retail sales and a regulatory change in Poland in 2021 that had a continued negative impact on adoption rates on the local market. The roll-out of the latest version of F-Secure Total continued and progressed as planned in the partner channel during the quarter with one European bank signed up for F-Secure Total among others.

Direct Channel

Revenue from direct channel increased by 3.7% to EUR 5.7 million (EUR 5.5 million). Sales in F-Secure ecommerce increased especially in Germany. Renewal growth was on moderate level during the quarter. Deteriorating consumer sentiment and weaker market demand due to high general inflation resulted in a lower new business sales volumes.

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%). 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. In the fourth quarter, the TSA costs were EUR 0.8 million in cost of revenue. These TSAs in cost of revenue are planned to terminate latest by the end of 2023.

Operating expenses

Operating expenses excluding depreciation and amortization were EUR 16.1 million (EUR 13.5 million) in the fourth quarter of 2022. Sales and marketing costs were EUR 6.9 million (EUR 7.6 million). Research and development (R&D) costs were EUR 3.5 million (EUR 4.2 million) and administration costs were EUR 5.7 million (EUR 1.7 million). Figures for comparison period are not fully comparable as the classification and allocation method used in carve-out vary from actuals, see more in Note 1, Basis of Preparation on page 19. Administration costs increased as expected due to the ongoing ramp-up process as we are strengthening and developing our internal operations after the demerger. 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 incurred in the fourth quarter were EUR 0.8 million in R&D and EUR 2.7 million in administration. Majority of the administration TSAs terminated at the end of 2022, and the rest of administration and all of R&D are planned to terminate by the end of 2023.

Depreciation and amortization totaled EUR 0.6 million (EUR 0.4 million) in the fourth quarter of 2022.

Profitability

Adjusted EBITA was EUR 9.8 million and 34.6% of revenue (EUR 10.9 million, 40.2%) for the fourth quarter of 2022. EBIT was EUR 9.4 million and 33.3% of revenue (EUR 10.9 million, 40.2%). 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.

January–December 2022

Revenue

F-Secure revenue increased in January–December by 4.5% year-on-year to EUR 111.0 million (106.3 million). At comparable exchange rates, revenue increased by 2.9%. Weakened consumer confidence resulted in a lower new business sales volume in the direct channel towards the end of the year.

Partner Channel

Revenue from the partner channel grew by 4.6% to EUR 88.1 million (EUR 84.2 million) with an increase in sales across several regions, such as in Nordic countries, Asia and in North America, where the growth was supported by the strong US dollar. Growth in the partner channel was offset partially by lower retail sales and a regulatory change in Poland in 2021 that had a negative impact on adoption rates on the local market. The roll-out of the latest version of F-Secure Total continued in the partner channel throughout the review period, with 35 existing partners having signed up for F-Secure Total upgrade.

Direct Channel

Revenue from direct channel increased by 3.9% to EUR 23.0 million (EUR 22.1 million). Revenue development was good especially in Germany. Consumer interest in bundled security and privacy solutions drives sales of F-Secure Total and accelerates the development of the average revenue per user (ARPU). Renewal performance was on a solid level throughout the period, but weaker consumer sentiment impacted new business sales in the direct channel negatively, especially towards the end of the review period.

Gross margin

Gross margin increased by EUR 4.2 million to 101.7 million (EUR 97.4 million) and was 91.6% of revenue (91.7%). Royalties and hosting costs increased in the review period, due to negative USD currency impacts. 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. The TSA costs incurred during the second half of the year and were EUR 1.8 million in total in cost of revenue. These TSAs in cost of revenue are planned to terminate latest by the end of 2023.

Operating expenses

Operating expenses excluding depreciation, amortization and items affecting comparability (IAC) were EUR 58.3 million (EUR 50.6 million). Sales and marketing costs were EUR 29.3 million (EUR 28.5 million). Research and development costs were EUR 15.1 million (EUR 15.6 million). Administration costs were EUR 13.9 million (EUR 6.5 million). Figures for comparison period are not fully comparable as the classification and allocation method used in carve-out vary from actuals, see more in Note 1, Basis of Preparation on page 19. After the demerger and throughout the second half of the year, a lot of focus has been on ramping and building up the necessary capabilities to operate as an independent company, which has resulted in increased and partially overlapping operating expenses, especially in administration. 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. The TSA costs incurred in the second half of the year and totaled EUR 1.9 million in R&D and EUR 5.3 million in administration. Majority of the administration TSAs terminated at the end of 2022, and the rest of admin and all of R&D are planned to terminate by the end of 2023.

Items affecting comparability (IAC) totaled EUR 3.8 million (EUR 2.4 million), attributable to costs incurred due to the listing in the first half of 2022 (described in Alternative performance measures on page 25).

Depreciation and amortization totaled EUR 2.0 million (EUR 1.5 million). The increase is related to subleasing agreements F-Secure entered in for its office premises in connection with the demerger in May 2022.

Profitability

Adjusted EBITA was EUR 43.9 million and 39.6% of revenue (EUR 47.2 million, 44.4%). EBIT was EUR 38.8 million and 34.9% of revenue (EUR 43.5 million, 40.9%), including EUR 3.8 million of costs related to the listing. The demerger-related ramp-up process burdened profitability as we are building up and strengthening our operations as an independent company.

Cash flow, financial position and financing

EUR million	10-12/2022	10-12/2021	Change %	1-12/2022	1-12/2021	Change %
Cash and cash equivalents				23.0		
Receivable from WithSecure					12.1	
Interest-bearing receivables				3.7		
Lease liabilities, non-current				0.9	0.1	
Lease liabilities, current				1.0	0.1	
Other interest-bearing liabilities, non-current				5.5		
Capital Expenditure	1.9	0.6	212.3%	4.6	1.7	178.2%
% of revenue	6.7%	2.2%		4.2%	1.6%	

In January–December 2022, cash flow from operating activities before financial items and taxes amounted to EUR 44.4 million (EUR 45.1 million). Cash flow from operations was EUR 36.4 million (EUR 36.1 million) and the cash conversion rate was 96.2% (95.6%). Prior to the Demerger on 30 June 2022, no cash or cash equivalents were allocated to F-Secure in the carve-out financial information, instead it was presented as Receivable from WithSecure. The receivable from WithSecure was transferred as cash to F-Secure in July 2022, and as at 31 December 2022, cash and cash equivalents were EUR 23.0 million in total. Additionally, F-Secure has a committed revolving credit facility of EUR 10 million as at 31 December (undrawn).

Total assets were EUR 62.7 million (EUR 38.9 million) at the end of December 2022. Equity ratio was 39.6% (24.5%), while gearing was -63.0%. F-Secure net cash was EUR 19.3 million (net debt of EUR 0.2 million) at the end of December 2022.

As at 31 December 2022, current lease liabilities were EUR 1.0 million (EUR 0.1 million) and non-current lease liabilities were EUR 0.9 million (EUR 0.1 million). The lease liabilities relate to leases for office premises and cars. In May 2022, in connection with the Demerger, F-Secure entered lease agreements for its office premises.

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. In these transactions, WithSecure or its subsidiary is the buying entity if the transferring business is a corporate security business, and F-Secure or its subsidiary is the buying entity if the transferring business is a consumer security business. 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. The interest rate for the unpaid transaction price varies by country. F-Secure's payables to WithSecure totaled EUR 5.5 million and the receivables from WithSecure totaled EUR 3.7 million, presented in the table above as Other interest-bearing liabilities (non-current) and interest-bearing receivables, respectively.

In January–December 2022, capital expenditure was EUR 4.6 million (EUR 1.7 million). Capital expenditure was mainly related to research and development and IT.

Organization and leadership

At the end of the year, F-Secure had 376 (248*) employees. The average number of personnel during July–December 2022 was 368 (245*).

At the end of the year, the composition of the Leadership Team was the following:

Timo Laaksonen	President & Chief Executive Officer
Sari Somerkallio	Chief Financial Officer
Toby White	Chief Technology Officer
Kitta Virtavuo	Chief People Officer
Paul Palmer	Senior Vice President, Partner Business
Perttu Tynkkynen	Senior Vice President, Direct Business
Michal Iwan	Vice President, Security Suite Business Team
Mikko Kestilä	Vice President, Operations
Richard Larcombe	Chief Marketing Officer
Antero Norkio	Senior Vice President, Corporate Development
Steven Offerein	Vice President, Portfolio Management
Dmitri Vellikok	Vice President, Network Security Business Team
TL Viswanathan	Vice President, Embedded Security (as of 1 November 2022)

* Prior to the demerger on 30 June 2022, the figure consisted of personnel directly employed by the consumer security business and did not include the share of personnel in shared group functions.

Shares and shareholders

F-Secure was created through the Demerger on 30 June 2022, when WithSecure's consumer security business was transferred into a new independent company. Trading in F-Secure shares on Nasdaq Helsinki commenced on 1 July 2022.

At the end of the year 2022, the registered share capital of F-Secure was 80,000 and the company had 174,526,944 fully paid shares. The company 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 2022 was EUR 2.83. In July–December, the highest price paid was EUR 3.26 and the lowest EUR 2.29. In July–December, the share's volume weighted average price was EUR 2.68. The share trading volume in the review period was EUR 42 million and 15.8 million shares. On December 31, 2022, the company's market capitalization was EUR 494 million.

The number of registered shareholders at the end of the 2022 was 31,399, including nominee registers. The proportion of nominee-registered and direct foreign shareholders was 16.63 per cent of the company's shares at the end of the year. The list of the shareholders of F-Secure Corporation is based on the information given by the Euroclear Finland Ltd.

The company did not hold any treasury shares at the commencement of trading or on the date of this report.

Governance

Extraordinary General Meeting 2022

The Extraordinary General Meeting of WithSecure Corporation was held on 31 May 2022. The Extraordinary General Meeting resolved to approve the demerger plan and the partial demerger, in which all assets and liabilities relating to the company's consumer security business transferred without a liquidation procedure to F-Secure Corporation in accordance with the demerger plan.

The General Meeting's resolution concerning the Demerger included also the resolutions concerning amending WithSecure's Articles of Association, the demerger consideration, reducing WithSecure's share capital and dissolving WithSecure's share premium reserve as well as authorizing F-Secure's Board of Directors to decide on the repurchase of F-Secure's own shares and on the issuance of shares, option rights and other special rights entitling to shares.

Demerger consideration

The General Meeting resolved that the shareholders of WithSecure receive as demerger consideration one (1) new share in F-Secure for each share they hold in WithSecure on the Effective Date.

Authorization of the Board of Directors of F-Secure to decide on the repurchase of F-Secure's own shares

The General Meeting resolved, conditional upon the completion of the Demerger, to authorize the Board of Directors of F-Secure to decide upon the repurchase of a maximum of 15,000,000 of F-Secure's own shares in total in one or several tranches and with F-Secure's own unrestricted equity.

By virtue of the authorization, the Board of Directors shall decide on the repurchase also in deviation from the proportional holdings of the shareholders (directed repurchase). The authorization comprises the repurchase of shares either in the public trading or otherwise in the market on the trading price determined for the shares in public trading on the date of purchase, or with a purchase offer to the shareholders in which case the repurchase price must be the same for all shareholders. F-Secure's own shares shall be repurchased to be used for carrying out acquisitions or implementing other arrangements related to F-Secure's business, for optimizing 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 authorization includes the right of the Board of Directors of F-Secure to decide on all other terms related to the repurchase of the company's own shares.

The authorization is proposed to be valid until the conclusion of the first Annual General Meeting of F-Secure following the Effective Date as set forth in the demerger plan, in any case until no later than 30 June 2023.

Authorization of the Board of Directors of F-Secure to decide on the issuance of shares as well as the issuance of options and other special rights entitling to shares

The General Meeting resolved, conditional upon the implementation of the Demerger, to authorize the Board of Directors of F-Secure to decide on the issuance of a maximum of 15,000,000 shares in total through a share issue as well as by issuing options and other special rights entitling to shares pursuant to Chapter 10, Section 1 of the Limited Liability Companies Act in one or several tranches. The authorization concerns both the issuance of new shares and the transfer of treasury shares held by F-Secure.

The authorization entitles the Board of Directors of F-Secure to decide on all terms related to the share issue as well as the issuance of options or other special rights entitling to shares. The issuance of shares may be carried out in deviation from the shareholders' pre-emptive subscription right (directed issue). The authorization may be used for carrying out potential acquisitions or other arrangements, share-based incentive programs or otherwise for purposes decided by the Board of Directors. The Board of Directors of F-Secure is also entitled to decide on the sale of treasury shares on the regulated market of Nasdaq Helsinki Ltd in accordance with its rules and guidelines.

The authorization will be valid until the conclusion of the first Annual General Meeting of F-Secure following the Effective Date as set forth in the demerger plan, in any case until no later than 30 June 2023.

Handling of the remuneration policy for governing bodies of F-Secure

The General Meeting resolved, conditional upon the completion of the Demerger, to support the proposed remuneration policy for governing bodies of F-Secure. The resolution is advisory.

Resolution on the number of members of the Board of Directors of F-Secure

The General Meeting resolved, conditional upon the completion of the Demerger, that the number of members of the Board of Directors of F-Secure shall be six (6).

Resolution on the remuneration of the members of the Board of Directors of F-Secure

The General Meeting resolved, conditional upon the completion of the Demerger, that the remuneration for the term of the Board of Directors of F-Secure shall be paid as follows:

- EUR 80,000 for the Chairperson of the Board of Directors,
- EUR 48,000 for the Committee Chairpersons
- EUR 38,000 for the members of the Board of Directors, and
- EUR 12,667 for the members of the Board of Directors employed by F-Secure.

Further, the General Meeting resolved that approximately 40 per cent of the remuneration be paid as shares in F-Secure repurchased from the market and that F-Secure pay any transfer tax levied on the repurchase of shares. F-Secure will repurchase the shares or transfer shares held by F-Secure as treasury shares in the name and on behalf of the members of the Board of Directors of F-Secure. The travel expenses and other costs of the members of the Board of Directors of F-Secure directly related to board work are paid in accordance with the F-Secure's compensation policy in force from time to time. 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 in accordance with F-Secure's travel policy in force from time to time.

Election of members of the Board of Directors of F-Secure

The General Meeting resolved, conditional upon the implementation of the Demerger and in accordance with the Board of Directors' recommendation, to elect Pertti Ervi, Thomas Jul, Madeleine Lassoued, Risto Siilasmaa, Petra Teräsaho and Calvin Gan, who belongs to the personnel of F-Secure, as members of the Board of Directors of F-Secure.

Resolution on the remuneration of the auditor of F-Secure

The General Meeting resolved, conditional upon the implementation of the Demerger and in accordance with the Board of Directors' recommendation, that the remuneration to the auditor of F-Secure be paid in accordance with the approved invoice.

Election of the auditor of F-Secure

The General Meeting resolved, conditional upon the implementation of the Demerger and in accordance with the Board of Directors' recommendation, to elect PricewaterhouseCoopers Oy as auditor of F-Secure. PricewaterhouseCoopers Oy has stated that Mr Janne Rajalahti, APA, will act as the Responsible Auditor.

Organizing meeting of the Board of Directors

In its organizing meeting held after The Extraordinary General Meeting of WithSecure, the members of F-Secure's Board of Directors resolved to elect from among its members Pertti Ervi as the Chairperson of the Board of Directors. The members of the Board of Directors of F-Secure resolved at the same time to establish an Audit Committee and elect Petra Teräsaho as its Chairperson and Pertti Ervi and Risto Siilasmaa as its members.

Risks and uncertainties

Risks related to the Demerger

F-Secure's business organizations are dependent to a certain extent on certain functions provided by WithSecure under the transitional services agreement, and WithSecure's inability to provide these functions would have a material adverse effect on F-Secure's business operations.

The Demerger may have undesirable effects on the uninterrupted continuity of certain functions and processes central to F-Secure's operations, such as IT systems, which may result in interruptions and disturbances in F-Secure's business operations and its financial reporting.

F-Secure may not be able to implement its business organization and its independent strategy in the manner and timeframe currently anticipated, and it may not be able to realize any or all of the anticipated benefits.

F-Secure may be liable for certain obligations of WithSecure following the effective date of the Demerger and such obligations could have an adverse effect on F-Secure's financial position and results of operations.

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's 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's reputation, competitiveness, results of operations and financial position.

Inflation has increased the risk of negative development of the cost structure. Rising energy prices could have an impact mainly on cost of revenue through cloud production cost. Inflation may have a negative impact due to lower consumer sentiment mostly indirectly due to decreasing sales of devices for which F-Secure products are typically purchased, but as well directly due to lower renewal rates.

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 for the products and services offered by F-Secure. The Ukraine war has increased the uncertainty in the world and the risk of unexpected disruptions of the world economy. The war 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

The loss of key persons and skilled employees, the possible delay of new hires or the increase in personnel expenses could and 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 customers reputation, decrease sales, hinder operations, tie up personnel resources and give rise to claims for damages and increase other costs.

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.

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 engender 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.

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, 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.

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. F-Secure Corporation has formed a separate legal group as of June 30, 2022, and therefore only half year's dividend will be distributed for the year. On December 31, 2022 distributable funds of F-Secure Corporation were EUR 14.9 million. The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.07 per share be paid. Earnings per share (EPS) for the period 7-12/2022 was EUR 0.09 and the proposed dividend is 78% of the group July–December net profit. No material changes have occurred in the company's financial position since the end of the financial year.

Financial calendar and Annual General Meeting in 2023

In 2023, F-Secure Corporation will publish financial information as follows:

- Interim Report for January-March 2023, Wednesday, April 26, 2023
- Half-Year Financial Report for January-June 2023, Thursday, July 20, 2023
- Interim Report for January-September 2023, Wednesday, October 25, 2023

Annual report including the Financial Statements and Board of Directors' report will be published on February 17, 2023.

The Annual General Meeting of F-Secure Corporation is planned to be held on March 23, 2023. The Board of Directors will convene the meeting.

Helsinki, February 17, 2023

F-Secure Corporation

Board of Directors

Financial information

Income Statement

EUR thousand	10-12/2022	10-12/2021	Change %	1-12/2022	1-12/2021	Change %
Revenue	28,254	27,099	4.3%	111,017	106,250	4.5%
Cost of revenue	-2,376	-2,484	-4.4%	-9,342	-8,806	6.1%
Gross margin	25,878	24,615	5.1%	101,675	97,444	4.3%
Other operating income	260	152	71.3%	1,076	523	105.7%
Sales and marketing	-7,121	-7,628	-6.6%	-29,857	-28,746	3.9%
Research and development	-3,884	-4,559	-14.8%	-16,434	-16,891	-2.7%
Administration ¹⁾	-5,728	-1,683	240.3%	-17,690	-8,831	100.3%
EBIT	9,405	10,897	-13.7%	38,770	43,499	-10.9%
Financial income	224	114	95.4%	1,476	276	434.9%
Financial expenses	-730	-121	501.4%	-1,691	-208	712.8%
Profit before taxes	8,898	10,890	-18.3%	38,556	43,567	-11.5%
Income tax	-2,010	-2,434	-17.4%	-8,403	-9,148	-8.1%
Result for the period	6,888	8,456	-18.5%	30,153	34,418	-12.4%
Other comprehensive income						
Items that may be reclassified to profit or loss:						
Exchange difference on translation of foreign operations	-79	109	-172.9%	79	75	5.6%
Comprehensive income for the period	6,809	8,565	-20.5%	30,233	34,493	-12.3%
Earnings per share						
Earnings per share, basic and diluted, EUR	0.04	0.05	-18.5%	0.17	0.20	-12.4%

Apart from Jul-Dec/2022, income statement information has been prepared on a carve-out basis - refer to Note 1, Basis of Preparation.

¹⁾ Costs related to listing and strategic review increase administration expenses by EUR 3.8 million in 2022 and EUR 2.4 million in 2021.

Statement of financial position

Assets	31 Dec 2022	31 Dec 2021
Tangible assets	154	28
Right-of-use assets ¹⁾	1,834	250
Intangible assets	9,064	5,908
Deferred tax assets	93	223
Interest-bearing receivables	3,693	
Total non-current assets	14,838	6,409
Inventories	41	51
Accrued income	1,651	1,285
Trade and other receivables	23,040	19,105
Receivable from WithSecure		12,099
Income tax receivables	143	
Cash and cash equivalents ²⁾	22,953	
Total current assets	47,828	32,540
Total assets	62,667	38,949
Shareholders' equity and liabilities	31 Dec 2022	31 Dec 2021
Total Equity	24,804	9,546
Interest bearing liabilities, non-current	6,381	109
Deferred tax liabilities	528	227
Deferred revenue, non-current	3,621	3,112
Other non-current liabilities	81	46
Total non-current liabilities	10,612	3,494
Interest-bearing liabilities, current	957	136
Trade and other payables	7,818	9,213
Income tax liabilities	1,152	
Deferred revenue, current	17,324	16,560
Total current liabilities	27,251	25,909
Total equity and liabilities	62,667	38,949

Statement of financial position information has been prepared on an actual basis as at 31 December 2022 and on a carve-out basis as at 31 December 2021. Refer to Note 1, Basis of Preparation.

¹⁾ Right-of-use assets were recognized on 30 June 2022 following the Demerger from WithSecure and commencement of lease contracts for office premises.

²⁾ Prior to the Demerger on 30 June 2022, no cash was allocated to F-Secure in the carve-out financial information.

Cash flow statement

EUR thousand	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Cash flow from operations				
Result for the period	6,888	8,457	30,153	34,418
Adjustments	3,394	2,860	11,269	11,088
Cash flow from operations before change in working capital	10,282	11,317	41,423	45,506
Change in net working capital	2,698	4,543	2,960	-402
Cash flow from operations before financial items and taxes	12,980	15,860	44,383	45,105
Net financial items and taxes	-2,288	-2,281	-8,002	-8,979
Cash flow from operations	10,692	13,580	36,381	36,125
Cash flow from investments				
Net Investments in tangible and intangible assets	-1,885	-604	-4,634	-1,665
Proceeds from sale of intangible and tangible assets	-4	38	-4	37
Cash flow from investments	-1,890	-566	-4,638	-1,628
Cash flow from financing activities				
Repayments of lease liabilities	-206	-49	-612	-225
Increase in interest-bearing liabilities with WithSecure			5,663	
Increase in interest-bearing receivables with WithSecure			-3,789	
Equity financing with WithSecure, net		-12,965	-10,068	-34,272
Cash flow from financing activities	-206	-13,013	-8,806	-34,497
Change in cash	8,596		22,937	
Cash and cash equivalents at the beginning of the period	14,576			
Effect of exchange rate changes on cash	-219		16	
Cash and cash equivalents at period end ¹⁾	22,953		22,953	

Refer to Note 1, Basis of Preparation, for details of the financial information prepared on an actual basis (income statement for Jul-Dec/2022 and financial position as at 31 December 2022) and carve-out basis (all other financial information for the other periods presented).

¹⁾ Prior to the Demerger on 30 June 2022, no cash was allocated to F-Secure in the carve-out financial information.

Statement of changes in shareholder's equity

EUR thousand	Invested equity and retained earnings	Share capital	Unrestricted equity reserve	Retained earnings	Translation difference	Total
Invested equity December 31, 2020	9,053					9,053
Result of the period	34,418					34,418
Translation difference	75					75
Total comprehensive income for the year	34,493					34,493
Cost of share-based payments	401					401
Equity transactions with WithSecure	-34,402					-
Invested equity December 31, 2021	9,546					9,546
Invested equity December 31, 2021	9,546					9,546
Result of the period	14,521					14,521
Translation difference	-151					-151
Total comprehensive income for the period	14,370					14,370
Cost of share-based payments	-208					-208
Equity transactions with WithSecure	-14,796					-
Invested equity June 30, 2022	8,912					8,912
Demerger June 30, 2022	-8,912	80	9,590	-759		
Result of the financial year				15,632	-79	15,553
Total comprehensive income for the year				15,632	-79	15,553
Cost of share-based payments				339		339
Equity December 31, 2022		80	9,590	15,213	-79	24,804

Refer to Note 1, Basis of Preparation, for details of the financial information prepared on an actual basis (income statement for Jul-Dec/2022 and financial position as at 31 December 2022) and carve-out basis (all other financial information for the other periods presented).

1. Basis of preparation

WithSecure Board of Directors announced on 17 February 2022 its decision to pursue towards the separation of its Consumer Security business through a partial demerger. F-Secure Corporation (“**F-Secure**”) was formed as a result of the partial demerger from WithSecure Corporation (“**WithSecure**”), (the “**Demerger**”), which was completed on 30 June 2022. Trading in F-Secure’s shares on the main market of Nasdaq Helsinki started on 1 July 2022.

This unaudited financial information has been prepared in accordance with IAS 34, Interim Financial Reporting. In this financial statement, financial information is presented on an actual basis for the income statement July-December 2022 and the statement of financial position as at 31 December 2022, 30 September 2022 and 30 June 2022, and on a carve-out basis for all other financial information for the other periods presented. The carve-out principles and accounting principles applied are consistent with those followed in the preparation of the carve-out financial statements as at and for the years ended 31 December 2021, 2020 and 2019.

The carve-out financial information of F-Secure has been prepared on a carve-out basis from WithSecure’s audited consolidated financial statements using the historical income and expenses, assets and liabilities and cash flows attributable to F-Secure business. The carve-out financial information also includes the allocation of income, expense, assets, liabilities and cash flows which are based on management judgement, assumptions and estimates. The most significant estimates, judgements and assumptions relate to the allocation of the costs of certain centrally provided shared services, leasing arrangements, shared tangible and intangible assets, cash management and financing, determination on current and deferred income taxes and invested equity.

The carve-out financial information may not necessarily represent F-Secure’s combined results of operations, financial position and cash flows that would have been had F-Secure been managed as a stand-alone consolidated group, preparing consolidated financial information for the periods presented, separate from WithSecure. Further, the carve-out financial information may not be indicative of F-Secure’s future performance, financial position or cash flows.

The information of interim periods 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.

The trading in F-Secure shares commenced on 1 July 2022. Therefore, it’s not possible to calculate key figures that are based on market value for year 2021 and January–June 2022. This applies to the following key figures: price/earnings ratio, share price development, market capitalization of shares, trading volume of shares as number and percentage, weighted average adjusted number of shares during the financial period, adjusted number of shares at the end of the financial period.

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 2022	31 Dec 2021	1-12/2022	1-12/2021
USD	1.0666	1.1326	1.0555	1.1894
GBP	0.8869	0.8403	0.8509	0.8633
JPY	140.66	130.38	137.28	130.00

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 2022	31 Dec 2021
USD	-0.7/+0.8	+/-0.2

2. Revenue

Disaggregation of revenue

Sales channels	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Revenue from external customers				
Partner channel	22,509	21,559	88,052	84,156
Direct channel (E-commerce)	5,745	5,540	22,965	22,094
Total	28,254	27,099	111,017	106,250

Geographical information	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Revenue from external customers				
Nordic countries	9,982	9,395	39,426	36,873
Rest of Europe	12,221	12,474	48,653	49,644
North America	4,553	3,828	17,082	14,572
Rest of world	1,498	1,402	5,856	5,162
Total	28,254	27,099	111,017	106,250

3. Right-of-use, intangible and tangible assets

	31 Dec 2022	31 Dec 2021
Book value at the beginning of the period	6,186	5,862
Additions ¹⁾	6,948	1,886
Disposals	-112	-37
Depreciation and amortization	-1,969	-1,524
Translation differences	-2	
Book value at the end of the period	11,052	6,186

¹⁾ Right-of-use assets were recognized on 30 June 2022 following the Demerger and commencement of lease contracts for office premises.

	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Depreciation and amortization by function				
Sales and marketing	262	55	601	211
Research and development	341	340	1,357	1,313
Administration	16		18	
Total depreciation and amortization	619	395	1,976	1,524

4. Financial assets and liabilities

The carrying amounts of F-Secure's financial assets and financial liabilities are considered to approximate their fair values based on their nature and short maturity. F-Secure's financial assets and liabilities are presented in the following tables.

	Carrying value		Total
	Financial assets	Financial liabilities	
	Amortized cost	Amortized cost	
31 Dec 2022			
Cash and cash equivalents	22,953		22,953
Interest-bearing receivables	3,693		3,693
Trade receivables	18,243		18,243
Trade payables		1,398	1,398
Lease liabilities		1,840	1,840
Other interest-bearing liabilities		5,498	5,498
31 Dec 2021			
Receivable from WithSecure	12,099		12,099
Trade receivables	14,890		14,890
Trade payables		1,439	1,439
Lease liabilities		245	245

In connection with the demerger process, WithSecure negotiated on behalf of F-Secure, a revolving credit facility with Nordea Bank Abp amounting to EUR 10.0 million with a maturity of three years and with an equity ratio-based margin grid. Financial covenants include Net Debt to EBITDA and an equity ratio and other standard covenants to similar unsecured transactions. Revolving credit facility is undrawn as at 31 December 2022.

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. The interest rate for the unpaid transaction price varies by country. F-Secure's payables totaled EUR 5.5 million and the receivables totaled EUR 3.7 million, presented in the table above as Other interest-bearing liabilities (non-current) and interest-bearing receivables, respectively.

As at 31 December 2022, F-Secure's lease liabilities relate to leases for office premises and cars. In May 2022, in connection with the demerger, F-Secure entered subleasing agreements for its office premises, as well as entered one new office lease agreement.

Financial liabilities

Contractual maturities of financial liabilities:

	31 Dec 2022	31 Dec 2021
Amount due for settlement within 12 months	2,355	1,575
Amount due for settlement after 12 months	6,381	109
Total	8,737	1,684

Quarterly figures and alternative performance measures

Income statement quarterly

	10-12/2022	7-9/2022	4-6/2022	1-3/2022	10-12/2021
Revenue	28,254	27,935	27,463	27,366	27,099
Cost of revenue	-2,376	-2,225	-2,606	-2,135	-2,484
Gross margin	25,878	25,710	24,856	25,230	24,615
Other operating income	260	407	173	236	152
Sales and marketing	-7,121	-6,501	-8,855	-7,380	-7,628
Research and development	-3,884	-3,645	-4,646	-4,258	-4,559
Administration	-5,728	-4,910	-4,743	-2,310	-1,683
EBIT	9,405	11,061	6,786	11,518	10,897
Financial net	-507	92	-7	208	-7
Profit before taxes	8,898	11,153	6,779	11,726	10,890
Income tax	-2,010	-2,409	-1,514	-2,470	-2,434
Profit for the period	6,888	8,744	5,265	9,256	8,456

Apart from Jul-Dec/2022, income statement information has been prepared on a carve-out basis - refer to Note 1, Basis of Preparation.

Key figures

EUR thousand	10-12/2022	7-9/2022	4-6/2022	1-3/2022	10-12/2021
Revenue	28,254	27,935	27,463	27,366	27,099
Revenue growth %	4.3%	5.3%	4.3 %		
Adjusted EBITDA	10,024	11,658	10,124	12,704	11,292
% of revenue	35.5%	41.7%	36.9%	46.4%	41.7%
EBITA	9,769	11,410	7,123	11,855	11,234
% of revenue	34.6%	40.8%	25.9%	43.3%	41.5%
Adjusted EBITA	9,769	11,410	10,079	12,663	11,234
% of revenue	34.6%	40.8%	36.7%	46.3%	41.5%
EBIT	9,405	11,061	6,786	11,518	10,897
% of revenue	33.3%	39.6%	24.7%	42.1%	40.2%
Adjusted EBIT	9,405	11,061	9,742	12,325	10,897
% of revenue	33.3%	39.6%	35.5%	45.0%	40.2%
Profit for the period	6,888	8,744	5,265	9,256	8,456
% of revenue	24.4%	31.3%	19.2%	33.8%	31.2%
Earnings per share, basic and diluted, EUR ¹⁾	0.04	0.05	0.03	0.05	0.05
R&D costs	3,884	3,645	4,646	4,258	4,559
% of revenue	13.7%	13.0%	16.9%	15.6%	16.8%
Capital expenditure	1,885	1,609	583	557	604
% of revenue	6.7%	5.8%	2.1%	2.0%	2.2%
Deferred revenue	20,945	19,775	20,613	20,212	19,672
Operating cash flow	10,692	10,306	7,075	8,308	13,580
Net debt (+) / Net cash (-) ²⁾	-19,308	-10,763	-1,823	206	245
Equity ratio %	39.6%	32.4%	18.8%	23.7%	24.5%
Shareholder's equity per share, EUR	0.14	0.10			
P/E ratio	17.9	12.2			
Gearing, %	-63.0%	-37.8%			
Cash conversion	108.1%	82.5%	113.1%	86.1%	94.7%
Personnel at the end of the period ³⁾	376	361	368	255	248

The Key Figures are presented on an actual basis for the income statement Jul-Dec/2022 and financial position as at 31 December, 30 September and 30 June 2022, and on a carve-out basis for all other financial information for the other periods presented. Refer to Note 1, Basis of Preparation.

¹⁾ Based on the average number of shares for Q4/2022 and Q3/2022 and on the number of shares upon formation of F-Secure on 30 June 2022 for all other periods.

²⁾ Prior to the demerger on 30 June 2022, no cash or certain lease liabilities, such as lease liabilities related to business premises or machinery and equipment, were allocated to F-Secure. From 30 June 2022 onwards, the figure includes F-Secure's interest-bearing liabilities, less interest-bearing receivables and cash and cash equivalents.

³⁾ Prior to the demerger on 30 June 2022, the figure consisted of personnel directly employed by the consumer security business and did not include the share of personnel in shared group functions. At the end of Q4 2022, the figure comprises all personnel employed by F-Secure.

Alternative Performance Measures

In addition to EBIT, F-Secure uses Adjusted EBIT, Adjusted EBITA and Adjusted EBITDA as key performance indicators when measuring performance between periods. Adjusted EBIT, Adjusted EBITA and Adjusted EBITDA exclude items that affect comparability. Items affecting comparability are associated with strategic reviews and listing costs. Adjusted EBIT, 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, Adjusted EBIT and EBIT

	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Adjusted EBITDA	10,024	11,292	44,510	47,395
Adjustments to EBITDA				
Costs related to strategic review				-2,378
Costs related to listing			-3,764	
EBITDA	10,024	11,292	40,746	45,017
Depreciation and amortization	-619	-395	-1,976	-1,519
EBIT	9,405	10,897	38,770	43,499
	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Adjusted EBITA	9,769	11,234	43,921	47,180
Adjustments to EBITA				
Costs related to strategic review				-2,378
Costs related to listing			-3,764	
EBITA	9,769	11,234	40,157	44,802
Amortization	-364	-337	-1,387	-1,303
EBIT	9,405	10,897	38,770	43,499
	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Adjusted EBIT	9,405	10,897	42,534	45,876
Adjustments to EBIT				
Costs related to strategic review				-2,378
Costs related to listing			-3,764	
EBIT	9,405	10,897	38,770	43,499

Classification of adjusted costs in operating expenses

	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Operating expenses				
Sales and marketing	-7,121	-7,628	-29,857	-28,746
Research and development	-3,884	-4,559	-16,434	-16,891
Administration	-5,728	-1,683	-17,690	-8,831
Total	-16,733	-13,870	-63,981	-54,468
Depreciation and amortization by function				
Sales and marketing	-262	-55	-601	-211
Research and development	-341	-340	-1,357	-1,313
Administration	-16		-18	
Total	-619	-395	-1,976	-1,524
Items affecting Comparability (IAC) by function				
Administration	-5,728	-1,683	-17,690	-8,831
Less: Costs related to strategic review				-2,378
Less: Costs related to listing			-3,764	
Administration excluding IAC	-5,728	-1,683	-13,927	-6,453
Operating expenses less depreciation, amortization and IAC				
Sales and marketing	-6,858	-7,573	-29,257	-28,535
Research and development	-3,544	-4,219	-15,076	-15,578
Administration	-5,728	-1,683	-13,927	-6,453
Total	-16,130	-13,475	-58,260	-50,566

Calculation of key figures

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



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