

Annual Report 2023

Every digital moment secured.



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The F-Secure Annual Report 2023 is composed of four sections describing the year 2023, Sustainability, Financial performance and Governance.


This Annual Report is not an xHTML document compliant with the ESEF (European Single Electronic Format) regulation. The Financial Statements and Board of Directors' report 2023 in accordance with ESEF regulations are available electronically as an xHTML document at www.f-secure.com/en/investors.

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A PDF optimized for printing
is available for download at www.f-secure.com/en/investors 

 **F-Secure**

Annual Report 2023

This is F-Secure

At F-Secure, we impact the digital lives of tens of millions of people.

Consumers today encounter digital moments at home, on the move, on multiple devices and through numerous applications. Cyber security is a growing concern for people around the world as the number and complexity of cyber threats continue to increase. F-Secure's mission is to deliver brilliantly simple, frictionless security experiences to protect peoples' digital moments.

F-Secure's offering includes a comprehensive range of cyber security products and services related to endpoint security, privacy protection, password management and digital identity protection, and router security that protects consumers' entire connected home. Via our award-winning consumer products and approximately 200 service provider partners, we protect around 30 million people around the world.

Headquartered in Helsinki, Finland, F-Secure operates globally in multiple locations and has approximately 30 million subscribers in all channels. F-Secure revenue in 2023 was EUR 130.4 million and employed around 520 people. F-Secure shares are listed on the official list of Nasdaq Helsinki.



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The year 2023 in numbers

Revenue
130.4
MEUR
(+17.4%)

Subscribers
~30
million across
channels

Number of
Service Provider
Partners
~200

Adjusted EBITA
44.6
MEUR
(34.2% margin)

Sales from
over 100
countries

Fellows
~520

Earnings per share
0.13
EUR

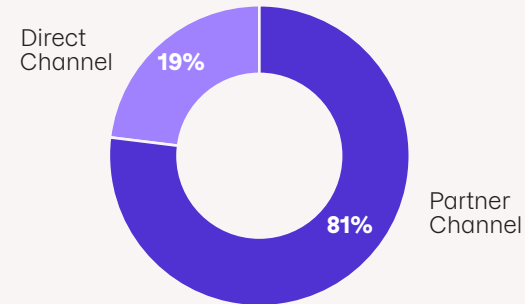
Dividend per share
0.07
EUR*

47
nationalities

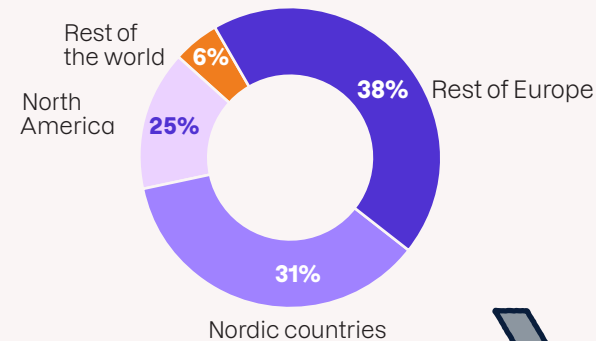
*The Board's proposal to the
Annual General Meeting

Lookout consumer business is included for June to December (7 months) in 2023.

Revenue by channel, %



Revenue by geography, %



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President and CEO's review



Timo Laaksonen

The year 2023 was the second consecutive year of big changes for F-Secure. In 2022, we made a major overhaul of our application offering by combining everything into one application: F-Secure Total. Our connected home security service, F-Secure Sense, reached a new level of simplicity in terms of ease and speed of integration and deployment. Under the hood, the year was about developing and taking full control of our core technology platforms and business infrastructure after the demerger in 2022. We also devoted significant effort to upgrading our customers and partners to the latest generation of our services. Both of these fundamental programs were successful.

We have taken strides forward in technology, product, brand, consumer experience as well as partners and customers served. In April, we announced the acquisition of Lookout consumer security business, which was an important step in expanding our business in the US, serving Tier 1 service provider partners and strengthening our position in the global CSP segment with a focus on the mobile business. The integration is progressing well, and our teams and fellows are currently working towards the upcoming launch of our combined product offering in 2024.

The new generation of F-Secure Total, which enables users to protect themselves from cyber threats with one simple solution, was launched in Direct Business in mid-February. The new Total offers comprehensive protection for all devices, including PCs, Macs, smartphones and tablets, and it includes all the relevant security, privacy and identity protection

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features in a single application. As mentioned above, the next evolution of F-Secure Total – combining the best of F-Secure and Lookout - will be launched during 2024.

In late 2022, we established a product business cell called Embedded Security, and we have now signed up the first partners for these new solutions. F-Secure Embedded Security – software development kits, application programming interfaces and browser plug-ins - protect customers' digital moments typically by embedding cybersecurity capabilities into apps, devices and services that consumers already have and know how to use, without the need to install a separate security application. Embedded Security solutions can also be used to create entirely new, custom security applications to meet the requirements of service providers looking to create a unique security experience of their own.

In the third quarter of 2023, we reduced investments in paid customer acquisition in Direct Business as these did not generate the expected returns. In the fourth quarter, we took other steps to boost sales, such as price adjustments, the launch of free tools, and content-driven activities across non-paid channels. With new sales continuing on a slight downward trend, we expect to do the same in 2024; very limited paid acquisition while boosting organic demand creation. Partner Business continued on a steady path. Our recent focus in Partner Business has been strongly on profitable growth, focusing on converting existing partners and their customers from separate F-Secure applications to Total. During the year, 34 existing

partners signed up for F-Secure Total upgrade and 38 Total launches were made. Furthermore, we upgraded our partners' services to run on our latest technology platforms, operating systems and application versions, thus minimizing the need to support multiple service generations. In the fourth quarter, we implemented an agile product development process that will drive faster value creation, such as novel scam protection features and customer experience enhancements. Finally, we strengthened our capabilities across the board to win and serve Tier 1 partners - investments that are expected to bear fruit in 2024.

F-Secure's operations rely heavily on our vision to become the number one security experience company in the world. The most crucial factor in achieving this goal is our ability to attract and retain a highly capable and inspired team of people. I want to express my warmest thanks to all F-Secure fellows for their commitment and excellent work - both those who have left the company and those who will carry the torch forward.

As we enter 2024, we are now well positioned to deliver increased value to our customers and partners, accelerate our business growth and deliver a solid financial performance.

Timo Laaksonen, CEO & President of F-Secure



F-Secure's operations rely heavily on our vision to become the number one security experience company in the world."

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Our year 2023

Stronger together with Lookout Life

The acquisition of Lookout consumer security business in June was a significant step in expanding our business in the US and in strengthening our position in the global CSP segment. With a complementary mobile optimized software product portfolio, the acquisition nearly tripled our size in the fast-growing US consumer cyber security software market. With the acquisition we welcomed the ~70 new fellows to F-Secure. Since the acquisition, our fellows have been working intensively to combine the best of F-Secure and Lookout Life into a strong, differentiated product portfolio and to refresh our business strategy to become a leading company in our industry. ■



Joined forces with Allianz Partners

In March we joined forces with Allianz Partners to develop a comprehensive cyber security suite, combining cyber security prevention, protection and insurance, delivered through Allianz, F-Secure and our partners. Through the partnership, Allianz Partners and F-Secure are offering a comprehensive package of cyber security and cyber care insurance. The new offering is an extension of the F-Secure Total solution, which protects against the growing number of cyber threats now targeting financial data. ■

F-Secure SPECIES

Our annual global partner conference SPECIES was held in Amsterdam, Netherlands in June. In the event, a record number of our partners from 20 countries gathered to gain more understanding on what to expect from Generative AI from both service development and threat perspectives. The event brought together approximately 94 guests from 42 Service Providers, representing around EUR 60 million and the promoter score for 2023 year's event was record high 100%. ■

Solid performance in challenging market environment

The uncertainties caused by high inflation and low consumer confidence as well as partners' tightened cost control impacted F-Secure's performance in 2023. At the same time, F-Secure has gone through a major journey of transformation. F-Secure has been vigilant in making necessary changes to the business to keep the company in good financial health. F-Secure quickly adapted to the changes in market, adjusting its organization and cost structure and succeeded in delivering a 34.2% (39.6%) adjusted EBITA margin in the uncertain business environment. ■



Touch 'n Go eWallet – seamless protection for personal data

In October we announced, together with TNG Digital, Malaysia's mobility leader, the co-creation of an embedded security solution to protect Touch 'n Go eWallet and the data privacy of its growing user base. This embedded solution is designed to protect the personal data of Touch 'n Go eWallet users. It continuously monitors the web for customers' personal data. If found, the customer is alerted to data being found online. The partnership adds a new standard for protecting identities with a simple, frictionless embedded security solution. ■

Establishing sustainability foundations

F-Secure has been renewing its sustainability strategy, policies and guidelines. In 2023, we continued to invest into ESG-related expertise and initiatives, and increased transparency across our operations. We continued our double-materiality assessment started in 2022 and have involved key stakeholders, namely consumers, Service Provider partners, our employees, and Leadership Team into the process. In addition, we our first submissions to rating agencies such as Ecovadis and Carbon Disclosure Project (CDP). Read more about our sustainability work in our [Sustainability Statement](#). ■

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Strategy

A clear and well-defined strategy aiming to become the security experience leader in the world.



Our vision

F-Secure to become the #1 security experience company in the world

Bringing sense of security ubiquitously to digital moments of tens of millions of people.

Strategic priorities

Increase average revenue per user (ARPU)

Replacing stand-alone products and accelerating the F-Secure Total roll-out.

Developing current offering and new products

Expand market coverage and the accessible market by developing new product groups.

Expand into new channels

Reaching out to a wide range of service providers and expanding potential customer base.

Operating priorities

Accelerate profitable growth to fund Tier 1 investments

Total Convergence and Channel Conversion.

Deliver on #1 Security experience vision

Expanding market reach through New Vertical and Tier 1 partnerships.

Transform company to Partner Business focus

Best partner experience and focus on Tier 1 Partnerships.

Optimize Direct Business revenue and profit

Direct Business increased focus on retention and upsell.

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F-Secure as an investment

1. Consumer cyber security is a large and growing market opportunity
2. Expanding market reach through New Vertical and Tier 1 partnerships
3. Global leader in the Communication Service Provider (CSP) channel
4. Scalable, highly profitable SaaS business model outperforming rule of 40 and delivering steady dividend growth
5. Positioned for growth in North America – the largest consumer security market



F-Secure is a global leader in simplifying cyber security. F-Secure is listed at the stock exchange in Helsinki and we have around 30,000 shareholders.

F-Secure's strong financial position and liquidity support our capital allocation principles and allow us to invest more capital to growing the company while simultaneously offering solid dividends to our shareholders.

Medium-term financial targets by 2026

	2023
Growth	130.4 MEUR
Total revenue of more than EUR 200 million by 2026	
Profitability	34.2%
After initial growth investments, adjusted EBITA margin of above 42%	
Dividend Yield	54.7%
Around or above 50% of net profit on an annual basis.	
Leverage	3.6x
Net debt/adjusted EBITDA ratio below 2.5x, excluding temporary impact from acquisitions	

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is available for download at [↓
www.f-secure.com/en/investors](https://www.f-secure.com/en/investors)

 **F-Secure.**

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Towards sustainable security experiences



Our responsibility as a cyber security service provider is to ensure that that we protect consumers in all those digital moments in which consumers feel most vulnerable. Moments in which scams and fraud are commonplace such as messaging, browsing, shopping, banking and payments, social media, and more. Our strategy is to secure these digital moments through a simple, elegant, and non-intrusive consumer experience: combining holistic security in the most critical digital moments with an experience that makes it extremely easy for users to stay safe and feel secure.

Service Provider partners continue to provide us reach and wider adoption, which is important as it's been estimated that more than \$1 trillion was stolen from 25% of the world's population last year. With the acquisition of Lookout Life in 2023, we gained a number of new Tier 1 partners, some of the most prominent Service Providers in the world. Through these partnerships hundreds of millions of consumers now have the opportunity to be protected by F-Secure and enjoy the benefits.

Similar to 2022, we have continued to develop F-Secure into the best environment for people to develop and apply their skills, competencies and experience for a great purpose – making every digital moment more secure, for everyone. We've also dedicated considerable time and effort to ensuring the smooth integration of people, competences, market knowledge and technologies of Lookout Life into the core of F-Secure strategy, processes and mode of operation. Today, our employees represent nearly 50 nationalities, and we intend to continue building a team of people from diverse backgrounds, ensuring that everyone can join our community and be who they are."

Timo Laaksonen, President and CEO



Since the launch of our ESG initiatives in 2022, we've identified that our most material contribution to society and economic progress is to secure people's digital moments, and to fight against cybercriminals and identity theft. With the number of scams and cyberthreats on the rise this year, we have stepped up our efforts to protect people through our holistic product portfolio while providing free tools and education. To further support this mission, we made a significant investment by acquiring US-based Lookout Life, which complements our product portfolio, and strengthens our skills and competences in a mobile-centric world. Through these actions we're empowering consumers to navigate the digital landscape securely, while helping to raise awareness and knowledge of the threats.

In 2023, we continued to invest in ESG-related expertise and initiatives, and increased transparency across our operations. In an industry characterized by competition for the best talent and relatively male-dominance, we embarked on a journey to reshape our talent acquisition processes and practices, actively striving to hire and attract a more diverse workforce, including participation in the Women in Tech and Pride initiatives. Diversity, Equity and Inclusion remain core values at F-Secure and we're pleased to see zero incidents of discrimination in 2023. We also recognize that our industry is demanding for our employees, and we remain committed to the health and wellbeing of our employees.

We value the opinions of our employees. That's why, starting from the first year of the company, we introduced a program where one of the Board members is chosen from among the employees – or as we call them, Fellows. This has helped the Board of Directors to better understand how our decisions impact our teams, resulting in better decision-making.

Furthermore, we completed our first carbon emission analysis, which demonstrates that as a software company, our ecological footprint is relatively small. Nevertheless, we respect the planet and are in the process of defining science-based greenhouse gas emission reduction target aligned with the Science Based Targets initiative (SBTi)."

Pertti Ervi, Chair of the Board of Directors

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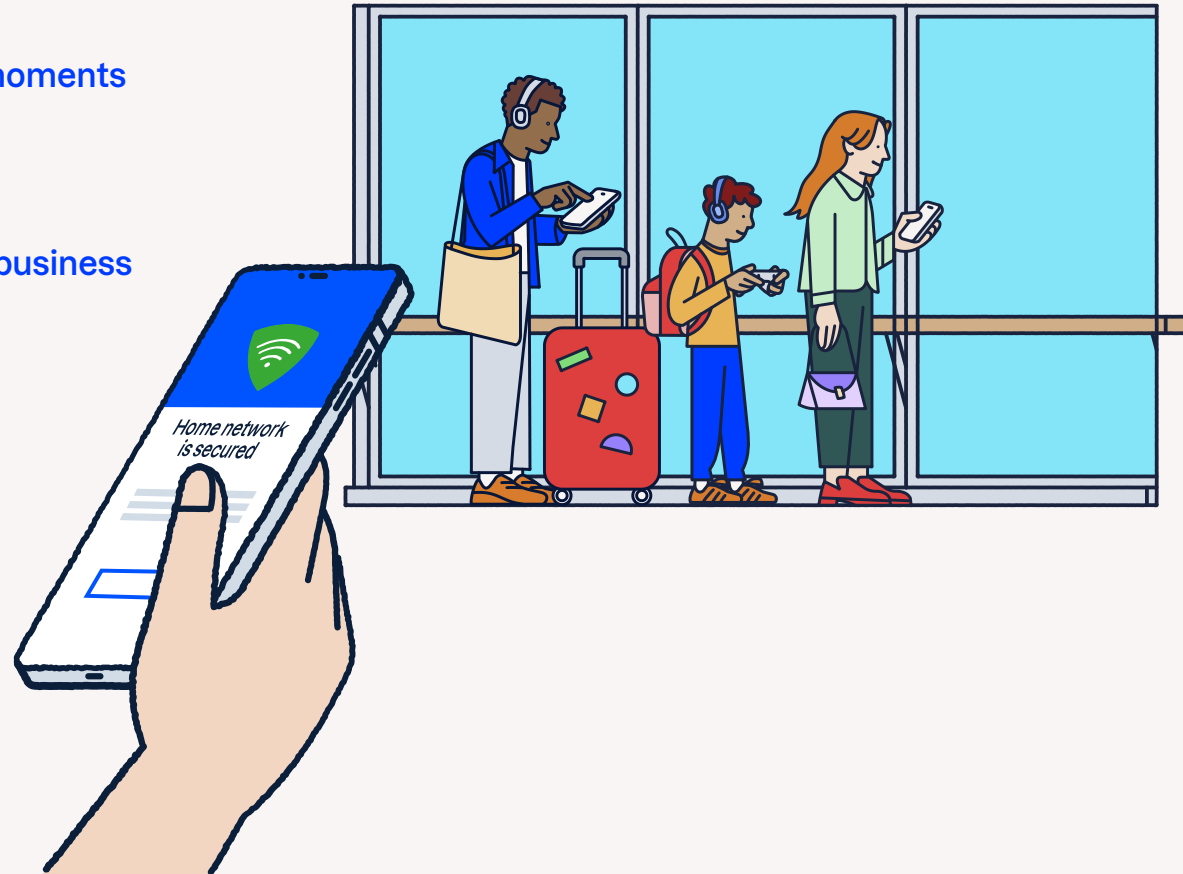
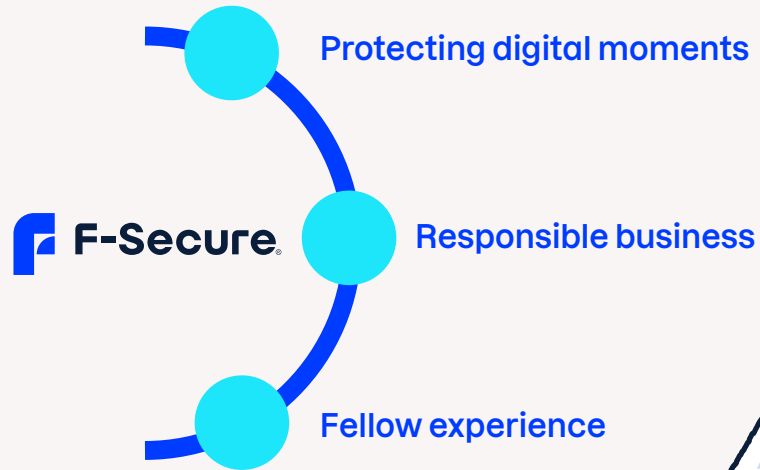
Establishing F-Secure sustainability foundations

Following the demerger from WithSecure in June 2022, F-Secure has been renewing its sustainability strategy, policies and guidelines. In 2023, we continued our double-materiality assessment started in 2022 and have involved key stakeholders, namely consumers,

Service Provider partners, our employees, and Leadership Team into the process.

The assessment confirmed that the most material areas for F-Secure and its stakeholders are protecting people and society, our employees, cyber security, and general compliance. The sustainability strategy work culminated in the launch of our ESG Commitments as

highlighted below. Additionally, recent EU legislative initiatives such as the Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS) have been evaluated and are already influencing the structure of F-Secure's 2023 sustainability report and the reported KPIs.



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Protecting digital moments

Today, almost everything we do as consumers is digital: we shop, exercise, work, socialize, relax and unwind, all while being connected. Our insights show that consumers now spend an average of eight hours a day online, which is a third of their lives. This is more time than most people spend sleeping.

Although digital moments are crucial in our lives, two-thirds of consumers find cyber security too complex, and over half are unsure if their devices are protected. We're also seeing an increase in various types of online scams, and a staggering 1.02 trillion US dollars was lost to scams between August 2022 and August 2023¹⁾. Therefore, it's no surprise that 64% of consumers think cyber risks are going to increase in 2024.²⁾

This reinforces our belief that F-Secure's mission to make every digital moment more secure for everyone and deliver brilliantly simple security experiences will be in higher demand than ever before. To fulfil our mission, we will maintain our commitment to providing thorough and holistic protection against scams in digital moments. Additionally, we will strive to educate consumers and raise awareness of the threat landscape.

Together with our Service Provider partners across the globe, we're protecting consumers and increasing their confidence and trust in digital services, and thereby in society as a whole. This represents our tangible contribution to social and economic progress.

¹⁾ Global Anti-Scam Alliance survey 2023

²⁾ F-Secure Living Secure survey 2023

Responsible business

Trust placed in F-Secure is earned only when actions match the words. Since the founding of F-Secure we've emphasized strong business ethics covering both how we work with consumers and Service Provider partners, as well as in how we handle their data. F-Secure Cyber Security Policies include processes to identify, mitigate and prepare for a potential business disruption, and our Code of Conduct sets a clear framework guiding our daily decision-making. At F-Secure, each employee plays a critical role in earning, building, and maintaining the trust placed in us.

When it comes to the environment, F-Secure is a low carbon emission, cloud-based consumer cyber security software company. While our greenhouse emissions are low, we respect the environment and are committed to doing the right thing for the planet as described in the section related to environment.

In 2023, F-Secure made its first submissions to rating agencies such as Ecovadis and Carbon Disclosure Project (CDP). In 2024, we will continue to increase visibility to F-Secure ESG policies, guidelines, and key performance indicators (KPIs) both directly and through external rating agencies.

We've also established F-Secure ESG Council to oversee ESG strategy creation and execution across the company as well as reporting progress to the Audit Committee. See sections on Security and privacy in our daily operations, ESG governance information and Corporate Governance for more details.

Fellow experience

Our employees or "Fellows" are the key to our success. Focus on talent development and wellbeing continued after the demerger and acquisition of Lookout Life at all levels of the organization. Our activities centered around both retaining our current Fellows and creating a positive employer brand image to attract new talent.

We also believe that true long-term success is built on diverse backgrounds, knowledge and perspectives. Therefore, we continue to ensure that F-Secure is a company that offers interesting and inclusive career paths to everyone. To further drive Diversity, Equity, and Inclusion (DEI) related activities within F-Secure a dedicated DEI Committee has been established.

Additionally, the wellbeing of our Fellows is critical for the success of F-Secure. We will continue to develop and implement an active wellbeing strategy, measuring progress while also considering the recent acquisition of Lookout Life. Similar to our Diversity, Equity, and Inclusion (DEI) efforts, we have established an F-Secure Health & Wellbeing Committee.

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Environmental information



While we are a low carbon emission, cloud-based cyber security software company, we're committed to managing our environmental footprint and delivering sustainable growth."

Antero Norkio, Senior Vice President



F-Secure carbon emissions 2023

8,525 tCO₂ = ~ 315 ×

Average sized Finnish family's emissions

Sustainable security experiences

At F-Secure, we are committed to environmental responsibility in all aspects of our operations. At our core, we're a low carbon emission, cloud-based cyber security software-as-a-service company with a small environmental impact.

We conducted our first emissions inventory calculation based on the Greenhouse Gas Protocol (GHG) for financial year 2022 in April and have now conducted the same calculation for financial year 2023. The results are a testament to our small environmental footprint,

with our annual emissions for financial year 2023 being the equivalent of 315 Finnish families' emissions¹⁾

As we want to be at the forefront of increasing climate transparency, we will continue to report on our Scope 1-3²⁾ emissions on an annual basis at a minimum.

2023 was marked by the acquisition of Lookout Life, and as a result, our 2023 emissions aren't directly comparable to 2022. Lookout Life's operations closely resemble ours in terms of low environmental impact and being a cloud-based software company, and the emissions increase of the consolidated entity is

in line with its share of revenue within F-Secure. To make future comparisons more viable, we've included pro-forma emissions of Lookout Life for the whole year 2023, even though it was integrated into our operations starting from June 1, 2023.

¹⁾F-Secure management estimate based on average Finnish person and household emissions as of 2023

²⁾GHG protocol defines Scope 1 as direct emissions from owned or controlled sources, Scope 2 as indirect emissions from the generation of purchased energy consumed by the company and Scope 3 all other indirect emissions that occur in a company's value chain (upstream or downstream).

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2023 laid the foundation for future environmental commitments

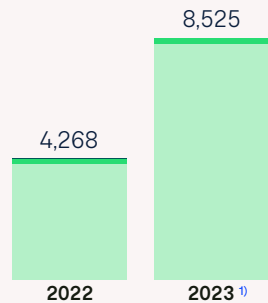
In 2023, as part of our sustainability strategy process, we've discussed with and gathered feedback from our partners regarding their expectations in environmental stewardship.

Based on these discussions and our sustainability strategy, we've started planning to align with the Science Based Targets initiative (SBTi) and driving

towards the +1.5C climate change target during 2024. We have already decided upon and/or implemented several initiatives to reduce our emissions, such as changing our car benefit to allow only electric and hybrid vehicles, implementing a green travel policy, and ensuring proper recycling of all office and e-waste. We're excited to continue on this path and look forward to working together with all of our partners and stakeholders to further lower our already low environmental impact.

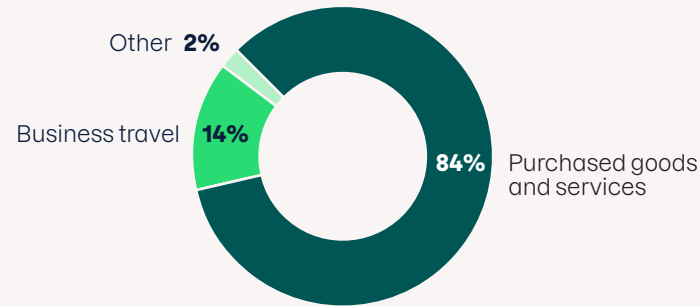
Based on our double materiality analysis, we concluded that Climate was a material topic while Water and Marine Resources, Biodiversity and Ecosystems, Resource use and Circular Economy, and Pollution were not considered material for our operations in accordance with the EFRAG standards.

Total emissions by scope (tCO₂)

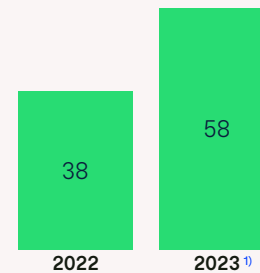


	2023	2022
● Scope 1	35	26
● Scope 2	187	178
● Scope 3	8,303	4,064

Scope 3 emissions breakdown (%)



Emissions intensity (tCO₂/m€ revenue)



¹⁾ Pro-forma emissions for 2023. Not comparable to 2022 due to Lookout Life acquisition and aligning our emissions model with SBTi criteria and recommendations.

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Fellow experience



Our commitment to sustainability is not just about protecting digital moments; it's about nurturing the wellbeing and potential of our greatest asset – our people. Together, we are building a sustainable future for people and society, and also fostering a workplace culture that thrives on purpose, diversity, openness and shared responsibility.”



Kitta Virtavuo, Chief People Officer

Inclusive and diverse workforce

At F-Secure, our people are our greatest asset, and hiring the right individuals is one of our competitive advantages. We strive to create an inclusive work environment where everyone can be themselves, thrive and grow as professionals. We have a strong DEI ((Diversity, Equity, and Inclusion) agenda and we have established an internal DEI Committee to act as a frontline to implement DEI into our daily processes and operations. Our DEI agenda included among other things updating our recruitment process to further attract a more diverse workforce. In addition, F-Secure was supporting the annual Helsinki Pride 2023 as a partner. This sponsorship not only raised awareness internally but also solidified DEI as a core topic for us. In 2024, we will further develop metrics to measure the effectiveness of our DEI programs and initiatives.

F-Secure Social Information statement is aligned with our ESG Commitments and divided into three categories:

- Own workforce under “Fellow experience”
- End-customers under “Protecting digital moments”
- Cyber security under “Security and privacy in our daily operations”

Moreover, it is important for us that all our employees have equal access to opportunities and receive the same treatment. We firmly believe that a diverse workforce is a key driver for success, which we actively take into account in a relatively male-dominance industry. F-Secure is a genuinely diverse company with employees representing 47 different nationalities. By the end of 2023, the representation of males and females among personnel was 70% and 30% respectively. Among the leadership team, the representation was 75% and 25% respectively, and among the Board of Directors, it was 67% and 33% respectively. We are also pleased to report zero discrimination incidents at F-Secure during 2023. To further our DEI agenda, we will include a third gender option in our internal systems for

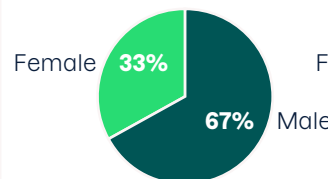
employee information. This will also be reflected in our annual sustainability statement starting in 2024.

F-Secure promotes inclusion and diversity also by electing one of our employees as a full Board member with related rights and responsibilities for one year. In most companies, a personnel representative is not a full member of the Board, but a specialist with a right to participate and speak, sometimes with limited scope, and without a right to vote. At F-Secure, we wanted an employee to be a full Board member to demonstrate the importance of our Fellows, which is how we refer to our employees. This practice has been much appreciated and valued by the employees and the Board.

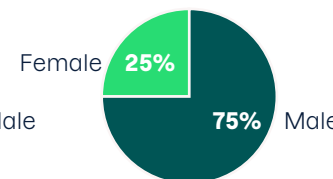
Gender distribution

47
nationalities

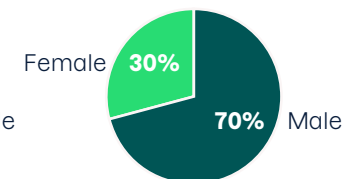
Board of Directors



Leadership Team



Employees



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However, as an employee of F-Secure, the chose Fellow is expected not to participate in issues on, e.g., leadership appointment (or dismissal), remuneration or other terms of employment or service, industrial action etc. that the Board of Directors may handle from time to time.

"F-Secure has been recognized in the Nordic Business Diversity Index and ranked third among the Nasdaq Helsinki Mid-Cap sized companies¹⁾. In addition, we create a more resilient workforce by having an inclusive culture that supports psychological safety and wellbeing. For example, we acknowledge we operate in a highly demanding industry and have an agreement with Auntie, a low-threshold mental health service that provides mental health support completely anonymously to our employees.

We believe that a great company culture makes for a stronger company. In mid-2023 we launched our culture design process called Culture Journey. The aim of our Culture Journey is to define what kind of company culture supports the strategy of F-Secure and establish the cornerstones that crystallize the desired culture of the company, also together with the Fellows joining through the Lookout Life acquisition. As part of the

¹⁾ Diversity of the Boards of Directors and Executive Management teams of 631 companies analyzed by Impaktly.

Culture Journey, we've been involving all levels of staff to conduct data-driven understanding of the key drivers of culture in the organization, known as culture due diligence. The next step is to finalize the desired culture definition at the beginning of 2024.

An additional focus area was to enhance the development and learning opportunities for our employees. In 2023, we have launched several programs, including Leadership Academy, DEI trainings and implemented a new Learning Management System. These programs have increased awareness and knowledge sharing around topics such as DEI, internal policies and processes, leadership, and communication skills.

Strengthening collaboration

In 2023 F-Secure was again ranked high in Universum's ranking of Finland's most attractive employers. This year F-Secure was #5 among IT students and #14 in the Professional's category. To strengthen collaboration with students we participate in initiatives such as Cyber Citizen by Aalto University and course-related project cooperation. We also facilitate student trainee and mentoring opportunities through our collaboration with Aalto international talent program.

To support a more diverse workforce we have sponsored Women in Tech and co-hosted events. We aim to broaden our agenda by starting a collaboration with the UN Women program. We have also increased diversity in our own Leadership Team through the launch of the Extended Leadership Team involving Fellows across functions that also creates new types of career paths and opportunities.

Discrimination incidents and fines

	2023 status
Total number of incidents of discrimination reported and resulting in financial sanctions during the year	0
Status of incident reviews	No incidents
Total amount of fines and damages for violations of equal opportunity for employees	0 €

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Encourage open discussion and adapting with change

We encourage and facilitate open dialog within F-Secure and monitor the employee Net Promoter Score (eNPS) twice per year through a Fellow survey, which is conducted to measure F-Secure’s culture and the engagement of our Fellows. The results were reviewed by the Leadership team and discussed within respective functions as well as in company-wide town halls. Company level improvements have been agreed by the Leadership team as well as at the team level, where we have facilitated each team to contribute with their own improvement initiatives and plans. A summary of the survey and key action points were presented to the Board of Directors.

2023 was a year of change that affected everyone at F-Secure due to the acquisition of Lookout Life in Q2 and the change negotiations that concerned the entire workforce in Q4. With the Lookout life acquisition F-Secure grew by 68 employees, and the focus was on integrating the new employees into F-Secure processes, including HR processes such as annual goal setting and performance reviews.

The Q4/23 change negotiations were initiated as part of measures to restructure F-Secure’s global operating model and personnel to align with our strategic priorities and financial targets. We recognize that this has been a difficult time for our employees. We have communicated as actively and openly as possible and have offered support to employees who are leaving. As a result of the change negotiations and other measures, 56 employments in F-Secure were terminated, of which 39 in Finland. In addition, 10 roles of which 8 in Finland, ceased e.g. through resignations. In the spirit of transparency and open communication with our Fellows, we proceeded with our Fellow survey during the change negotiations. The impact can be seen in the eNPS results, which declined from 53 at end of April to 2 at the end of 2023 due to understandable uncertainty about the future.¹⁾ In 2024 we are committed to restoring the eNPS to its former level.

As part of our preparation for the CSRD legislation we conducted a double materiality assessment which identified “Own workforce” as one of the key areas for our business. The assessment also concluded that “Workers in value chain” and “Affected communities” are not considered material to F-Secure.

¹⁾ NPS can range between -100 to 100, and above 0 is acceptable, >20 is favorable and above 50 is excellent

Employee Net Promoter Score



²⁾ H2/2023 not directly comparable as measured during the change negotiation process

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Protecting digital moments

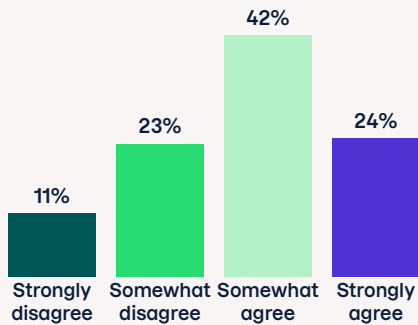
Complexity remains one of the worst enemies of cyber security and a recent survey conducted by F-Secure showed that 66% of consumers find cyber security complex.¹⁾ This is why F-Secure has embarked on a mission to deliver brilliantly simple security experiences and realize its vision to become the #1 security experience company.

We execute on our vision and aim to become the consumer's trusted companion through several means:

- 1 Holistic protection across consumers' digital moments that provides a sense of security
- 2 Contextual and personalized experience that makes security visible during relevant digital moments and relevant to consumer needs
- 3 Helping consumers be aware and empowered to stay safe online, and providing advice and support when consumers need it

A need for simpler cyber security

We asked the people whether they agreed with the statement "I find cyber security too complex"



“Scams are becoming more commonplace and difficult to recognize, and we continue to see consumers struggling to protect themselves and their digital moments. We're extremely pleased with the progress made 2023 to provide engaging and easy-to-use holistic scam protection to become consumers' trusted companion online.”

**TL Viswanathan,
Chief Product Business Officer**

“Contrary to the popular belief, cybercriminals do not have to be technological masterminds. Today, cyber threats are both more personal and prevalent as tools for conducting cyber crime are available to anyone. At F-Secure, we dig deep into these threats to understand threat actor capabilities, tools and technologies, to develop holistic countermeasures against them.”

Laura Kankaala, Threat Intelligence Lead

All-in-one security and privacy app

A significant milestone in the realization of our vision was the release of F-Secure Total in Q1/2023, which includes all the security, privacy and identity protection features in one single app across operating systems. We constantly monitor the success of our journey using the Net Promoter Score (NPS) and were pleased to see that the NPS for Total was 49 in 2023, an improvement from 42 in 2021 and 46 in 2022.

We expect the NPS to continue to increase in 2024 as we launch new versions of Total that enhance the customer experience and introduce new protection capabilities particularly against scams, also leveraging

expertise and product assets obtained from the Lookout Life acquisition.

Simplification and wider adoption via Embedded Security

We continued to focus our efforts on simplifying the customer experience and driving consumer adoption of security and privacy solutions. The rollout of the Embedded Security portfolio capabilities that integrate with the home WiFi router similarly progressed together with our Communication Service Provider (CSP) and router manufacturer partners (F-Secure Sense).

¹⁾F-Secure Living Secure survey 2023

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Sense automatically protects all family members and connected devices without the need for any activity on the consumer's part creating a frictionless, secure broadband customer experience.

During the year F-Secure expanded its Embedded Security offering and launched a range of SDK and cloud API-based protection capabilities, also leveraging the assets obtained through the Lookout Life acquisition.¹⁾

These capabilities make it possible to easily reach Service Provider's existing end-customers as there is no need to install a separate security app. Rather, the Service Provider embeds the SDKs provided by F-Secure in their existing application or leverages similar capabilities provided via F-Secure cloud. For example, in October 2023, TNG Digital embedded F-Secure SDK capabilities into the Touch 'n Go eWallet app, making security accessible to over 21 million of its existing customers.

Protecting consumers with our Service Provider ecosystem

Service Providers like CSPs play a major role in protecting consumers from online threats. Many of our partners see security as an integral part of their offering and brand promise, and are committed to helping consumers feel safe, secure and confident online.

To help our partners deliver security to their end-customers, we have spent more than a decade building scalable expert and cloud-based services that culminate in our Security Business Platform. Through this platform, our products and services can be delivered to consumers as an integrated offering that partners can easily sell and deliver.

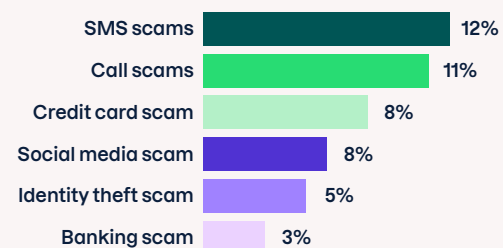
Our partners value our offering, day-to-day support and the business outcomes we deliver. We're pleased that our Partner Business Net Promoter Score remained on an excellent level being 56. In addition, we signed 15 completely new Service Provider contracts in 2023 to increase consumer security product adoption across geographies. Following the Lookout Life acquisition, F-Secure is also better positioned to serve the needs of large Tier 1 Service Providers, for example, AT&T, T-Mobile/Sprint and DoCoMo.

Research and innovation to protect against scams

Various types of scams (as shown in figure below²⁾) have now become a trillion-dollar business, already affecting more than 1 out of 4 people worldwide.

These frauds can resemble traditional tech support scams where criminals pose as bank or government officials who insist that victims transfer large sums of money to various accounts for "safe" keeping. Or fake text messages received especially during the holiday season from a delivery company asking for more information that could lead to identity theft.

Types of scams faced by consumers



Also, if consumers are going to lose money to a scam, chances are that the scam will start on social media. One big reason is that these platforms are filled with advertisements for fake products with fake discounts. Our data shows that 44% of all social media fraud loss reports come from people who tried to buy something being advertised on social media. The most common shopping scams ended with the purchased goods never arriving or arriving replaced with junk.

Additionally, generative AI tools are helping scammers create more convincing narratives and fake advertisements. Cybercriminals are also likely to create more fake shopping websites and combine them with malvertising to trick victims into handing over their credit card details. With the help of generative AI to instantly aid the construction of entire ecommerce experiences and crafting professional marketing messages, these fraud sites will become even more difficult for consumers to detect and avoid.

To combat these threats, we have added Trusted Shopping capability to F-Secure Total that lets consumers know the trustworthiness of online stores and check if the store is safe to buy from. We have also made the same available as a new free tool (Online Shopping Checker) among our other free tools. To further protect consumers from scams, phishing and other threats, and as part of our evolution as an independent company after the demerger, we have been working on improving our architecture and systems, and developing our own Protection APIs dedicated to consumer-focused use cases.

¹⁾ Software Development Kit (SDK), Application Programming Interface (API)

²⁾ F-Secure global consumer market survey, Jun 2023, N=4,400 and Global Anti-Scam Association survey 2023

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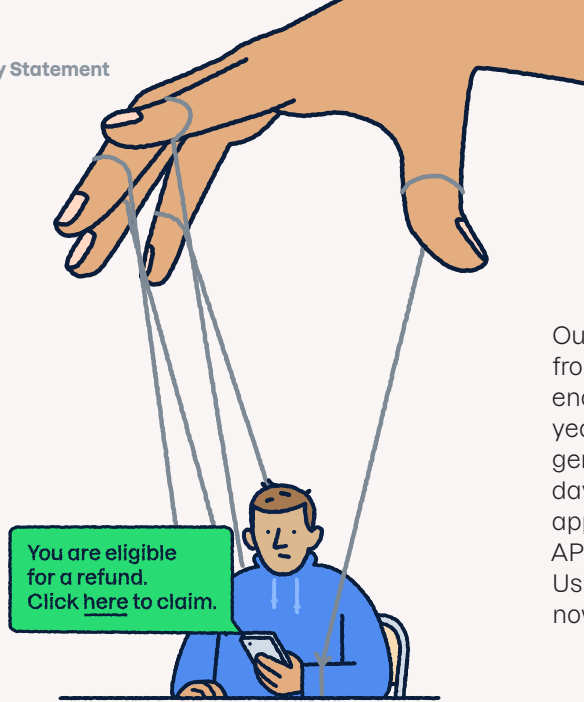
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Our deployed products are undergoing a transition from the previous generation of APIs that focused on end-point protection, primarily Windows malware. Last year we reported that our customers used our previous generation APIs approximately 900 million times every day. On a fully comparable basis, that number is now approximately 750 million, as we transition to our new APIs and can also optimize the number of queries. Using our new APIs, our scam protection technology is now being used approximately 20 million times per day,

a number that we expect to grow significantly in 2024 as we transition to new APIs.

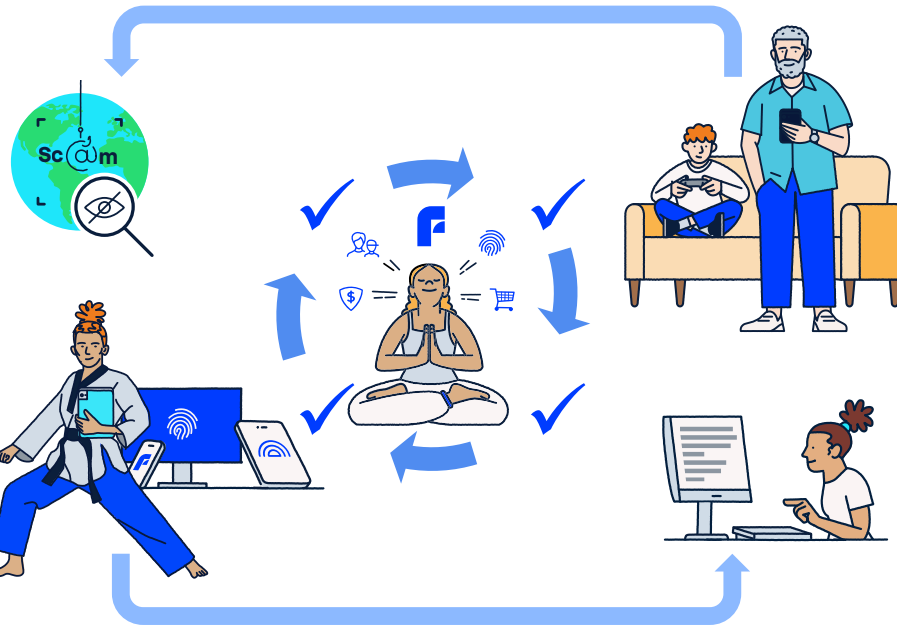
In addition, now that we have completed the Transitional Services Agreements (TSAs) with WithSecure, we are redirecting our cyber security research efforts to create additional capabilities that protect consumers against various types of scams. This research and protection strategy that continues to guide us also over the long term includes four key parts:

1. Mapping the scam landscape.

Cybercriminals are constantly inventing new scams. The starting point of our entire research process is building capabilities to holistically understand and respond to these threats.

2. Defense in depth.

When responding to threats, we combine multiple technologies into comprehensive and holistic protection including but not limited to malware analysis, URL categorization and reputation, privacy VPN, data breach monitoring services, router security, and more.



4. Contextual holistic protection.

By combining all of these, we can begin to build contextual and holistic protection. When we understand the consumer's personalized threat profile, we can provide personalized defense. In addition to the technological defense in depth it is also about our ability to advise consumers effectively offering personalized advice, which might be very different for a 20-year-old versus a 70-year-old person, and vary from country to country and more.

3. Personalized threat profile.

As part of defending consumers, we also see a lot of data on how consumers behave, while respecting their right to privacy. This includes for example what threats we defend them from, where, when, and how. This rich data stream will allow us to build a personalized threat profile.

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Continued awareness creation regarding cyber threats

Increasing consumer awareness on cyber threats and providing tips, best practices and actionable information about the evolving threat landscape remained high on F-Secure agenda.

Through various campaigns and our content creation strategy, we have been able to reach 10 million consumers across the globe. This includes the publication of "F-Alert", a monthly newsletter that informs consumers about what's happening in cyber security. Even more importantly, it tells consumers why threats are happening and offers advice from F-Secure experts to help secure consumer's digital moments. Additionally, more than 40 articles, eBooks and white papers have been published on topics such as AI, how AI scams work, what is spoofing, how to avoid fake websites and more.

Note that the above does not include awareness creation activities and consumers reached through our Service Provider partners, which can be estimated to be significant.



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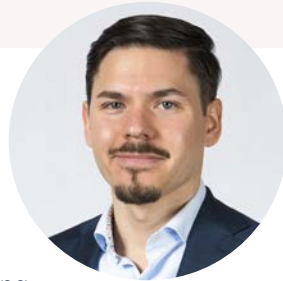
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Security and privacy in our daily operations



It is impossible to build sustainability without trust. We are committed to protecting this trust by developing and operating our products securely.”



Johannes Kossila,
Chief Information Security Officer

F-Secure is in the business of trust. Through our products we are present in our customers' digital moments and have developed a unique understanding of the consequences of personal data breaches to individual lives. Data breaches often have financial consequences and at worst they can have a significant impact on the mental and physical wellbeing of the victim. Therefore, when we offer our products to our customers, we ask them to put their trust in us to secure their digital moments. F-Secure is committed to maintaining this trust by building cyber security and privacy into our products and operations, and by complying with the related applicable legislation in the countries where we operate.

Our approach to cyber security

F-Secure's approach to cyber security focuses on managing of information security, privacy, and software security across our products and the supporting operational processes. Our Cyber Security Policy and the related procedures define the applicable security practices in accordance with F-Secure's strategy. The Cyber Security Policy is reviewed annually and approved by our CEO.

To ensure the fulfilment of our cyber security objectives, F-Secure Chief Information Security Officer together with the Security Office leads the governance and implementation of the cyber security practices across all business functions. Security metrics and progress of security initiatives are regularly reported to the F-Secure Leadership Team. In addition, the Security Steering group consisting of the CEO, General Counsel, CTO, CFO, and Corporate Development directs strategic security work and reviews security performance on quarterly basis.

Our cyber security initiatives reflect the current threat landscape. We identify and mitigate relevant cyber security risks to prevent and prepare for potential business disruptions. Proactive security incident and business continuity management processes supported by regular drills are critical to maintaining the resilience of our products and business services.

F-Secure products are developed and operated in accordance with our comprehensive secure software



development lifecycle. Our ambition is to develop secure software and identify potential security threats early in the development process. An efficient vulnerability management process supported by our bug bounty program is the foundation for maintaining the security of our products after they are released to production.

Skilled and security-aware employees are the key to our cyber security governance. We provide our employees with the support, tools, and instructions to perform their work securely and promote security awareness in their personal lives and with their families. We are also active in various security communities and forums to promote general security awareness and the development of industry practices. For example, F-Secure is a long-standing member of The European Cyber Security Organization (ECSO).

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We continuously assess the effectiveness of our cyber security governance and adhere to industry standards to ensure high-quality security practices. Our cyber security management processes are compliant with the ISO27001 standard for information security management systems and we conduct regular internal audits to confirm that our products and business processes follow the appropriate cyber security practices.

After the demerger from WithSecure in 2022, F-Secure has been renewing its cyber security strategy, policies and guidelines and establishing new cyber security capabilities. During 2023, we conducted a complete review of our cyber security policies and updated them to reflect the new F-Secure organization and ways of working. We also started a compliance project to achieve ISO27001 certification for our cyber security management system covering the entire organization.

In accordance with our updated security policies, we renewed our annual cyber security awareness training and rolled it out to all employees. In addition, 84% of our employees are participating in our continuous phishing simulation training. With these security trainings, we saw clear improvements in our security culture during the year.

In 2023, we launched our Security Operations Center for centralized coordination and response to security incidents. Throughout the year, we faced only two major security incidents which were both responded to and mitigated in a timely manner. No customer data was affected by these or other security incidents.

Finally, we continued to improve the coverage of our automated vulnerability management tools on our products and supporting infrastructure. We improved our patching cadence and continued to work with independent security researchers to identify

vulnerabilities and bugs in our products which were not identified by our tools. In 2023, we paid total of 7,200 euros through our bug bounty program to 14 reported cases, of which three were classified as high severity and the rest as low severity.

Ensuring privacy while handling our customers' personal data

F-Secure continuously assesses the impact of privacy regulations on our operations and identifies the key regulatory requirements arising from them. We will continue to maintain an up-to-date understanding of regulatory developments and changes in our business and to update our internal privacy policies and processes accordingly. F-Secure conducts regular privacy impact assessments for all significant personal data processing activities. The outcomes of privacy impact assessments are considered in the data processing implementation, thereby ensuring implementation of the principle of Privacy by Design.

In 2023, F-Secure participated in a General Data Protection Regulation (GDPR) compliance assessment by an external assessor. According to the assessment, the overall level of data protection compliance at F-Secure is high. In particular, our strong privacy culture, established processes and documentation, and the practices related to our products received positive feedback. The identified growth areas related to a lack of overview of privacy processes after the demerger in 2022, and steps have been taken to revive and clarify legacy processes. In addition, a new onboarding course on the F-Secure Learning Academy introducing privacy topics was introduced and additional live training events were organized. Finally, the privacy team is in close contact with the business and provides support, such as advising on new features.

Key cyber security and privacy initiatives for 2024

We will continue to expand the monitoring scope of our Security Operations Center and focus on introducing new tools to further support our secure software development lifecycle for products. In addition, we will conduct a review of our company-wide business continuity plans to better address system components acquired through the Lookout Life acquisition. Finally, our ambition is to complete our security compliance project and achieve ISO27001 certification during 2024.

F-Secure's privacy program will focus on three main areas in 2024. Firstly, the product privacy policies will be updated to make them more specific, transparent, and accessible. Secondly, the goal is to update the applicable privacy impact assessments to facilitate integration of the new products following the acquisition of Lookout Life to ensure a high standard of privacy and to support the ISO27001 project. Finally, the goal is for F-Secure Inc to obtain the Data Privacy Framework Certificate to facilitate EU-US transfers of personal data.

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F-Secure has established its ESG Council to facilitate the creation and execution of ESG strategy with stakeholders across the company. Furthermore, various ESG Committees have been established to own their respective areas, including employees from different functions such as Commercial, Marketing, CFO Office, Technology and People & Culture. At F-Secure, ESG strategy is not considered a separate strategy, but aligned with F-Secure's corporate strategy and direction, led by the CEO and the Leadership Team.

F-Secure's Audit Committee including the Chair of the Board reviews F-Secure's sustainability strategy and its implementation at least twice a year, and the Board of Directors at least once a year. At least one person in the Audit Committee has previous expertise in international companies and financial ESG reporting in addition to auditors attending the meeting. During 2023, plans have also been defined to ensure that the Audit Committee and the Board of Directors will have access to sustainability competence and training by 2024.

Further focus areas in 2023, following the Lookout Life acquisition, included Code of Conduct and cyber security related training across F-Secure. Furthermore, F-Secure recycling and travel policies have been updated.

As a general note and, looking ahead to 2024, the plan is to re-evaluate the ESG governance model in light of the EU legislation (CSRD/ESRS).

F-Secure Board of Directors	Approve company strategy and target setting inc. sustainability related topics
F-Secure Audit Committee	Review sustainability strategy Review sustainability related policies including but not limited to ESG reporting, Corporate Governance, Cyber Security, and Risk Management
F-Secure Leadership Team	Responsible for establishing company strategy and direction, inc. ESG strategy Risk Management review in minimum twice a year
F-Secure ESG Council	<p>Purpose</p> <ul style="list-style-type: none"> Identify and assess ESG opportunities and risks Develop and implement strategies and plans to address above Propose targets and goals, and develop policies & procedures Drives ESG compliance, and provides views on certifications and standards <p>Participants: CFO, CPO, General Counsel, SVP Corporate Development, Group ESG lead, members from Marketing, Technology and ESG Committees (on-demand basis)</p>

ESG Committees			ESG Function	General Counsel
DEI	Health & Wellbeing (H&W)	Environment	ESG is part of Corporate Development function leading ESG Council and facilitating ESG strategy execution and reporting. With Legal team ensures ESG activities meet regulative requirements.	Align ESG governance with the overall corporate governance and Code of Conduct and other relevant policies.
Reviews and sets ambition on DEI related plans. Evaluates and provides feedback on progress.	Reviews and sets ambition on H&W related plans. Evaluates and provides feedback on progress.	ESG Council is responsible for driving environmental initiatives and achieving sustainability targets.		

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Risk management

Sustainability related risks and opportunities are managed as part of F-Secure's risk management process as described in the Corporate Governance section.

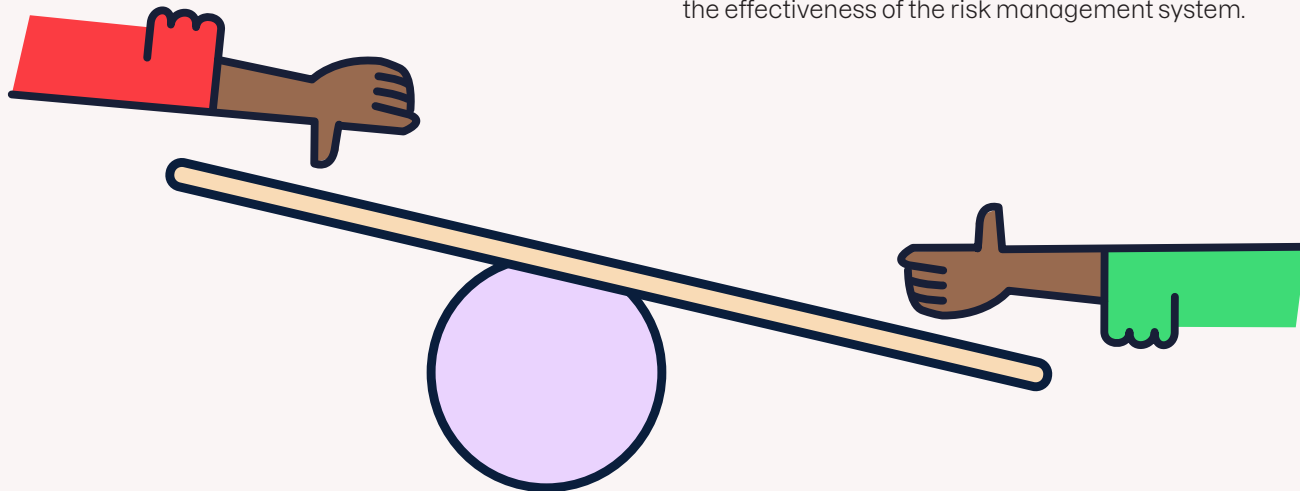
In short, the primary goal of F-Secure's risk management principles is to enable the organization to identify and manage risks more effectively. The risk management process monitors the potential negative impact and likelihood of various situations arising from the company's operations, its markets, its customers or its partners.

F-Secure encourages continuous risk assessment by the company's personnel. The relevant operational risks identified through the risk management process are regularly reviewed by each function, including the twice a year review with the President and CEO and the Leadership Team, and the Audit Committee.

Company's statutory auditor reviews risks part of each interim release (quarterly). These risks and opportunities include topics such as

- Attracting, developing, and retaining talent
- Privacy and security related to, e.g., how we use and protect consumer or partner data
- Cyber security threats related to end-customers, partners, and our operations
- Business continuity risks to our operations including suppliers, some of which may be related to civil unrest, public health, adverse effect to climate change and similar
- Non-compliance with regulations and violation of our ethical standards like the Code of Conduct

Risk management is an integrated part of F-Secure governance and management, and the risk management process is aligned with the ISO-31000:2018 guidelines. The Audit Committee regularly evaluates the effectiveness of the risk management system.



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A PDF optimized for printing
is available for download at www.f-secure.com/en/investors 

Board of Directors' Report 2023

F-Secure Corporation in 2023

F-Secure Corporation is a globally operating cybersecurity company. F-Secure designs and offers award-winning security and privacy products and services that help tens of millions of consumers to protect themselves against online threats. The offering includes a comprehensive range of security and privacy products and services related to endpoint security, privacy protection, password management and digital identity protection, and router security that protects consumers' entire connected home.

F-Secure is the global leader in providing consumer security and privacy services through communication service providers. Additionally F-Secure operates with various other channels, including banking and insurance, and sells products directly to consumers with its ecommerce. The company was reborn through the demerger of the consumer business from WithSecure Corporation in June 2022. In 2023, F-Secure strengthened its footprint in the US and in the communication service provider channel by the acquisition of Lookout consumer security business, US-based consumer focused mobile security business arm of Lookout Inc.

F-Secure main product and service portfolios are:

Security Suite: F-Secure Total deployed as an all-in-one application that provides complete security, privacy and identity protection on consumers' personal devices or any subsets of its protection modules. This includes Mobile Security products obtained when acquiring Lookout Life.

Embedded Security: Comprehensive portfolio of security and privacy Software Development Kits (SDKs) and cloud Application Programming Interfaces (APIs) embedded in partner app or service, including F-Secure Sense providing router security. This includes

embedded security capabilities obtained when acquiring Lookout Life.

Services: F-Secure security business platform based scalable expert and cloud-based services supporting both Security Suite and Embedded Security such as delivery and integration, customer care, and partner success services to support its Partner Business.

F-Secure operates globally in over 100 countries and has approximately 30 million subscribers in all channels. F-Secure products are sold to consumers through approximately 200 communication service providers, retailers, banks, insurance companies and directly through online stores after the Lookout Life acquisition. F-Secure shares are listed on the official list of Nasdaq Helsinki.

Presentation of financial information

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.

Financial performance

Revenue

F-Secure revenue increased in January–December by 174% to EUR 130.4 million (EUR 111.0 million). Revenue growth was attributable to the acquisition of Lookout Life consumer business. Organic revenue growth was 1.7% and currency neutral organic growth was 2.5%. Deferred revenue increased by 22.3% thanks to both channels as well as Lookout Life acquisition. The demand for our strategic growth products,

F-Secure Total, Sense and ID Protection was rather good throughout the period, but the weaker consumer sentiment resulted in a decline in global device spending, which had an adverse effect on the Direct Channel throughout the year.

Partner Channel

Revenue from the partner channel increased by 19.4% to EUR 105.1 million (EUR 88.1 million). Organic revenue growth in the partner channel was 2.6%. Revenue increased in the Asia-Pacific (APAC) area, especially in Japan, Singapore and Hong Kong. Also, Netherlands developed favorably. Revenue decreased especially in Poland, due to strong headwinds throughout the year. Revenue decreased slightly due to weaker business performance also in Germany and in the UK. The roll-out of the latest version of F-Secure Total progressed throughout the period, with all in all 34 existing partners having signed up for F-Secure Total upgrade during the year. Partner channel retail sales performed well. However, growth was delayed due to postponed launches and delayed deliveries following partners' tight resourcing and budget control.

Direct Channel

Revenue from the direct channel increased by 9.9% to EUR 25.2 million (EUR 23.0 million). Organically revenue declined in the direct channel by 1.7%. The renewal performance continued on a good level throughout the period. The global decline in device sales is particularly evident in the direct channel performance. Lower consumer sentiment and weaker market demand resulted in slower growth throughout the year, and the market's uncertainty is reflected especially in new sales. Market recovery was visible towards the end of the year, with favorable renewal development during the fourth quarter of the year.

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Gross margin was 114.3 million (EUR 101.7 million) and 87.7% of revenue (91.6%). The gross margin was impacted by fair valuation adjustments of deferred revenue made in purchase price allocation and increased costs in hosting. Some double cost due to finalization of TSA and some product mix changes have an effect on hosting costs. Also, Lookout Life business has a lower gross margin level than F-Secure traditionally.

In connection with the demerger from WithSecure in May 2022, F-Secure and WithSecure entered into transitional services agreements ("TSA") to support the continuous operations of F-Secure. In January–December 2023, the TSA costs were EUR 3.2 million in cost of revenue. These TSAs in cost of revenue terminated at the end of 2023.

The transitional services agreements ("TSA") entered between F-Secure and Lookout consumer security business amounted to EUR 3.9 million in cost of revenue in June–December 2023. These TSAs in cost of revenue are planned to last several years.

Operating expenses

Operating expenses excluding depreciation and amortization and items affecting comparability (IAC) were EUR 69.6 million (EUR 58.3 million) in January–December 2023. Sales and marketing costs were EUR 33.6 million (EUR 29.3 million). Research and development (R&D) costs were EUR 23.2 million (EUR 15.1 million) and administration costs were EUR 12.8 million (EUR 13.9 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 1.3 Carve out principles. R&D expenses grew as planned due to increased investments in product development and people.

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 January–December 2023 were EUR 2.5 million in R&D and EUR 1.2 million in administration. Majority of the administration TSAs terminated at the end of 2022, and the rest of administration and all of R&D terminated at the end of 2023.

The transitional services agreements ("TSA") entered between F-Secure and Lookout consumer security business amounted to EUR 0.5 million in R&D and EUR 0.4 million in administration in June–December 2023. Majority of the administration TSAs terminated during 2023 and the rest of administration and all of R&D are planned to terminate during 2024.

Items affecting comparability (IAC) increased and totaled EUR 8.0 million (EUR 3.8 million), as a result of the acquisition of Lookout consumer security business (described in Alternative performance measures on page 39) and restructuring and change negotiation related costs during the fourth quarter. The comparison period included EUR 3.8 million of items affecting comparability attributable to costs incurred due to the listing in the first half of 2022.

Depreciation and amortization excluding purchase price allocation amortization (PPA) totaled EUR 3.5 million (EUR 2.0 million). The increase is related to amortization of technology as well as subleasing agreements F-Secure entered in for its office premises in connection with the demerger in May 2022. PPA amortizations related to the Lookout consumer security business acquisition totaled EUR 4.7 million.

Profitability

Adjusted EBITA in January–December was EUR 44.6 million and 34.2% of revenue (EUR 43.9 million, 39.6%). Items affecting comparability (IAC) were EUR 8.0 million (EUR 3.8 million). Of this, approximately EUR 1.8 million relates to the restructuring and change negotiation expenses recognized in the fourth quarter and the rest is related to the acquisition of Lookout consumer security business. EBIT was EUR 29.5 million and 22.6% of revenue (EUR 38.8 million, 34.9%). Strategic investments in growth and technology and Lookout consumer security business integration had a negative impact on profitability. The figures for the comparison period do not fully reflect F-Secure's profitability as a standalone entity.

Cash flow, financial position and financing

In January–December 2023, cash flow from operating activities before financial items and taxes amounted to EUR 37.6 million (EUR 44.4 million). Challenges related to receivables experienced earlier this year have been recovered. Cash flow from operations was EUR 30.1 million (EUR 36.4 million). Cash conversion rate was 81.2% (96.2%), following the increase in capital expenditure. Cash at the end of 2023 amounted to EUR 15.9 million.

At the end of December 2023, F-Secure net debt amounted to EUR 177.4 million (net cash of EUR 19.3 million) and net debt to adjusted EBITDA ratio¹ was 3.6, being above of the medium-term target of below 2.5x, due to acquisition impact. Equity ratio was 12.0% (39.6%) as a result of the Lookout consumer business acquisition. The acquisition was financed with debt

¹ 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.

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for which a new facilities agreement was entered into with Danske Bank A/S and OP Corporate Bank plc. The new financing package consists of two facilities, (i) a EUR 202 million amortizing 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 hold a maturity of 3 years with two 1-year extension options. The revolving credit facility is undrawn at reporting date. The previous undrawn revolving credit facility, procured in conjunction with the demerger from WithSecure, was cancelled concurrently with closing of the transaction. 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 during the reporting period and on the reporting date. In the fourth quarter, the term loan was repaid by EUR 10.0 million.

Total assets were EUR 275.3 million (EUR 62.7 million) at the end of 2023.

As at 31 December 2023, current lease liabilities were EUR 1.0 million (EUR 1.0 million) and non-current lease liabilities were EUR 0.3 million (EUR 0.9 million). The lease liabilities relate to leases for office premises and cars.

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 was the buying entity if the transferring business was a corporate security business, and F-Secure or its subsidiary was the buying entity if the transferring business was a consumer security business. The transaction prices varied 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 payables to WithSecure totaled EUR 5.3 million and the receivables from WithSecure totaled EUR 3.7 million.

In January–December 2023, capital expenditure was EUR 215.7 million (EUR 4.6 million) following the Lookout consumer security business acquisition. Capital expenditure excluding the acquisition impact was EUR 7.9 million (EUR 4.6 million), and was mainly related to technology and IT.

Acquisitions and financial arrangements

On 26 April 2023, F-Secure announced the acquisition of Lookout consumer security business, US-based consumer focused mobile security business arm of Lookout Inc. The acquired 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. The acquisition was completed on 1 June 2023. The enterprise value of the acquisition was USD 223 million (approx. EUR 202 million) on a cash and debt-free basis. The acquired business was consolidated as part of F-Secure from 1 June 2023 onwards. In the transaction 65 employees were transferred to F-Secure.

The acquisition strengthens F-Secure's position as the global leader in providing consumer cyber security.

Revenue by sales channel

EUR million	1-12/2023	1-12/2022	Change %
Revenue from external customers			
Partner channel	105.1	88.1	19.4%
Direct channel (E-commerce)	25.2	23.0	9.9%
Total	130.4	111.0	17.4%

Revenue by geography

EUR million	1-12/2023	1-12/2022	Change %	Comparable change %
Revenue from external customers				
Nordic countries	40.0	39.4	1.4%	1.5%
Rest of Europe	50.0	48.7	2.8%	2.8%
North America	32.0	17.1	87.3%	91.4%
Rest of the world	8.4	5.9	42.9%	53.6%
Total	130.4	111.0	17.4%	18.3%

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With the acquisition, F-Secure has significantly increased scale, strengthened footprint in the US and in the communication service provider channel as well as complementary mobile optimized software product portfolio reaching tens of millions of subscribers worldwide. For more information on the acquisition, see note 12 Acquisitions.

The acquisition was financed with debt for which a new facilities agreement was entered into with Danske Bank A/S and OP Corporate Bank plc. The new financing package consists of two facilities, (i) a EUR 202 million amortizing 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 hold a maturity of 3 years with two 1-year extension options. The revolving credit facility is undrawn at reporting date. The previous undrawn revolving credit facility, procured in conjunction with the demerger from WithSecure, was cancelled concurrently with closing of the transaction. 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 covenant terms and conditions during the reporting period and on the reporting date. In the fourth quarter, F-Secure repaid EUR 10.0 million of the term loan.

Group structure and changes

Following changes have occurred in the F-Secure Group during 2023:

Lookout LLC was acquired in connection with the acquisition of Lookout Life on 1 June 2023. Lookout LLC was merged with F-Secure Inc on 15 June 2023.

F-Secure s.r.o. (previously SaferPass s.r.o.) was acquired in connection with the acquisition of Lookout Life on 1 June 2023.

Significant events during the financial year

On 26 April 2023, F-Secure announced the acquisition of Lookout consumer security business, US-based consumer focused mobile security business arm of Lookout Inc. The acquisition was completed on 1 June 2023. Read more about the acquisition under "*Acquisitions and financial arrangements*".

With the acquisition, F-Secure updated its medium-term financial target and introduced one new target regarding leverage.

On 8 September 2023, F-Secure issued a negative profit warning. F-Secure lowered its outlook for the year 2023 revenue and adjusted EBITA due to weaker than expected business performance during the third quarter.

On 12 December 2023, F-Secure completed the change negotiations that were started in October. The change negotiations were initiated as part of measures to restructure F-Secure global operating model and personnel to align with the strategic priorities and financial targets of the company. As a result of the change negotiations and other measures, 56 employments in F-Secure were terminated, of which 39 in Finland.

Research and development

F-Secure Corporation research and development expenditure amounted to EUR 25.6 (16.4) million in 2023, representing 19.6% (14.8%) of revenue and 29.9% (25.7%) of all expenditures. Capitalized investments in technology were EUR 7.6 (4.6) million.

In 2023, F-Secure Technology invested heavily in product development; in research supporting our product strategy; in generating value from the Lookout

Life acquisition, and in finalizing the demerger from WithSecure.

2023 started strongly with the February release of an updated version of our flagship all-in-one Total product, launched for the first time simultaneously to both Partner and Direct channels, and enabling us to accelerate the process of decommissioning our legacy standalone products. Through the rest of the year, development on the Total product continued to deliver new security features, like our industry-first iOS Safari plugin for browsing protection. With both the Total and Sense products, 2023 saw major progress in our partner-facing capabilities, delivering increased flexibility in configuration and deployment capabilities.

The rise of generative AI in 2023 spurred our F-Secure Labs research unit to invest in new AI concepts for consumer protection, and to focus our research agenda around the increasingly important and consumer-relevant problem of scam protection. The results of this investment in AI are already becoming visible through tools like the free F-Secure Text Message Checker. We also delivered our new Research and Protection Platform (RPP) to production. Developed from scratch in 2023, the RPP is at the core of our unique consumer-focused threat analysis and scam detection capabilities, and is central to enabling us to productize our threat research.

The acquisition of Lookout Life was a major fillip. Our Technology organization grew to approximately 250 fellows globally, adding sites in Slovakia and India, alongside our existing sites in Finland and Malaysia. The new fellows brought a wealth of competence and experience in Identity Protection products, and in Mobile Development technology, and the new sites give us access to a much broader and richer pool of talent. The acquired product and technology assets

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were complementary to the existing Total product, and immediately post-acquisition we embarked on a roadmap to converge towards a single product combining the full capabilities of both technology stacks, which we expect to achieve in 2024.

Finally, at the end of 2023, F-Secure finalized the technology-related demerger activities from WithSecure, building systems and competencies to operate our core technology platforms autonomously, and taking end-to-end responsibility for our products and services. This program of work was completed successfully within the original timescales of the TSA agreement. As part of it, we also launched and drove a program across the whole of our client base to upgrade all partners and customers to the latest version of our technology platform, which will deliver more value to customers and reduce our operational overhead. This goal was largely achieved by the end of 2023 and we expect to fully complete it in 2024.

Personnel, management and auditors of the company

Personnel

At the end of December 2023, F-Secure had 524 (376) employees. The increase in number of employees resulted from the acquisition of the Lookout consumer security business in the second quarter of 2023. In addition, investments made in the technology team contributed to the increase of the total number of personnel. The average number of personnel in 2023 was 484 (368¹⁾). Wages and salaries were EUR 33.3 (20.8) million in 2023.

During the fourth quarter of 2023, F-Secure conducted group-wide statutory change negotiations to restructure its global operating model and personnel to align with the strategic priorities and financial targets

of the company. The change negotiations concerned the entire F-Secure personnel globally, and as a result of the change negotiations and other measures, 56 employments in F-Secure were to be terminated, of which 39 in Finland. Out of these, 40 employees were still on payroll at the end of 2023.

¹⁾The average number of employees for the comparison period consists of average employees after the demerger in June 2022.

Leadership team

On 1 June 2023, the following changes to F-Secure executive leadership team were announced: TL Viswanathan was appointed Chief Product Business Officer and Firas Azmeh was appointed Chief Commercial Officer and a member of F-Secure Leadership Team. Following these changes, Steven Offerein, Vice President, Portfolio Management, Dmitri Vellikok, Vice President, Network Security Business Team, Michal Iwan, Vice President, Security Suite Business Team, Paul Palmer, Senior Vice President for Partner Business, Perttu Tynkkynen, Senior Vice President for Direct Business and Mikko Kestilä, Vice President, Operations, became part of the new Extended Leadership Team.

At the end of December 2023, the composition of the Leadership Team was the following:

Timo Laaksonen	President & Chief Executive Officer
Firas Azmeh	Chief Commercial Officer
Richard Larcombe	Chief Marketing Officer
Antero Norkio	Senior Vice President, Corporate Development
Sari Somerkallio	Chief Financial Officer
Kitta Virtavuo	Chief People Officer

TL Viswanathan Chief Product Business Officer

Toby White Chief Technology Officer

After the reporting period, on January 1, 2024 Mikko Kestilä started as Senior Vice President, Services and a member of the F-Secure Leadership Team. On the same date Firas Azmeh started as Chief Revenue Officer while continuing as a member of the Leadership Team.

The Board of Directors

Members of the Board of Directors of F-Secure are Pertti Ervi, Thomas Jul, Madeleine Lassoued, Risto Siilasmaa, Petra Teräsaho and Sami Salonen. Sami Salonen belongs to the personnel of the F-Secure Corporation. One member of the Board of Directors is elected from among F-Secure personnel. An election is arranged annually for F-Secure personnel and each permanent employee is eligible to stand as a candidate. The representatives of the Board of Directors interview three persons who have obtained the highest number of votes in the elections and choose a candidate from amongst them to be proposed for election as a member of the Board by the Annual General Meeting. The term of office of members of the Board of Directors ends at the close of the annual general meeting of shareholders following their election.

Auditor

The auditor of F-Secure Corporation is the Authorized Public Accountant PricewaterhouseCoopers Oy with Samuli Perälä, APA, as the auditor with the principal responsibility.

Share-based incentive plans

F-Secure has share-based incentive programs for the key personnel of the company. The share-based long-term incentive plans include a Performance

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Share Plan as the main plan and Restricted Share Plan as a complementary share-based incentive plan for individually selected key employees in specific situations. The purpose of the share-based long-term incentive plans is to align shareholders' and management's interests, motivate and incentivize key individuals to focus on F-Secure's long-term success and targets and to commit key resources in the company.

In addition, F-Secure has an Employee Share Savings Plan (ESSP). The ESSP consists of annually commencing plan periods, each one comprising a 12-month savings period and a holding period following the savings period. The ESSP is offered to all F-Secure employees. The employees have an opportunity to save a proportion of their salaries and invest those savings in F-Secure shares. The savings are used for acquiring F-Secure shares quarterly after the publication of the respective interim reports. As a reward for the commitment, F-Secure grants the participating employees a gross award of one matching share for every two shares acquired with their savings. Continuity of employment and holding of acquired shares for the duration of the holding period are the prerequisites for receiving the award.

More information on the programs is provided in the note 19. Share-based payments of the Financial Statements, as well as the Remuneration Report 2023.

Shares and shareholders

Shares and share capital

At the end of year 2023, 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. F-Secure has made two directed share issues in

March 2023 to the plan participants of the Company's Performance Share Plan and Restricted Share plan. On 2 March 2023, a total of 91,471 new shares were issued to the plan participants of the Company's Performance Share Plan and Restricted Share Plan. On 4 March 2023, a total of 54,750 new shares were issued to the second payment instalments' participants of the Company's Performance Share Plan. The shares issued account for the rewards earned from the performance period 2020–2022 and retention period 2021–2022.

Information on the authorizations held by the Board of Directors in 2023 to issue shares and special rights entitling to shares, to transfer shares and repurchase own shares, is available in the section on the Annual General Meeting 2023.

Trading of shares

The closing price of the share at the end of December 2023 was EUR 2.04. In January–December, the highest price paid was EUR 3.44 and the lowest EUR 1.64. In January–December, the share's volume weighted average price was EUR 2.35. The share trading volume in January–December was EUR 92 million and 39 million shares. On 31 December 2023, the company's market capitalization was EUR 355 million.

Shareholders

The number of registered shareholders at the end of December 2023 was 33,785, including nominee registers. The proportion of nominee-registered and direct foreign shareholders was 12.35% 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.

Treasury shares

During or at the end of the financial year, F-Secure did not hold any treasury shares.

Short-term risks and uncertainties

Risks related to the integration of Lookout consumer business

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

F-Secure together with Lookout consumer security business may not be able to successfully carve-out Lookout consumer security assets as planned, which increases TSA related costs. F-Secure may not be successful in migrating existing Lookout consumer security customers and partners to its technology platforms, which may increase operational costs or expose F-Secure to claims related to Service Level Agreements ("support penalties").

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

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on F-Secure's reputation, competitiveness, results of operations and financial position.

Inflation has increased the risk of negative development of the cost structure. 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 directly as well due to lower new service sales and services renewals.

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. Geopolitical instability, such as the war in Ukraine 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 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.

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 costs or negatively impact planned future product releases, their scope, availability and/or competitiveness and thereby revenue growth.

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.

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 other similar contractual liabilities. F-Secure may have to invest up-front 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 negative 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 Company financial outlook.

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. F-Secure continues to have a commercial relationship with WithSecure related to certain protection capabilities after the demerger and having completed the TSAs. WithSecure 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

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currencies especially USD after Lookout consumer security business acquisition, 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.

Annual General Meeting 2023

The Annual General Meeting of F-Secure Corporation held on 23 March 2023 adopted the annual accounts and the consolidated annual accounts for the financial year ended 31 December 2022, 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 2022 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 a dividend of EUR 0.07 per share will be paid for the financial year 30 June 2022 – 31 December 2022. The amount of the dividend is based on the Company's shorter than normal financial year 30 June 2022 – 31 December 2022. The dividend was paid to shareholders who were registered in the Company's shareholders' register, maintained by Euroclear Finland Oy, on the record date for dividend payment on 27 March 2023. The dividend was paid on 4 April 2023.

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, Thomas Jul, Madeleine Lassoued, Risto Siilasmaa and Petra Teräsaho were re-elected to the Board of Directors. Sami Salonen, who belongs to the personnel of the corporation, was 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. 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 country to an on-site meeting within the European continent. If inter-continental travel is required, the fee is EUR 2,000. No separate meeting 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 Janne Rajalahti, APA, was nominated as the Company's Responsible Auditor¹⁾. The Auditor

will be remunerated in accordance with the invoice approved by the Company.

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. 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 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. 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 will remain valid until the conclusion of the next Annual General Meeting, in any case until no later than 30 June 2024. 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

¹⁾As announced on 21 April 2023, PricewaterhouseCoopers Oy has appointed APA Samuli Perälä as the responsible auditor of F-Secure Corporation. The change concerns the financial year 2023.

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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 Companies Act, so that by virtue of the authorisation altogether 15,000,000 shares may be issued and/or conveyed at the maximum.

The authorisation 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 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 Companies Act on the maximum amount of treasury shares.

The authorisation will remain valid until the conclusion of the following Annual General Meeting, however, at the latest until 30 June 2024. The authorisation cancels the Company's prior authorisations concerning the issuance of shares and special rights entitling to shares.

Amendment of the Articles of Association

The Annual General Meeting resolved that § 10 of the Company's Articles of Association was amended to enable holding a general meeting entirely without a

physical meeting venue as a so-called remote meeting. In its amended form, said provision of the Articles of Association will read as follows:

"Article 10 Place of a General Meeting

In addition to the company's domicile, a general meeting may be held in Espoo or Vantaa.

The Board of Directors may resolve on organising the General Meeting without a meeting venue whereby the shareholders exercise their decision-making power in full in real time during the meeting using telecommunication connection and technical means."

In other respects, no amendments were made to the Articles of Association.

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 Pertti Ervi, Petra Teräsaho and Risto Siilasmaa as members of the Audit Committee.

Outlook for 2024

Growth: F-Secure estimates that revenue for 2024 will be in the range of EUR 142–152 million.

Profitability: The group's adjusted EBITA is expected to be in the range of EUR 48–54 million.

Background for the outlook:

- F-Secure expects the consumer cyber security market to grow mid-single digit CAGR between 2024–2026¹⁾. The growth may be moderated due to uncertainties we see around consumer sentiment in certain markets resulting also Service Providers, especially Communication Service Providers being cautious in their investment priorities.
- Biggest organic growth driver is Total and Total conversion within the partner channel; within Direct Business focus will be on retention, and marketing investments for paid customer acquisition will be lower than previously.
- F-Secure continues investing (both OPEX and CAPEX) in Embedded Security capabilities including Tier 1 capabilities and - relationships, which are expected to boost growth in medium term.
- Lookout consumer BU is now included for the full year, compared to June to December (7 months) in 2023.
- Lookout consumer BU post-acquisition related deferred revenue is fair valued according to IFRS reporting and will be lower compared to revenue recognised by Lookout consumer BU for those advance payments. The negative revenue impact included in the outlook is estimated to be approximately EUR 1.5 million in 2024, and negative EBITA-level impact in the outlook approximately EUR 0.5 million, respectively.

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

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Financial targets

Medium term financial targets of F-Secure by 2026 are:

- **Growth:** Total revenue of more than EUR 200 million by 2026
- **Profitability:** After initial growth investments, adjusted EBITA margin of above 42%
- **Dividend Yield:** Around or above 50% of net profit on an annual basis
- **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%.

Annual General Meeting 2024

The Annual General Meeting of F-Secure Corporation is planned to be held on 13 March 2024. The Board of Directors will convene the meeting.

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. On 31 December 2023 distributable funds of F-Secure Corporation were EUR 15.9 million. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.07 per share be paid. The dividend shall be paid in two instalments. Earnings per share (EPS) for the period January–December 2023 was EUR 0.13, and the proposed dividend is 54.7% of the group January–December earnings.

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

Significant events after the review period

On 9 February 2024, F-Secure announced that Kitta Virtavuo, Chief People Officer and a member of F-Secure Leadership Team, has decided to leave F-Secure to pursue other career opportunities outside the company. Virtavuo will continue in her current role until April 2024, ensuring smooth handover of her duties.

Helsinki, 15 February 2024

F-Secure Corporation

Board of Directors

The Corporate Governance Statement and Remuneration Report have been issued separately and are presented in a section of this F-Secure Corporation Annual Report 2023 publication. The reports are also available on the Group's website www.investors.f-secure.com/en/investors/reports_and_presentations.

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EUR million	2023	2022*	Carve-out 2021	Carve-out 2020	Carve-out 2019
Revenue	130.4	111.0	106.3	100.1	94.8
Revenue growth %	17.4%	4.5%	6.1%	5.5%	
Adjusted EBITDA	45.7	44.5	47.4	46.7	40.1
% of revenue	35.0%	40.1%	44.6%	46.7%	42.3%
EBITA	36.6	40.2	44.8	46.5	39.1
% of revenue	28.1%	36.2%	42.2%	46.5%	41.2%
Adjusted EBITA	44.6	43.9	47.2	46.5	39.9
% of revenue	34.2%	39.6%	44.4%	46.5%	42.0%
EBIT	29.5	38.8	43.5	44.7	37.7
% of revenue	22.6%	34.9%	40.9%	44.6%	39.0%
Adjusted EBIT	42.1	42.5	45.9	44.7	37.7
% of revenue	32.3%	38.3%	43.2%	44.6%	39.8%
Profit before taxes	27.7	38.6	43.6	43.7	36.8
% of revenue	21.2%	34.7%	41.0%	43.6%	38.8%
Result for the period	22.4	30.2	34.4	34.2	28.6
% of revenue	17.2%	27.2%	32.4%	34.2%	30.2%
R&D costs	25.6	16.4	16.9	15.3	14.6
% of revenue	19.6%	14.8%	15.9%	15.2%	15.4%
Investments	7.9 ¹⁾	4.6	1.7	1.7	3.1
% of revenue	6.1%	4.2%	1.6%	1.7%	3.3%
Operating cash flow	30.1	36.4	36.1	34.5	32.0
Net debt (+)/Net cash (-)	177.4	-19.3	0.2	0.2	0.3
Equity ratio %	12.0%	39.6%	24.5%	24.5%	5.9%
Cash conversion	81.2%	96.2%	95.6%	89.8%	89.0%
Wages and salaries	33.3	20.8	16.1	14.3	16.2
Personnel on average ²⁾	484	368	245	233	223
Personnel on Dec 31	524	376	248	243	227

* The key figures are presented combining actuals and carve-out basis for 1-12/2022 and on an actuals basis for financial position as at 31 December 2022. For periods 2019-2021 financial information is on carve-out basis. Refer to note 1 Basis of preparation, accounting principles and carve-out principles.

¹⁾ Excluding acquisition

²⁾ Average number of personnel for 2022 represents the average employees after demerger. For carve-out periods the average number of personnel consists of direct personnel working in the Consumer Security Business.

Key ratios	2023	2022
Earnings / share (EUR)	0.13	0.17
Earnings / share diluted	0.13	0.17
Shareholders' equity per share, EUR	0.19	0.14
Dividend per share *	0.07	0.07
Dividend per earnings (%)	54.7%	41.2%
Effective dividends (%)	3.4%	2.5%
P/E ratio	27.7	16.4
Share price, lowest (EUR)	1.64	2.29
Share price, highest (EUR)	3.44	3.26
Share price, average (EUR)	2.35	2.68
Share price Dec 31	2.04	2.83
Market capitalization (MEUR)	355.5	494.0
Trading volume (millions)	39.0	15.8
Adjusted number of shares		
average during the period	174,647,528	174,526,944
average during the period, diluted	174,526,944	174,526,944
Dec 31	174,673,165	174,526,944
Dec 31, diluted	174,526,944	174,526,944

* Board proposal for 2023. For 2022 dividend distribution was based on July-December 2022 net profit and 78% from July-December earnings.

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

EUR 1,000	2023	2022*
Adjusted EBITDA	45,651	44,510
Adjustments to EBITDA		
Costs related to acquisition	-6,150	
Costs related to restructuring	-1,805	
Costs related to listing		-3,764
EBITDA	37,696	40,746
Depreciation and amortization	-8,199	-1,976
EBIT	29,497	38,770
Adjusted EBITA	44,575	43,921
Adjustments to EBITA		
Costs related to acquisition	-6,150	
Costs related to restructuring	-1,805	
Costs related to listing		-3,764
EBITA	36,620	40,157
Amortization	-2,465	-1,387
PPA amortization	-4,658	
EBIT	29,497	38,770
Adjusted EBIT	42,110	42,534
Adjustments to EBIT		
Costs related to acquisition	-6,150	
Costs related to restructuring	-1,805	
Costs related to listing		-3,764
PPA amortization	-4,658	
EBIT	29,497	38,770

* Presented as a combination of carve-out financial information for 1 January – 30 June 2022 and consolidated financial information for 1 July – 31 December 2022. Refer to note 1 Basis of preparation, accounting principles and carve-out principles.

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Shares and share ownership distribution, 31 Dec 2023

Shares	Number of shareholders	% of shareholders	Total shares	% of shares
1-100	10,736	31.78%	474,905	0.27%
101-1,000	17,823	52.75%	6,754,996	3.87%
1,001-50,000	5,138	15.21%	19,522,119	11.18%
50,001-100,000	31	0.09%	2,103,480	1.20%
100,001-	57	0.17%	145,817,665	83.48%
Total	33,785	100.00%	174,673,165	100.00%

Shareholders by category, 31 Dec 2023

	Total shares	% of shares
Private individuals	86,335,021	49.43%
Pension & Insurance companies	26,231,457	15.02%
Fund companies	19,374,857	11.09%
Companies	12,104,913	6.93%
Foundations	1,722,476	0.99%
Nominee registered	21,577,228	12.35%
Others	7,327,213	4.19%
Total	174,673,165	100.00%

Largest shareholders and administrative register

Owner	Shares	% of shares	% of votes
Risto Siilasmaa	60,027,957	34.37%	34.37%
Nordea Nordic Small Cap Fund	11,557,976	6.62%	6.62%
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	6,273,663	3.59%	3.59%
Mandatum Henkivakuutusosakeyhtiö	4,320,119	2.47%	2.47%
Keskinäinen Työeläkevakuutusyhtiö Varma	3,970,660	2.27%	2.27%
Keskinäinen Työeläkevakuutusyhtiö Elo	3,953,000	2.26%	2.26%
Valtion Eläkerahasto	3,900,000	2.23%	2.23%
Danske Invest Finnish Equity Fund	3,121,295	1.79%	1.79%
Nordea Finnish Stars Fund	2,702,453	1.55%	1.55%
Op Fin Small Cap	2,418,120	1.38%	1.38%

Administrative register

	Shares	% of shares	% of votes
Skandinaviska Enskilda Banken	15,460,024	8.85%	8.85%
Citibank Europe Plc	5,096,747	2.92%	2.92%
Other registers	1,009,980	0.58%	0.58%
Other shareholders	153,106,414	87.65%	87.65%
Total	174,673,165	100.00%	100.00%
Own shares F-Secure Corporation			
Total	174,673,165	100.00%	

Ownership of management

Board of Directors

	Shares	% of shares
Risto Siilasmaa	60,027,957	34.37%
Pertti Ervi	104,669	0.06%
Petra Teräsaho	13,380	0.01%
Thomas Jul	10,592	0.01%
Madeleine Lassoued	10,592	0.01%
Sami Salonen	5,696	0.00%
Total	60,172,886	34.45%

Leadership team

	Shares	% of shares
Antero Norkio	65,675	0.04%
Timo Laaksonen	30,517	0.02%
Sari Somerkallio	10,803	0.01%
Richard Larcombe	8,472	0.00%
Kitta Virtavuo	2,538	0.00%
TL Viswanathan	27,880	0.02%
Toby White	3,394	0.00%
Firas Azmeh		
Total	149,279	0.09%

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Key figure	Definition	Key figure	Definition
EBITDA	EBIT + Depreciation, amortisation and impairment	Equity ratio, %	$\frac{\text{Total equity}}{\text{Total assets}} \times 100$
EBITA	EBIT + Amortisation and impairment	Cash conversion, %	$\frac{(\text{Adjusted EBITDA} - \text{Capital expenditure} -/+ \text{Change in net working capital})}{\text{Adjusted EBITDA}} \times 100$
EBIT	Result before taxes and net financial items	Earnings per share, EUR	$\frac{\text{Profit attributable to equity holders of the company}}{\text{Weighted average number of outstanding shares}}$
Adjusted EBITDA	EBITDA before items affecting comparability	Earnings per share, excluding PPA, EUR	$\frac{(\text{Profit attributable to equity holders of the company} + \text{PPA amortization adjusted by tax impact})}{\text{Weighted average number of outstanding shares}}$
Adjusted EBITA	EBITA before items affecting comparability	Shareholders' equity per share, EUR	$\frac{\text{Equity attributable to equity holders of the company}}{\text{Number of outstanding shares at the end of period}}$
Adjusted EBIT	EBIT before items affecting comparability	P/E ratio	$\frac{\text{Closing price of the share (at period end)}}{\text{Earnings per share (annualized)}}$
Items affecting comparability	Items affecting comparability are associated with restructuring, acquisition and cost related to listing	Gearing, %	$\frac{(\text{Interest-bearing liabilities} - \text{cash and bank})}{\text{Total equity}} \times 100$
Operating expenses	Sales and marketing, research and development, and administration expenses		
Capital expenditure	Corresponds to the Statement of Cash Flow line item Investments in intangible and tangible assets		
Operating cash flow	Corresponds to the Statement of Cash Flow line item Cash flow from operations		
Net debt (+) / Net cash (-)	Interest-bearing liabilities – Interest-bearing receivables – Cash and cash equivalents		

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EUR 1,000	Note	2023	2022*
REVENUE	(3)	130,371	111,017
Cost of revenue	(7)	-16,025	-9,342
GROSS MARGIN		114,346	101,675
Other operating income	(4)	830	1,076
Sales and marketing	(5, 6, 7)	-34,698	-29,857
Research and development	(5, 6, 7)	-25,583	-16,434
Administration	(5, 6, 7)	-25,398	-17,690
EBIT		29,497	38,770
Financial income	(9)	6,995	1,476
Financial expenses	(9)	-8,815	-1,691
PROFIT (LOSS) BEFORE TAXES		27,677	38,556
Income tax	(10)	-5,316	-8,403
RESULT FOR THE FINANCIAL YEAR		22,360	30,153
Other comprehensive income			
Exchange difference on translation of foreign operations		-1,990	79
COMPREHENSIVE INCOME FOR THE YEAR		20,370	30,233
Result of the financial year is attributable to:			
Equity holders of the parent		22,360	30,153
Comprehensive income for the year is attributable to:			
Equity holders of the parent		20,370	30,233
Earnings per share			
- basic and diluted	(11)	0.13	0.17

* Presented as a combination of carve-out financial information for 1 January – 30 June 2022 and consolidated financial information for 1 July – 31 December 2022. Comparison period is presented on a carve-out basis. Refer to note 1 Basis of preparation, accounting principles and carve-out principles.

Earnings per share is based on the average number of shares.

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EUR 1,000	Note	2023	2022	EUR 1,000	Note	2023	2022
ASSETS				EQUITY AND LIABILITIES			
NON-CURRENT ASSETS				SHAREHOLDER'S EQUITY (18)			
Tangible assets	(14)	360	154	Share capital		80	80
Right-of-use assets	(5, 14)	1,257	1,834	Translation differences		-2,070	-79
Intangible assets	(14)	125,179	9,064	Reserve for invested unrestricted equity		9,590	9,590
Goodwill	(13, 14)	88,361		Retained earnings		25,485	15,213
Deferred tax assets	(22)	883	93	Equity attributable to equity holders of the parent		33,086	24,804
Interest-bearing receivables	(16, 21)	3,658	3,693				
Total non-current assets		219,698	14,838	NON-CURRENT LIABILITIES			
CURRENT ASSETS				Interest bearing liabilities, non-current	(5, 20, 21)	165,963	6,381
Inventories	(15)	35	41	Deferred tax liabilities	(22)	2,064	528
Accrued income	(17)	1,953	1,651	Other non-current liabilities	(23)	5,888	3,702
Trade and other receivables	(16, 17, 21)	35,604	23,040	Total non-current liabilities		173,915	10,612
Income tax receivables	(17)	2,108	143	CURRENT LIABILITIES			
Cash and cash equivalents	(16, 21)	15,867	22,953	Interest bearing liabilities, current	(5, 20, 21)	30,965	957
Total current assets		55,568	47,828	Trade and other payables	(21, 23)	14,182	7,818
				Provisions	(23)	1,739	
TOTAL ASSETS		275,266	62,667	Income tax liabilities	(23)	1,592	1,152
				Other current liabilities	(23)	19,788	17,324
				Total current liabilities		68,265	27,251
				TOTAL EQUITY AND LIABILITIES		275,266	62,667

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EUR 1,000	2023	2022*
Cash flow from operations		
Result for the financial year	22,360	30,153
Adjustments		
Depreciation and amortization	8,199	1,976
Other adjustments	598	676
Financial income and expenses	1,759	214
Income taxes	5,316	8,403
Cash flow from operations before change in working capital	38,232	41,423
Change in net working capital		
Current receivables, increase (-), decrease (+)	-8,092	3,238
Inventories, increase (-), decrease (+)	6	10
Non-interest bearing debt, increase (+), decrease (-)	7,425	-288
Cash flow from operations before financial items and taxes	37,572	44,383
Interest expenses paid	-7,178	-63
Interest income received	739	180
Other financial income and expenses	4,476	-1,156
Income taxes paid	-5,499	-6,963
Cash flow from operations	30,109	36,381

EUR 1,000	2023	2022*
Cash flow from investments		
Investments in intangible and tangible assets	-7,920	-4,635
Proceeds from sale of intangible and tangible assets	0	1
Other investments		-4
Acquisition of subsidiaries, net of cash acquired	-207,764	
Cash flow from investments	-215,684	-4,638
Cash flow from financing activities		
Increase in interest bearing liabilities	202,000	5,663
Increase in long term receivables		-3,789
Repayments of lease liabilities	-1,070	-612
Repayments of interest-bearing liabilities	-10,000	
Dividends paid	-12,227	
Equity financing with WithSecure, net		-10,068
Cash flow from financing activities	178,703	-8,806
Change in cash	-6,872	22,937
Cash and bank at the beginning of the period	22,953	
Effects of exchange rate changes	-214	16
Cash and bank at period end	15,867	22,953

* Presented as a combination of carve-out financial information for 1 January – 30 June 2022 and consolidated financial information for 1 July – 31 December 2022. Comparison period is presented on a carve-out basis. Refer to note 1 Basis of preparation, accounting principles and carve-out principles.

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Attributable to the owners of F-Secure

EUR 1,000	Note	Invested equity and retained earnings	Share capital	Unrestricted equity reserve	Retained earnings	Translation difference	Total
Carve-out invested equity 31 December 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	(19)	-208					-208
Equity transactions with WithSecure		-14,796					-14,796
Carve-out invested equity 30 June 2022		8,912					8,912
Demerger 30 June 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	(19)				339		339
Equity 31 December 2022			80	9,590	15,213	-79	24,804
Result of the financial year					22,360	-1,990	20,370
Total comprehensive income for the year					22,360	-1,990	20,370
Cost of share-based payments	(19)				139		139
Dividend					-12,227		-12,227
Equity 31 December 2023			80	9,590	25,485	-2,070	33,086

Refer to note 1 Basis of preparation, accounting principles and carve-out principles, for details of the financial information for comparison period prepared on an actual basis (financial position as at 31 December 2022), combining actuals and carve-out figures for income statement 2022.

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1. Basis of preparation, accounting principles and carve-out principles

1.1 Basis of preparation

Background

F-Secure is a Finnish and globally operating cybersecurity company. The parent company of the Group is F-Secure Corporation incorporated in Finland and domiciled in Helsinki, Finland. Company's registered address is Tammasaarenkatu 7, 00180 Helsinki. F-Secure operates globally with presence in multiple locations, and its headquarters is located in Helsinki.

F-Secure Corporation formed a separate legal group ("F-Secure", the "Group") as of 30 June 2022 when all assets and liabilities of the Consumer Security Business were transferred from WithSecure Corporation ("WithSecure") to a company incorporated in connection with the partial demerger ("Demerger") and named F-Secure Corporation ("F-Secure"). The trading in F-Secure's shares on Nasdaq Helsinki began 1 July 2022.

A copy of consolidated financial statements can be downloaded on www.f-secure.com or can be received from the parent company's registered address. These financial statements were authorized for issue by the Board of Directors on 15 February 2024.

F-Secure business

F-Secure designs and offers security and privacy products and services that help millions of consumers to protect themselves against online threats. F-Secure's offering includes a comprehensive range of security and privacy products and services related to endpoint security, privacy protection, password management and digital identity protection, and router security that

protects consumers' entire connected home. The majority of F-Secure's sales come from selling products and services through its extensive and global Channel Partner network, including approximately 200 Channel Partners. Channel Partners include, for example, communication service providers, retailers, banks, and insurance companies. In addition to selling products through Channel Partners, F-Secure makes standalone and all-in-one security offerings available to consumers through various e-commerce channels such as mobile application stores and its own online store.

Basis of preparation for the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2023 have been prepared for the purpose of presenting the financial position, results of operations and cash flows of F-Secure on a consolidated basis. The comparative figures have been prepared on a consolidated and carve-out basis. Until 30 June 2022 the financial statements have been presented on a carve-out basis, as explained in the note 1.3 Carve-out Principles and following the formation of the legal group on 1 July 2022, the financial statements have been prepared on a consolidated basis, as explained in the note 1.1 Basis of preparation, section Background. Thus, the statement of comprehensive income and statement of cash flows for the year ended 31 December 2022 are presented as a combination of carve-out financial information for the period 1 January – 30 June 2022 and consolidated financial information for the period 1 July – 31 December 2022. Management believes that such presentation of financial information results in a faithful representation of the financial performance and cash flows for F-Secure providing investors with relevant information on a full financial year basis. The balance sheet figures as at 31

December 2023 and 2022 are reported consolidated figures.

The consolidated financial statements of F-Secure Corporation of 2023 have been prepared in accordance with IFRS Accounting Standards, applying the IAS and IFRS standards as well as SIC and IFRIC interpretations that were in force and had been approved by the EU by 31 December 2023. In addition, Finland's accounting and limited liability company legislation and official regulations have also been considered in the preparation of the consolidated financial statements.

F-Secure publishes also its financial statements in XHTML format in accordance with the European Single Electronic Format (ESEF) reporting requirements. In line with the ESEF requirements, the primary financial statements have been labelled with XBRL tags. Notes to financial statements have been labelled with XBRL block tags. The ESEF reporting has not been subject to audit.

The consolidated financial statements have been prepared on a going concern basis and management has not recognized any material uncertainties related to continuity of operations.

The financial information is presented in thousands of euros unless otherwise stated. All figures have been rounded which may cause the sum of individual figures to deviate from the sum of the presented line-item totals.

1.2 Accounting principles (as from 1 July 2022)

Accounting principles applied in F-Secure's financial statements. A separate section on carve-out principles follows the accounting principles section.

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Management judgment on significant accounting principles and use of estimates

The preparation of consolidated financial statements requires the use of estimates and assumptions as well as the use of judgment when applying accounting principles. These affect the contents of the financial statements, and it is possible that actual results may differ from estimates.

Estimates made in connection with the preparation of financial statements are based on management's best knowledge at the reporting date. Estimates build upon past experience as well as assumptions of the future development of the economic environment of the Group. Revisions in estimates and assumptions are recognized in the period they occur and in future periods if the revision affects both current and future periods.

The following areas require significant judgement and estimation:

- Business combinations: Net assets acquired through business combinations are measured at fair value. The measurement of fair value is based on valuation methods which are subject to management judgment (See Note 12. Acquisitions).
- Impairment testing: Recoverable amount of goodwill from acquisitions is based on present value of estimated future cash flows which are subject to management judgment. In addition to goodwill the intangible assets that are not yet ready for use are tested annually for impairment. The recoverable amount of these assets is based on estimated future cash flows from sales and/or use of the asset.
- Deferred tax assets from tax losses: The Group hasn't got any recognized deferred tax assets from tax losses.

- Expected credit losses: The allowance for expected credit losses in F-Secure's statement of financial position is EUR 547 thousand as at 31 December 2023 (See Note 16. Financial assets).
- Share-based payments: The Group's share-based incentives programs are mainly tied to market-based conditions. Management uses external valuations in determining the fair value of the shares granted under these incentive programs. The method for the valuation is Monte Carlo Simulation.
- Provisions: The amount of provision is the best estimate of the cost required to settle the obligation at the reporting date. Provisions are reviewed on a regular basis and adjusted when necessary.

Consolidation principles

The consolidated financial statements incorporate the financial statements of F-Secure Corporation and entities controlled by F-Secure Corporation. Consolidation is done using the acquisition method and begins when control over the subsidiary is obtained. The consolidation stops when the control ceases. The Group does not have any associated companies nor is there any non-controlling interest in the Group.

All intra-group transactions and balances, including unrealized profits arising from intra-group transactions, have been eliminated on consolidation. Where necessary, accounting policies of the subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

Transactions in foreign currency

The financial statements are presented in euros, which is the functional and presentation currency of F-Secure's parent company. At each reporting date for the purpose of presenting financial statements, the income statements of foreign Group companies

are translated at the average exchange rates for the reporting period and the balance sheets are translated using the European Central Bank's exchange rates prevailing on the reporting date. Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Exchange rate gains and losses are recognized in financial items in the statement of comprehensive income.

Revenue recognition

F-Secure provides a comprehensive range of endpoint protection, privacy and password management solutions, and security for all consumers' connected devices at home. Revenue derives from the sale of security products through service provider and direct consumer channels. The majority of revenue comes from the sale of endpoint protection products through the service provider partner channel, and F-Secure also sells consumer products through various retail partners, as well as F-Secure's own web shop. The main products and service portfolios are:

- **Security Suite:** F-Secure Total deployed as an all-in-one application that provides complete security, privacy and identity protection on consumers' personal devices or any subsets of its protection modules. This includes Mobile Security products obtained when acquiring Lookout Life.
- **Embedded Security:** Comprehensive portfolio of security and privacy Software Development Kits (SDKs) and cloud Application Programming Interfaces (APIs) embedded in partner app or service, including F-Secure Sense providing router security. This includes embedded security capabilities obtained when acquiring Lookout Life.
- **Services:** F-Secure security business platform based scalable expert and cloud-based services supporting both Security Suite and Embedded Security such as

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delivery and integration, customer care, and partner success services to support its Partner Business.

Products are treated as Security-as-a-Service as they do not include a license of intellectual property. Customers are provided with access to continuously updated software. According to company's assessment sales transactions in principle have only a single performance obligation which is recognized over time on a straight-line basis for the contract period. The typical length of a contract period is 12, 24, or 36 months. Generally, the term between invoicing and when payment is due is not significant. Advance payment is customary for customer contracts via the direct consumer channel whereas the partner channel is mainly invoiced on a monthly basis.

Pensions

All of F-Secure's pension arrangements are defined contribution plans. Contributions to defined contribution plans are recognized in the statement of comprehensive income in the period to which the contributions relate.

Leases

Leases are recorded in the balance sheet as right-of-use asset with a corresponding lease liability. Right-of-use assets and lease liabilities are initially measured at the present value of the remaining lease payments. An incremental borrowing rate is applied in discounting the remaining payments. F-Secure's incremental borrowing rate varies between 1.45% and 6.9% depending on the company's credit rating, geographical location of the leased asset and lease period, and the lower rate of 1.45% applies to the majority of the right-of-use assets. F-Secure's right-of-use assets are comprised of leased offices and cars.

Changes in estimates are accounted for at each reporting date. In measuring the present value of the liabilities arising from leases, any service-related fees are excluded from the lease payment. F-Secure's lease contracts do not contain residual value guarantees or purchase options. The estimated duration for on-going contracts varies between 1 to 2 years and the total liability from on-going contracts is EUR 1,263 thousand (EUR 1,840 thousand) (see Note 5. Leases and Note 20. Financial liabilities).

Income taxes

The income tax expense in statement of comprehensive income represents the sum of current taxes and deferred taxes. Current taxes are calculated on the taxable income for all Group companies in accordance with the local tax rules. Deferred taxes, resulting from temporary differences between the financial statement and the income tax basis of assets and liabilities, use the enacted tax rates in effect in the years in which the differences are expected to reverse. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available. Deferred tax liabilities are recognized for all temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to the same taxation authority and the Group intends to settle the assets and liabilities on a net basis.

Business combinations

Acquisition method is used for accounting the acquisition of businesses. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by

the Group and liabilities incurred by the Group to the former owners of the acquiree. Costs related to the acquisition are recognized in profit and loss statement. The identifiable assets acquired and the liabilities assumed are recognized at fair value at the acquisition date except for deferred tax assets or liabilities which are measured in accordance with IAS 12 Income taxes. Goodwill is measured as the excess of the transferred consideration over the net amount of the acquired identifiable assets and assumed liabilities.

Goodwill

Goodwill is initially recognized and measured in business combinations as set out above. Goodwill is not amortized but is instead tested for impairment at least annually and whenever there is an indication that it may be impaired. For the purpose of impairment testing goodwill has been allocated to cash generating units expected to benefit from the synergies of the combination. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit. If an impairment loss for goodwill is recognized it will not be reversed in the subsequent periods. Goodwill is recorded at historical cost less accumulated impairment losses.

Intangible assets

Research and development expenditure

Research expenditure is recognized as an expense at the time it is incurred. Development expenditure on new products or product versions with significant new features are recognized as intangible assets when F-Secure has the technical feasibility to complete the asset, has the ability and intention to use or sell the asset; can demonstrate that the asset will

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generate future economic benefits; has resources available to complete the asset; and has the ability to measure reliably the expenditure during development. Development assets relate to developing new products and services or developing essential improvements for products and services. Amortization is recorded once the asset is ready on a straight-line basis over the estimated useful life, which is 3–5 years for these assets.

Intangible assets acquired in business combinations

Intangible assets acquired in business combinations and recognized separately from goodwill are initially recognized at fair value on the acquisition date. Subsequent to initial recognition these assets are reported at initial value less accumulated amortization and accumulated impairment losses. Intangible assets acquired in business combinations include technology and customer relationships, which all have a finite useful life. The estimated useful lives for intangible assets acquired in business combinations are:

Technology	15 years
Customer relationships	5–15 years

Other intangible assets

Other intangible assets include intangible rights and software licenses, all with a finite useful life. Other intangible assets include also partially or completely internally developed intangible assets which e.g. relate to platforms. Other intangible assets are recorded at historical cost less accumulated amortization and possible impairment. Amortization is recorded on a straight-line basis over the estimated useful life, which is 3–5 years for these assets.

Tangible assets

Tangible assets are recorded at historical cost less accumulated depreciation and possible impairment. Depreciation is recorded on a straight-line basis over the estimated useful life of an asset. The estimated useful lives of tangible assets are as follows:

Machinery and equipment	2–8 years
Other tangible assets	2 years

Impairment of assets

At each reporting date, or more frequently if needed, F-Secure assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, F-Secure makes a formal estimate of the recoverable amount. The recoverable amount of goodwill and intangible assets that are not ready for use are estimated annually regardless of whether any indication of impairment exists. The intangible assets that are not ready for use are software projects which cannot be assessed on its own because they don't have independent cash flow. If it is stated at the end of reporting period that the projects are finalized and will be taken in use, there is no need for impairment testing. Intangible assets that are not ready for use are tested as part of that cash generating unit where they belong to.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and the carrying amount is reduced to its recoverable amount. The recoverable amount is the fair value of an asset less costs of disposal or value in use, whichever is higher. An impairment loss is recorded in the statement of comprehensive income.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The maximum

reversal of an impairment loss amounts to no more than the carrying amount of the asset if no impairment loss had been recognized, net of depreciation.

Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined by the first-in first-out method. Net realizable value is the estimated selling price that is obtainable, less estimated costs of completion and the estimated costs necessary to make the sale.

Financial instruments

Financial instruments are originally measured at fair value. Subsequently, financial assets are classified into the following categories: at amortized cost or fair value through profit and loss. The classification is made at the time of acquisition and is based on the cash flow characteristics and the business model of managing the financial asset. Financial liabilities are subsequently classified and recognized at amortized cost or at fair value through profit and loss.

Financial instruments measured at fair value through profit and loss include derivative instruments to which hedge accounting is not applied. Realized and unrealized gains or losses arising from changes in fair values are recognized in the profit and loss in the period in which they incur.

According to F-Secure's treasury policy, company may enter derivative contracts to hedge against exchange rates and interest rates fluctuations. Company has no outstanding derivative contracts on the reporting date 31.12.2023.

Financial instruments are classified as current financial instruments unless the maturity exceed 12 months from the end of the reporting period.

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Financial assets

Financial assets are originally measured at fair value. Trade receivables are originally measured with transaction price and later with amortized cost reduced by an expected credit loss for trade receivables. Trade receivables and other receivables are written off from the balance sheet as the rights to associated cash flows end or become transferred to the counterparty. An expected credit loss is recognized for trade receivables according to IFRS 9, Financial Instruments. The amount of expected credit loss is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The expected credit loss is estimated using a provision matrix where trade receivables are grouped based on historical credit loss experience and characteristics that depict the credit risk of receivables (e.g. geographical area and days past due).

Cash and cash equivalents in the balance sheet comprise cash at bank, deposits held at bank, and other highly liquid short-term investment with original maturity less than 3 months.

Financial liabilities

F-Secure classifies bank loans, trade payables, lease liabilities and other interest-bearing liabilities as financial liabilities. Bank loans are initially recognized at the fair value of consideration plus directly attributable transaction costs. After initial recognition, bank loans are measured at amortized cost using the effective interest method. Other financial liabilities are measured at amortized cost.

Provisions

Provisions are recognized when F-Secure has a present obligation (legal or constructive) as a result of a past event, the outflow of resources is probable, and a

reliable estimate of the amount of the obligation can be made. The amount recognized is a best estimate of the consideration required to settle the obligation at each reporting date. Risks and uncertainties are taken into account when making the estimate.

Management has recognized a provision of EUR 1,539 thousand related to restructuring and EUR 200 thousand related to certain provisional costs and expenses incurred as at 31 December 2023.

Share-based payment transactions

F-Secure provides incentives to employees in the form of equity-settled share-based instruments. F-Secure's share-based incentive programs are targeted to F-Secure's key personnel. The programs are equity-settled. Equity-settled program is valued at fair value at grant date, and the expense is recognized evenly in the statement of comprehensive income over the vesting period with the counter-entry in retained earnings. In programs with market based conditions, the fair value is determined by utilizing commonly used valuation techniques. If a person leaves the company before vesting, the reward is forfeited. F-Secure updates its estimate of the ultimate number of shares at each reporting date. These changes in the estimate are recorded in the statement of comprehensive income.

Presentation of expenses

Classification of expenses by function has been made by presenting direct expenses in their respective functions.

Operating result

IAS 1, Presentation of Financial Statements, does not define the concept of Earnings before interest and taxes (EBIT). F-Secure has defined it as follows: EBIT is the net amount, which consists of revenue and other

operating income less cost of revenue, personnel costs, depreciation and amortization, possible impairment losses, and other operating expenses.

New standards and interpretations not yet effective

Effective 1 January 2024:

Amendments to IAS 1, Classification of Liabilities as Current or Non-current, amendments clarify the classification of a liability as current or non-current in a situation where an entity has a right to defer its settlement for at least twelve months. In accordance with the amended guidance, a liability that is due within 12 months after the reporting date should be presented as non-current if the entity has a right to extend it for at least 12 months after the reporting date. In this case, the liability is classified as non-current on reporting date even regardless of the probability or intention of the management to settle it within the next 12 months. Similarly, a liability is classified as non-current even if the right to extend it for at least 12 months is conditional and the entity is not expected to meet these conditions provided that the covenant assessment is taking place only after the end of the reporting period.

New or amended standards or interpretations are not expected to have an impact on the financial statements.

1.3 Carve-out principles

Basis of preparation for the carve-out financial information (until 30 June 2022)

F-Secure operated as part of WithSecure until the completion of the partial demerger on 30 June 2022. The consolidated financial statements have been prepared on a carve-out basis until 30 June 2022 as F-Secure did not operate and report as a separate legal

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consolidated group throughout the historical periods presented.

The carve-out financial information of F-Secure until 30 June 2022 has been prepared on a carve-out basis from WithSecure's consolidated financial statements using the historical book values for income and expenses, assets and liabilities and cash flows attributable WithSecure's Consumer Security Business transferred to the F-Secure through the partial demerger. WithSecure's Consumer Security Business has historically operated worldwide in legal entities that comprise both Consumer Security Business and Corporate Security Business, including the parent company WithSecure Corporation. Therefore assets, liabilities, income, revenue and expenses and cash flows which are either directly attributable to, have been allocated to or will transfer to F-Secure have been included in the carve-out financial information.

The carve-out financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU by 31 December 2022, and in consideration of the specified carve-out principles described in "Carve-out principles applied in the F-Secure carve-out financial information" for determining which assets and liabilities, income and expense as well as cash flows are allocated to F-Secure for the purpose of presenting the carve-out financial information.

IFRS does not provide direct guidance for the preparation of carve-out financial information, and accordingly in preparing the F-Secure's carve-out financial information, certain accounting conventions commonly used for the preparation of historical carve-out financial information have been applied as described below.

F-Secure's carve-out financial information does not necessarily illustrate the results of operations, financial position and cash flows that F-Secure would have generated had it been an independent group. Further, the objective of the carve-out financial information is neither to illustrate or be indicative of F-Secure's future performance, financial position or cash flows.

Carve-out principles applied in the F-Secure carve-out financial information

The following summarizes the carve-out principles applied in preparing F-Secure's carve-out financial information.

The carve-out financial information reflects the revenue and expenses attributable to F-Secure. Revenue and operating expenses of F-Secure that have been specifically identified as pertaining to F-Secure have been attributed directly without separate allocation and apportionment.

Balance sheet items have been generally attributed based on their actual use during the periods presented, that is, if assets and liabilities are primarily used by and relate to F-Secure, they have been attributed to the carve-out statement of financial position. If the asset or liability is not legally transferring to F-Secure in connection with the Demerger, the corresponding cost of using the asset/liability has been included in the carve-out statement of comprehensive income as described in more detail below.

The carve-out financial information also includes the separate allocation of income, expense, assets, liabilities and cash flows which are based on management judgement, assumptions and estimates as described below. 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.

Management considers that the allocations described below have been made on a reasonable basis, but they are not necessarily indicative of the income and costs that would have been incurred if F-Secure had been a standalone entity preparing consolidated financial statements for the periods presented.

The structure of the carve-out financial information

Prior to Demerger, F-Secure did not represent a separate group of legal entities but combines operations that are dedicated to F-Secure Business but that have historically operated as part of the WithSecure entities. The following represents an overview of the WithSecure legal entities that comprised the portion of the results of operations and financial position dedicated to the F-Secure Business and thus form the basis for the carve-out financial information:

- WithSecure Corporation (former F-Secure Corporation), Finland
- F-Secure Inc, United States
- WithSecure GmbH (former F-Secure GmbH), Germany
- F-Secure (UK) Ltd, United Kingdom
- WithSecure KK (former F-Secure KK), Japan
- WithSecure AB (former F-Secure AB), Sweden
- WithSecure Srl (former F-Secure Srl), Italy
- WithSecure Sp. z.o.o. (former F-Secure Sp z.o.o.), Poland
- WithSecure B.V. (former F-Secure B.V.), the Netherlands

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- F-Secure Iberia SL, Spain,
- WithSecure (M) Sdn Bhd (former F-Secure Corporation (M) Sdn Bhd), Malaysia
- WithSecure SARL (former F-Secure SARL), France
- F-Secure Pvt Ltd, India
- WithSecure A/S (former F-Secure Danmark A/S), Denmark
- F-Secure do Brasil tecnol. Da informãcao Ltda, Brazil
- WithSecure Norge AS (former F-Secure Norge AS), Norway

F-Secure's structure in the carve-out financial information does not represent the legal structure after the Demerger.

Inter-company transactions and transactions with related parties

Intercompany transactions, including assets and liabilities between the F-Secure Business within WithSecure legal entities have been eliminated from F-Secure's carve-out financial information. Intercompany transactions and balance sheet items between the Consumer Security Business and the Corporate Security Business, previously considered as intercompany transactions in WithSecure reporting, have been reported as transactions with related parties in the carve-out financial information. Related party receivables from the remaining WithSecure operations are presented separately in the statement of financial position in the carve-out financial information.

Income statement transactions are presented within the related statement of comprehensive income line item. F-Secure sells consumer products to WithSecure and the amounts in the carve-out financial information were as follows during the periods presented: EUR 50 thousand in the period of 1 January – 30 June

2022. F-Secure purchases corporate products from WithSecure and the amounts were as follows during the periods presented: EUR 171 thousand in the period of 1 January – 30 June 2022.

Centrally provided shared services

WithSecure has historically provided shared support services to Consumer Security and Corporate Security Businesses. WithSecure support functions include Security Research & Technologies ("SRT") and Information & Business Services ("IBS"). SRT is a common R&D unit supporting the whole WithSecure. IBS contains a 24/7 customer support and IT services. WithSecure also has the following common shared functions: People, Operations & Culture, Finance, Legal, Strategy, Marketing and Management ("Other Functions"). SRT, IBS and Other Functions are defined together as "Group Functions".

Historically, WithSecure shared Group Function costs have been allocated to businesses using pre-defined allocation methods. The allocation methods used have been defined to reflect the nature of the underlying function and the utilization of the services of the functions. In the carve-out financial information, the WithSecure shared Group Function costs have been allocated to F-Secure based on utilization of the services such as certain server hosting costs that have been allocated based on the usage of the service or cloud servers and customer care related costs that have been allocated based on the support provided to F-Secure or using pre-defined allocation keys such as revenue or number of employees.

Management considers these allocations to be a reasonable reflection of the utilization of services provided. These allocated expenses have been affected by the arrangements that existed in WithSecure and

are not necessarily representative of the position that may prevail in the future for F-Secure.

Centrally provided shared services costs allocated to the carve-out financial information has been split to different profit and loss statement categories as follows:

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EUR 1,000	1-6/2022
Cost of revenue	-1,978
Other operating income	371
Sales and marketing	-2,991
Research and development	-3,595
Administration	-7,052
Total	-15,246

Shared assets and leasing arrangements with remaining WithSecure operations

Historically, Consumer Security Business and Corporate Security Business have operated in shared leased premises and offices in all locations, including the following main premises: Helsinki and Oulu in Finland, Poznan, Poland, and Kuala Lumpur, Malaysia. In the carve-out financial information, no office lease agreements have been allocated to F-Secure as F-Secure is not a legal owner of the lease agreements and those lease agreements have not transferred to F-Secure in connection with the Demerger. Instead, an expense related to the usage of the premises has been included in the carve-out financial information. The expenses allocated to F-Secure for usage of the leased shared assets during the periods presented were EUR 727 thousand in first half of 2022 prior to Demerger.

Lease expenses related to machinery and cars, that are shared with the remaining WithSecure operations, have been allocated to the carve-out financial information to reflect usage of these assets. These lease agreements will not transfer to F-Secure in connection with the Demerger. The lease expense allocations in the carve-out financial information related to usage by F-Secure during the periods presented were EUR 7 thousand in the first half of 2022 prior to Demerger.

All the above lease expenses were presented as part of operating costs and no right-of-use assets or lease

liabilities have been allocated to the carve-out financial information. Lease agreements directly attributable to F-Secure that are transferring to F-Secure in connection with the Demerger have been presented as lease agreements of F-Secure (see notes 5, 14 and 20 for more information).

Certain computers and other IT equipment have been shared between Consumer Security Business and Corporate Security Business. These IT related assets will not transfer to F-Secure in connection with the Demerger. An expense was allocated to the carve-out financial information to reflect the usage of these assets. The allocated expenses included in the carve-out financial information during the periods presented were EUR 65 thousand in first half of 2022 prior to Demerger.

Certain intangible assets, mainly computer software, have also been shared between Consumer Security Business and Corporate Security Business. In the carve-out financial information, these intangible assets have not been allocated to F-Secure as they will remain with WithSecure after the Demerger. Instead, an expense was recognized to reflect the benefit F-Secure has received from these assets during the periods presented in the carve-out financial information. The expense related to utilization of the intangible assets by F-Secure included in the carve-out financial information during the periods presented were EUR 81 thousand in first half of 2022 prior to Demerger.

The assets and leasing arrangements presented in the carve-out financial information may differ significantly from the requirements of the standalone F-Secure. F-Secure has entered into new leasing agreements related to premises, other equipment and machinery for its standalone business operations when the Demerger was consummated.

Share-based payment transactions

Historically, F-Secure key personnel have participated in WithSecure's share-based incentive programs. For carve-out purposes, the expenses related to F-Secure personnel are included in the carve-out financial information. The portion related to the Group function participants in the share-based incentive programs has also been allocated to the carve-out financial information as described in the section Centrally provided shared services. The historical cost allocations may not be indicative of the future expenses that will arise through incentive schemes that will be established for F-Secure key personnel in the future.

Income tax

Historically, the F-Secure Business has been included within the same WithSecure legal entities as the WithSecure operations. No tax filings have been made separately for the F-Secure business. The tax expenses in F-Secure's carve-out financial information are determined based on the separate tax return method as if the F-Secure business represented separate taxpayers in the jurisdiction of their primary operations. The current tax expense in the carve-out financial information is the amount of tax payable or refundable based on hypothetical current year profits of the F-Secure Business and have been presented as current tax expense and as a shareholder transaction through invested equity in the carve-out financial information. Deferred tax has been recorded in F-Secure's temporary differences and the recoverability of deferred tax assets has been assessed as if the two businesses were separate taxpayers. Tax losses have been included to the extent they directly relate to the F-Secure business. The line-item Income tax paid in the cash flow statements in the carve-out information represents the estimated tax to be paid by each F-Secure business in different jurisdictions.

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The tax expenses recorded in the carve-out financial information might not represent the tax expenses that may arise in the future for the F-Secure business.

Management considers the separate tax return approach to be reasonable, but not necessarily indicative of the tax income or expenses that would have been incurred if the entities and operations were indeed separate taxable entities.

Cash management and financing

Historically, WithSecure has managed the financing of the F-Secure Business and utilized a centralized approach to cash management. In addition to the cash and cash equivalents balances held directly at legal WithSecure group companies, WithSecure pools cash balances, cash deposits and funding directly with the centralized WithSecure Treasury function and therefore there are no balances directly attributable to F-Secure.

As a result, cash and cash equivalents, cash pool receivables and payables, and related interest expense and income are excluded from the carve-out financial information. Corporate level debt or related interest expenses were not allocated to F-Secure, as they were not deemed to be attributable to the F-Secure Business.

In the Demerger, a relative share of the cash related to advance payments received by WithSecure for the sale of F-Secure's products via its direct sales channel, was paid to F-Secure based on the actual deferred revenue balance as at the effective date of the Demerger. The receivable from the parent company has been recognized in the carve-out statement of financial position to reflect the share attributable to F-Secure during the periods presented. Change in this receivable has been recognized against invested equity.

Transfers of cash between WithSecure and F-Secure are included within the Equity financing with

WithSecure, net in the Statement of Cash Flows and Equity transactions with WithSecure in the Statement of Changes in Equity.

The financing presented in the carve-out financial information may differ significantly from the future financing requirements of F-Secure on a standalone basis.

Invested equity

Total invested equity attributable to shareholders of F-Secure represents WithSecure's interest in the recorded net assets of F-Secure. Historically, F-Secure has not formed a separate legal group or presented any stand-alone consolidated financial statements, nor does it consist of separate identifiable entities within WithSecure and accordingly, it is not feasible to present share capital or any analysis on equity reserves. The net assets of F-Secure, presented as capital invested in F-Secure, and reported as Invested equity in the statement of financial position, are comprised of retained earnings, invested equity and cumulative translation differences.

Changes in net assets allocated to F-Secure are presented separately in the statement of changes in equity as Equity transactions with WithSecure and in the statement of cash flows through the line item Equity financing with WithSecure, net reflecting the internal equity financing between WithSecure and F-Secure during the financial periods presented prior to the Demerger. The amounts are affected by the net assets allocated to the F-Secure business consisting of allocation of income and expense and assets and liabilities from the remaining WithSecure operations.

Translation differences arising from translating the results for the financial period and invested equity are recognized in a separate cumulative translation

difference account within total invested equity and the changes are presented in other comprehensive income.

The capital structure attributed to F-Secure in connection with the preparation of the carve-out financial information is presented as total invested equity attributable to the shareholders of WithSecure, and as such, is not indicative of the capital structure that F-Secure would have required had it been a standalone entity during the periods presented prior to the Demerger.

Transactions in foreign currency

In carve-out financial information, translated balance sheet and income statement items are allocated to F-Secure or to the remaining WithSecure operations. As part of the allocations, a translation difference related to these allocated items is recognized in invested equity and its change is recorded in the statement of comprehensive income.

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2. Segment information

Consumer Security Business consists of designing and providing a comprehensive range of cybersecurity products and services related to data security, privacy protection as well as privacy protection and digital identity protection of consumers' terminal devices, networks and devices connected to a network, sold, in each case, either directly or indirectly, to consumers. F-Secure's operations and profitability is reported as a single operating segment which is consistent with the internal reporting and the way that operative decisions and assessment of performance have been made by F-Secure's leadership team.

Geographical information

Geographical information about revenue is presented in note 3.

EUR 1,000	2023	2022
Long-term assets		
Nordic countries	161,129	10,695
Europe excl. Nordics	1,939	1,809
North America	55,799	2,174
Rest of world	832	160
Total	219,698	14,838

3. Revenue

Principles of revenue recognition are stated in Note 1.2 Accounting principles, section Revenue recognition.

Disaggregation of revenue

EUR 1,000	2023	2022
Sales channels		
Revenue from external customers		
Partner channel	105,122	88,052
Direct channel (E-commerce)	25,249	22,965
Total	130,371	111,017

Geographical information

EUR 1,000	2023	2022
Revenue from external customers		
Europe excl. Nordics	50,014	48,653
Nordic countries	39,989	39,426
North America	31,999	17,082
Rest of world	8,370	5,856
Total	130,371	111,017

No single customer represents 10% or more of revenue.

Assets and liabilities from contracts with customers

Satisfied performance obligations from contracts with customers that have not yet been invoiced on the reporting date are presented in the balance sheet as Accrued income. The balances relate to products delivered to customers and recognised as revenue but not invoiced. Liabilities from contracts with customers are presented in the balance sheet as Deferred revenue and included in Total non-current liabilities or Total current liabilities depending on the duration of the liability. Prior year current deferred revenue is recognised as revenue in the current period. Remaining performance obligations from contracts with customers represent contracted revenue that has not yet been recognised. These balances are presented as Deferred revenue and relate to obligations to provide software subscription services in contracts with a duration of multiple years.

EUR 1,000	2023	2022
Accrued income	1,953	1,651
Deferred revenue, non-current	5,837	3,621
Deferred revenue, current	19,788	17,324

Increases in deferred revenue resulting from billing were EUR 22,005 thousand for the year ended (EUR 17,833 thousand). Decreases in deferred revenue resulting from satisfying performance obligations were EUR 17,324 thousand for the year (EUR 16,660 thousand).

4. Other operating income

EUR 1,000	2023	2022
Government grants	330	506
Transition services	426	291
Gains from sale of business		189
Other	74	90
Total	830	1,076

The government grants are received for certain research and development projects and are recognised as income over those periods in which the corresponding expenses arise.

None of the amounts included in Other are individually significant.

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5. Leases

The principles of lease accounting are stated in Note 1.2 Accounting principles, section Leases.

EUR 1,000	2023	2022
Depreciation		
Right of use assets		
Buildings	936	438
Cars	103	131
Total	1,039	569
Interest expense on lease liabilities	29	20
Short-term leases booked as rent expense	163	34
Right of use assets and liabilities		
Right of use assets		
Buildings	1,060	1,674
Cars	197	160
Total	1,257	1,834
Lease liabilities		
Buildings	1,076	1,679
Cars	187	161
Total	1,263	1,840
Repayments of lease liabilities	1,070	612

Right of use assets related changes are stated in disclosure 14. Non-current assets.

Interest payments related to lease liabilities are stated in disclosure 9. Financial income and expenses.

Maturity of lease liabilities is stated in disclosure 20. Financial liabilities.

6. Depreciation and amortization

EUR 1,000	2023	2022
Depreciation and amortization of non-current assets		
Other intangible assets	4,829	
Capitalized development	2,201	1,350
Intangible assets	7,030	1,350
Right of use assets	1,039	569
Other tangible assets	130	57
Tangible assets	1,169	626
Total depreciation and amortization	8,199	1,976
Depreciation and amortization by function		
Sales and marketing	1,115	601
Research and development	2,339	1,357
Administration	4,745	18
Total depreciation and amortization	8,199	1,976

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7. Personnel expenses

For comparison period, personnel costs presented in the table below combines actual and carve-out figures for 2022. Actual costs for Jul–Dec 2022 includes costs for personnel employed by F-Secure and carve-out costs include costs for direct personnel working for Consumer Security Business.

EUR 1,000	2023	2022
Personnel expenses		
Wages and salaries	33,295	20,785
Pension expenses – defined contribution plan	4,742	3,204
Share-based payments	619	735
Other social expenses	2,639	1,604
Total	41,296	26,328

For comparison period, share-based payments include actual cost for Jul–Dec 2022 and a portion of share-based payment costs of WithSecure which have been allocated based on Group function allocation for other periods. See further in disclosure Note 19 Share-based payment transactions.

Employee benefits of the management are stated in disclosure 24. Related party transactions.

	2023	2022
Average number of personnel	484	368
Personnel by function December 31		
Delivery	75	68
Sales and marketing	122	91
Research and development	277	190
Administration	50	27
Total	524	376

8. Audit fees

EUR 1,000	2023	2022
Group auditor		
Audit fees, PricewaterhouseCoopers	-205	-103
Audit related fees, PricewaterhouseCoopers		
Tax consulting, PricewaterhouseCoopers		
Other consulting, PricewaterhouseCoopers	-1,233	
Total	-1,438	-103

Audit fees for 2022 consist of fees for the period after demerger.

EUR 1,000	2023	2022
Other auditors		
Audit fees	-26	-15
Total	-26	-15

9. Financial income and expenses

EUR 1,000	2023	2022
Financial income		
Exchange gains	6,167	1,289
Interest income from receivables	739	180
Other financial income	89	7
Total	6,995	1,476
Financial expenses		
Exchange losses	-1,201	-1,440
Interest expenses	-7,240	-63
Other financial expenses	-345	-168
Interest expense from lease liabilities	-29	-20
Total	-8,815	-1,691

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10. Income tax

This note presents F-Secure's income tax expenses included in the financial statements. The accounting principles of income taxes are stated in Note 1.2 and 1.3, section Income tax.

<u>EUR 1,000</u>	<u>2023</u>	<u>2022</u>
Current income tax for the year	4,469	7,979
Change in deferred tax	847	424
Total	5,316	8,403

A reconciliation of income tax expense in the income statement and income tax calculated at the parent company's country of residence income tax rate (20%):

Profit before taxes	27,677	38,556
Income tax at Finnish tax rate of 20%	-5,527	-7,711
Effect of overseas tax rates	-218	-184
Non-deductible expenses/tax-exempt revenue	283	22
Effect of deferred tax not recognized	-12	
Utilized tax losses		-242
Adjustments for prior period tax	283	-20
Other	-126	-268
Total	-5,316	-8,403

Utilized and recognized tax losses in financial year 2022 included in the financial statements are related to F-Secure's operations in the United States.

11. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year adjusted for the effects of dilutive options.

<u>EUR 1,000</u>	<u>2023</u>	<u>2022</u>
Net profit attributable to equity holders from	22,360	30,153
Weighted average number of ordinary shares (1,000)	174,673	174,527
Basic and diluted earnings per share (EUR/share)	0.13	0.17

Earnings per share is based on the average number of shares. During the period, F-Secure hasn't had Treasury shares.

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12. Acquisitions

On 1 June 2023 F-Secure completed the acquisition of mobile consumer security business unit from Lookout Inc. The acquired 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 agreed during Q4/2023 and settled after year end. Adjustments relate to net working capital. 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 1,000

Cash flow from the acquisition

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

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. The accounting of acquisition is still provisional pending the finalization of the valuation of the assets acquired and liabilities assumed and consequently the tax review is still provisional. The provisional amounts recognized may be adjusted within 12 months after the date of acquisition, to reflect new information obtained about the facts and circumstances that existed at the date of acquisition.

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

EUR 1,000

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
Total assets	122,800
Other non-current liabilities	473
Trade and other liabilities	2,979
Deferred tax liabilities	546
Total liabilities	3,998
Total net assets	118,802
Goodwill	89,099

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 under Finnish and US GAAP 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.

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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.

13. Goodwill

F-Secure's has a single operating segment as the group is followed as a whole. For impairment testing goodwill is allocated to cash-generating units (CGUs). F-Secure has only one CGU which consists of F-Secure's total business. The carrying amount of goodwill EUR 88,361 thousand is allocated to this CGU.

Goodwill is tested for impairment annually, or more frequently if there are indications that goodwill might be impaired. The recoverable amount for each CGU is determined based on a value in use calculation which uses cash flows for the period determined for the CGU. Cash flows are based on financial budgets and forecasts approved by the Board of Directors. Forecast period of six years is used. Discount rate is 9.71% before taxes.

Cash flows beyond forecast period have been extrapolated using steady 2% per annum growth rate. Markets where CGUs operate are expected to grow faster than the terminal growth rate in impairment testing. Market is expected to grow mid single digit annually by 2026 (based on F-Secure management estimate and industry analyst reports).

Sensitivity analysis

F-Secure has prepared a sensitivity analysis of the impairment tests to change the key assumptions which are revenue, profitability, and discount rate. Any reasonable possible changes in the key assumptions in impairment tests would not cause the aggregate carrying amounts exceeding the recoverable amounts.

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14. Non-current assets

EUR 1,000	INTANGIBLE ASSETS				TANGIBLE ASSETS				
	Other intangible	Goodwill	Capitalized development	Advance payments & incomplete development	Total	Machinery & equipment	Right of use assets	Other tangible	Total
Acquisition cost Dec 31, 2021	350		16,207	1,335	17,893	193	837		1,031
Translation difference						-1	-10		-10
Additions				4,506	4,506	95	2,258	91	2,443
Transfers	588		3,265	-3,853	0	-2	272		269
Disposals	-350		-11,635		-11,985	-162	-726		-888
Acquisition cost Dec 31, 2022	588		7,837	1,988	10,413	124	2,631	91	2,845
Translation difference	-1,062	-738			-1,799	3	-1		2
Acquisitions and divestments	116,446	89,099	103		205,648				
Additions				7,625	7,625	319	493	18	829
Transfers	1,544		1,917	-3,461	0				
Disposals			-675		-675	-1	-102		-103
Acquisition cost Dec 31, 2023	117,517	88,361	9,182	6,152	221,212	444	3,020	108	3,573
Acc. depreciation Dec 31, 2021	-350		-11,635		-11,985	-165	-587		-752
Translation difference							9		9
Transfers						2	-272		-269
Depreciation for the period			-1,350		-1,350	-31	-569	-19	-619
Depreciation of disposals	350		11,635		11,985	154	622		775
Acc. depreciation Dec 31, 2022	0		-1,350		-1,350	-41	-797	-19	-857
Translation difference	33				33	-3	1		-2
Depreciation for the period	-4,829		-2,201		-7,030	-77	-1,036	-52	-1,165
Depreciation of disposals			675		675		69		69
Acc. depreciation Dec 31, 2023	-4,796		-2,876		-7,672	-121	-1,763	-71	-1,955
Book value as at Dec 31, 2022	588		6,487	1,988	9,064	83	1,834	71	1,988
Book value as at Dec 31, 2023	117,722	88,361	6,305	6,152	213,540	323	1,257	37	1,617

The book values of the right of use assets presented in the above table relate to buildings EUR 1.1 million (1.7m) and cars EUR 0.2 million (0.2m).

Capitalised development expenses relate to new products and development of new product versions with significant new features (refer to the section on Research and development expenditure included within Intangible assets in Note 1.2 Accounting principles). In addition to capitalized development, Advance payments & incomplete development includes self-developed assets EUR 6.2 million (EUR 2.0 million).

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15. Inventories

The accounting principles of inventories are stated in Note 1.2 Accounting principles, section Inventories.

EUR 1,000	2023	2022
Inventories	35	41

The inventory balances included in the financial statements consist of the packaging used for license key cards.

16. Financial assets

This note presents F-Secure's financial assets included in the financial statements. The accounting principles of financial assets are stated in Note 1.2 Accounting principles, section Financial instruments.

EUR 1,000	2023	2022
Cash at bank and in hand	15,867	22,953
Interest-bearing receivables	3,658	3,693
Trade receivables	28,558	18,243
Total	48,083	44,890

Trade receivables

Aging of trade receivables

Not fallen due	22,947	15,068
1–90 days past due	5,871	3,139
Over 90 days past due	286	430
Less allowances for expected credit losses	–547	–394
Total	28,558	18,243

Movements in loss allowances on trade receivables

Book value as at Jan 1	394	606
Change for the year	183	–104
Receivables written off during the year	–31	–107
Book value as at Dec 31	547	394

17. Other receivables

EUR 1,000	2023	2022
Current receivables		
Other receivables	647	1,586
Prepaid expenses	6,400	3,211
Accrued income	1,953	1,651
Accrued tax	2,108	143
Total	11,108	6,591
Material items included in prepaid expenses		
Prepaid royalty	879	846
Grant receivables	382	52
Other prepaid expenses	5,139	2,313
Total	6,400	3,211

Other prepaid expenses include e.g. annual software licenses.

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18. Shareholders' Equity

Issued and fully paid

	Number of shares	Share capital	Unrestricted equity reserve
Demerger 30 June 2022	174,526,944	80	9,590
31 December 2022	174,526,944	80	9,590
Share issue	146,221		
31 December 2023	174,673,165	80	9,590

The share capital amounting to 80,000 euro was formed in the demerger on 30 June 2022. The number of shares was 174,673,165 (no own shares) at the end of 2023.

Company has made two directed share issues in March 2023 to the plan participants of the Company's Performance Share Plan and Restricted Share plan. The shares issued account for the rewards earned from the performance period 2020–2022 and retention period 2021–2022.

A share has no nominal value. Accountable par value is EUR 0.01.

Translation differences

The translation difference is used to record exchange difference arising from the translation of the financial statements of foreign subsidiaries.

Unrestricted equity reserve

Unrestricted equity reserve was formed in connection with demerger on 30 June 2022. Unrestricted equity reserve includes other equity-related investments and that part of the share subscription price which is not recognized in share capital according to a specific decision.

Dividends proposed and paid

Proposed for approval at AGM for financial year 2023 is that dividend of 0.07 euro per share will be paid.

Final dividend for financial year 2022 was 0.07 per share, paid during 2023 (12,227,121.55 euro in total).

Treasury shares

At the end of 2023 company doesn't hold any treasury shares.

19. Share-based payment transactions

F-Secure has had several share-based incentive programs during the period. The purpose of the plans is to align the interests of the shareholders and the plan participants in order to increase the value of F-Secure share and retain and motivate key management by offering them a competitive incentive plan.

Prior to demerger, F-Secure personnel have participated in the incentive plans in WithSecure and the ongoing incentive programs from WithSecure continue. All long-term incentive plan allocations made originally in the shares of WithSecure were adjusted through a modification to be the allocation of F-Secure Corporation after the demerger. The effect of the plans and related expenses attributable to F-Secure for each financial year are presented below. Additionally during the carve-out period, the total costs include a portion of share-based payments related to Group Functions which have been allocated to F-Secure as part of the centrally provided shared services as described in Note 1.3, Carve-out principles. Accounting principles for share-based payments are stated in Note 1.2 Accounting principles, section Share-based payment transactions.

Share-based incentive programs

The share-based incentive programs offer the participants a possibility to receive shares of F-Secure Corporation as an incentive reward if the Company's financial targets set for the earning period have been achieved. No reward can be given to any participating employee, whose employment has terminated before the end of the lock-up period. The plan structure is following: a Performance Share Plan for the Company's senior management, a Restricted Share Plan for individually selected key employees and an Employee Share Savings Plan for all employees.

Share-based incentive program 2020–2022 (originally from WithSecure)

WithSecure established originally in February 2020 a share-based incentive program 2020–2022. The program's duration is five years and it comprises three earning periods, 2020–2022 with the grant date in April 2020, 2021–2023 with the grant date in April 2021, and 2022–2024 with the grant date in March 2022. Each earning period lasts for three years. The program ends on December 31, 2024. The value of WithSecure share at grant date for the program were EUR 2.18 for the 2020–2022 earning period, EUR 3.42 for the 2021–2023 earning period, and EUR 5.12 for the earning period 2022–2024. After demerger, there were adjustments made to earning periods 2021–2023 and 2022–2024 using the reference prices of the two new companies. Criteria measurement for 2020–2022 was decided to execute as if the two companies would still form the old entity. After demerger allocations made originally in the shares of WithSecure were adjusted through modifications. There was no fair value increase resulting from the modifications. The rewards will be equity-settled.

The vesting of the rewards for all periods was conditional to the participant remaining

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in the service of F-Secure. In addition, the 2020–2022 period has a performance condition based on F-Secure's and WithSecure's relative total shareholder return of WithSecure's and F-Secure's share and the periods 2021–2023 and 2022–2024 have a performance condition based on absolute total shareholder return of F-Secure's share. The Board approves the metrics, targets and participants on annual basis for each earning period.

In accordance with the terms of the program, no retentions are expected at the date of this financial statement. The expense arising from the Share-based incentive program 2020–2022 was EUR 287 thousand in 2023, EUR 269 thousand in 2022 after the demerger and EUR 333 thousand during carve-out period in 2022.

Share-based incentive program 2023–2025

F-Secure established a share-based program 2023–2025. The program's duration is three years with the grant date in April 2023. The value of F-Secure share at grant date for the program was EUR 3.39. The program ends in March 2026 with a possible reward payment, paid during spring 2026. The payment of the reward is conditional on the achievement of the performance targets. The maximum total of shares to be given is 800,000 shares. The potential reward will be paid either in shares, in cash or in a combination of these.

The vesting of the rewards is conditional to the participant remaining in the service of F-Secure. The incentive plan has a performance condition based on F-Secure's absolute total shareholder return and revenue growth and profitability.

In accordance with the terms of the program, no retentions are expected at the date of this financial statement. The expense arising from the Share-based incentive program 2023–2025 was EUR 262 thousand in 2023.

Restricted share plan 2021–2022 (originally from WithSecure)

WithSecure established a restricted share plan in February 2020. The restricted share plan complements the incentive programs. Only 2021–2022 program was applicable for F-Secure. The values of the WithSecure share at grant date for this program was EUR 4.04 and the maximum total of shares to be given is 40,000 shares. The rewards were settled in March 2023.

Restricted share plan 2023–2025

F-Secure established a restricted share plan in March 2023. The program's duration is three years and potential reward will be paid during spring 2026. Company can grant fixed share rewards during retention period. The restricted share plan complements the incentive programs for separately selected key persons in special situations. The values of the F-Secure share at grant date for this program was EUR 2.98 and EUR 2.05 and the maximum total of shares to be given is 80,000 shares. The potential reward will be paid either in shares, in cash or in a combination of these.

The vesting of the rewards for all periods is conditional on the participant remaining in the service of F-Secure. The Board approved the metrics, targets and participants on an annual basis for each earning period. In accordance with the terms of the program, no retentions are expected at the date of this financial statement. The expense arising from the restricted share plan was EUR 27 thousand in 2023.

The participating employee of a share-based incentive program shall be entitled to the shareholder rights of the reward shares (e.g., dividend) from the moment the shares have been entered into the participating employee's book-entry account.

The costs of equity-settled transactions are measured by reference to the fair value of shares at the date on which they are granted. Fair value for performance based programs is based on the share price on the grant date. Fair value for market based programs is based on externally accepted valuation methods. The costs of cash-settled transactions are measured by reference to the market price of the share on the balance sheet date. F-Secure updates the estimate of the number of equity instruments that will ultimately vest at each reporting date.

Employee share savings plan

During 2022, F-Secure launched a employee share savings plan which was available for all employees. The plan consists of annually commencing plan periods, each one comprising of a 12-month savings period and a holding period following the savings period. The first plan period commenced on 1 October 2022 and ends on 30 September 2025. The second plan period commenced on 1 October and ends on 30 September 2026. Every employee was eligible to save a proportion of their salaries and invest those savings in F-Secure shares. The savings will be used for acquiring F-Secure shares quarterly after the publication of the respective interim reports. F-Secure grants the participating employees a gross reward of one matching share for every two shares acquired with their savings. For the first plan period the maximum number of matching shares is approximately 200 000 shares and for the second plan period 250 000 shares.

The vesting of the rewards is conditional on the participant remaining in the service of F-Secure and on an initial investment. The Board approves the metrics, targets, and participants on an annual basis for each earning period. The expense arising from the employee shares savings plan was EUR 44 thousand in 2023 and EUR 16 thousand in 2022.

Impacts of share-based payment transactions on financial statements

EUR 1,000	2023	2022
Booked as expense during the period	619	344
Booked in retained earnings during the period	139	344
Balance sheet liability at the end of the period	87	16

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20. Financial liabilities

F-Secure's financial liabilities consist of interest-bearing liabilities and trade payables. Interest-bearing liabilities include bank loans, structuring loans towards WithSecure as well as lease liabilities from building and cars (see Note 1.2 Accounting principles, section Leases and Note 5. Leases).

Interest-bearing liabilities

EUR 1,000	2023	2022
Bank loans	190,357	
Lease liabilities	1,263	1,840
Other interest-bearing liabilities	5,307	5,498
Total	196,928	7,338

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 5.3 million, presented in the table above as Other interest-bearing liabilities.

F-Secure acquired the mobile consumer security unit from Lookout Inc. in 2023. The acquisition was financed by external debt and resulted to a significant increase in

Contractual maturities of financial liabilities

2023 EUR 1,000	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	over 5 years	Total contractual cash flows	Carrying amount
Bank loans	30,000	30,000	132,000				192,000	190,357
Lease liabilities	991	115	74	39	35	14	1,269	1,263
Other interest-bearing liabilities		5,307					5,307	5,307
Trade payables	3,911						3,911	3,911
Total	34,902	35,423	132,074	39	35	14	202,488	200,839

2022 EUR 1,000	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	over 5 years	Total contractual cash flows	Carrying amount
Lease liabilities	982	845	41	6			1,873	1,840
Other interest-bearing liabilities			5,498				5,498	5,498
Trade payables	1,398						1,398	1,398
Total	2,380	845	5,539	6			8,770	8,737

interest-bearing liabilities. New loan agreement including two facilities for EUR 202 million amortizing term loan and EUR 20 million revolving credit facility was signed with Danske Bank A/S and OP Corporate Bank Plc. Maturity of both facilities is 3 years with two 1-year extension options. During the accounting period, the term loan was repaid by EUR 10.0 million. The revolving credit facility is undrawn at the reporting date.

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 during the reporting period and on the reporting date.

F-Secure has no outstanding derivative contracts on 31 December 2023.

Contractual maturities of interest-bearing liabilities

EUR 1,000	2023	2022
Amount due for settlement within 12 months	30,965	957
Amount due for settlement after 12 months	165,963	6,381
Total	196,928	7,338

Bank loan carry variable interest rates. The weighted average interest rates paid during the year were as follows:

EUR 1,000	2023	2022
Bank loans	5.6%	

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21. Financial risk management

Classes and categories of financial assets and liabilities and their fair values

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

Level 1: Fair values of financial instruments are based on quoted prices in active markets for identical assets and liabilities

Level 2: Financial instruments are not subject to trading in active and liquid markets. The fair values of financial instruments can be determined based on quoted market prices and deduced valuation.

Level 3: Measurement of financial instruments is not based on verifiable market information, and information on other circumstances affecting the value of the instruments is not available or verifiable.

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

2023 EUR 1,000	Note	Carrying value		Total
		Financial assets	Financial liabilities	
		Amortized cost	Amortized cost	
Cash and bank	16	15,867		15,867
Interest-bearing receivables	16	3,658		3,658
Trade receivables	16	28,558		28,558
Trade payables	20		3,911	3,911
Lease liabilities	20		1,263	1,263
Bank loans	20		190,357	190,357
Other interest-bearing liabilities	20		5,307	5,307

2022 EUR 1,000	Note	Carrying value		Total
		Financial assets	Financial liabilities	
		Amortized cost	Amortized cost	
Cash and bank	16	22,953		22,953
Interest-bearing receivables	16	3,693		3,693
Trade receivables	16	18,243		18,243
Trade payables	20		1,398	1,398
Lease liabilities	20		1,840	1,840
Other interest-bearing liabilities	20		5,498	5,498

General

The responsibility for F-Secure's risk management lies with the CEO, management and ultimately with the Board of Directors. The goal of risk management is to identify risks that may hinder the company from achieving its business objectives. F-Secure is exposed to various financial risks in its business operations. Main financial risks are credit risk, liquidity risk, foreign currency exchange risk and interest rate risk. After demerger, F-Secure has established its own treasury function and developed its own financial risk management policies in order to maintain an effective risk management function.

Credit risk

F-Secure trades only with recognized, creditworthy third parties. Trade receivables are monitored and collected on an ongoing basis. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables. Trade receivables do not include any major concentrations of credit risk by customer. The top three customers account for 16.1%, 7.1% and 6.6% in 2023 (8.7%, 8.2% and 8.1% in 2022) of trade receivables. See Note 16 Financial assets.

Liquidity risk

Liquidity risk arises if the Group's existing liquidity reserves, net cash flows and available additional financing are not sufficient to cover commitments falling due within next 12 months. Group manages its liquidity risk by centralizing the management of cash and liquid assets and thereby optimizing the use of liquid funds for operational and refinancing needs. In addition, F-Secure has a revolving credit facility (RCF) of EUR 20 million which is undrawn on 31 December 2023. Group Treasury is responsible for monitoring cash balances and cash forecasts to keep liquidity risk at manageable level. The Group has not identified any significant concentrations of liquidity risks in sources of available financing.

Foreign currency risk

The Group operates globally and is exposed to a currency risk arising from exchange rate fluctuations against its reporting currency euro. Transaction risk is related to foreign currency transactions in sales and expenses. Translation risk arises from the Group's net investments outside euro zone.

Transaction risk

Transaction risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The majority of sales is invoiced in Euro. The other main currencies for invoicing are US dollar (USD), the Swedish krona (SEK), the pound sterling (GBP) and the Japanese yen (JPY). The currency risk arising from sales invoicing is reduced by operational expenses arising in the same currencies as the sales invoicing. The transaction risk is managed centrally such that the F-Secure operations

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mainly have transactions in their legal entities' functional currency and intercompany transactions are carried out in the group entities functional currencies. The main foreign currency risk arises from USD denominated sales invoicing, purchases and intercompany transactions at the F-Secure parent entity level, creating volatility in the financial income and expenses.

	2023	2022
Sales in different currencies	%	%
EUR	64	73
USD	25	15
JPY	4	3
SEK	3	4
GBP	2	4
Other currencies	2	1
Total	100	100

The carrying Euro (thousand) amounts of the Group's financial assets and liabilities at the reporting date are as follows:

Financial assets EUR 1,000	2023	%	2022	%
EUR	26,417	55	31,183	69
USD	13,074	27	7,834	17
GBP	4,108	9	2,904	6
JPY	1,782	4	816	2
Other currencies	2,701	6	2,152	5
Total	48,082	100	44,890	100

Financial liabilities EUR 1,000	2023	%	2022	%
EUR	197,917	99	5,648	65
JPY	1,372	1	1,511	17
MYR	889	0	933	11
USD	205	0	56	1
Other currencies	455	0	589	6
Total	200,839	100	8,737	100

Financial liabilities in the above table also include lease liabilities.

The table below demonstrates how sensitive F-Secure's profit before taxes is to foreign exchange rate fluctuations when all other variables are held constant. The open exposure against USD arising from F-Secure trade receivables and trade payables have an impact on F-Secure's profit before taxes. The sensitivity calculation is based on a change of 10% in the Euro exchange rate against the functional currencies F-Secure operates in. There were no other material exposures.

EUR million	2023	2022
USD	-1.0/+1.2	-0.7/+0.8

Translation risk

Translation risk arises from the F-Secure's net investments in foreign currencies. Translation differences arise from translating balances into euro using exchange rates prevailing on the reporting date. Most significant translation risks arise from goodwill (EUR 22.4 million) and intangible assets (EUR 31.1 million) generated in acquisition of mobile consumer security business unit from Lookout Inc. Main currency is USD. According to current policy, F-Secure does not hedge investments made in its subsidiaries.

Change in foreign exchange translation differences amounted EUR 2.0 million at the end of 2023 (EUR 0.1 million).

Interest rate risk

F-Secure is exposed to interest rate arising from interest-bearing liabilities which relate to bank loans and structuring loans against WithSecure. The interest rate of bank loan of EUR 202 million is tied to variable reference interest rate. The interest rate related to WithSecure structuring loans varies by country. F-Secure is regularly evaluating the need for hedging interest rate risk. In the financial year 2023, the company did not hedge against interest rate risk. Apart from bank loans there were no other material exposures. The table below demonstrates the sensitivity of Group's profit before taxes to 1% change in interest rate when all other variables are held constant.

EUR million	2023	2022
Interest-bearing liabilities, bank loans	-1.2/+1.2	

Capital management

F-Secure's shareholders' equity is managed as capital. The objective of F-Secure's capital management is to maintain an efficient capital structure that ensures the functioning of business operations and promotes shareholder value. F-Secure's capital structure is reviewed regularly as a part of financial performance monitoring. The capital structure can be adjusted among other things by distribution of dividends, share repurchase or capital repayment. The dividend policy of F-Secure Corporation is to aim to pay around or above 50 per cent of its net profit as dividend on an annual basis. Subject to circumstances, the F-Secure can deviate from this policy.

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22. Deferred tax

EUR 1,000	2023	2022
Deferred tax assets relate to following:		
Intangible assets and property, plant and equipment	1,311	
Provisions and other liabilities	656	13
Other temporary differences	574	114
Total	2,541	127
Offset against deferred tax liabilities	-1,658	-34
Net deferred tax assets	883	93
Change in deferred tax assets:		
Recognized in profit or loss	1,766	-223
Acquisitions and disposals	647	
Total, increase (+), decrease (-)	2,413	-223
Deferred tax liabilities relate to the following:		
Intangible assets and property, plant and equipment	2,808	
Provisions and other liabilities	600	563
Other temporary differences	314	
Total	3,722	563
Offset against deferred tax assets	-1,658	-34
Net deferred tax liabilities	2,064	529
Change in deferred tax liabilities:		
Recognized in profit or loss	2,613	-86
Acquisitions and disposals	546	
Total, increase (+), decrease (-)	3,159	-86

Intangible assets and property, plant and equipment at 31 December 2023 includes deferred tax liabilities of EUR 0.5 million (0.0 million) related to fair value adjustments of the acquired net assets in the mobile consumer security business of Lookout Inc.

23. Other liabilities

EUR 1,000	2023	2022
Non-current liabilities		
Deferred revenue	5,837	3,621
Other non-current liabilities	51	81
Total	5,888	3,702
Current liabilities		
Deferred revenue	19,788	17,324
Trade payables	3,911	1,398
Provisions	1,739	
Other liabilities	1,818	1,156
Accrued expenses	8,453	5,263
Income tax liabilities	1,592	1,152
Total	37,301	26,294
Material amounts shown under accrued expenses		
Accrued personnel expenses	6,183	4,952
Other accrued expenses	2,270	312
Total	8,453	5,263
Other liabilities under Current liabilities consist mainly of personnel and VAT related accruals.		
Provisions		
EUR 1,000	2023	2022
Book value as at 1.1.		
Increases during the year	1,739	
Used during the year		
Book value as at 31.12.	1,739	

Management has recognized a provision of EUR 1539 thousand related to restructuring and EUR 200 thousand related to other provisional costs and expenses.

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24. Related party disclosures

The Group's related parties include Parent company and subsidiaries as well as members of the Board, CEO and other members of the Leadership Team, their family members and organizations in which these individuals have direct or indirect control or significant influence.

For carve-out period the related party included WithSecure's CEO and other members of the Leadership Team and the members of the Board of Directors of WithSecure, as F-Secure didn't have a separate management team prior to demerger. Related party transactions and balances with the remaining WithSecure entities are presented in the section Inter-company transactions and transactions with related parties in Note 1.3 Carve-out principles. After the partial demerger it has been concluded that F-Secure's related party doesn't consist of WithSecure anymore.

For comparison period, the table below presents the portion of the employee benefits of the key employees belonging to F-Secure's management after demerger 30 June 2022.

Compensation of key management personnel of the Group

EUR 1,000	2023	2022
Wages and other short-term employee benefits	2,133	1,187
Pensions	422	299
Share-based payments	574	
Total	3,129	1,486

Wages and other short-term employee benefits

EUR 1,000	2023	2022
CEO and President	422	180
Leadership Team	1,711	1,007
Members of the Boards of Directors	270	255
Total	2,403	1,442

Board of Directors and CEO and President

EUR 1,000	Wages	Fees	Share-based payment
Timo Laaksonen, CEO and President	422		79
Pertti Ervi, Chair of the Board		85	
Risto Siilasmaa		38	
Thomas Jul		43	
Madeleine Lassoued		43	
Petra Teräsaho		48	
Sami Salonen		13	
Total	422	270	79

The CEO's retirement age and the determination of his pension conform to the standard rules specified by Finland's Employee Pension Act (TYEL). The pension cost of the CEO during the financial period was 82 thousand euro (period after demerger on 30 June 2022 45 thousand euro). The period of notice for the CEO is six (6) months both ways and CEO is entitled to severance payment equivalent of six (6) months' salary.

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25. Subsidiaries

<u>Name</u>	<u>Country of incorporation</u>	<u>Group (%)</u>
Parent F-Secure Corporation, Helsinki	Finland	
F-Secure Data Oy, Helsinki	Finland	100
F-Secure Data Oy, Norwegian branch	Norway	100
F-Secure Data Oy, Danish branch	Denmark	100
F-Secure Inc., Palo Alto	United States	100
F-Secure (UK) Ltd, Buckinghamshire	United Kingdom	100
F-Secure KK, Tokyo	Japan	100
F-Secure GmbH, Munich	Germany	100
F-Secure SAS, Paris	France	100
F-Secure AB, Stockholm	Sweden	100
F-Secure Srl, Milan	Italy	100
F-Secure Poland SP z.o.o., Poznan	Poland	100
F-Secure Sdn Bhd, Kuala Lumpur	Malaysia	100
F-Secure Pvt Ltd, Mumbai	India	100
F-Secure B.V., Hilversum	The Netherlands	100
F-Secure Iberia SL, Madrid	Spain	100
F-Secure do Brasil Tecnol. da Informacao Ltda, São Paulo	Brazil	100
F-Secure s.r.o., Bratislava	Slovakia	100

26. Subsequent events

On 9 February 2024, F-Secure announced that Kitta Virtavuo, Chief People Officer and a member of F-Secure Leadership Team, has decided to leave F-Secure to pursue other career opportunities outside the company. Virtavuo will continue in her current role until April 2024, ensuring smooth handover of her duties.

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Income statement

EUR 1,000	Note	FAS 2023	FAS 30 June – 31 December 2022
REVENUE	(1)	112,878	53,391
Cost of revenue	(4)	-13,474	-4,181
GROSS MARGIN		99,403	49,210
Other operating income	(2)	2,849	1,090
Sales and marketing	(3, 4)	-32,493	-14,759
Research and development	(3, 4)	-21,379	-7,873
Administration	(3, 4)	-24,225	-13,670
EBIT		24,155	13,998
Financial income and expenses	(6)	-2,488	2,022
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES		21,667	16,020
Appropriations	(7)	-7,566	
Income taxes	(8)	-2,535	-2,735
RESULT FOR THE FINANCIAL YEAR		11,566	13,285

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Balance sheet

EUR 1,000	Note	FAS 2023	FAS 2022
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	(9)	155,877	9,064
Tangible assets	(9)	69	61
Investments in group companies	(10)	66,821	53
Total non-current assets		222,767	9,178
CURRENT ASSETS			
Inventories	(11)	35	41
Trade and other receivables	(12)	32,655	24,219
Cash and bank accounts	(13)	12,935	18,673
Total current assets		45,625	42,933
TOTAL ASSETS		268,391	52,110

EUR 1,000	Note	FAS 2023	FAS 2022
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY (14, 15)			
Share capital		80	80
Reserve for invested unrestricted equity		9,590	9,590
Retained earnings		1,058	
Profit for the financial year		11,566	13,285
Total shareholders' equity		22,294	22,956
APPROPRIATIONS			
Depreciation difference		7,566	
LIABILITIES			
Long-term liabilities	(17)	169,071	4,740
Short-term liabilities	(17)	69,459	24,414
Total liabilities		238,531	29,155
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		268,391	52,110

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Cash flow statement

EUR 1,000	FAS 2023	FAS 30 June – 31 December 2022
Cash flow from operations		
Result for the financial year	11,566	13,285
Adjustments		
Depreciation and amortization	9,089	684
Other adjustments	7,599	1,594
Financial income and expenses	2,488	-2,022
Income taxes	2,535	2,735
Cash flow from operations before change in working capital	33,277	16,276
Change in net working capital		
Current receivables, increase (-), decrease (+)	-5,207	-26,154
Inventories, increase (-), decrease (+)	6	-41
Non-interest bearing debt, increase (+), decrease (-)	15,381	29,008
Cash flow from operations before financial items and taxes	43,456	19,088
Interest expenses paid	-8,675	-1
Interest income received	378	36
Other financial income and expenses	4,555	-251
Income taxes paid	-3,610	-2,636
Cash flow from operations	36,106	16,237

EUR 1,000	FAS 2023	FAS 30 June – 31 December 2022
Cash flow from investments		
Investments in intangible and tangible assets	-155,910	-9,808
Acquisition of subsidiaries	-66,768	-53
Dividends received	1,108	2,565
Cash flow from investments	-221,570	-7,296
Cash flow from financing activities		
Increase in share capital		9,670
Increase in interest-bearing liabilities	202,000	
Decrease in interest-bearing liabilities	-10,000	
Dividends paid	-12,227	
Cash flow from financing activities	179,773	9,670
Change in cash	-5,691	18,611
Effect of exchange rate changes on cash	-47	62
Cash and bank at the beginning of the period	18,673	
Cash and bank at period end	12,935	18,673

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Basic information

F-Secure is a cybersecurity company who designs and offers security and privacy products and services to consumers to protect themselves against online threats.

F-Secure Corporation is the parent company of F-Secure Group, incorporated in Finland and domiciled in Helsinki. F-Secure Corporation was established through partial demerger on 30 June 2022 and therefore the accounting period for comparative period is 30 June – 31 Dec 2022. In the demerger F-Secure Corporation received assets and liabilities from WithSecure Corporation on 30 June 2022. Assets and liabilities were transferred with book values, and the transferred net equity was 9,670 thousand euro. Demerger plan, dated 17 February 2022, defines further which assets and liabilities were transferred. Company's registered address is Tammasaarekatu 7, 00180 Helsinki. Copy of consolidated financial statements can be downloaded from www.f-secure.com or can be received from the Company's registered address.

Accounting principles

The financial statement of F-Secure Corporation has been prepared in accordance with Finnish Accounting Standards (FAS).

Foreign currency translation

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. On the reporting date, assets and liabilities denominated in foreign currencies are translated using the European Central Bank's exchange rates prevailing at that date. Exchange rate gains and losses are recognized in financial items in the income statement.

Revenue recognition

F-Secure provides a comprehensive range of endpoint protection, privacy and password management solutions, and security for all consumers' connected devices at home. Revenue derives from the sale of security products through service provider and direct consumer channels. The majority of revenue comes from the sale of endpoint protection products through the service provider partner channel, and F-Secure also sells consumer products through various retail partners, as well as F-Secure's own web shop. The main products and service portfolios are:

- **Security Suite:** F-Secure Total deployed as an all-in-one application that provides complete security, privacy and identity protection on consumers' personal devices or any subsets of its protection modules. This includes Mobile Security products obtained when acquiring Lookout Life.
- **Embedded Security:** Comprehensive portfolio of security and privacy Software Development Kits (SDKs) and cloud Application Programming Interfaces (APIs) embedded in partner app or service, including F-Secure Sense providing router security. This includes embedded security capabilities obtained when acquiring Lookout Life.
- **Services:** F-Secure security business platform based scalable expert and cloud-based services supporting both Security Suite and Embedded Security such as delivery and integration, customer care, and partner success services to support its Partner Business.

Products are treated as Security-as-a-Service as they do not include a license of intellectual property. Customers are provided with access to continuously updated software. According to company's assessment sales transactions in principle have only a single performance obligation which is recognized over time

on a straight-line basis for the contract period. The typical length of a contract period is 12, 24, or 36 months. Generally, the term between invoicing and when payment is due is not significant. Advance payment is customary for customer contracts via the direct consumer channel whereas the partner channel is mainly invoiced on a monthly basis.

Pensions

F-Secure's pension arrangements are defined contribution plans in accordance with local statutory requirements. Contributions to defined contribution plans are recognized in income statement in the period to which the contributions relate. The Company recognizes the disability commitment of TyEL pension plan when disability appears.

Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term. The Company has only operating leases.

Income taxes

Current income taxes are calculated in accordance with the local tax and accounting rules.

Tangible and intangible assets

Intangible assets include intangible rights and software licenses. Tangible and intangible assets are recorded at historical cost less accumulated depreciation, amortization, and possible impairment. Depreciation and amortization is recorded on a straight-line basis over the estimated useful life of an asset. The estimated useful lives of tangible and intangible assets are as follows:

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Machinery and equipment	2–3 years
Capitalized development costs	3–5 years
Intangible rights	3–5 years
Intangible assets	3–15 years
Goodwill	10 years

Ordinary repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the assets' carrying amount when it is probable that the Company will derive future economic benefits in excess of the originally assessed standard or performance of the existing asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

Subsidiary shares

Subsidiary shares in the balance sheet are measured at historical cost less impairment losses. The carrying amounts of the subsidiary shares are assessed annually as part of the Group's impairment testing. An impairment loss is recognised, if the carrying amount of the subsidiary shares and the amount of net loan receivables from the subsidiary exceed the recoverable amount of the corresponding assets and the impairment is considered permanent.

Research and development expenditure

Research expenditure is recognized as an expense at the time it is incurred. Development expenditures relate

to new products or development of significant new features including new product versions.

Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined by first-in first-out method. Net realizable value is the estimated selling price that is obtainable, less estimated costs of completion and the estimated costs necessary to make the sale.

Financial assets and liabilities

Cash and cash equivalents in the balance sheet comprise cash at bank, deposits held at banks, and other highly liquid short-term investment with original maturity less than 3 months.

F-Secure classifies bank loans, trade payables and other payables as other financial liabilities which are measured at amortized cost. Financial liabilities are classified as current unless F-Secure has unconditional right to postpone their repayment by at least 12 months from the end date of the reporting period.

Presentation of expenses

Classification of the functionally presented expenses has been made by presenting direct expenses in their respective functions.

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1. Revenue

EUR 1,000	FAS 2023	FAS 30 June – 31 December 2022
Geographical information		
Nordic countries	39,734	19,832
Europe excl. Nordics	48,403	24,184
North America	19,070	6,914
Rest of the world	5,671	2,462
Total	112,878	53,391

2. Other operating income

EUR 1,000	FAS 2023	FAS 30 June – 31 December 2022
Government grants	330	181
Transition services	426	291
Intercompany	2,036	618
Other	57	
Total	2,849	1,090

Government grants are recognized as income over those periods in which the corresponding expenses arise.

3. Depreciation and amortization

EUR 1,000	FAS 2023	FAS 30 June – 31 December 2022
Depreciation and amortization of non-current assets		
Other intangible assets	-3,417	-4
Goodwill	-3,546	
Capitalized development	-2,098	-675
Intangible assets	-9,062	-679
Machinery and equipment	-27	-5
Tangible assets	-27	-5
Total depreciation and amortization	-9,089	-684
Depreciation and amortization by function		
Sales and marketing	-44	-6
Research and development	-2,221	-678
Administration	-6,824	
Total depreciation and amortization	-9,089	-684

Amortization of goodwill and most of amortization of other intangible assets relate to acquisition of mobile consumer security business from Lookout Inc. See group disclosure 12. Acquisitions.

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4. Personnel expenses

EUR 1,000	FAS 2023	FAS 30 June – 31 December 2022
Personnel expenses		
Wages and salaries	-18,128	-6,814
Pension expenses	-3,829	-1,425
Other social expenses	-754	-254
Total	-22,711	-8,493
Compensation of key management personnel		
Wages and other short-term employee benefits	-2,341	-897
Wages and other short-term employee benefits		
CEO and President	-500	-180
Members of the Board of Directors	-270	-255

Wages and other short-term employee benefits of the Board of Directors and CEO and President: see group disclosure 24. Related party disclosures.

The CEO's retirement age and the determination of his pension conform to the standard rules specified by Finland's Employee Pension Act (TYEL). The pension cost of the CEO during the financial period was 82 thousand euro (after demerger on 30 June 2022 45 thousand euro). The period of notice for the CEO is six (6) months both ways and CEO is entitled to severance payment equivalent of six (6) months' salary.

	FAS 2023	FAS 30 June – 31 December 2022
Average number of personnel	291	243
Personnel by function 31 Dec		
Delivery	37	36
Sales and marketing	44	34
Research and development	185	153
Administration	33	21
Total	299	244

5. Audit fees

EUR 1,000	FAS 2023	FAS 30 June – 31 December 2022
Audit fees, PricewaterhouseCoopers	-187	-95
Audit related feed, PricewaterhouseCoopers		
Tax consulting, PricewaterhouseCoopers		
Other consulting, PricewaterhouseCoopers	-1,233	
Total	-1,420	-95

6. Financial income and expenses

EUR 1,000	FAS 2023	FAS 30 June – 31 December 2022
Interest income	378	36
Interest expense	-8,675	-1
Other financial income	86	5
Dividends	1,108	2,565
Exchange gains and losses	4,929	-430
Other financial expenses	-315	-153
Total	-2,488	2,022

7. Appropriations

EUR 1,000	FAS 2023	FAS 30 June – 31 December 2022
Depreciation difference	-7,566	
Total	-7,566	

8. Income taxes

EUR 1,000	FAS 2023	FAS 30 June – 31 December 2022
Income tax for the year	-2,535	-2,735
Total	-2,535	-2,735
Result before appropriations and tax	21,667	16,020

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9. Non-current assets

	INTANGIBLE ASSETS					TANGIBLE ASSETS			
	Other intangible	Goodwill	Capitalized development	Incomplete development	Advance payments	Total	Machinery & equipment	Other tangible	Total
Acquisition cost Jun 30, 2022			3,898	2,346	134	6,378	9		9
Additions	588			2,359	413	3,361	28	33	60
Transfers			3,265	-3,265					
Acquisition cost Dec 31, 2022	588		7,162	1,441	548	9,739	37	33	69
Additions	87,438	60,791		1,917	5,708	155,853	39	18	57
Transfers	1,544		1,917	-3,357	-103				
Acquisition cost Dec 31, 2023	89,570	60,791	9,079		6,152	165,592	76	50	126
Acc. depreciation Jun 30, 2022									
Depreciation for the period			-675			-675	-5	-4	-9
Acc. depreciation Dec 31, 2022			-675			-675	-5	-4	-9
Depreciation for the period	-3,395	-3,546	-2,098			-9,040	-27	-22	-49
Acc. depreciation Dec 30, 2023	-3,395	-3,546	-2,773			-9,715	-32	-26	-58
Book value as at Dec 31, 2022	588		6,487	1,441	548	9,064	32	29	61
Book value as at Dec 31, 2023	86,175	57,244	6,305		6,152	155,877	45	24	69

Goodwill and most of other intangible assets additions relate to acquisition of mobile consumer security business from Lookout Inc. See group disclosure 12. Acquisitions.

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10. Investments in group companies

EUR 1,000	Shares in group companies	Total
Book value as at Jan 1	53	53
Additions	66,771	66,771
Decreases	-3	-3
Book value as at Dec 31	66,821	66,821

Name	Country of incorporation	Share of ownership (%)
Parent F-Secure Corporation, Helsinki	Finland	
F-Secure Data Oy, Helsinki	Finland	100
F-Secure Inc., Palo Alto	United States	100
F-Secure (UK) Ltd, Buckinghamshire	United Kingdom	100
F-Secure GmbH, Munich	Germany	100
F-Secure Pvt Ltd, Mumbai	India	100
F-Secure Iberia SL, Barcelona	Spain	100
F-Secure s.r.o, Bratislava	Slovakia	100

11. Inventories

EUR 1,000	FAS 2023	FAS 2022
Other inventories	35	41

12. Receivables

EUR 1,000	FAS 2023	FAS 2022
Current receivables		
Trade receivables	18,001	14,255
Income tax receivable	1,174	
Other receivables	325	1,066
Prepaid expenses and accrued income	6,885	4,133
Total	26,386	19,454
Receivables from group companies		
Trade receivables	5,063	3,798
Other receivables	1,206	967
Total	6,269	4,765
Current receivables total	32,655	24,219
Material items included in prepaid expenses and accrued income		
Prepaid royalty	879	846
Grant receivables	382	52
Other prepaid expenses	4,564	1,738
Accrued income	1,060	1,497
Total	6,885	4,133

13. Cash and short-term deposits

EUR 1,000	FAS 2023	FAS 2022
Cash at bank and in hand	12,935	18,673

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14. Statement of changes in shareholders' equity

Parent Company FAS	Share capital	Unrestricted equity reserve	Retained earnings	Total equity
EUR 1,000				
Equity 30 June 2022	80	9,590		9,670
Result of the financial year			13,285	13,285
Equity 31 December 2022	80	9,590	13,285	22,956
Result of the financial year			11,566	11,566
Dividends			-12,227	-12,227
Equity 31 December 2023	80	9,590	12,624	22,294

15. Shareholders' equity

Issued and fully paid

	Number of shares	Share capital	Unrestricted equity reserve
1 January 2023	174,526,944	80	9,590
Share issue	146,221		
31 December 2023	174,673,165	80	9,590

The share capital amounted to 80,000 euro was formed in the demerger on 30 June 2022. The number of shares was 174,673,165 (no own shares) at the end of 2023.

Company has made two directed share issues in March 2023 to the plan participants of the Company's Performance Share Plan and Restricted Share plan. The shared issued account for the rewards earned from the performance period 2020–2022 and retention period 2021–2022.

A share has no nominal value. Accountable par value is EUR 0.01.

Distributable shareholders' equity on December 31, 2023

EUR 1,000	
Unrestricted equity reserve	9,590
Retained earnings	1,058
Result of the financial year	11,566
Less capitalized development expense	-6,305
Distributable shareholders' equity on 31 December 2023	15,909

16. Share-based payment transactions

See group disclosure 19. Share-based payment transactions.

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17. Liabilities

EUR 1,000	FAS 2023	FAS 2022
Non-current liabilities		
Deferred revenues	5,715	3,541
Bank loans	162,000	
Total	167,715	3,541
Liabilities to the group companies		
Cashpool	1,356	1,199
Total	1,356	1,199
Total non-current liabilities	169,071	4,740
Current liabilities		
Deferred revenues	15,544	16,856
Trade payables	3,863	1,563
Bank loans	30,000	
Provision	200	
Other liabilities	654	408
Accrued expenses	8,062	4,971
Total	58,324	23,797
Liabilities to the group companies		
Trade payables	1,118	54
Other liabilities	10,017	563
Total	11,136	617
Total current liabilities	69,459	24,414
Material amounts shown under accruals and deferred income		
Accrued personnel expenses	4,278	3,677
Restructuring	1,108	
Accrued expenses	2,675	1,194
Income taxes		99
Total	8,062	4,971

18. Financial risk management objectives and policies

See Group disclosure 21. Financial risk management.

19. Operating lease commitments

The Group has commercial leases on office space and on motor vehicles. Leases have an average life of two to three years with renewal terms included in the contracts.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

As lessee	FAS 2023	FAS 2022
EUR 1,000		
Within one year	922	808
After one year but not more than five years	85	807
Total	1,007	1,615

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Signatures of the Board of Directors

Helsinki, 15 February 2024

Pertti Ervi
Chair

Risto Siilasmaa

Madeleine Lassoued

Thomas Jul

Petra Teräsaho

Sami Salonen

Timo Laaksonen
CEO and President

Auditors' note

Our auditors' report has been issued today.

Helsinki, 16 February 2024

PricewaterhouseCoopers Oy
Authorized Public Accountants

Samuli Perälä
Authorized Public Accountant

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Auditor's Report

(Translation of the Finnish Original)

To the Annual General Meeting of F-Secure Corporation

Report on the Audit of the Financial Statements

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Audit Committee.

What we have audited

We have audited the financial statements of F-Secure Corporation (business identity code 3269349-7) for the year ended 31 December 2023. The financial statements comprise:

- Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of changes in Shareholders' equity and notes, which include material accounting policy information and other explanatory information
- the parent company's balance sheet, income statement, cash flow statement and notes.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 8 to the Financial Statements.

Our Audit Approach

Overview



- Overall group materiality: € 1,300,000

- We have audited the parent company and one subsidiary

- Accounting for business combinations
- Capitalization of R&D costs

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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality	€ 1,300,000
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How we determined it	Group materiality has been determined based on profit before taxes
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Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is relevant benchmark to describe the volume and profitability of the Group's operations.
--	--

How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of the F-Secure group, the accounting processes and controls, and the industry in which the group operates.

We have audited the parent company and one subsidiary as part of our audit of the consolidated financial statements. We have obtained sufficient and appropriate evidence regarding the financial information of the Group as a whole to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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Key audit matter in the audit of the group

Accounting for business combinations

Refer to accounting principles and note 12 for the consolidated financial statements.

F-Secure acquired the mobile consumer security business unit of Lookout Inc during 2023. The acquisition is accounted for as a business combination. The purchase consideration comprises of cash payment of 207.9 million euro.

Acquired business's net assets 118.8 million euro were identified and recognized at fair value as of the acquisition date. The identified intangible assets relate to technology and customer relationships. Fair values for the intangible assets have been determined using appropriate valuation methods. The acquisition resulted in goodwill amounting to 89.1 million euro.

Accounting for business combinations is a key audit matter in the audit due to the high level of management judgement involved and due to the significant impacts to consolidated financial statements.

Capitalization of R&D costs

Refer to accounting principles and note 14 for the consolidated financial statements.

The value of capitalized R&D costs amounted to 6.3 million euro at the balance sheet date.

Development expenditure on new products or product versions with significant new features are recognized as intangible assets when F-Secure has the technical feasibility to complete the asset, has the ability and intention to use or sell the asset; can demonstrate that the asset will generate future economic benefits; has resources available to complete the asset; and has the ability to measure reliably the expenditure during development.

Due to materiality and judgment associated with capitalization of R&D costs, we have considered capitalization of R&D as key audit matter in the audit of the Group.

How our audit addressed the key audit matter

We assessed the management's process relating to accounting for business combinations and valuating the acquired net assets.

Our procedures for business combination and net asset valuation included the following procedures, among others:

- we tested the cash payment purchase consideration
- we assessed the methodology adopted by management for calculating the fair value of technology and customer relationships
- we tested the mathematical accuracy of valuation models used
- we evaluated the appropriateness of the key assumptions in the valuation models
- we tested the input data and related forecasts used in the valuation models

We utilised auditors experts in testing the valuation of aquired net assets.

We evaluated the appropriateness of the notes relating to accounting for business combinations.

Our procedures included the following procedures, among others:

- We assessed appropriateness of the company's R&D capitalization policy.
- We evaluated the design of controls over R&D capitalization.
- We assessed whether capitalization criteria for R&D projects are met.
- We tested a sample of costs capitalized during the year.
- We evaluated the relevant assumptions used in the impairment testing of intangible assets, focusing on the reasonableness of the forecasted economic information.

We have no key audit matters to report with respect to our audit of the parent company financial statements.

There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.

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Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose

of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Other Reporting Requirements

Appointment

We were first appointed as auditors by the annual general meeting on 31 May 2022.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion

- the information in the report of the Board of Directors is consistent with the information in the financial statements
- the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 16 February 2024

PricewaterhouseCoopers Oy

Authorised Public Accountants

Samuli Perälä

Authorised Public Accountant (APA)

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Information for shareholders

Contact information



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Chief Financial Officer

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Financial calendar

During the year 2024, F-Secure Corporation will publish financial information as follows:

- Interim Report for January–March 2024 on Friday 26 April 2024
- Half-year Financial Report for January–June 2024 on Thursday 18 July 2024
- Interim Report for January–September 2024 on Thursday 24 October 2024

Annual General Meeting 2024

The Annual General Meeting of F-Secure Corporation is planned to be held on 13 March 2024.

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A PDF optimized for printing is available for download at www.f-secure.com/en/investors 

F-Secure Corporate Governance Statement 2023

Corporate Governance at F-Secure

F-Secure corporate governance practices are based on applicable Finnish laws, the rules of Helsinki Stock Exchange (Nasdaq Helsinki Oy) and the regulations and guidelines of Finnish Financial Supervisory Authority as well as with the company's Articles of Association. This corporate governance statement (later simply referred to as 'statement') has been prepared in accordance with the Finnish Corporate Governance Code 2020 (publicly available at <http://cgfinland.fi/en/>) issued by the Securities Market Association of Finland.

Up-to-date information about F-Secure corporate governance is available on the company's investor website at <https://investors.f-secure.com/en>. This statement is issued separately from the Board of Directors' report, and is also available on the investor website, as well as is included in the 2023 Annual Report.

Governing bodies

The highest decision-making body in F-Secure is the General Meeting of Shareholders which elects the members of the Board of Directors. The Board of Directors is responsible for the administration of F-Secure Corporation and appropriate organization of its operations. The Board of Directors appoints the CEO. The CEO, assisted by the Leadership Team, is responsible for managing the company's business and implementing its strategic and operational targets.



General Meeting of Shareholders

Under the Finnish Companies Act, shareholders exercise their decision-making power at the General Meeting.

The General Meeting is normally held once a year as an Annual General Meeting (AGM). The AGM decides on matters stipulated by the Articles of Association and the Finnish Companies Act, including:

- adoption of the Financial Statements
- distribution of profit for the year
- discharging the members of the Board of Directors and the President and CEO from liability
- selection of members of the Board
- the decision on the remuneration of the Board members
- approval of the Remuneration Policy and the Remuneration Report
- election of the auditor and the decision on the auditor's remuneration, and
- other proposals submitted to General Meeting

Each share carries one vote in the General Meeting.

A shareholder may propose items to be included on the agenda provided they are within the authority of the General Meeting, and the Board of Directors has received the request in advance in accordance with the set schedule. The invitation to the AGM is published as a stock exchange release and is made available on the company's website.

2023:

In 2023, the Annual General Meeting of the company was held on 23 March 2023 at the company's headquarters in Helsinki, Finland.

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Board of Directors

The Board of Directors is responsible for the administration of F-Secure Corporation and appropriate organization of its operations. The Board's operations, responsibilities and duties are based on the Finnish Companies Act and other applicable legislation and are supplemented by the Board Charter. These cover the following main areas:

- approving the strategy of F-Secure, overseeing its operations and annual budgets
- appointing and dismissing the President and CEO
- approving any major investments, acquisitions, changes in corporate structure or other matters that are significant or far-reaching
- ensuring that the supervision of the company's accounting and financial management is duly organized
- ensuring that internal control and risk management systems are in place
- approving personnel policies and rewards systems
- preparing matters to be handled at the General Meeting

The Board of Directors meets as frequently as necessary and according to the Board Charter at least five times during its term. The Board of Directors has quorum when more than half of the members are present. An annual self-assessment is carried out by the Board to evaluate its operations. The Board of Directors primarily strives at unanimous decisions. If a decision cannot be made unanimously, the decision will be made by voting and with single majority. If the votes are even, the Chair's vote is decisive.

In accordance with F-Secure's Articles of Association, the Board of Directors comprises three to seven members, who are elected at the Annual General

Meeting for a period of office that extends to the end of subsequent AGM. The Board of Directors represents all shareholders.

Diversity is an essential part of F-Secure success. According to Diversity Principles established by the Board of Directors, an optimal mix of diverse backgrounds, expertise and experience strengthens the Board's performance and promotes creation of long-term shareholder value. The Diversity Principles of the Board of Directors aim to strive towards appropriately balanced gender distribution. At the Annual General Meeting in 2023 six members representing three different nationalities were elected to the Board. The age structure of the Board members is 33–66 years and two Board members are female and four are male, and thus the underrepresented gender comprises 33.3% of all members of the Board. The Board members have international experience in different roles in global companies operating in different businesses and geographical market areas. More information on the

educational and professional background of the Board members is available on pages 95–97.

To create openness, one member of the Board of Directors is proposed to be elected from among F-Secure personnel. An election is arranged annually for F-Secure personnel and each permanent F-Secure employee is eligible to stand as a candidate. The representatives of the Board of Directors interview three persons who have obtained the highest number of votes in the elections and choose a candidate from amongst them to be proposed for election as a member of the Board by the Annual General Meeting. Sami Salonen was appointed to the Board of Directors from among the employees in 2023. As an employee of the company, the Board member elected from among F-Secure personnel does not participate in any matters that relate to, for example, leadership appointment (or dismissal), remuneration or other terms of employment or service, or industrial action, as the Board may handle from time to time. Board member who is appointed to the Board from among the employees serves on

Members of the Board of Directors and the Audit Committee

<u>Members</u>	<u>Independence of the company</u>	<u>Independence of major shareholders</u>	<u>Board of Directors (meeting attendance)</u>	<u>Audit Committee (meeting attendance)</u>
Pertti Ervi	Yes	Yes	Chair (20/20)	Member (8/8)
Petra Teräsaho	Yes	Yes	Member (19/20)	Chair (8/8)
Calvin Gan	No ²⁾	Yes	Member (5/7)	
Thomas Jul	Yes	Yes	Member (19/20)	
Madeleine Lassoued	Yes	Yes	Member (20/20)	
Sami Salonen	No ²⁾	Yes	Member (12/13)	
Risto Siilasmaa	Yes	No ¹⁾	Member (20/20)	Member (8/8)

¹⁾ Risto Siilasmaa is the founder of F-Secure and on 31 December 2023 owned 34.37% of F-Secure shares.

²⁾ Sami Salonen was elected from among F-Secure personnel, according to the process described above in 2023. In addition, Calvin Gan who had been appointed to the Board in 2022 served on the Board until the end of 2023 Annual General Meeting.

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the Board for a period of one year, until the end of next year's Annual General Meeting.

The majority of Board members are independent from the company and from its major shareholders. For a detailed description of the members of the Board of Directors and their shareholdings see the end of this statement.

2023:

In 2023, the Board of Directors held 20 meetings, 4 of which were held without convening. Audit Committee convened 8 times.

Audit Committee

To enhance the efficiency of its work, the Board of Directors has established an Audit Committee. The Audit Committee functions as a preparatory body, and the matters it addresses are brought to be decided on by the Board of Directors. The Board of Directors appoints from among itself the members and the Chair of the Audit Committee. The Audit Committee must have at least three members. The Board of Directors confirms the main duties and operating principles of the Audit Committee.

The Audit Committee monitors and evaluates risk management, internal controls, IT strategy and practices, financial reporting as well as auditing. The Audit Committee also prepares a proposal for the election of an auditor to the Board of Directors and regularly considers the need for a separate internal audit function. Members of the Audit Committee must have broad business knowledge, as well as sufficient expertise and experience with respect to the committee's area of responsibility and the mandatory tasks relating to auditing.

The majority of members of the Audit Committee shall be independent of the company and at least one member shall be independent of the company's significant shareholders. The Audit Committee invites experts to its meetings when necessary for the issues to be discussed. External auditors are permanent invitees to the meetings of the Audit Committee. Materials of the Audit Committee meetings are made available for all members of the Board of Directors.

The Audit Committee convenes at least four (4) times a year as notified by the Chair of the Committee. Members of the Audit Committee are listed in the table above.

President and CEO

The Board of Directors appoints and may dismiss the President and CEO and decides upon the President and CEO's remuneration and other benefits in accordance with the Remuneration Policy. The CEO is responsible for the day-to-day management of the company. The CEO's main duties include:

- managing the business according to the instructions issued by the Board of Directors
- presenting the matters to be handled in the Board of Directors' meetings
- implementing the decisions made by the Board of Directors
- other duties determined in the Finnish Companies Act

2023:

Timo Laaksonen has been F-Secure President and CEO since 30 June 2022.

The biographical details of the President and CEO including the President and CEO's shareholdings are specified at the end of this statement. The remuneration of the President and CEO is specified in F-Secure Remuneration Policy and Report.

Leadership Team

The Leadership Team supports the President and CEO in the daily operative management of the company.

2023:

Current information on the F-Secure Leadership Team can be found on our website: https://investors.f-secure.com/en/investors/corporate_governance/leadership_team.

For descriptions of all members of the Leadership Team during 2023 and their roles, respective membership periods and shareholdings, see the end of this statement.

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Internal control and risk management

Risk management

Risk management and internal control processes at F-Secure seek to ensure that risks related to the business operations of the company are properly identified, evaluated, monitored, mitigated and reported in compliance with the applicable regulations.

F-Secure Board of Directors defines the principles of risk management and internal controls which are followed within the company. The Audit Committee assists the Board in the supervision of F-Secure risk management process. The President and CEO is accountable for ensuring that the risk management principles are implemented and applied constantly and consistently across the organization, supported by the Corporate Development function.

The primary goal of F-Secure risk management principles is to empower the organization to identify and manage risks more effectively. The potential negative impact and probability of different situations arising from business operations of the company, its markets, its customers, or its partners are monitored as part of the risk management process.

F-Secure promotes continuous risk evaluation by the company's personnel. The relevant operational risks identified through the risk management process are regularly reviewed by each function, including the twice a year review with the President and CEO and the Leadership Team, and the Audit Committee. Company's statutory auditor reviews risks part of each interim release (quarterly). Risk Management is an integrated part of F-Secure's governance and management, and the risk management process is

aligned with the ISO-31000:2018 guidelines. The Audit Committee regularly evaluates the effectiveness of the risk management system.

Internal control

The purpose of Internal Control is to ensure that operations are effective and aligned with the strategy, and that financial reporting and management information is reliable and in compliance with applicable regulations and operating principles.

Internal control consists of all the guidelines, policies, processes, practices and relevant information about organizational structure that help ensure that the business conduct is in compliance with all applicable regulations. The purpose of internal control is also to ensure that accounting and financial information provides a true and accurate reflection of the activities and financial situation of the company.

The company constantly monitors its key financial processes linked to sales, revenue, costs and profitability as well as incoming and outgoing payment transactions. If any inconsistencies appear, the issues are handled without delay. The company's finance department is responsible for the consistency and reliability of internal control methods. The finance team, led by the CFO, works in close cooperation with businesses, providing relevant data for business planning purposes and sales estimates. The team also regularly assesses and monitors the reliability of estimates and revenue recognition.

Internal audit

Audit Committee considers the need for and appropriateness of a separate Internal Audit function on a regular basis. To date, the Audit Committee has concluded that, due to the size, organizational structure and largely centrally controlled financial management

of the company, a separate Internal Audit function is not necessary.

In the absence of an Internal Audit function, attention is paid to periodical review of the written guidelines and policies concerning accounting, reporting, documentation, authorization, risk management, internal control and other relevant matters across the company. Related controls are also tested from time to time. The guidelines and policies are coordinated by the company's finance team with active involvement by the legal team.

The absence of a separate Internal Audit function is considered when defining the scope of the company's external audit. Where necessary, the Internal Audit services will be purchased from an external service provider.

To facilitate transparency and exchange of information on Internal Audit related matters, the financial management team has frequent meetings with the auditors. The auditors also participate in the meetings of the Audit Committee as permanent invitees.

The company has taken into use a Whistleblowing Channel for employees and other stakeholders to report any possibly corrupt, illegal, or other undesirable conduct.

Related party transactions

The Audit Committee defines the principles for monitoring and assessing F-Secure related party transactions. The definition of the related parties is based on IAS 24 standard. F-Secure collects information about its related parties on regular basis. The Board of Directors decides on related party transactions that are not conducted in the ordinary course of business of the company or are not implemented under arm's-length terms. Related party transactions are disclosed as part

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of financial statements according to the applicable legislation.

Insider management

F-Secure complies with the applicable legislation, including EU Market Abuse Regulation (MAR), the regulations of the Finnish Financial Supervisory Authority as well as Nasdaq Helsinki's Guidelines for Insiders. F-Secure has established its own insider policy to complement the regulation and guidelines above.

F-Secure maintains a list of all persons who have regular access to company's financial data. Due to the sensitive nature of financial information, persons having access to financial information before publication of an interim financial report or a year-end report shall be subject to a thirty (30) day trading restriction prior to publication of such report.

In addition, F-Secure maintains a project-specific insider list of any projects and events which, if realized, would be likely to have a significant effect on the value of F-Secure share or other financial instruments, and which have been subject to delaying of disclosure in accordance with MAR.

F-Secure has decided not to include any persons as permanent insiders. All persons with inside information regarding a project will be included in the project specific insider list.

Persons discharging managerial responsibilities comprise the Board of Directors, the President and CEO and other members of the Leadership Team. These persons have a duty to notify F-Secure and the Finnish Financial Supervisory Authority of every transaction in their own account relating to Financial Instruments of F-Secure within three business days (after a cumulative threshold of EUR 5,000 per annum). The company publishes these notifications as stock exchange

releases, as specified by MAR. All releases published on managers' transactions are available on the company's website.

Auditors

The auditor is elected by the Annual General Meeting for a term of service ending at the close of the next Annual General Meeting. The auditor is responsible for auditing the consolidated and parent company financial statements and accounting. The auditor reports to the Board of Directors or the Audit Committee at least once a year.

2023:

The Annual General Meeting held 23 March 2023 re-elected the audit firm PricewaterhouseCoopers Oy as the company's auditor with Authorized Public Accountant (APA) Janne Rajalahti, as the Company's Responsible Auditor. On 21 April 2023, PricewaterhouseCoopers Oy appointed APA Samuli Perälä as the responsible auditor of F-Secure Corporation.

F-Secure paid the auditor EUR 205 (103) thousand for the auditing services and a total of EUR 1,233 thousand for other advisory services unrelated to auditing. The other advisory services mainly concerned financial consultation pertaining to the acquisition of Lookout Life consumer business.

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Board of Directors 31 December 2023



Pertti Ervi, born 1957

Chair of the Board since 2022

Member of the Board's Audit Committee since 2022

Finnish citizen

Main occupation: Independent management consultant and a professional board member

Key positions of trust

Efecte Corporation, Chair of the Board of Directors of 2011 (a member of the Board of Directors since 2008)

QPR Software Corporation, Chair of the Board of Directors since 2021

Pointsharp Holding AB, member of the Board of Directors since 2021

WithSecure, member of the Board of Directors between 2003 and 2023, Chair of the Board (2004–2006) and Chair of the Audit Committee (2008–2022)

Mintly Oy, founding member and Chair of the Board of Directors between 2017 and 2022

Teleste Corporation, member of the Board of Directors between 2009 and 2020 (Chair: 2017–2020)

Comptel Corporation, Chair of the Board of Directors between 2011 and 2017

Stonesoft Corporation, Chair of the Board of Directors between 2004 and 2007

Previously Chair/Board member of several listed and growth companies, including several Audit Committee chair positions

Primary working experience

Computer 2000 AG, Co-CEO and member of the Executive Board between 1995 and 2000

Computer 2000 Finland Corporation, Co-founder and CEO between 1983 and 1995

Education

Mr. Ervi holds a Bachelor of Science degree in electronics and several management studies

Holdings: number of shares 104,669, holding 0.06%



Petra Teräsaho, born 1966

Board member since 2022

Chair of the Board's Audit Committee since 2022

Finnish citizen

Main occupation: CFO at Valmet Automotive¹⁾

Key positions of trust

Paulig Group, member of the Board of Directors since 2020, and Chair of Audit Committee

Primary working experience

Enfo Group, CFO between May and November 2022

Stora Enso, Senior Vice President, Group Controller between 2016 and April 2022

Outotec Group, Vice President Group Controller between 2014 and 2015

Nokia Corporation, Head of Finance in Global Marketing between 2012 and 2014, CFO of Nokia Mobile Phones operations in India between 2007 and 2012, Finance Director, Strategic Marketing between 2004 and 2007 and Head of Developer Business Marketing between 2003 and 2004

Nokia Networks, Head of Business Planning of Mobile Applications unit between 2000 and 2001, Head of Value-Based Marketing between 1999 and 2001 and Accounting Manager, Network Systems between 1996 and 1998

Nokia Group Accounting, Financial Analyst between 1993 and 1996

United Paper Mills France SA, Paris France, Controller between 1991 and 1993

Education

Ms. Teräsaho holds a Master of Science in Accounting and Finance

Holdings: number of shares 13,380, holding 0.01%

¹⁾ From 1 January 2024, main occupation is board professional.

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Thomas Jul, born 1967

Board member since 2022

Danish citizen

Main occupation: CEO of Inpay

Primary working experience

MATTA Holding, Co-founder and CEO between 2019 and 2021

Nets Group, CEO and Country Director in Denmark between 2017 and 2019

Ericsson, President and CEO of PT Ericsson Indonesia between 2014 and 2017, Head of the Customer Unit in Central Europe between 2012 and 2014 and President of Ericsson Austria GmbH between 2012 and 2013

Nokia Siemens Networks, Head of West Europe between 2011 and 2012, Head of the Global Customer Business Team Deutsche Telekom between 2009 and 2011, CEO of the Danish Branch between 2007 and 2010 and Head of Nordics between 2006 and 2009

Nokia, various position including Country Manager, General Manager and Business Development Director between 1998 and 2007

Systematic Software Engineering, various positions between 1993 and 1998

Education

Mr. Jul holds a Master of Science degree in Software Engineering

Holdings: number of shares 10,592, holding 0.01%



Madeleine Lassoued, born 1990

Board member since 2022

Swedish citizen

Main occupation: Head of Marketing at Volvo On Demand

Key positions of trust

NEWS Group AB, member of the Board of Directors since 2021 and 2022

Lakeside Software, US, member of the Growth Advisory Board since 2023

Primary working experience

Coupleness, Investor and Marketing & Growth Advisor since 2021

Plansmaid, Co-founder

Bisnode, Head of Digital Marketing (2017–2019) and as a Digital Marketing Team Leader (2016–2017)

BannerFlow, various positions

Education

Ms. Lassoued holds a Master of Business Administration degree in International Economics and a Bachelor of Business Administration degree in International Marketing

Holdings: number of shares 10,592, holding 0.01%

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Sami Salonen, born 1986

Board member since 2023

Finnish citizen

Main occupation: F-Secure, Director R&D¹⁾

Primary working experience

Wärtsilä, General Manager & Chief Product Owner between 2020 and 2022

Wärtsilä, General Manager Data Bridge Architecture between 2019 and 2020

Eniram, Infra Team Technical Product Owner between 2017 and 2019

Eniram, Algorithm Team Lead & Developer between 2013 and 2017

Education

Mr. Salonen holds a Master of Science degree in Control Engineering and Signal Processing

Holdings: number of shares 5,696, holding 0.00%

¹⁾ From 1 January 2024, main occupation is Vice President, Product Engineering at F-Secure.



Risto Siilasmaa, born 1966

Board member since 2022

Member of the Board's Audit Committee since 2022

Finnish citizen

Key positions of trust

WithSecure (prior to demerger F-Secure), Chair of the Board of Directors since 2006 (member of the Board of Directors since 1988)

Quanscient Oy, member of the Board of Directors since 2022

CybExer Technologies, member of the Board of Directors since 2022

Upright Oy, Chair of the Board of Directors since 2022

Pixieray Oy, member of the Board of Directors since 2021

Komatsu International Advisory Board, member since 2020

Futurice Corporation, member of the Board of Directors since 2018

First Fellow Partners, Founding Partner and the Chair of the Board of Directors since 2016

Ministry of Finance's Technology Advisory Board, chair since 2020

International Advisory Board of IESE, member since 2019

Global Tech Panel, an initiative of the EU High Representative for Foreign Affairs and Security Policy, member since 2018

Nokia Corporation, Chair of the Board of Directors 2012–2020, member of the Board of Directors 2008–2012, interim CEO 2013–2014

Elisa Corporation, Chair of the Board of Directors 2008–2012

The Federation of Finnish Technology Industries, Chair of the Board 2016–2018, Vice-Chair of the Board 2007–2010 and 2013–2015 (member of the Board 2007–2019)

Confederation of Finnish Industries EK, Vice Chair of the Board 2017–2018 (member of the Board 2007–2010 and 2013–2016)

The Finnish Ministry of Defence, Chairman of the working group: The Future of the Finnish general conscription system 2009–2010

Primary working experience

F-Secure and WithSecure, Founder and CEO of WithSecure 1988–2006

First Fellow Partners, Founding Partner and the Chair of the Board of Directors since 2016

Nokia Corporation, interim CEO 2013–2014

Education

Mr. Siilasmaa holds a Master of Science degree in engineering

Holdings: number of shares 60,027,957, holding 34.37%

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Timo Laaksonen, born 1961
President and Chief Executive Officer since 2022
 Finnish citizen

Primary working experience

WithSecure (prior to demerger F-Secure), Executive Vice President of Consumer Security, and various other positions between 2012 and 2022

Tecnotree Corporation, Chief Commercial Officer between 2010 and 2012

Xtract, CEO between 2008 and 2010

First Hop, CEO between 2001 and 2008

Sonera SmartTrust, Executive Vice President between 1998 and 2001

Teamware Group Ltd, Vice President between 1993 and 1998

ICL Travel Systems, Marketing Manager between 1992 and 1993

Key positions of trust

Broadband Forum Executive Advisory Board member since 2023

Finnish American Chamber of Commerce in New York, member of the Board of between 2018 and 2019

Broadband Multimedia Marketing Association (USA), a member of the Board of Directors between 2018 and 2019

Kvalion Ltd, member of the Board of Directors between 2008 and 2011

Education

Mr. Laaksonen holds a Master of Science degree in Economics (International Marketing and International Trade Law)

Holdings: number of shares 30,517, holding 0.02%



Firas Azmeh, born 1969
Chief Commercial Officer since 2023¹⁾
 US citizen, Canadian citizen and Syrian citizen

Primary working experience

Lookout Life, President, between 2021 and 2023

Lookout, SVP, Worldwide Carrier Channels, between 2017 and 2021

Lookout, VP, Business Development, between 2011 and 2017

MiNO Wireless, Vice President, Business Development, between 2009 and 2011

Handango, Head of Business Development Partnerships, between 2005 and 2009

Education

Mr. Azmeh holds a Bachelor's Degree in Economics, and a MBA in international Business

Holdings: number of shares 0, holding 0.00%

¹⁾ On 13 December 2023 Firas Azmeh was appointed Chief Revenue Officer effective 1 January 2024.

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Richard Larcombe, born 1974
Chief Marketing Officer since 2022
 British citizen

Primary working experience

WithSecure (prior to demerger F-Secure), Vice President of Global Marketing between 2019 and 2021

ismybillfair.com, co-founder and Chief Marketing Officer between 2017 and 2019

Tesco Bank, Brand and Marketing Director between 2015 and 2017

Virgin Media, Chief Marketing Officer and Director of Advertising and Sponsorship between 2010 and 2015

The Times, Sunday Times and Times Online, Head of Marketing between 2004 and 2010

AMV BBDO, Account Director between 1998 and 2004

Grey, Account Director between 1996 and 1998

Education

Mr. Larcombe holds a degree in Psychology (BA Hons)

Holdings: number of shares 8,472, holding 0.00%



Antero Norkio, born 1972
Senior Vice President, Corporate Development since 2022
 Finnish citizen

Primary working experience

WithSecure (prior to demerger F-Secure), Vice President Product Management (Consumer Business), and various other positions between 2011 and 2022

Airwide Solutions, Head of Global Channel Partners and Director of Product Management between 2002 and 2011 (including the acquisition of First Hop 2007)

Taika Technologies Oy, Vice President of Product Management 2001 and 2002

Sonera SmartTrust, Director of Product Management between 1997 and 2001

Education

Mr. Norkio holds a Master of Science degree in Industrial Engineering and Management (Strategy and International Business)

Holdings: number of shares 65,675, holding 0.04%

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Sari Somerkallio, born 1972
Chief Financial Officer since 2022
 Finnish citizen

Primary working experience

WithSecure (prior to demerger F-Secure), Head of Finance in Consumer Security from February to June 2022

Fiskars Group, Vice President of Business Finance between 2020 and 2021

Fiskars Group, Senior Vice President of Finance & Business Development between 2019 and 2020

Fiskars Group, several Manager and VP positions between 2011 and 2019

Fiskars Group, Manager of Development Projects between 2009 and 2011

Wärtsilä Corporation, Project Manager and Process Manager between 2002 and 2008

Wärtsilä Corporation, Investor Relations Manager between 1999 and 2002

Merita Stockbrokers, Analyst between 1997 and 1999

Interbank, Analyst between 1996 and 1997

Education

Ms. Somerkallio holds a Master of Science degree in Mathematics and a Master of Science degree in economics (Finance)

Holdings: number of shares 10,803, holding 0.01%



Kitta Virtavuo, born 1972
Chief People & Culture Officer since 2022¹⁾
 Finnish citizen

Primary working experience

Fiskars Group, Vice President of HR, Sales between 2020 and 2022

Fiskars Group, Vice President of HR, Living Business between 2017 and 2020

Fiskars Group, HR Director of Business Region Europe between 2016 and 2017

Nokia Corporation and Nokia Siemens Networks, various international HR leadership positions between 1999 and 2016

Education

Ms. Virtavuo holds a Bachelor of Business Administration degree in Business Management and Marketing

Holdings: number of shares 2,538, holding 0.00%

¹⁾ On 9 February 2024, F-Secure announced that Kitta Virtavuo has decided to leave F-Secure to pursue other career opportunities outside the company. Virtavuo will continue in her current role until April 2024, ensuring smooth handover of her duties.

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TL Viswanathan, born 1979

Chief Product Business Officer since 2023

Indian citizen

Primary working experience

F-Secure, Vice President, Embedded security, 2022

Nokia Corporation, Head of Digital Operations Portfolio, between 2018 and 2022

Comptel, Director & Vice President Global Alliances, between 2014 and 2018

Oracle, Senior Account Manager APAC, between 2013 and 2014

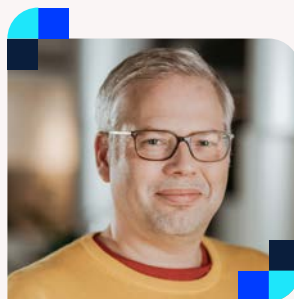
Nokia Siemens Networks, various leadership and business development roles for Applications, Systems integration business between 2006 and 2013

Siemens Communications, Solution Consultant between 2000 and 2006

Education

Mr. Viswanathan holds a Master's degree in Business Administration (International Business)

Holdings: number of shares 3,394, holding 0.00%



Toby White, born 1977

Chief Technology Officer since 2022

British and Finnish citizen

Primary working experience

WithSecure (prior to demerger F-Secure), Vice President for Research & Development in Consumer Security 2020–2022

Wärtsilä, Vice President of Digital Engineering between 2017 and 2020

GlobalData Plc, Group CTO between 2014 and 2017

Timetric, Founder and CTO between 2008 and 2014

Cambridge University, Researcher between 2002 and 2008

Education

Dr. White holds a Master of Chemistry degree in Chemistry and a Doctor of Philosophy degree in Theoretical Chemistry

Holdings: number of shares 27,880, holding 0.02%

In December 2023, the following leadership team changes that came into effect on January 1, 2024 were announced:

On December 13, 2023 Firas Azmeh was appointed Chief Revenue Officer.

On December 13, 2023 Mikko Kestilä was appointed Senior Vice President, Services and member of the Leadership Team.

Up-to-date information on the Leadership Team members is available on the Company's website in section "Leadership Team" (<https://investors.f-secure.com/en/>)

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A PDF optimized for printing
is available for download at www.f-secure.com/en/investors 

Remuneration Report

Introduction

This Remuneration Report 2023 has been prepared in accordance with the Finnish Corporate Governance Code 2020 (publicly available at <http://cgfinland.fi/en/>) and contains comprehensive information on remuneration of the Board of Directors and the President and CEO. All remuneration information in this report is from 1 January 2023 until 31 December 2023, except that the Board of Directors remuneration is based on their term of office that began in 2023 and will expire at the end of the 2024 Annual General Meeting (as explained in further detail in the F-Secure Corporate Governance Statement 2023).

F-Secure Remuneration Policy was presented to the Extraordinary General Meeting of WithSecure on 31 May 2022 that decided on the partial demerger of WithSecure into F-Secure. The Extraordinary General Meeting resolved, conditional upon the completion of the Demerger, to support the proposed remuneration policy for governing bodies of F-Secure. The Demerger was registered with the Trade Register maintained by the Finnish Patent and Registration Office on the effective date on 30 June 2022. Upon registration the Demerger was completed, and the Remuneration Policy became applicable in F-Secure.

F-Secure Remuneration Policy describes the remuneration for the Board of Directors and the President and CEO and the considerations of determining the policy and operation of the policy. Remuneration Policy of F-Secure complies with the recommendations of the Finnish Corporate Governance Code for listed companies, Shareholders' Rights Directive legislation and any other regulations and guidelines concerning remuneration in listed companies. The Remuneration Policy is available at F-Secure website.

According to F-Secure Remuneration Policy, the remuneration for F-Secure management is designed to advance the business objectives and long-term profitability of the company. F-Secure remuneration in general is based on rewarding for performance and competencies. Remuneration is designed to be competitive compared to relevant reference markets, to increase commitment and work engagement and to be consistent across the organization. Incentive schemes are developed to support company's strategy by aligning the interests of the shareholders and the key employees for strong performance and short and long-term value creation of the company. The remuneration of employees across the company is reviewed regularly with the intention that all employees are paid appropriately in the context of market and considering their individual performance and competencies.

These principles have been considered in the company's remuneration in the financial year 2023. In 2023, the remuneration of the Board of Directors and the President and CEO complied with the Remuneration Policy, and there were no deviations.

The President and CEO's remuneration follows the same principles as the remuneration of all other employees, and this is evident in the performance criteria set for the variable remuneration. Approximately half of the President and CEO's remuneration package is based on performance. The existing short- and long-term incentive plans are based on the company's financial performance, employee engagement and shareholder value development to ensure a strong link between the company's performance and CEO remuneration. The President and CEO is recommended to hold at least 50% of the shares received as rewards from the long-term incentive programs and to accumulate the shares from the incentive programs until the value of the shares

received from the share programs equals the annual gross base salary of the President and CEO. There are no other restrictions set for the shares received from the share-based incentive programs.

Remuneration in 2023

In February 2023 the Board of Directors of F-Secure Corporation decided on the establishment of new share-based long-term incentive plans targeted to the management and selected key employees of F-Secure. The share-based long-term incentive plans include a Performance Share Plan ("PSP") as the main plan and Restricted Share Plan ("RSP") as a complementary share-based incentive plan for individually selected key employees in specific situations. New plan periods 2023–2025 for PSP and RSP commenced at the beginning of 2023 and include a three-year performance period followed by a possible reward payment.

The ongoing LTI programs prior to demerger from WithSecure continue. All LTI allocations (PSP and RSP) made originally in the shares of WithSecure were adjusted to be the allocations of F-Secure Corporation. Adjustments to PSP 2021–2023 and PSP 2022–2024 were made using the reference prices of the two new companies. Criteria measurement in PSP 2020–2022 was decided to execute as if the two companies would still form the old entity.

The total remuneration paid to the President and CEO in 2023 was EUR 500,342 of which EUR 200,102 was in the form of variable pay. Short Term Incentive payment made to the President and CEO in February 2023 was based on F-Secure H2 2022 revenue growth with 40% weight and H2 adjusted EBITDA with 40% weight and employee Net Promoter Score with 20% weight of total. The Performance Share Plan 2020–2022 payment in March 2023 was measured by the combined Total Shareholder Return (TSR) of F-Secure and WithSecure

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against two separate technology indexes, HACK and OMX Technology. During the performance period, the combined TSR of F-Secure and WithSecure accounted for 44.1% compared to the TSR of 17.4% of HACK and the TSR of 62.8% for OMX Technology resulting in a payout rate of 50% out of the maximum. The President and CEO also received in June 2023 a customary transaction bonus related to the Lookout Life acquisition.

At the end of 2023, the President and CEO held 30,517 shares of F-Secure.

Remuneration of the Executives 2023

F-Secure executive compensation in 2023 is described in the table below.

Average annual remuneration (EUR)	2023	2022 ¹⁾
President and CEO ²⁾	500,342	179,880
Chair of the Board	80,000	80,000
Other Board Members ³⁾	40,500	40,500
Average employee ⁴⁾	73,241	27,686

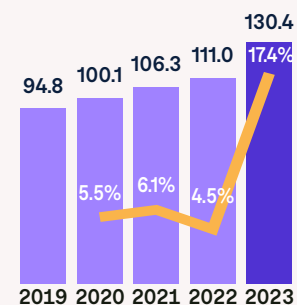
¹⁾ Remuneration paid for 30 June 2022–31 December 2022.

²⁾ Remuneration paid during the financial year, including the base salary as well as short- and long-term incentives and transaction bonus.

³⁾ The average remuneration paid to the Board Members, excluding the employee Board member.

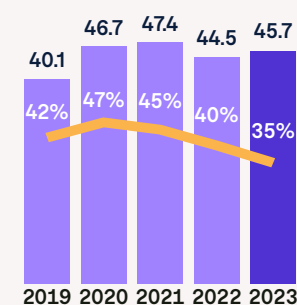
⁴⁾ The total wages and salaries paid in 2023 / average full-time equivalent headcount during the same period in all countries. The amount excludes end of employment related severances.

Revenue development 2019–2023¹⁾



- Revenue, MEUR
- Revenue development, %

Adjusted EBITDA development 2019–2023¹⁾



- Adjusted EBITDA, MEUR
- Adjusted EBITDA, % of revenue

¹⁾ The financial information of F-Secure that is illustrated above has been derived from the audited carve-out financial statements as at and for the years ended 31 December 2021, 2020 and 2019. Financial information presented for 2022 is on an actual basis for the period Jul–Dec/2022 and on carve-out basis for the period Jan–Jun/2022. Financial information presented for 2023 is on an actual basis.

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Remuneration of the Board of Directors

F-Secure's General Meeting, held on 23 March 2023 decided that the remuneration for the Board of Directors of F-Secure shall be paid as follows: EUR 80,000 for the Chairman of the Board of Directors, EUR 48,000 for the Chairman of each Committee, EUR 38,000 for other members of the Board of Directors, and EUR 12,667 for a member of the Board of Directors employed by F-Secure.

F-Secure's General Meeting decided that approximately 40 per cent the Board of Directors' remuneration is paid as shares in F-Secure to be repurchased from the market. F-Secure Corporation will repurchase the shares or transfer shares held by F-Secure Corporation as treasury shares for the account of and on behalf of the members of the Board of Directors of F-Secure.

For the Members of the Board of Directors, changes in the holdings of the company shares and rewards paid in shares are reported according to the Market Abuse Regulation. Related stock exchange releases are available on the company's website.

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 F-Secure 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. A separate meeting fee of EUR 1,000 is paid to the Board members travelling from another country to an on-site meeting within the European continent. If inter-continental travel is required, the fee is EUR 2,000. The travel expenses and other costs directly related to the Board work of the members of the Board of Directors are paid in accordance with the company's compensation policy in force at any given time.

The Board of Directors Remuneration in 2023

Member	Annual fee paid in cash, EUR	Annual fee paid in shares, EUR	Annual fee paid in shares, pcs	Meeting fees paid, EUR	Total, EUR
Pertti Ervi	48,002	31,998	10,848	5,000	85,000
Madeleine Lassoued	22,800	15,200	5,153	5,000	43,000
Thomas Jul	22,800	15,200	5,153	5,000	43,000
Risto Siilasmaa	22,800	15,200	5,153		38,000
Petra Teräsaho	28,800	19,200	6,509		48,000
Sami Salonen ¹⁾	7,602	5,065	1,717		12,667
Calvin Gan ²⁾	0	0	0		0
Total	152,804	101,863	34,533	15,000	269,667

¹⁾ Board member selected among personnel from 23 March 2023 onwards.

²⁾ Board member selected among personnel until 22 March 2023. No payments were made in 2023.

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Remuneration of the President and CEO

The remuneration of the President and CEO is decided by the Board of Directors. The main components of the President and CEO's total remuneration are base salary and short- and long-term incentives. In addition, he may participate in the voluntary Employee Share Savings Plan (ESSP) as approved by the Board of Directors. The aim of the ESSP is to encourage employees to acquire and own F-Secure shares, and it is intended to align the interests of the shareholders and the employees as well as to increase employees' long-term commitment to the company.

Salaries and financial benefits paid in and accrued based on 2023 are described below:

EUR	Payments in 2023	Accrued based on 2023
Base salary, including fringe benefits	300,240	–
Pension / Other financial benefits		
Transaction bonus¹⁾	36,000	5,055
Short-term incentive (STI)		
Earning period H2/2022	85,500	
Earning period 2023		–
Long-term incentive (LTI) EUR/shares²⁾		
– paid in cash, EUR	42,618	–
– paid in shares, EUR / pcs	35,984 / 10,977	–
Total	500,342	5,055

¹⁾ Discretionary cash bonus for closing of Lookout Life acquisition

²⁾ Performance Share Plan (PSP) 2020–2022 payment

Short-term incentive (STI) payout for the President and CEO is 50% of annual base salary if targets are met, maximum payout being equal to the annual base salary.

F-Secure Short Term Incentive plan objectives were set for the period of 1 January–31 December 2023. The STI Plan of 2023 for the President and CEO was based on F-Secure 2023 combined revenue and adjusted EBITA growth with 80% weight and employee Net Promoter Score with 20% weight of total. The overall performance for these two criteria was evaluated and resulted in no reward payment.

In 2023, the President and CEO, Timo Laaksonen received a STI payment in February based on objectives related to F-Secure Short Term Incentive plan objectives of July–December 2022. The objectives of the plan were H2 2022 revenue growth with 40% weight, H2 2022 adjusted EBITDA growth with 40% weight and employee Net Promoter Score growth with 20% weight. The weighted performance for these three criteria for H2 2022 was 114%. The reward was in total EUR 85,500.

STI Plan 2023	STI Target (% of base salary)	Performance Criteria	Weight	Performance	Total Weighted Performance	Payment
STI 2023 (January–December)	50%	Revenue and adjusted EBITA Growth	80%	0%	0%	Q1/2024
		Employee Engagement (eNPS)	20%	0%		
STI Plan H2 2022	STI Target (% of base salary)	Performance Criteria	Weight	Performance	Total Weighted Performance	Payment
STI 2022 (July–December)	50%	Revenue growth, H2 2022	40%	75%	114%	February 2023
		Adjusted EBITDA, H2 2022	40%	109%		
		Employee Engagement (eNPS)	20%	200%		

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A **Long-term incentive (LTI)** payment was made to the President and CEO in March 2023. The LTI payment was based on WithSecure 2020–2022 Performance Share Plan. The payment was made 54% cash and 46% in shares. In 2023 the President and CEO was granted 47,000 shares within the Performance Share Plan (PSP) 2023–2025 according to the guidelines defined in the company's Remuneration Policy. This grant represents the target level reward, the maximum reward being two times the target allocation. Final reward is determined based on the extent to which the targets have been reached during the performance period. The President and CEO was granted a one-time allocation of 12,373 shares within the Restricted Share Plan (RSP) 2023–2025. The reward is conditional to continuous service with the company at the time of payment in 2026.

In June 2023, the Board of Directors approved a customary transaction bonus to some key individuals for the closing of the Lookout Life acquisition. The President and CEO received a bonus of EUR 36,000.

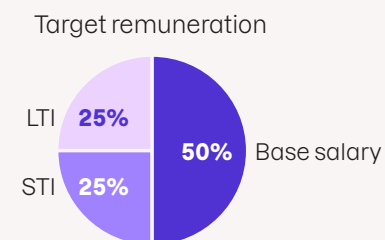
The key terms of service of the President and CEO

The contract of the President and CEO is an indefinite contract with a six-month period of notice both ways. If the Company terminates the contract for reasons other than a breach of the contract, the President and CEO shall be entitled to receive severance pay equivalent to six (6) months' salary in addition to the salary for the notice period.

The Company has obtained a life insurance for the President and CEO with an amount equaling the annual gross salary of the President and CEO.

The President and CEO does not have a supplementary pension plan, and the determination of his pension conforms to the standard rules specified by Finland's Employee Pension Act (TYEL). The President and CEO's retirement age is also determined by the statutory pension system and is 65 years under the applicable Finnish legislation.

President and CEO Pay mix 2023



The President and CEO – Current LTI Plans

Share Plan	LTI Target (pcs of shares)	Performance Criteria	Weight	Performance	Payment
PSP 2021–2023	43,160	Absolute Total Shareholder Return	100%	–	H1 / 2024
PSP 2022–2024	41,562	Absolute Total Shareholder Return	100%	– / Plan ongoing	H1 / 2025
		Absolute Total Shareholder Return	70%		
PSP 2023–2025	47,000	Profitable growth (average revenue growth 2023–2025 (%) and adjusted EBITA 2025 (%))	30%	– / Plan ongoing	H1 / 2026
RSP 2023–2025	12,373	Fixed share reward amount and a retention period of three years	–	– / Plan ongoing	H1 / 2026

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