



Interim Report
1 January – 31 March 2025

Building momentum with new strategic partnership

29 April 2025

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Q1/2025: Building momentum with new strategic partnership

The first quarter marked commercial achievements to enable future growth and strategic progress

- Q1 revenue grew by 2.0%, supported by favorable US dollar exchange rates
- Profitability (adjusted EBITA %) exceeded our expectations in the quarter
- We forged both new partnerships and extended and expanded several existing agreements with key partners
- During Q1, we enhanced our Embedded Security portfolio with a host of new Scam Protection capabilities
- Our new customer-centric sales and service teams are now fully operational
- To stay ahead in today's increasingly complex world of scams, social engineering and mass deception, we're now applying AI across the entire company to boost innovation, productivity, and agility



Strategic priorities in 2025

We continue to transform to accelerate growth



We establish our position as the market leader in scam protection



We innovate and utilize data and AI



We continue to transform to accelerate growth

Progress with Tier 1 partners

Tier 1 services launched

- **Soft Bank Security One**
- **AT&T ActiveArmor 2.0**
- Identity protection service general launch

Strategic partnership with Orange

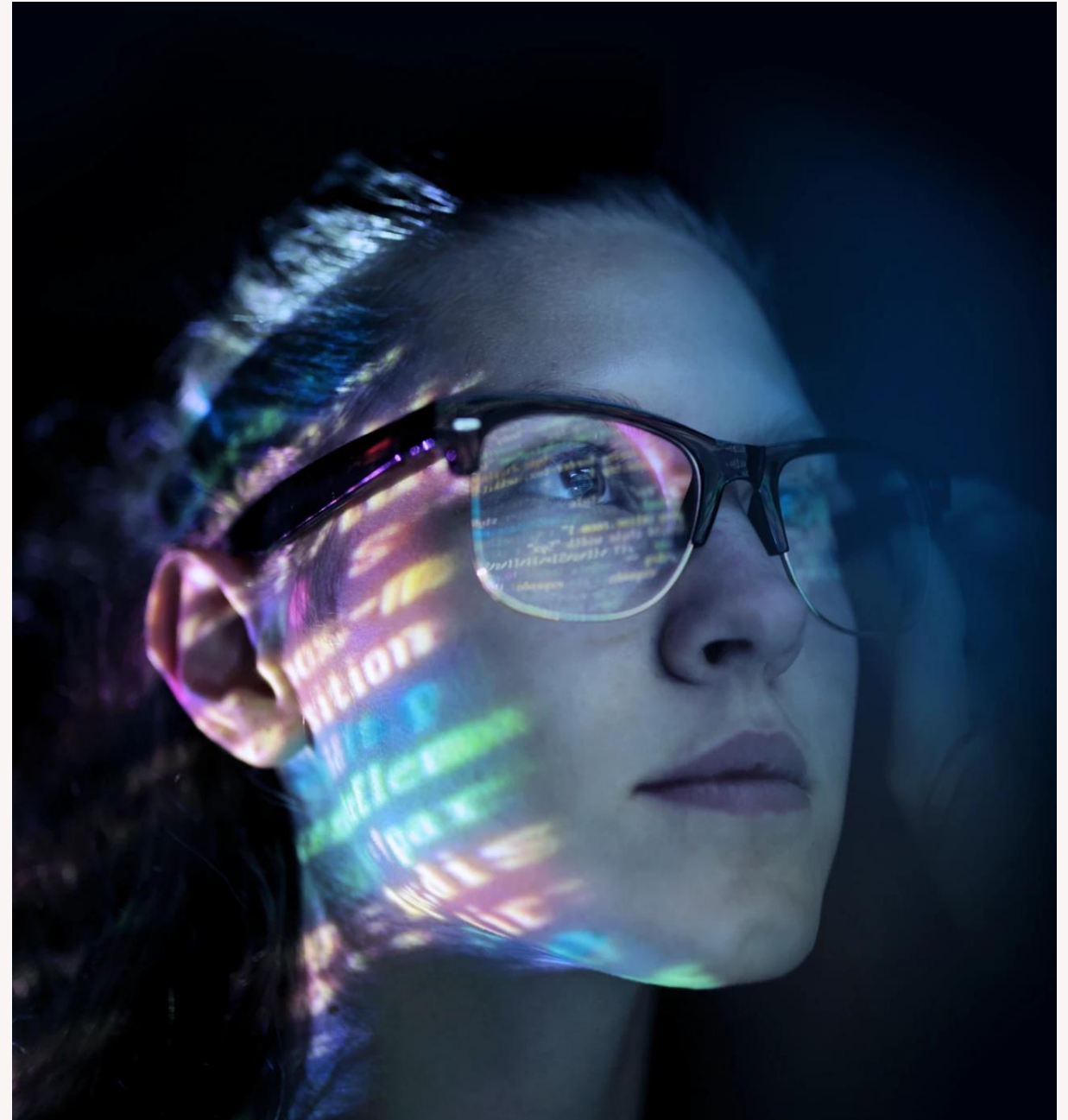
Orange will be making the highest level of security accessible to customers in Europe by including F-Secure's Total solution in its portfolio to its millions of subscribers across Europe starting from the second half of 2025.



We establish our position as the market leader in scam protection

- Official release of F-Secure Scam Kill Chain – a novel framework providing a systematic and sophisticated understanding of scams
- We won AV-TEST award - malware is still used today as a tool for scamming
- Prevented over 450,000 messaging scams in Q1, with peak days exceeding 10,000 blocked scam messages
- F-Secure Scam Research contributed to Verizon Data Breach Investigations (DBIR) 2025 report
- Launched detection of crypto mining websites for Embedded Security partners, enabling identification and blocking of malicious cryptojacking activities

Read more: <https://www.f-secure.com/en/partners/scam-protection/scam-kill-chain>



F-Secure won prestigious AV-TEST award for outstanding cyber security performance

We were recognized with the prestigious **AV-TEST Best Protection Award 2024** for consumer users, highlighting the excellent results of our flagship Total security solution.

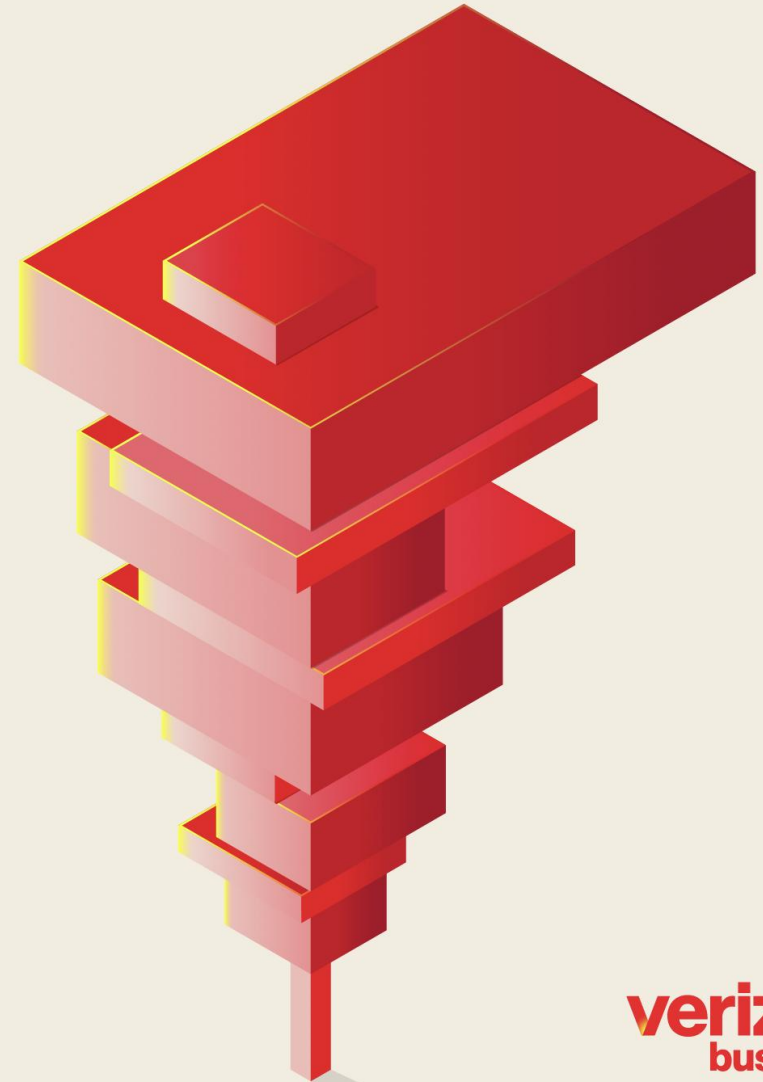
The AV-TEST Award 2024 honors the products that have consistently stood out with top scores and achieved peak ratings in the long-term test results throughout 2024.



F-Secure an official contributor to Verizon's 2025 Data Breach Investigations Report

- Verizon has just published their 2025 Data Breach Investigations Report (DBIR) which uncovers key trends in cyber security
- This year, F-Secure is an official contributor to the report, reinforcing our commitment to industry collaboration
- F-Secure research is highly relevant and reinforces the depth of our threat intelligence
- The DBIR provides detailed insights into over 12,000 breaches, highlighting trends like the rise in third-party breaches and the exploitation of vulnerabilities in edge devices and remote access technologies

2025 Data Breach Investigations Report



We innovate and utilize data and AI

- **AI Adoption Skyrocketing:** Over 25% of our workforce uses Claude daily, with 20-25% growth weekly
- **AI-Powered Security:** NextGen AI actively protects customers from scams in real-time
- **Development Revolution:** AI is enhancing the entire software lifecycle, speeding up deployment and improving quality
- **Operational Efficiency:** AI is optimizing internal and external processes in functions like customer care, career planning and IT support - boosting efficiency, service quality and eliminating mundane tasks





Financials

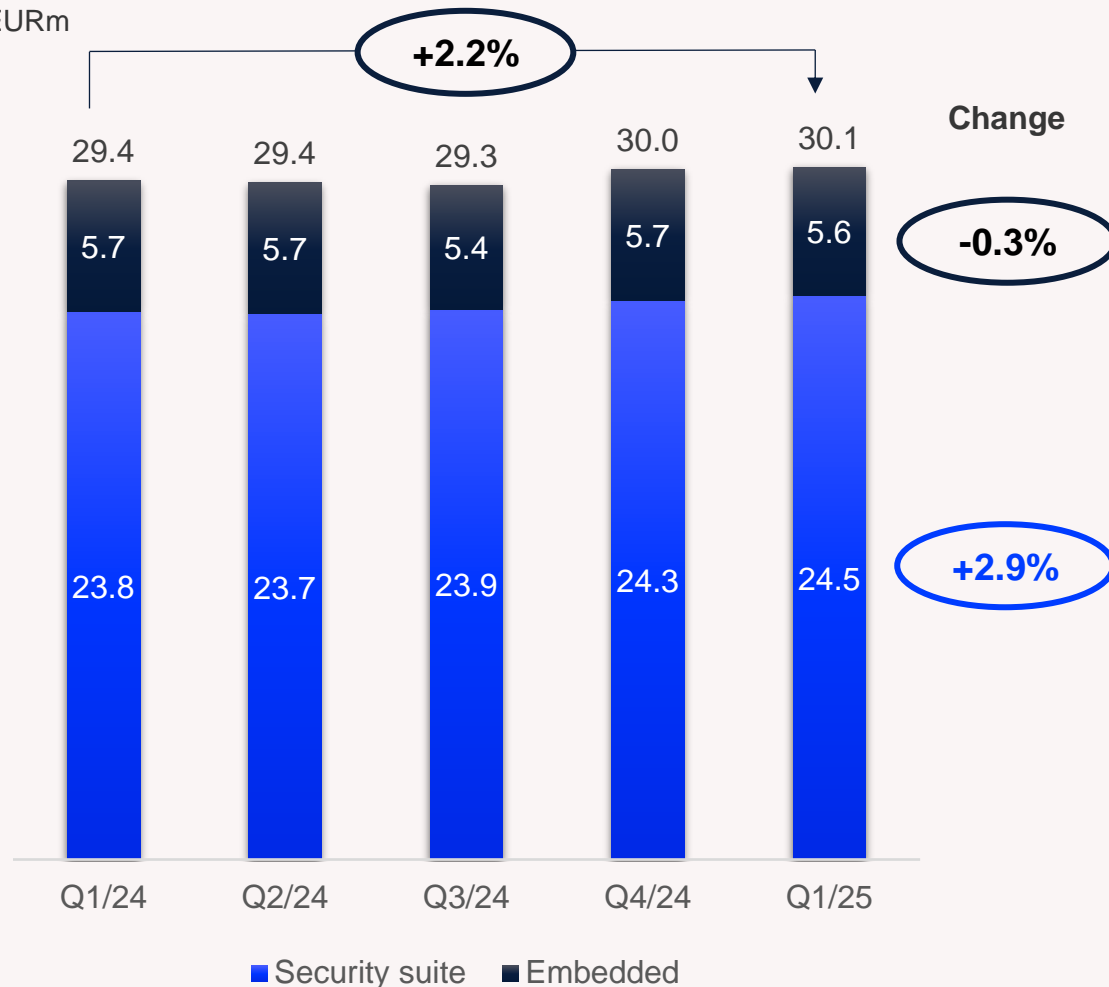
Sari Somerkallio, CFO

Partner channel revenue increased by 2.2% to EUR 30.1 million

Positive impact from currency exchange rates.

Partner channel revenue

EURm

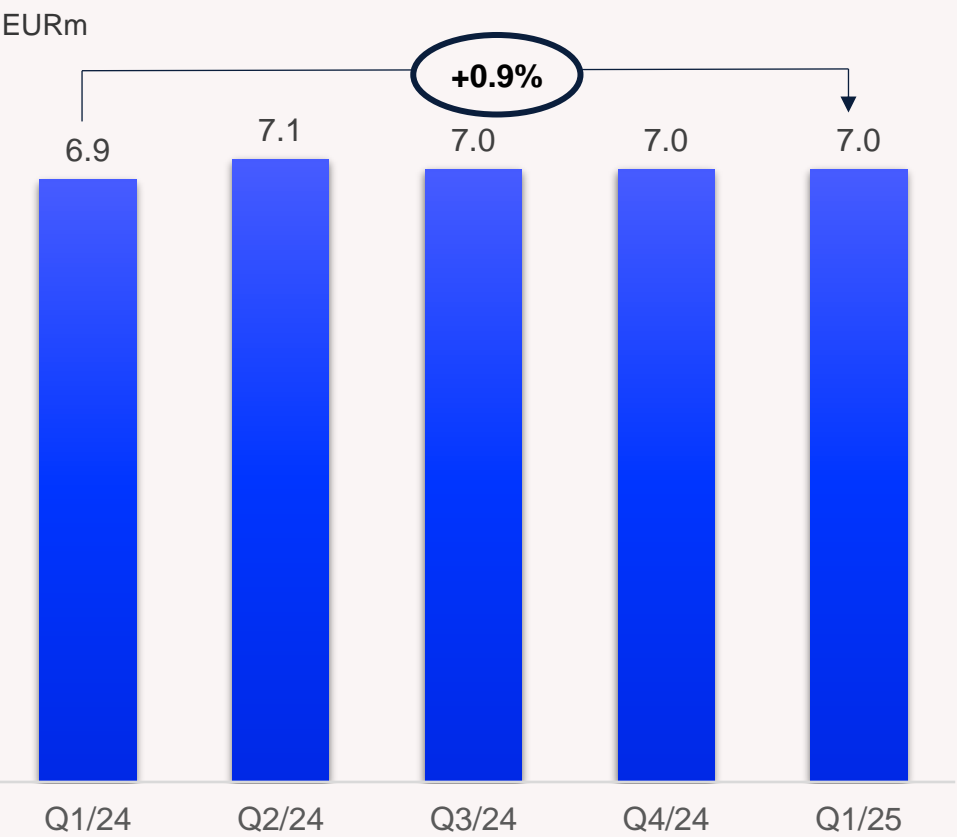


- Partner channel revenue in the North America was positively impacted by currency exchange rates
- Revenue from **Security Suite** increased by 2.9% and was EUR 24.5 million (EUR 23.8 million).
 - Thanks to continued good progress with Total conversion, the average revenue per user (ARPU) increased
 - After several challenging year, revenue in Poland increased
 - Central Europe has continued to be weak for some quarters already and major declines in revenue came from Germany due to continued weak partner performance
 - Revenue from Switzerland was stronger than in the comparison period
 - In the Nordics, especially in Sweden, the performance was strong
- Revenue from **Embedded Services** was in line with the comparison period, EUR 5.6 million (EUR 5.7 million); excluding the timing issue, Embedded Services grew by 5.4%
- Excluding the one-off item, good underlying performance continued in Japan

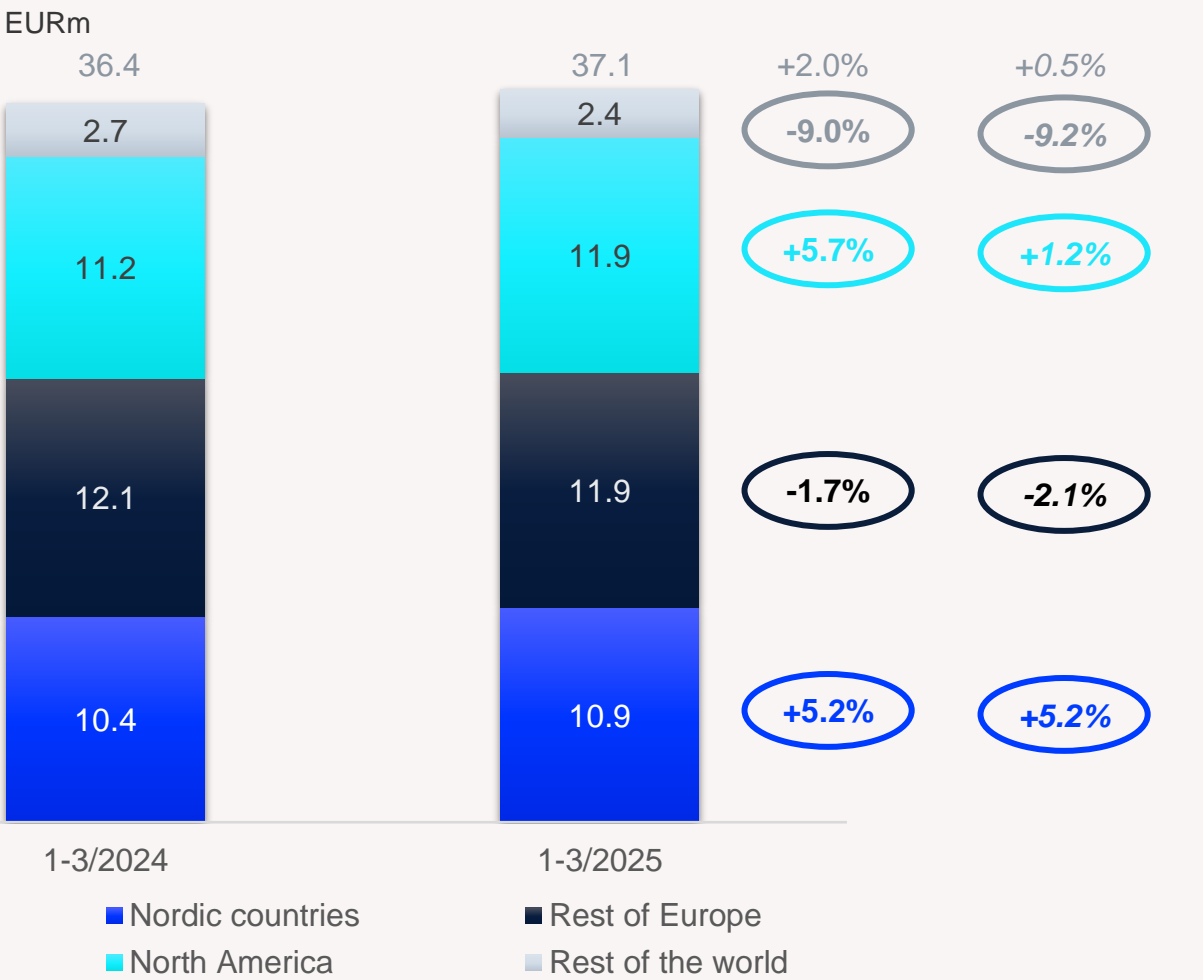
Revenue - Direct channel & geography

High service renewal rates and healthy ARPU development during the quarter

Direct channel revenue



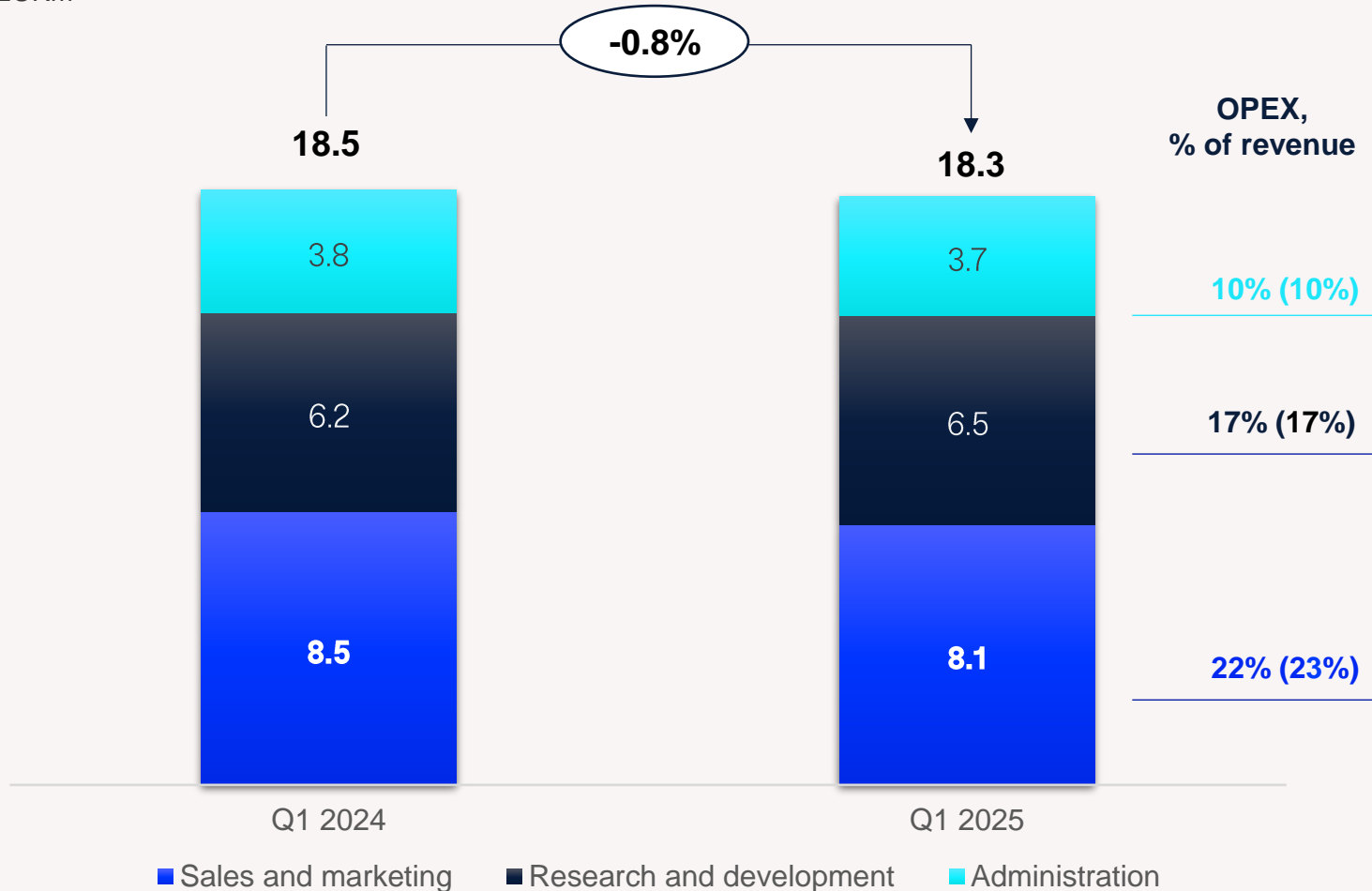
Revenue by geography



Operating expenses declined from the comparison period

OPEX¹ development in Q1 2025

EURm

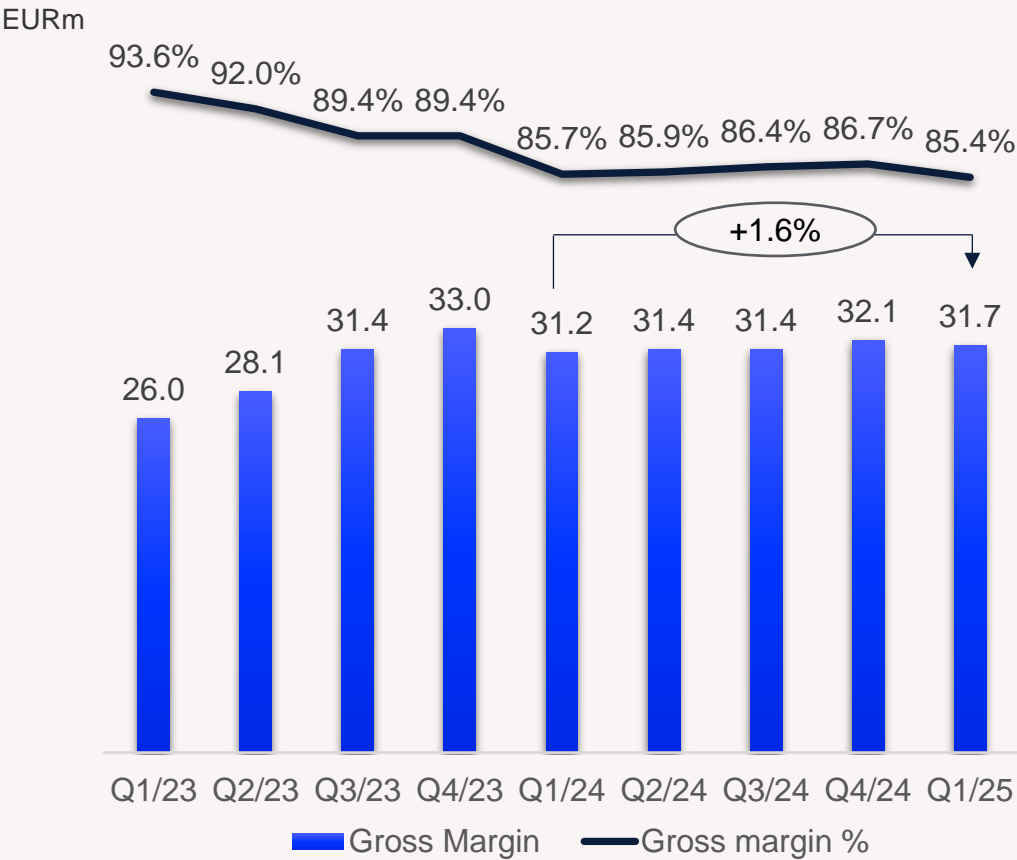


- Operating expenses decreased by 0.8% and was EUR 18.3 million (EUR -18.5 million)
- Marketing costs were temporarily lower than in the comparison period, as sales and marketing costs declined mainly due to the reorganization of the sales function at the end of last year
- R&D costs remained somewhat higher than in the comparison period due to temporarily lower capex
- Capital expenditures declined and was EUR 2.7 million, clearly lower than in the comparison period (EUR 3.5 million)

Gross margin and adjusted EBITA development

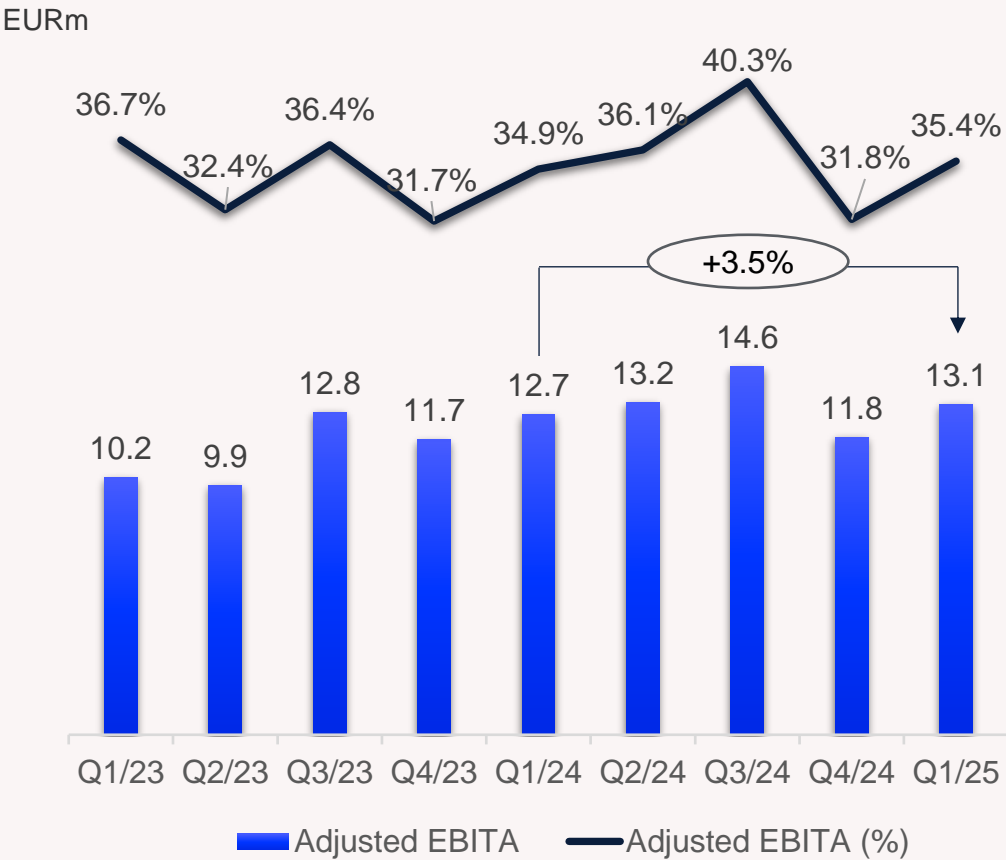
Adjusted EBITA margin exceeded our expectations in the quarter

Gross margin



- Gross margin was close to comparison period's level as expected due to similar business mix

Adjusted EBITA and adjusted EBITA margin



- Adjusted EBITA was good, EUR 13.1 million (EUR 12.7 million)
- Somewhat lower operating expenses

Operating cash flow EUR 9.7 million at the end of quarter

Operating cash flow and cash conversion (QTD)



- Cash conversion rate was 66.5% (63.3%)
- F-Secure has a loan of EUR 20 million maturing in 2028. At the end of 2024 EUR 8 million was drawn down, which was repaid during this quarter. RCF was undrawn at the end of March
- Equity ratio was 19.1% (10.0%)
- Cash at the end of March amounted to EUR 6.1 million

Outlook for 2025 remained unchanged



Growth

F-Secure expects mid-single digit revenue growth for 2025



Profitability

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

Background for the outlook

- F-Secure expects the core consumer cyber security market to grow mid-single digit CAGR mid- to long-term¹. F-Secure sees the potential to grow faster than the market focusing on partner channel and its offering around Embedded security and Scam Protection. The growth may be moderated due to the uncertainties around consumer sentiment in certain markets.
- Partner business and especially Embedded services expected to drive F-Secure growth during 2025. Growth is expected to accelerate throughout the year as new partners and services gradually start to generate revenue.
- Direct business revenue development is expected to be negative due to continued strategy of refraining from paid customer acquisition
- Gross margin is expected to be slightly lower than in 2024 (86.2%) due to growth of strategic partners with embedded solutions, as these typically have a lower gross margin level than F-Secure Total business
- F-Secure continues to develop its service, operations and production capabilities further to meet Tier 1 partner requirements. These efforts are still reflected in the higher cost base. As business scales we expect to leverage continued service level investments across a wider partner base, leading to positive Adjusted EBITA % development over time.
- Capital expenditure level is expected to remain on similar level as in 2024. However, new product development projects related to partner demand can have an impact on the outcome.



Q&A

Financial calendar

Half-year Financial Report for January–June 2025

18 July 2025

Interim Report for January–September 2025

28 October 2025

The reports and related presentation material will be available on the company's website <https://www.f-secure.com/en/investors> immediately after publication.



