

F-SECURE

10/07/2026 07:00 EEST

This is a translated version of the "Tuloskasvupolulla isosta takaiskusta huolimatta" report, published on 10/07/2026



Atte Riikola; Analyst
+358 44 593 4500
atte.riikola@inderes.fi

INDERES CORPORATE CUSTOMER

EXTENSIVE REPORT



Earnings growth intact despite a major setback

We reiterate our Accumulate recommendation for F-Secure, but lower our target price to EUR 1.7 (was EUR 2.0) on the back of decreased estimates. The surprising major customer loss (AT&T) creates a regrettably large dent in the company's revenue for next year, and the planned operating model change and significant cost savings will largely go toward offsetting this. F-Secure still aims for earnings growth next year, relative to which the share valuation (2026e adj. P/E 9, 4x-8x) will be low. Following a significant setback, however, the short-term upside may be limited unless other positive news regarding the progress of the Tier 1 strategy emerges.

A software company focused on consumer security

F-Secure's product portfolio includes, e.g., solutions related to endpoint security, scam protection, privacy protection, and password and digital identity management. New solutions for the AI era are also under development (F-Secure Trust). Products are sold primarily through a partner network consisting of operators, with the partner channel accounting for 82% of revenue last year. Within the partner channel, the focus has shifted from the Total security suite to Embedded Security (Q2'26: 25% of revenue), where the company's solutions are embedded into partner applications or routers via Software Development Kits (SDKs) and APIs.

An unfortunate setback for the Tier 1 strategy just as growth was starting to accelerate

F-Secure has for years had a clear ambition to accelerate its growth, for which embedded security solutions in the partner channel for Tier 1 operators offer the greatest opportunities. The Lookout Life acquisition and subsequent investments in growth areas have, in recent years, been reflected mainly in weakened profitability, but the foundation for long-term sustainable earnings growth is now starting to be in place. After years of waiting, growth began to accelerate this year (Q2'26: +8%) with the help

of the major Verizon contract. Now, however, the unexpected loss of the AT&T customer relationship (annual revenue 16 MEUR) makes a big dent in revenue starting next year, and the growth of already won partners will go towards offsetting this. F-Secure is still well-positioned to grow its earnings next year, supported by the announced operating model change and 13 MEUR in cost savings. Without the loss of AT&T, the slope of earnings growth would have been significantly stronger.

The loss of AT&T and cost savings included in estimates

In connection with this report, we have factored in the likely customer loss of AT&T, which translates to a quarterly revenue loss of 4 MEUR starting from Q2'27. At the same time, we have slightly raised our expectations regarding other Tier 1 partners, resulting in a net decrease in our revenue forecast for 2027 of 11 MEUR and for 2028 of around 13 MEUR. The change negotiations initiated by F-Secure also cushion the dent caused by the loss of AT&T, and overall, our earnings estimates for the coming years decreased by 5-7%. We emphasize, however, that the risk level associated with the estimates is now higher than before, as earnings growth in the coming years relies increasingly on growth driven by other Tier 1 partners, for which visibility is still weak.

Expected return is good, provided that earnings growth materializes

F-Secure's share has fallen sharply recently due to the loss of AT&T, and with our 2026 estimates, the valuation of the share (adj. P/E 9.4x, EV/EBIT 9.6) is low. Thus, we still consider the expected return as good if the company can deliver earnings growth in the coming years. We estimate that a more significant upside in the multiples would require the company to demonstrate accelerating growth and/or significant new customer wins in Embedded Security, as the loss of AT&T will now overshadow F-Secure's investment story for the next year or so.

Recommendation

Accumulate

(was Accumulate)

Target price:

1.70 EUR

(was EUR 2.00)

Share price:

1.42 EUR

Business risk



Valuation risk



	2025	2026e	2027e	2028e
Revenue	145.7	157.0	154.5	157.6
growth-%	-0.4 %	7.7 %	-1.6 %	2.1 %
EBIT adj.	43.4	40.2	42.1	45.6
EBIT-% adj.	29.8 %	25.6 %	27.2 %	28.9 %
Net Income	22.4	14.4	23.2	27.2
EPS (adj.)	0.16	0.15	0.17	0.19
P/E (adj.)	11.8	9.4	8.5	7.4
P/B	6.0	3.9	3.1	2.5
Dividend yield-%	2.1 %	2.8 %	2.8 %	3.5 %
EV/EBIT (adj.)	11.1	9.6	8.7	7.4
EV/EBITDA	9.3	9.0	7.0	6.1
EV/S	3.3	2.5	2.4	2.2

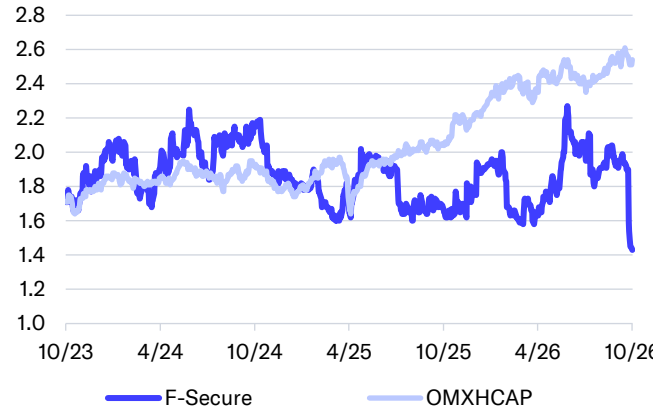
Source: Inderes

Guidance

(Unchanged)

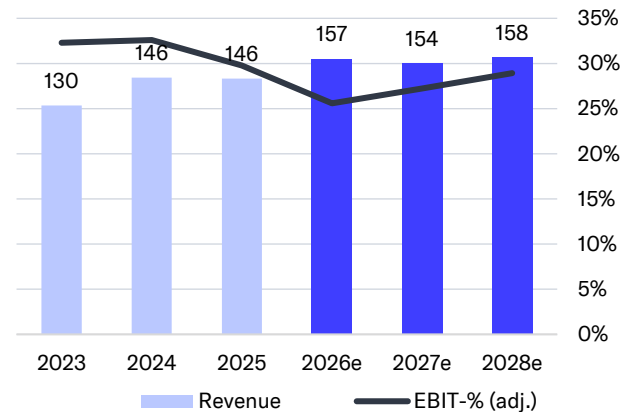
Group revenue is estimated to grow by 7-12% at comparable exchange rates in 2026. The Group's adjusted EBITA is estimated to be 44-50 MEUR (2025: 50.3 MEUR)."

Share price



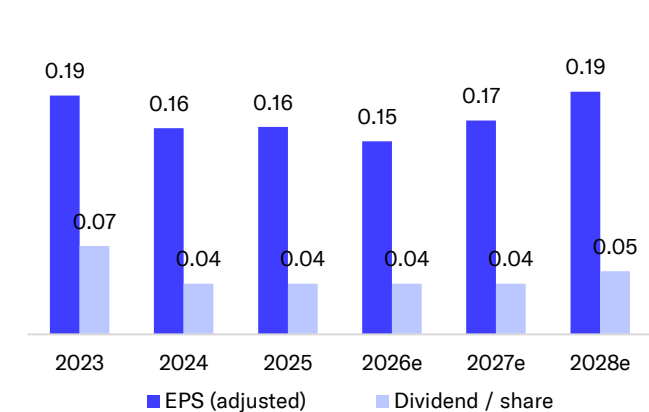
Source: Millstream Market Data AB

Revenue and EBIT % (adj.)



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Stable growth with strong profitability and cash flow
- Accelerating growth in embedded security solutions through Tier 1 partners
- Good strategic fit of the Lookout Life acquisition
- Large and steadily growing market
- An extensive partner network brings competitive advantage and scalability
- New growth opportunities in securing agentic AI

Risk factors

- Unexpected challenges or customer losses in major Tier 1 partners
- Impact of the economic situation and consumer sentiment on demand
- Tight competitive situation and potential price pressure
- Competitive threat from free security and potential new disruptive competitors driven by AI
- Dependence on individual major channel partners

Valuation	2026e	2027e	2028e
Share price	1.43	1.43	1.43
Number of shares, millions	174.7	174.7	174.7
Market cap	250	250	250
EV	386	364	339
P/E (adj.)	9.4	8.5	7.4
P/E	17.4	10.8	9.2
P/B	3.9	3.1	2.5
P/S	1.6	1.6	1.6
EV/Sales	2.5	2.4	2.2
EV/EBITDA	9.0	7.0	6.1
EV/EBIT (adj.)	9.6	8.7	7.4
Payout ratio (%)	48.6 %	30.1 %	32.1 %
Dividend yield-%	2.8 %	2.8 %	3.5 %

Source: Inderes

Contents

Company description and business model	5-13
Investment profile	14-16
Industry	17-20
Competition	21
Strategy and financial targets	22-23
Financial position	24-26
Estimates	27-31
Valuation	32-34
Tables	35-39
Disclaimer and recommendation history	40

F-Secure in brief

F-Secure is a globally operating cybersecurity company that offers security and privacy products and services that make digital moments more secure for everyone.

1988

Year of establishment (F-secure, now WithSecure)

2022

Demerger into an independent company from WithSecure

145.7 MEUR (-0.4% vs. 2024)

Revenue 2025

50.3 MEUR (34.5% of revenue)

Adj. EBITA 2025

549

Personnel at the end of 2025

-2012

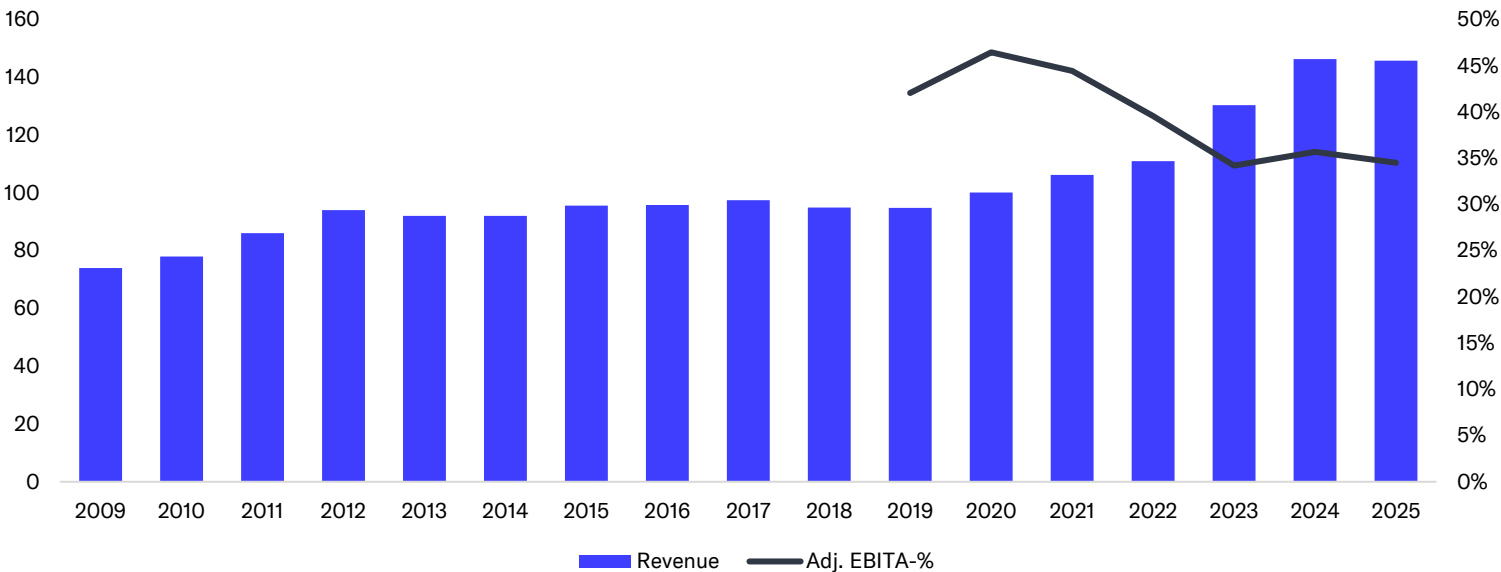
- Strong revenue growth through growth in the operator channel
- Launch of SAFE an endpoint security product, in 2012
- Launch of the channel partners' integration platform in 2012

2012-2022

- Steady revenue development in 2012-2019
- Strong and stable cash flows from consumer security were channeled into growth investments in corporate security
- FREEDOME VPN launched in 2014
- SENSE launched in 2017
- ID PROTECTION launched in 2020
- Launch of Total, which technically integrates all products (2022)
- Demerger from WithSecure and continuing operations as an independent listed company

2023-

- Growth leap in North America through the acquisition of Lookout Life in June 2023
Following the acquisition, growth is sought particularly from large Tier 1 operator partners
- Launch of Scam Protection (2024)
- Development of the Embedded Security offering
- In a challenging market, organic growth remained subdued in 2023-2025
- In 2026, the Tier 1 strategy starts to deliver results in the form of major customer wins (Verizon), but at the same time, the likely loss of the largest customer (AT&T) overshadows the growth outlook



Company description and business model 1/6

Company description

A software company focused on consumer cyber security

F-Secure is a Finnish cybersecurity company whose products protect tens of millions of consumers globally from online threats and scams. The company's offering includes products and services related to endpoint protection, privacy protection, scam protection, password and digital identity management, and router security that protects the entire home and connected devices in the home network.

F-Secure's revenue in 2025 was 145.7 MEUR and adjusted EBITA was 50.3 MEUR (34.5% of revenue). Revenue is primarily subscription-based, and historical order renewal rates have been at a good level. Geographically, F-Secure's focus is predominantly on Europe, but following the Lookout Life acquisition, the share of revenue from North America increased significantly (2025: 30%). The company employed some 550 people at the end of 2025.

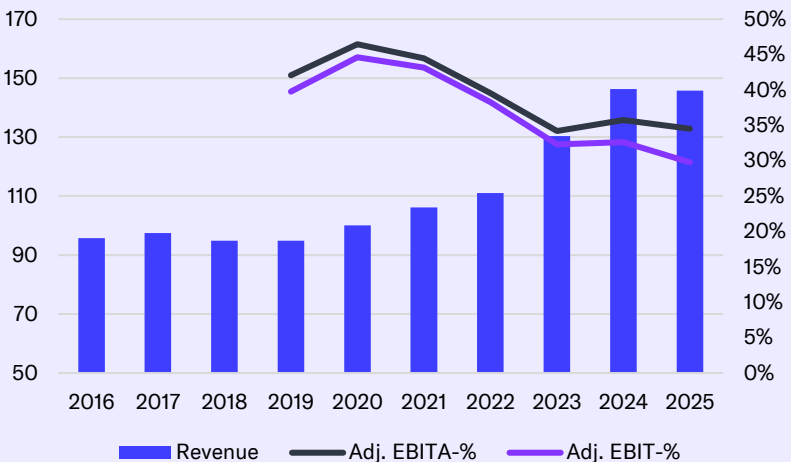
F-Secure was spun off as a new independent listed company from WithSecure on June 30, 2022, but the consumer security business has a long history. F-Secure has deep roots in the antivirus software business, where the company has been active since its founding in 1988, practically as long as computer viruses have existed. At the beginning of its operations, the company offered the same products to both consumers and businesses, as the cyber threats they faced were quite similar. Through its history, F-Secure has developed strong expertise, reputation and brand in preventing malware and security attacks, and in how malware develop and their industrial logic works. F-Secure's endpoint protection products have won numerous awards in international security tests.

In the mid 2010s, F-secure (now WithSecure) started transforming from an antivirus company into a versatile provider of cybersecurity products and services with growth investments focusing particularly on corporate security. With its stable revenue development, consumer security was thus sidelined in the company's strategy, and its copious cash flows were largely invested in the growth of corporate security. Following the demerger, the value creation of both companies became significantly clearer as they can now focus entirely on executing their strategies and allocating capital entirely from their own starting points.

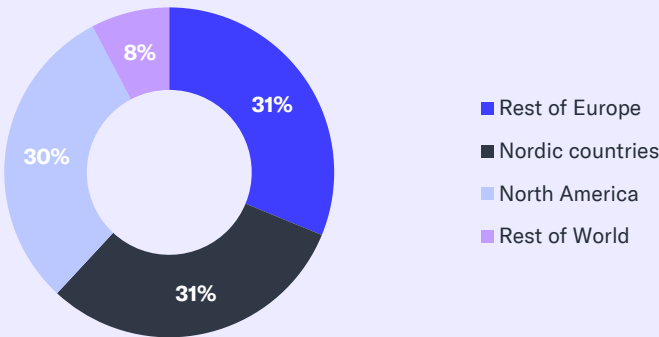
In the big picture, the consumer security market is in a mature phase, and growth is stable. The progress of digitalization and growing consumer concerns regarding cybersecurity act as market growth drivers. The market also includes segments that show rapid growth, such as products designed for protection against identity theft and various scams. Security sold to end-users through partners (e.g., telecom operators) is also an area growing faster than the overall market, which is also a key sales channel for F-Secure.

Following the COVID pandemic and the resulting increase in telecommuting, consumers are also more prepared to pay for cybersecurity. Driven by the rapid development of AI, various scams in the digital world have increased significantly. As a result, F-Secure's product portfolio and sales angle have also changed from traditional endpoint security to selling comprehensive "trust" or reliable digital experiences. The company is also currently developing new products around the use of AI models.

Revenue and profitability development



Geographical breakdown of revenue 2025



Company description and business model 2/6

Business model

Product development and technology

At the core of F-Secure's business are its technological expertise and award-winning security products. The company's technological expertise can be divided into cybersecurity expertise and channel partner operations, where the platform built by the company for its partners plays a key role. In 2025, product development costs corresponded to around 20% of F-Secure's revenue.

F-Secure's core product portfolio is in a fairly mature phase, although after the demerger (2022), it has clearly increased its investments in product development. Investments have been made particularly in new product areas, such as Embedded Security and Scam Protection. Following the demerger, a major task was also the development of the multi-module Total, which combines all F-Secure products. Following the Lookout Life acquisition, the company also made major investments in the technological integration of the companies and the harmonization of product portfolios, which were completed during 2024. Following the demerger from WithSecure, building independent technology and security capabilities has naturally also increased investments in product development.

Due to F-Secure's extensive partner channel, the company has accumulated significant expertise over the years, particularly in operators' business processes, such as operations support systems (OSS/BSS). As a result, the company has built a technological platform for its channel partners, through which the partners can offer F-Secure's products to their customers in a scalable and efficient manner. With embedded security solutions, the company aims to grow particularly among large Tier 1 operators. Serving large operators has also required general capability

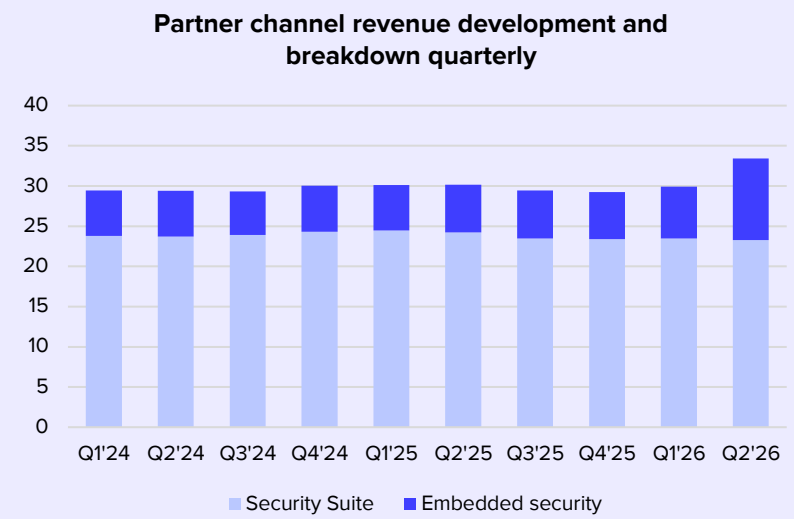
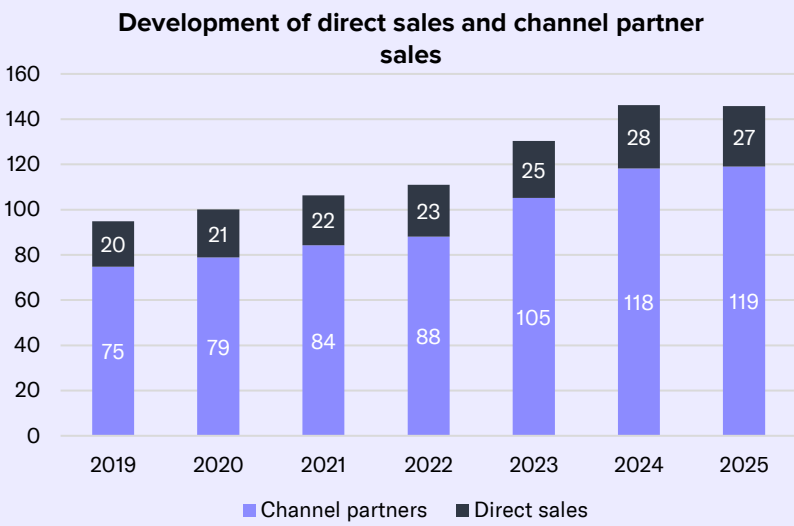
development to meet their requirements and customer volumes. In this area, F-Secure has clearly increased its investments in recent years, and the company's technology platform and service capabilities have been raised to a level sufficient even for the world's largest operators.

Sales, marketing and distribution channels

Most of F-Secure's revenue is generated globally through a network of around 200 channel partners, which is one of the company's key strengths and competitive advantages. Consumer products are also sold directly through several app stores (App Store and Google Play) and the company's own online store. In recent years, F-Secure has practically not spent any money on user acquisition in the direct channel, as in its strategy, the company has allocated capital primarily to the growth of the partner business.

F-Secure started building a sales channel through operators already in the early 2000s and today its network is the largest compared to other cybersecurity companies. Channel partners mainly consist of operators (around 150), but over the years, F-Secure has also expanded the channel to insurance companies and banks. In 2025, roughly 82% of F-Secure's revenue came through the partner channel.

Some of F-Secure's partners are highly significant for the company's revenue, and we estimate that the five largest partners account for over 30% of revenue. The largest customer (AT&T) generated 16.6 MEUR in revenue for F-Secure last year, which corresponds to 11% of revenue. This customer came through the Lookout Life acquisition. Based on information received at the end of September 2026, F-Secure would be losing this customer at the end of Q1'27. We believe AT&T intends to replace F-Secure's solutions in its cybersecurity product with lighter competitor solutions and its own internally developed solutions.



Company description and business model 3/6

However, we believe the situation and plans are still open in some respects, and it remains somewhat unclear whether F-Secure's share in this customer account will ultimately decrease to zero. However, F-secure is currently preparing for that outcome.

Partner channel

Channel partners sell F-Secure's products either as standalone value-added services or bundled as part of their own core services (e.g. broadband package). Through the partner channel, F-Secure receives extensive distribution and volume for its products. This way the replicability and scalability of the products enable good profitability even though the partners take a largish chunk of the gross sales of the products as they are responsible for the sales and marketing of the products.

Revenue through the partner channel consists almost entirely of recurring subscription-based revenue. Revenue is also generated on a one-off basis when F-Secure integrates its solutions into partners' billing and provisioning systems, and customer support provided as an annual fee. However, their share is only a few percent of revenue.

Operators are natural partners for F-Secure, as security services are strongly tied to broadband and mobile connections According to Forrester's research, around 57% of consumers are willing to buy cybersecurity solutions bundled with their mobile subscriptions. Cooperation with F-Secure is also fruitful for operators. By providing security packages for mobile and broadband subscriptions, operators have improved customer retention and satisfaction in addition to profitable additional sales (average revenue per user, ARPU increases). In our opinion, the success of F-Secure's products in this channel comes from the fact that it solves two core problems of the

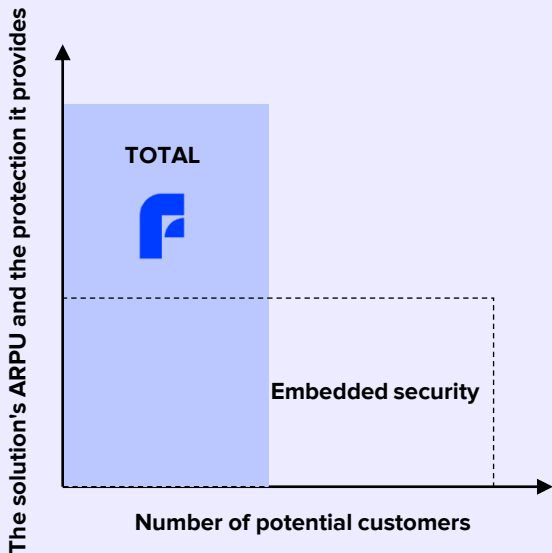
operator business (average price and customer turnover). Insurance companies, banks, and retailers are grappling with similar challenges, which is why F-Secure's partner network has expanded to these industries over the years.

Supporting partners at the core of the business

F-Secure offers a versatile integration platform for its channel partners. Partners are typically large organizations, and through the platform, F-Secure offers an easy and scalable way to sell security software to end-customers. Through the platform, partners can offer products under either F-Secure's or their own brand. Therefore, F-Secure's software can also be completely hidden behind the service provider's interface, with F-Secure's brand remaining invisible to the end user. Incorporating F-Secure's products into a partner's offering does not require significant development work, but the sales cycles for winning new partners are often very long processes (6–18 months). After this, it will take more time before the share of F-Secure's products in the customer base begins to grow to revenue-significant volumes.

F-Secure also offers other sales-supporting services to its partners. These include, e.g., billing and customer management integration, sharing of best practices in launching products into different markets, boosting sales to maximize customer lifetime value, and offering data-driven services to support decision-making. With its operating model, F-Secure has achieved high partner retention and satisfaction rates (2023–2025: 55-63). Critical in terms of success is that selling F-Secure's products is good business for the service providers, and supporting the success of partners is indeed at the core of the company's business model. The company has made over 500 deliveries and projects for its operator partners on the back of its platform.

Embedded security solutions expand F-Secure's target market



F-secure's large Tier1 partners



Source: Inderes, F-Secure

Company description and business model 4/6

Direct channel

F-Secure products are sold directly through online app stores (App Store, Google Play) and its own online store. In retail, physical "packages" that include a software license and installation instructions are still sold to some extent. Competition on the market is extremely tough and customer acquisition requires considerable marketing investments, and various free products and freemium models make the consumer market challenging to reach through direct sales. In 2025, 18% of revenue came through direct channels.

In direct sales, consumers typically pay for their subscription in advance. Subscriptions can be valid for a fixed period (1–2 years) and can also renew automatically after the subscription period. In addition, products are sold as a monthly recurring subscription. Products are also offered as free trial periods, after which the aim is to convert the consumer into a paying subscriber.

Direct sales are a profitable business in their own right for F-Secure, while also providing the company with know-how and insight into best practices that can be utilized to support the channel partner network and develop the company's products and their user experience. Through direct sales, the company can also introduce its new products to test markets, experiment with various marketing campaigns, and identify optimal price points. Following the deterioration of the market situation in 2023, F-Secure began to noticeably decrease its direct sales marketing investments. Since then, paid user acquisition has practically not been carried out, and the business is optimized with profitability first. However, the company is now introducing "project Halo", developed by a small AI-native team, to the US direct channel during Q3'26. It is a mobile-first product focused on scam protection. This launch will naturally involve some marketing investments.

Products bundled into the F-Secure Total all-in-one solution

F-Secure Total, which bundles F-Secure's products, is a security package offered by the company primarily to consumers and partners. However, F-Secure still sells products belonging to this category also as standalone Total modules. The company's key Total modules are: 1) endpoint protection product F-Secure Internet Security, 2) virtual private network F-Secure VPN, 3) F-Secure ID Protection designed for identity and personal data protection. The Total package was strengthened with the new Scam Protection solution in 2024. The role of fraud protection has become even more prominent with the rapid development of AI. The Total package is an important growth driver for the company, as the all-in-one solution results in an ARPU that is around 1.2-2.0x higher than that of a standalone product. The company is actively striving to encourage operators to increase Total penetration among their customers.

F-Secure's business model and sales

	Sales and customer acquisition costs	Service purchased by the end user	Price paid by the end user*	Sales volume	Unit price received by F-Secure
Channel partner (B2B2C)	Partner	Partner's core service	Included e.g. in the price of broadband	High	Low
		Value-added service	~7 €/month	Medium	Medium
Direct sales (B2C)	F-Secure	Value-added services	~7 €/month or ~80 €/year	Low	High

Source: Inderes, F-secure *Prices are illustrative and vary by partner

Company description and business model 5/6

F-secure Internet Security protects endpoint devices from viruses, trojans, and ransomware, and secures online shopping and banking. It can also be used to set sensible limits for children's internet use in the family. We believe that Internet Security is still F-Secure's single most significant solution in terms of revenue. Internet Security has won the AV Test Best Protection award numerous times over the years, which demonstrates that its features are of world-class quality.

F-secure Scam Protection is a scam protection solution. The solution protects the consumer when opening links, encountering scam messages, shopping in online stores, downloading files, and handling money online. Various online scams have become vastly more common in recent years, and F-Secure feels scam protection currently offers the most added value to consumers. Security packages are currently sold and marketed with an increasingly strong emphasis on protection against scams.

F-Secure ID Protection protects personal information such as usernames, passwords, and credit cards. It also detects potential personal data leaks and sends the user instructions on how to respond to these situations.

F-Secure VPN is a virtual private network that protects network traffic and enables private internet browsing. It also protects browsing by blocking access to malicious and phishing sites. With VPN, a consumer can also choose their virtual location (IP address).

Embedded security

A significant new product area for F-Secure is Embedded Security solutions, where the company's security solutions are integrated directly as part of a partner's applications, services, or routers via Software Development Kits (SDKs)

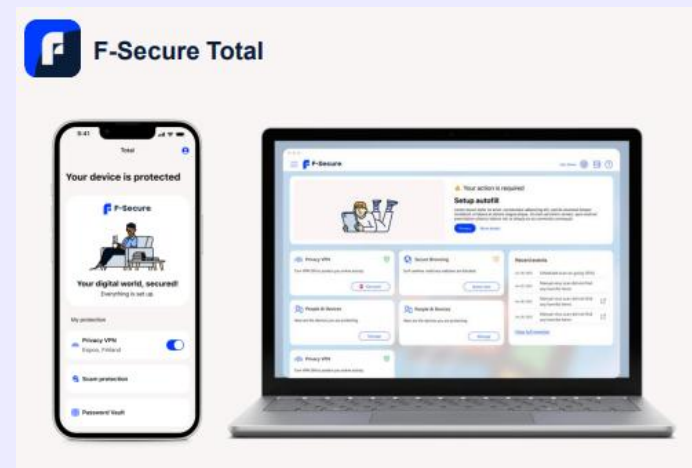
or Application Programming Interfaces (APIs). With Embedded Security solutions, the company is growing particularly in large Tier 1 operators.

The Lookout Life acquisition strengthened F-Secure's competence in embedded security, and following the acquisition, the company has increased its investments heavily in this area. With Lookout, F-Secure gained its first Tier 1 operator customers, and the company already serves 10 of the world's 20 largest operators. Many of these are still relatively small in terms of revenue, but a single customer relationship can have the potential for over 10 MEUR in annual revenue. For example, the annual revenue impact of the Verizon contract announced in March 2026 is over 13 MEUR, and annual billing could still increase if the number of service users develops favorably.

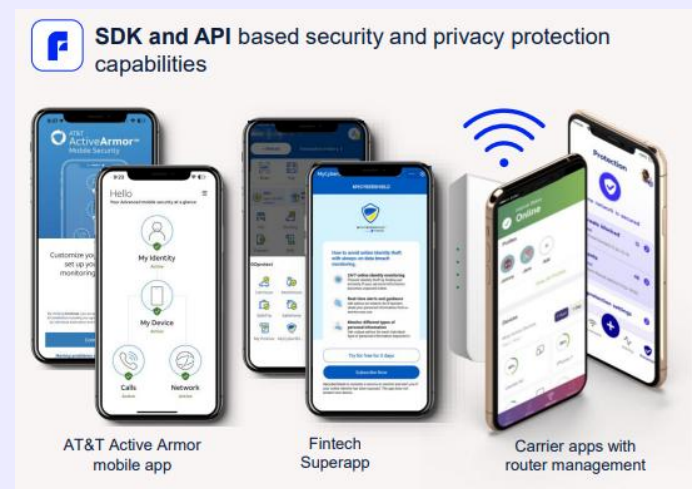
F-Secure generates revenue already during the development project and from annual maintenance, but the greatest potential lies in the period after the app is released. F-Secure's revenue is tied to the number of app users, meaning how quickly an operator partner can roll out the new application to its customers. This typically takes time, and F-Secure has estimated that reaching its full potential will take around 3-5 years from the launch.

In Embedded Security, long-term potential is also offered by technological standardization in routers. This "Android moment" for routers makes it easier than before to integrate new apps into routers. This opens opportunities for F-Secure's long-developed Sense product, the idea of which has precisely been to integrate security capabilities directly into operators' routers, thereby providing basic security for smart devices on the home network. However, the development is slowed down by the extremely slow renewal of consumers' router base.

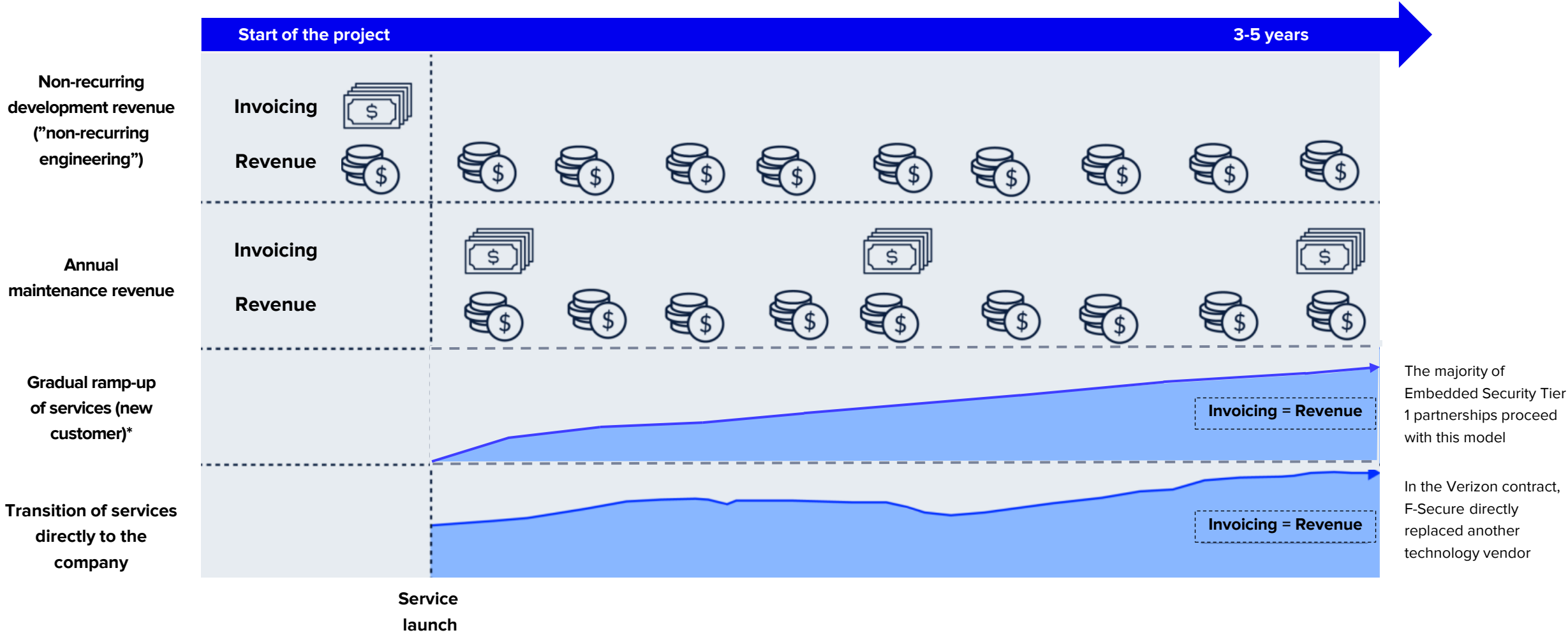
A comprehensive cybersecurity suite for consumers



Embedded Security



Revenue items in partner business



Source: F-Secure, Inderes, *NB! figures are illustrative and not to scale, **The partner adopts F-Secure's security capabilities in an app that already has a customer base, or F-Secure replaces a competitor's product

Company description and business model 6/6

F-Secure Trust is a new product for consumer security in the AI era

In May, F-Secure launched the F-Secure Trust service suite, which is the company's response to the trust deficit created by AI in consumers' digital everyday lives. According to the company's own consumer research, 84% of people no longer trust that what they see online is genuine, even as the use of AI assistants is growing exponentially

F-Secure Trust is built on two features. TrustGuard is a protective layer surrounding the use of AI assistants (e.g., ChatGPT and Gemini). It assesses the reliability of AI assistants' answers and displays their data sources. TrustPath, in turn, protects entire digital customer journeys, with online shopping from start to finish as the first use case. The service evaluates the reliability of the online store, monitors the logic of prices and contract terms, and filters out scams associated with the user journey. Technically, the solution relies on AI that operates locally on the device, meaning that the user's data does not move to the cloud. This serves both privacy and AI cost management as the service scales. The development is driven by the partnership with the AI laboratory Qutwo, led by Peter Sarlin. Features will move to the beta phase in Q4'26 and to production in Q1'27.

Initially, the product will be offered as a standalone concept, but, likely, new embedded security modules will also be created from it. In the future, the solution can also be integrated into the new "project Halo" product or as part of the Total package. First, however, the product needs to be brought to market and to see how consumers react to it.

The Lookout Life acquisition made in 2023 initiated a new phase in F-Secure's investment case

In early 2023, F-Secure acquired the US-based consumer mobile security business Lookout Life. As an independent company, Lookout had a profile very similar to F-Secure's from the perspective of both growth and profitability. The consumer business carved out from Lookout Inc., for the financial year ended in January 2023, reported a revenue of 35.9 MEUR and an adjusted EBITA of 13.5 MEUR (38% of revenue). By sales channel, Lookout Life's revenue was split between the partner channel (78%) and direct channel (22%), almost identically to F-Secure.

Lookout was a very good fit for F-Secure's strategy due to the companies' complementary product portfolios and the sales channel that relies on partners (operators). Lookout Life's strong focus on mobile security brought important expertise to F-Secure, as the company was not previously strong in this area. In addition, the expertise in embedded security solutions gained through the acquisition has created an opportunity for F-Secure to target large Tier 1 operators, which has been one of the cornerstones of the strategy following the acquisition.

At the time of the transaction, F-Secure targeted at least 12 MEUR in revenue synergies and 10 MEUR in cost synergies at the EBITA level by 2027 through the acquisition. The company commented at the Investor Day in November 2024 that it is on track regarding synergies, but tracking these from the outside is very difficult. The early stages of the Lookout acquisition were not without problems, and challenges arose, e.g., regarding the pace of integration (expectations were initially too optimistic), and the general market environment also deteriorated shortly after the acquisition. However, the

challenges are over and the technological integration of Lookout was completed during 2024. Regarding sales synergies, promising signs include the large new operator customers won in recent years, which will also begin to support revenue development during 2026. However, the loss of the AT&T customer is a major setback and a disappointment when comparing Lookout's development to the expectations at the time of the acquisition.

Following the acquisition, F-Secure's fixed cost base has increased significantly as investments in growth areas have been stepped up. Thus, the earnings of the old Lookout have not been fully transferred to F-Secure's figures, and separating them after the integration would no longer make sense. However, this makes it difficult to assess the arrangement through the lens of value creation. F-Secure paid a high price for Lookout Life (EV 223 MUSD, EV/EBITA 15.7x). However, the acquisition provides a strong strategic fit, and expected synergies justify the transaction by bringing the effective EV/EBITA multiple down to 9x. F-Secure's share performance has been weak following the acquisition, which partly indicates that the high purchase price and the earnings growth falling short of original expectations have not pleased the stock market. The recent news about the loss of AT&T was the final nail in the coffin in this regard, and due to the high purchase price paid, the transaction has clearly destroyed shareholder value so far. However, with the help of Lookout, F-Secure continues to have the prerequisites for significantly stronger earnings growth in the long run than before, as the embedded security business has been built for F-Secure thanks to the acquisition. In the coming years, the company should also be able to show concrete signs of this.

Summary of F-Secure's business model



Investment profile

An unfortunate setback for the Tier 1 strategy just as growth was starting to accelerate

F-Secure has for years had a clear ambition to accelerate its growth, for which embedded security solutions in the partner channel for Tier 1 operators offer the greatest opportunities. The Lookout Life acquisition and subsequent investments in growth areas have, in recent years, been reflected mainly in weakened profitability, but the foundation for long-term sustainable earnings growth is now starting to be in place. Following years of anticipation, growth finally started to accelerate this year with the help of the major Verizon contract. However, the sudden loss of the AT&T customer now creates a big dent in revenue starting next year, and the growth from already won partners will go to compensating for this. F-Secure is still well-positioned to grow its earnings next year, supported by the announced operating model change and 13 MEUR in cost savings. Without the loss of AT&T, the slope of earnings growth would have been significantly stronger. Following the Lookout Life acquisition, balance sheet indebtedness increased significantly, and the company has to continue allocating cash flows to digest its debt burden. Thanks to its strong cash flow profile, however, the company can handle this well while also paying a dividend.

Strengths and drivers

A strong and established position in the steadily growing consumer security market provides a solid foundation for growing the business.

Accelerating growth through Tier1 partners is a significant opportunity for F-Secure. The large Verizon contract is reflected in growth, particularly this year, but the scale of other partners is also growing gradually in the coming years as they introduce and scale new services within their customer base.

F-Secure may also win additional similar contracts where the company's security capabilities are brought directly into the partner's existing service. In this case, significant revenue will start to be generated right from the beginning.

Increasing revenue per customer has been a key driver of growth in the past and will continue to be so in the future. Key to this is the sales growth of F-Secure Total and the progress of Total expansions among partners. New products (Scam Protection) support the progress of Total expansions, as the security sales is increasingly about selling "trust" to customers.

As a new product area, **Embedded Security** offers F-Secure clear growth opportunities, particularly among large Tier 1 partners. F-Secure's product offering in this area is the most comprehensive on the market.

If successful, **new growth opportunities to secure agentic AI** can accelerate the company's growth in the coming years.

A wide network of channel partners, including around 200 partners. The partner channel is the largest of all cybersecurity companies and provides F-Secure with extensive distribution and volume for its products. Partner satisfaction with F-Secure's products is very high, and customer retention is at a strong level. The new won large partners also speak to F-Secure's competitiveness in this channel.

A scalable business model with strong customer retention enables very good profitability and abundant cash flow. Signs of the company's business scalability should begin to emerge in the coming years as the volumes of embedded security grow significantly.

Key risks

Failure in growth investments and growth falling short would mean declining profitability in the coming years, which means that earnings growth should, in our view, be pursued through

adjustment measures.

Tight competition and strong resources of major players:

The consumer security market has already concentrated quite heavily in the hands of a few major players through M&A activity. Compared to F-Secure, they have significantly greater resources to invest in, among other things, product development and marketing.

Competitive threat posed by free security software: Despite these threats that have been present for years, consumer security seems to remain a very dynamic business, and the market's growth outlook has strengthened in recent years. On the other hand, rapid AI development may accelerate competition in this field, and the impacts on the industry must be closely monitored. Threats created by AI also partly support the demand for F-Secure's products.

Dependency on individual channel partners: The channel partner network is extremely important for F-Secure, and potential structural changes among telecom operators or competing companies becoming more attractive partners are risk factors. The largest customer (AT&T) accounts for over 10% of revenue, and the risks related to this are currently materializing. Dependence on major partnerships has also been reflected in recent years in Germany, where the churn of a single large partner's customers has weighed on F-Secure's Security Suite revenue development for a long time.

The weak economic situation and sluggish consumer sentiment may affect the demand for cybersecurity solutions. Consumers' price awareness also limits their willingness to switch to more expensive overall solutions.

Technology risks may manifest, for example, as disruptions or deficiencies in F-Secure's products. At worst, this could expose consumers to cyber attacks and thus damage the company's reputation as a provider of high-quality cybersecurity.

Investment profile

- 1 Growth was finally starting to accelerate, driven by Tier 1 partners, but the loss of AT&T will impede progress in 2027
- 2 Strong profitability and cash flow
- 3 Scalable and continuous business model
- 4 Large and steadily growing total market
- 5 An extensive partner network brings competitive advantage and scalability

Potential

- Accelerating growth with large operator partners in embedded security solutions
- Winning new Tier 1 partners and expanding the channel partner network
- The shift from cybersecurity to selling broader "confidence" supports the development of customer-specific invoicing in the AI era
- Strong profitability and cash flow enable dividend distribution, investments in growth, and the use of financial leverage

Risks

- Unexpected challenges or customer losses in large Tier 1 partners
- Impact of economic conditions and consumer sentiment on demand
- Tight competition and potential price pressure in endpoint protection
- Competitive threat of free security and potential new disruptive competitors brought by AI
- Dependency on individual large channel partners

Industry 1/3

Market definition, size and growth

Cybersecurity companies are solving one of the biggest problems of the digitalizing society. Big problems also mean big business opportunities, which makes the market very interesting, dynamic, and rapidly growing.

Cyber security refers to processes, technologies, solutions, and services that protect companies' and other organizations or individual users' data against criminality that occurs in electronic networks. Cyber threats can be divided into three categories: 1) criminality that aims at financial profit, 2) hacking that aims at disrupting companies' or governments' activities, and 3) spying that aims at gaining a competitive business advantage or phishing on state security. The number of cyber threats and their intelligence is constantly growing and the market is, in practice, driven by an endless race between criminals and cyber security technologies and processes.

Gartner estimates that the global cybersecurity market will grow to around 244 BUSD in 2026. By 2029, the market is expected to grow to around 322 BUSD, representing an average annual growth of 10% in 2024-2029.

At the top level, growth is driven by three factors: digitalization, increasing threat scenarios, and regulation. Digitalization constantly increases the attack surface as the device portfolio diversifies and systems and online services are linked to each other. At the same time, cybersecurity is increasingly a precondition for building new digital businesses, such as electronic transactions and payments. For threats, constant news of serious data breaches maintain risk-based purchasing. Cybercrime has also become more

professional, and many criminal organizations are run like businesses. Regulation (such as NIS2), in turn, brings forced purchasing to the market by expanding the group of organizations subject to cybersecurity requirements.

The rapid development of AI reinforces all three drivers and is currently the single most significant driving force of change in the market. AI is used in both attacks and defense. For cybercriminals, it is an efficient tool for, e.g., automating and personalizing scams and phishing. For cybersecurity companies, in turn, it provides means to detect and counter threats faster and on a larger scale than before.

Market segments

The target groups of the cyber security market can be roughly divided into three areas in a pyramid model (see next page) based on the intelligence of attacks and technologies. These also broadly correlate with the size of the customer organizations as the biggest organizations and state administration are typically the main targets of cyber criminals. For organizations at the top of the hierarchy, solutions that have been created for the masses at the bottom of the hierarchy do not offer sufficient protection. Correspondingly, the solutions focusing on the top levels of the hierarchy are too expensive for organizations whose activities do not require a high protection level. However, generative AI has begun to blur the lines between these layers, as customization previously seen only in targeted attacks is now scaled to mass attacks with its help.

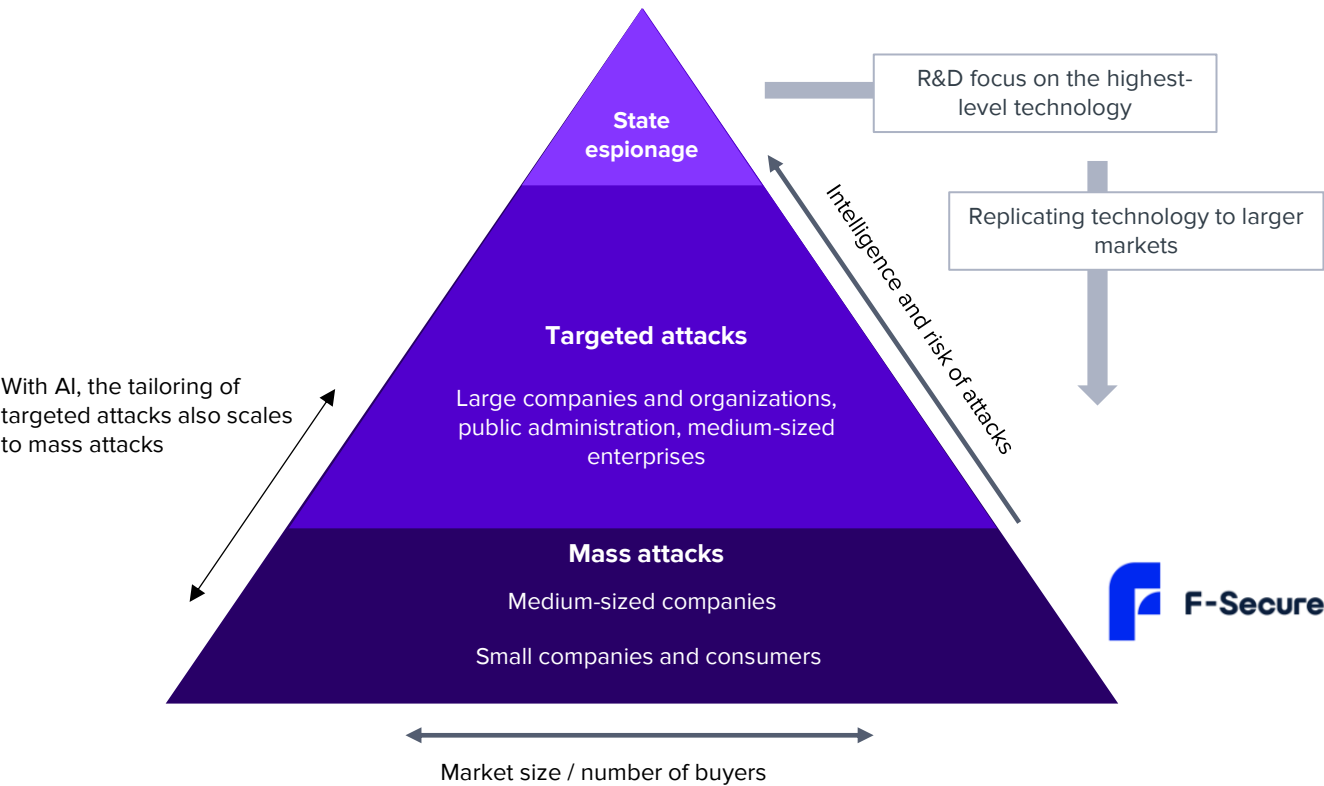
The top of the cybersecurity market is represented by state espionage and the defense industry. This is a niche market

from the viewpoint of cyber security companies, but it represents the highest technology and level of expertise and is thus important.

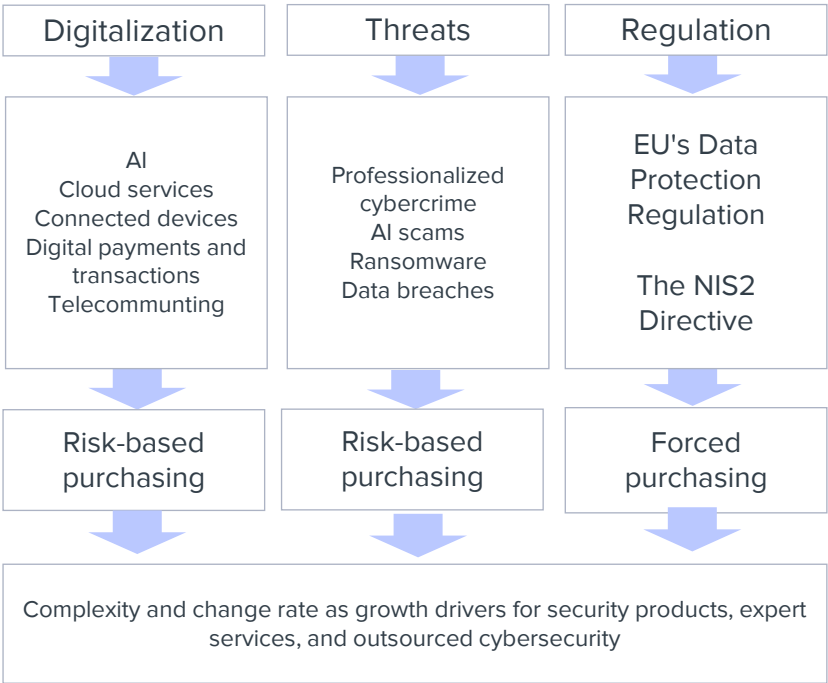
The largest volume of the market is found in the middle of the pyramid that covers targeted attacks. In this case, the primary target group is, in practice, all large organizations and public administration, as well as actors critical to the security of supply (such as energy, banks, and operators). Crucial in this group is that its size is constantly growing as security threats increase and regulation expands the pool of organizations subject to requirements, which also expands the market for demanding cybersecurity solutions. Targeted attacks are increasingly affecting medium-sized companies whose limited resources are nevertheless insufficient for building their own internal security teams. This drives demand for managed cybersecurity services.

An essential segment for F-Secure is the bottom layer of the triangle, which includes consumers, as well as SMEs. Traditionally, the security needs of this segment have been limited to mass attacks, which can be fended off with regular "off-the-shelf" products such as endpoint protection software. However, the threat landscape for consumers has changed significantly: generative AI has industrialized scams, and phishing, account takeovers, and various types of scams are increasingly targeting humans directly rather than devices. Therefore, the focus is shifting from endpoint security to scam prevention and identity protection. The disruption expands the market at the bottom of the pyramid and is a key driver for F-Secure's growth.

Distribution and operating logic of the cyber security market



Market drivers



Industry 2/3

Consumer security market

F-Secure operates in the consumer security market, which, despite its large size, is a relatively small part of the overall cybersecurity market. According to estimates by IDC and Gartner, the market is worth around 11 BUSD and is expected to grow at a rate of about 4.5% until 2028. Geographically, North America is clearly the largest region (over 50%), followed by EMEA and Asia.

The market includes endpoint security products, such as antivirus, anti-spyware, scam protection, parental control, and mobile security products, as well as products related to fraud detection, backup, and online privacy protection for consumers. We estimate that the majority of the market is related to endpoint security products. Fast-growing product areas can be found, for example, in privacy protection and scam protection, where the rapid development of AI creates new needs.

Partner business, where security is sold through partners to end users (B2B2C), is the fastest-growing segment of the market as security increasingly becomes part of operators' core offering. Partner business is estimated to grow at a pace of 8% from 4.4 BUSD to 5.1 BUSD by 2028. For direct-to-consumer (B2C) security, the market is expected to grow from 6.6 BUSD to 7 billion.

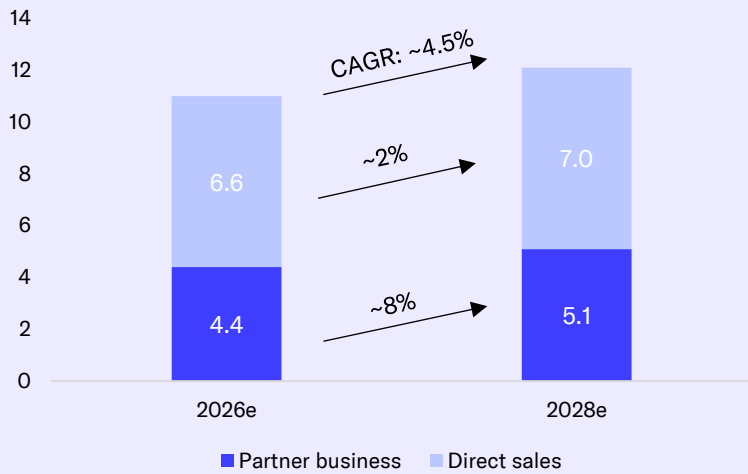
F-Secure has estimated the annual revenue potential of the current embedded security business to be over 200 MEUR, which is calculated by assuming a revenue level of around 10 MEUR per Tier 1 operator. Thus, this 200 MEUR potential also includes operators that are not yet customers of the company. In addition, there is upside potential from the new AI-powered trust service category. F-Secure's revenue from Tier 1 partners in 2025 was under 50 MEUR and thus there is plenty of growth potential.

The market for endpoint protection products has already reached a mature phase, which partly explains the moderate growth. Further, the popularity of constantly evolving free virus prevention solutions (e.g. Windows Defender, Apple phones' built-in security) is slowing down market growth. AI also creates its own threats to this development from the perspective of current consumer cybersecurity providers. If Apple, Google, and Microsoft were to develop and integrate their own AI-based cybersecurity solutions into their operating systems in the future, this could pose challenges for consumer cybersecurity companies.

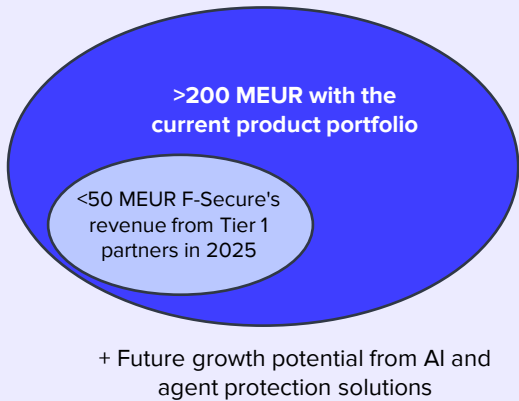
Growth drivers for the market

F-Secure has identified certain drivers that can accelerate the growth of the consumer security market and the company. The first of these is the redistribution of end-user consumption in existing markets. Most consumers still use standalone security solutions, such as endpoint protection alone or a VPN. Based on the company's market research, consumers are increasingly shifting towards comprehensive solutions (such as Total) that have a higher price point than individual products. The shift towards simpler end-to-end solutions is also supported by consumers' perception that cybersecurity is too complex. In general, based on F-Secure's research, consumers are increasingly willing to pay for cybersecurity. And as the time spent online has increased, so have consumers' concerns about online security.

Size of the consumer security market (BUSD)



Potential of Embedded Security in Tier 1 partners



Industry 3/3

The second trend is cyber security becoming more strongly integrated as part of operators' core offering. This is mainly driven by the sluggish development of operators' average revenue per user (ARPU), which has led operators to urgently seek new value-added services. According to the company's research, a significant portion of consumers find buying cybersecurity through an operator natural for them.

New product categories have also emerged in consumer cybersecurity, supporting market growth. The market for identity theft protection services is an example of this. Services included in the market are, for example, credit monitoring, fraud protection (credit card and bank fraud), and cybersecurity insurance. In recent years, scam protection has emerged as a key new area for F-Secure, and the company's security suite is nowadays often sold with this angle.

In addition, the growing number of smart IoT devices in homes can be seen as an industry growth trend. The changing device portfolio has been visible as a drop in endpoint protection software. Overall, the number of devices connected to the web is growing rapidly in consumers' homes. This provides growth opportunities for new cybersecurity products that protect home networks and smart devices.

The industry has already consolidated significantly

Over the past decade or so, the growth outlook of the cybersecurity market has attracted a lot of investments to the sector. This has been visible as dramatic growth in venture capital investments in new cybersecurity companies and as lively M&A activity both in North America and Europe. The trend has been particularly strong in the corporate security market, where the growth pace has

been faster than in the consumer security market.

Significant M&A transactions have also been seen on the consumer side over the past ten years. The largest of these have been the merger of Norton and LifeLock (2016), the sale of Avira to NortonLifeLock (2020), and the merger of Avast and NortonLifeLock (2021), after which the company changed its name to Gen Digital. Originally, NortonLifeLock was formed in 2019, when Symantec decided to sell its corporate security business to Broadcom and focus solely on consumer security. In December 2024, Gen Digital acquired MoneyLion, which focuses on personal financial management, expanding the company's offering beyond traditional consumer security. Gen Digital's revenue is around 5 BUSD, thereby making up a significant portion of the entire market.

A group of private equity investors made a buyout offer for McAfee of around 14 BUSD in 2021. Prior to this, McAfee's corporate security operations had already been sold to a private equity investor. In addition, the merger of Pango Group and Total Security valued at around 1.7 USD (2024), formed an entity (new name Point Wild) that generated a revenue of 600 MUSD at the time of the merger with an EBITDA margin of 25%.

Given the transactions that have already taken place, the consumer security market is hardly likely to see another significant consolidation wave. However, individual larger transactions may also be seen in the future. On F-Secure's scale, the acquisition of Lookout Life was substantial, but from the perspective of the consolidation of the entire market, the transaction was quite small. We do not expect F-Secure to make larger acquisitions in the near future, but smaller technology acquisitions are possible.

M&A in the consumer security market:

Date	Buyer	Target	EV (MUSD)	EV/S	EV/EBITDA	EV/EBIT
3/2026	Gen Digital	Trellis	-			
12/2024	Gen Digital	MoneyLion Total	1350	2.5x	16x	
12/2024	Pango Group	Security	1700	2.8x	11.3x	
4/2023	F-Secure	Lookout Life	223	5.6x		15.7x
3/2022	Avast	SecureKey	-			
12/2021	Avast	Evernym	50			
9/2021	Kape Tech	Express VPN	935	3.3x	37.7x	
8/2021	Advent	McAfee	14000	7.5x	16.6x	45.8x
8/2021*	NortonLifeLock*	Avast	7662	8.2x	15.6x	17.4x
12/2020	NortonLifeLock*	Avira	359			
5/2019	Avast	TrackOFF	-			
11/2017	NortonLifeLock*	SurfEasy	39			
11/2016	Norton	LifeLock	2362	3.6x	50.0x	95.4x
7/2016	Avast	AVG	1463	3.4x	11.7x	

* Current Gen Digital

Consumer market trends:

Digitalization and AI development increase concerns regarding cybersecurity

- AI accelerates market change and creates new threats
- Consumers' willingness to pay is increasing

Cybersecurity is complicated for consumers

- Consumers are turning to service providers to acquire cybersecurity solutions
- Operators increasingly view cybersecurity as a core service

Transition to comprehensive security solutions

- Revenue per customer is growing

Emergence of new product categories

- For example, protection against identity theft and scams, as well as router security

Competition

Market concentrated on a few large players

With consolidation, a significant part of the consumer security market has concentrated around a few large players. At the same time, the high barrier to entry and relatively small size compared to the entire cybersecurity market have limited the emergence of new competitors in the mature market. Biggest players include Gen Digital, McAfee, Point Wild, Kaspersky, Trend Micro, and Bitdefender. The companies compete with F-Secure in both the direct and the partner channel, although the go-to-market strategies and business models differ to some extent.

In addition to competitors offering paid security, F-Secure competes against solutions offered for free. Of these, the worst competitor is Microsoft's cybersecurity solution, which comes pre-installed on practically all Windows PCs. The security features of Apple's and Google's platforms are also constantly evolving. As a result, the value proposition to consumers from paid cybersecurity companies today emphasizes many other factors beyond basic endpoint security (such as identity protection and scam protection).

Regarding embedded security, companies operating in close product categories, such as home security and connected device protection, can also be considered F-Secure's competitors in the partner channel. In the direct channel, in addition to the suppliers of the security packages mentioned above, competition comes from specialized VPN providers, companies specializing in password and identity protection, and players specializing in protecting children's devices in families.

Competitive factors in the consumer security market

In cybersecurity products, product quality and its ability to prevent or detect malware is emphasized as a competition factor. Further, customer confidence in the product, its price,

the scope of security features, and ease of use are important factors. The brand and the product's success in various tests also affect purchase decisions. Partly, the advancement of the aforementioned matters depends on the scale of R&D and marketing resources.

In F-Secure's key partner channel, the ability to support channel partners in achieving their business objectives is a key factor in building long-term customer relationships and winning new partners. The most important of these are improving customer retention and increasing customer-specific invoicing.

F-Secure's competitive advantages

The channel partner network, which we believe is the broadest among all cybersecurity companies, is one of F-Secure's key sources of competitive advantage. A strong position in the partner channel is also reflected in very long customer relationships. In embedded security, the company currently offers the most comprehensive product range on the market. Investments in this area in recent years have also elevated the company's technological and service capabilities to a level acceptable to the world's largest operators.

In the Nordic countries, F-Secure's brand is also quite strong, although globally, brand awareness lags behind the biggest, main competitors. The largest competitors inherently also have larger resources to invest in product development and sales. Thanks to F-Secure's long-standing expertise in virus prevention technologies, the company's products are highly competitive, which is also reflected in its performance in endpoint security tests. Overall, we consider the company's competitiveness to be at a good level, although it is difficult to achieve lasting competitive advantages in the technology sector.

F-Secure's key competitors



Other specialized competitors

Connected home security and DNS Security:



VPN providers:



Password and identity protection, and protecting children's devices:



Strategy and financial targets 1/2

Serving partners as well as possible at the core of the strategy

Following the Lookout Life acquisition, F-Secure's strategy has increasingly focused on serving the partner channel, and thanks to the development of integrated product portfolios, new product launches (Scam Protection), and embedded security solutions in recent years, the company also has a highly competitive offering for both large and smaller partners. Over the past few years, the focus of the strategy has been particularly on large Tier 1 partners, for whom the embedded security solutions offered by F-Secure represent the company's key growth opportunity. F-Secure has won every Tier 1 deal it has pursued in 2024–2025, and the next step is scaling these customer accounts into revenue and winning the remaining larger partnerships. Of the world's top 20 Tier 1 operators, 10 are already F-secure partners.

Reflecting the focus of its strategy, F-Secure renewed its organizational model at the end of 2024. In the revised model, customer segments are divided into strategic partners (Tier 1), significant partners (Top 100 operators globally), commercial partners (small and medium-sized operators and other verticals, such as banks and insurance companies), and the direct channel.

The strategic priorities updated by F-Secure at the beginning of 2026 are as follows: 1) Successfully serving, scaling, and growing each strategic partner, 2) Unleashing the full growth potential of each partner, and 3) Data, AI and new ways of working as drivers of innovation and growth

The first point relates to Tier 1 partners, as serving them has required F-Secure to develop its capabilities to meet their

requirements and customer volumes. In this area, F-Secure has clearly increased its investments in recent years, and the company's technology platform and service capabilities have been raised to a level sufficient even for the world's largest operators. Going forward, these investments should begin to show in F-Secure's earnings growth as volumes with large operators increase.

Another aspect is that F-Secure aims to independently support the success of all its partners. Best practices identified with successful partners can be shared with others, which supports the growth in the number of net subscribers and can increase invoicing per customer. The successful launch of the Horizon platform brings additional scalability to serving smaller partners and also offers potential to expand the partner channel.

Third, F-Secure wants to strengthen its market leadership in the area of scam protection. In addition, the goal is to validate the viability of project Halo in the North American direct channel. F-Secure also aims to accelerate AI-driven innovation and an AI-native operating model, both at the company level and across every function. Halo's AI-native development team is one example of this, and we believe that AI tools have already introduced additional efficiency to the organization in other ways as well.

Operating model reform and major cost savings

In early October, F-Secure announced that it is starting change negotiations and renewing its operating model, targeting gross annual cost savings of 13 MEUR.

Priority areas of the strategy

Successfully serving, scaling, and growing every strategic partner

Unlocking the full growth potential of every partner

Data, AI and new ways of working as drivers of innovation and growth

Strategy and financial targets 2/2

The savings are intended to be achieved by transitioning to AI-native working methods across the company, bringing agility and significant efficiency. We understand that the company has been planning this reform for some time, and the recently announced AT&T customer loss no longer had a material impact on the scope of the savings. The company estimates that the planned change in the operating model will lead to a reduction of a maximum of 145 positions globally. Some of the savings would be invested in growth, such as new roles, technology, and product projects, but the planned changes are also intended to strengthen F-Secure's profitability and support the company's progress toward its medium-term financial targets.

In the new model, F-Secure is organized into three business units: Partner Products, Embedded Security, and Direct Business, in addition to which a New Ventures unit will be established. These are supported by the Group's joint operations (Technology, Strategy Unit, Finance and Legal, and People and Culture).

Financial targets

F-secure updated its financial targets in November 2024. Regarding growth, the company targets high single-digit revenue growth, in addition to which the company sees significant additional potential for growth from large Tier 1 deals. 2025 was still a ramp-up year for the company, but in 2026 growth appears to accelerate to the company's target level, driven in particular by the major Verizon contract. Growth would likely have been at a good level also in 2027 without the loss of AT&T.

In terms of profitability, F-Secure aims for the adjusted EBITA margin to approach 40% as revenue rises to 200 MEUR Considering the scalable cost structure and the

profitability of industry peer Gen Digital (EBIT >50%), an EBITA margin of 40% looks achievable with strong strategy execution. In the long term, we find the profitability level targeted by the company realistic, provided that growth materializes. However, the company's profitability development after setting the targets has fallen short of our expectations, in light of which we do not consider reaching the target level certain. The newly announced significant cost savings will partly help in achieving the profitability target, but accelerating growth remains the most important factor in that regard.

F-Secure's dividend policy is to annually distribute around or above 50% of net profit as dividends, which can be adjusted if the gearing ratio is higher than the target level. Thanks to its strong cash flow, the company is well-positioned to continue paying dividends in line with its policy, even though cash flow in the coming years will still be directed at digesting the debt incurred for the Lookout Life acquisition. In our view, leverage flexibility in the policy is sensible, and for the 2024-2025 earnings, the company decided to pay a dividend of only EUR 0.04 per share (31-33% of reported net income).

In terms of the balance sheet, F-Secure targets a net debt to EBITDA ratio of below 2.5x. The level may temporarily exceed this through acquisitions, and currently (Q2'26: 2.9x) indebtedness is still above the target level. We consider the use of debt leverage highly justified due to the company's stable business and strong cash flow. However, the company's current balance sheet position does not actually allow for significant additional lending for new acquisitions, for example.

Financial targets

Growth High single-digit revenue growth, plus significant upside from major Tier 1 contracts	Profitability The adjusted EBITA margin approaches 40% as revenue rises to 200 MEUR. (2025: 34.5%)
Dividends Around 50% or more of net income is paid as a dividend, which may be adjusted if the gearing level is higher than the target	Balance sheet structure Net debt/EBITDA under 2.5x Q2'26: 2.9x

Financial position 1/2

Historical growth and earnings development

F-Secure's average revenue growth over the past 5 years has been 7.8%. The Lookout Life acquisition has significantly boosted this, and we estimate that the average organic growth for the period was around 2.8%. Organic growth is weighted towards the beginning of the period, as in 2024–2025 it hovered around zero (-0.4–0.2%). In the weak economic environment, certain operator partners in Germany and the UK have faced customer churn, which has largely buried the new sales brought by F-Secure's growth drivers. In the direct channel, F-Secure has refrained from paid customer acquisition, which has been reflected in the channel's revenue development (2025: -4.5%). In addition, exchange rates (particularly USD) have created headwinds for the reported figures.

Prior to the demerger, in 2019-2021, F-Secure's adjusted EBITA-% was around 42-46%, reflecting very strong profitability and a mature-stage software business. In 2022, the margin weakened to 39.6%, reflecting the building of an independent organization. In 2023, the margin weakened further (to 34.2%) due to additional investments resulting from the Lookout Life acquisition. In 2024–2025, profitability has stabilized (34.5–35.7%), but the company is nonetheless investing significantly in growing its Tier 1 capabilities. In 2026, relative profitability will weaken further due to investments related to the Tier 1 strategy.

Cost structure

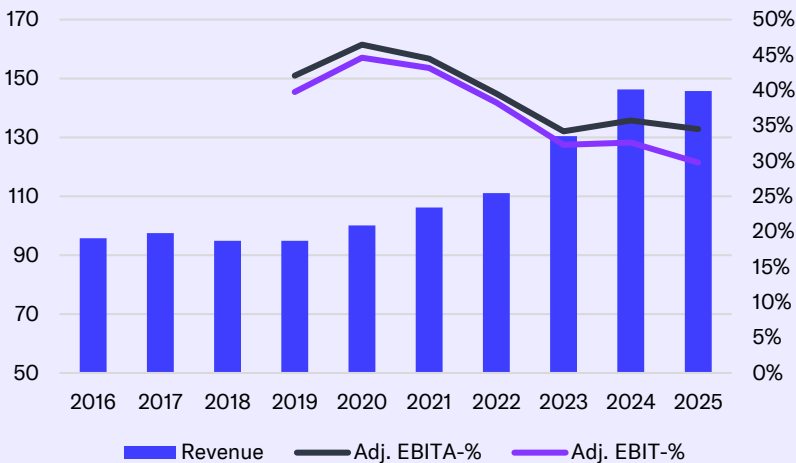
F-Secure's gross margin has historically been at a very strong level of over 90%, but has decreased following the Lookout Life acquisition (2025: 85%) due to Lookout Life's different margin profile. As the revenue from embedded

security grows, the gross margin percentage will continue to decline somewhat due to its lower gross margin. However, at the EBITA level, the profitability of embedded security is similar to that of F-Secure normally, as the operational cost structure scales well as volumes grow. In the income statement, the cost of goods sold mainly consists of production-related hosting costs, royalties, and service fees.

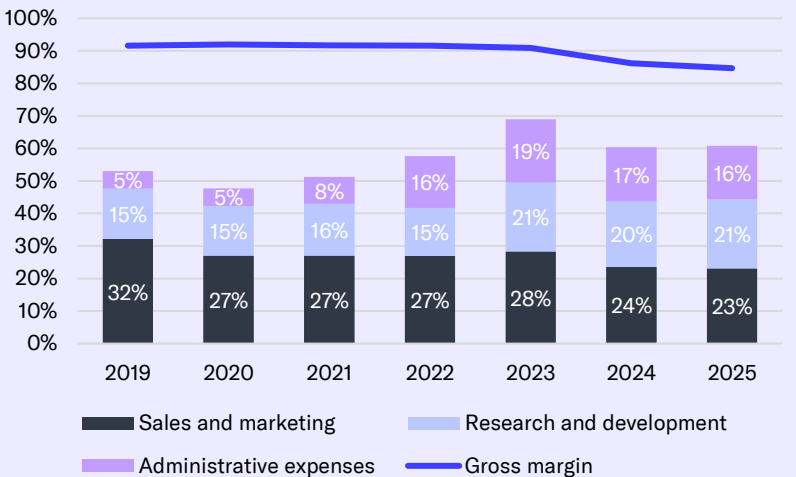
Sales and marketing costs represent 23% of revenues in 2025. The expense item includes personnel and marketing expenses, sales commissions, professional services, as well as other operating expenses. The relative share of sales and marketing of revenue is already at a fairly low level, but we see a slight potential for long-term scalability in the expense item with growth.

Product development costs accounted for around 21% of revenue in 2025, while administrative expenses were around 16%. These items have seen an increase in recent years as F-Secure has invested in its own product development and governance structures. In addition, following the demerger, the company paid WithSecure for related services under TSAs. Due to the company's transition phase, examining historical relative proportions does not provide a true picture, as the demerger and the Lookout acquisition have caused significant changes to the cost structure. In 2024–2025, the cost structure has indeed been "normal" for the first time, although certain accounting items related to the Lookout Life acquisition and other non-recurring items still had an impact here.

Revenue and profitability development



Cost structure % of revenue and gross margin



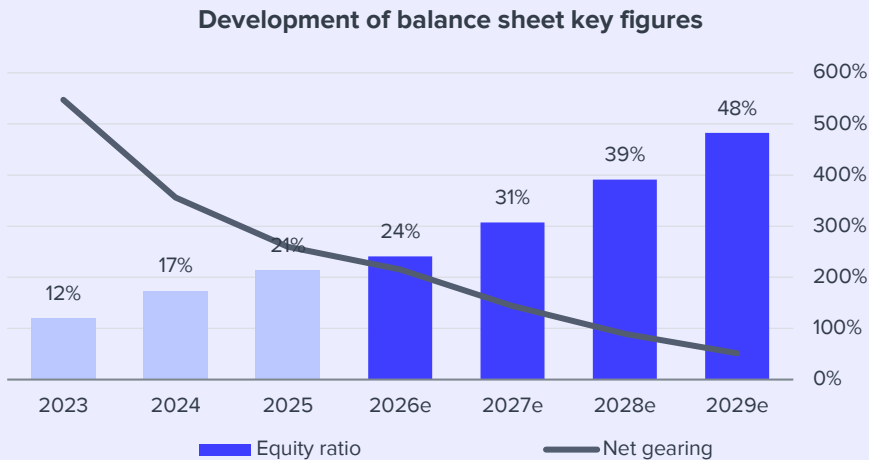
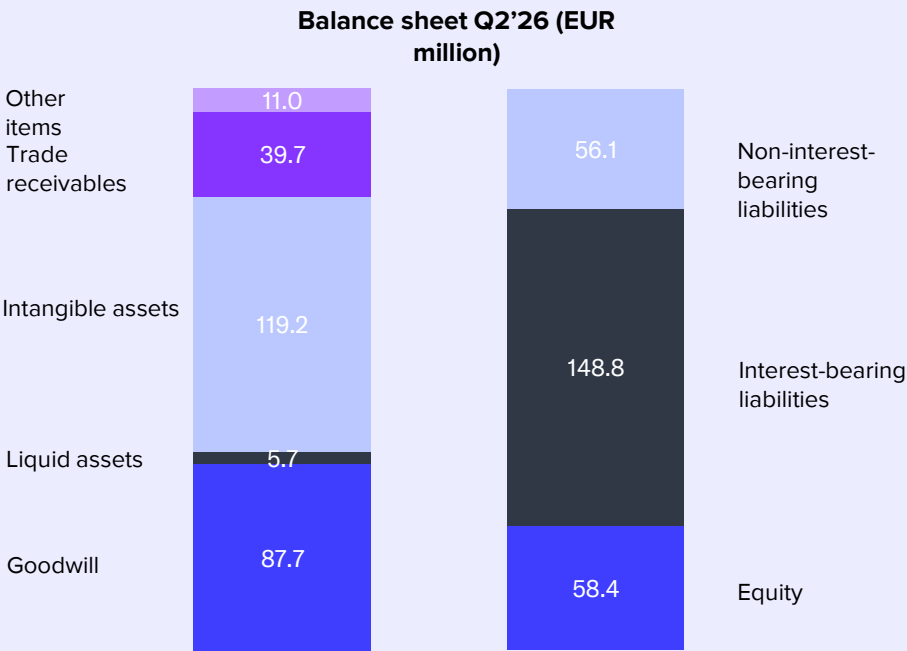
Financial position 2/2

Cash flow and balance sheet

F-Secure's business has a good cash flow profile, as sales from the partner channel materialize as monthly cash flow, and in direct sales consumers often pay for the subscription or license in advance. Operating cash flow (after taxes and financial items) relative to adjusted EBITA has been around 79-81% in recent years. Free cash flow has been around 47-59% of adjusted EBITA. Following the partial demerger, F-Secure has started to capitalize its product development costs on its balance sheet significantly more than before, which has widened the gap between earnings and free cash flow in the short term. Non-recurring items related to restructuring have depressed cash flow in recent years. With the decrease in non-recurring items, the decrease in net investments (increase in the level of depreciation), and the decrease in interest expenses, cash conversion has the prerequisites to improve again going forward.

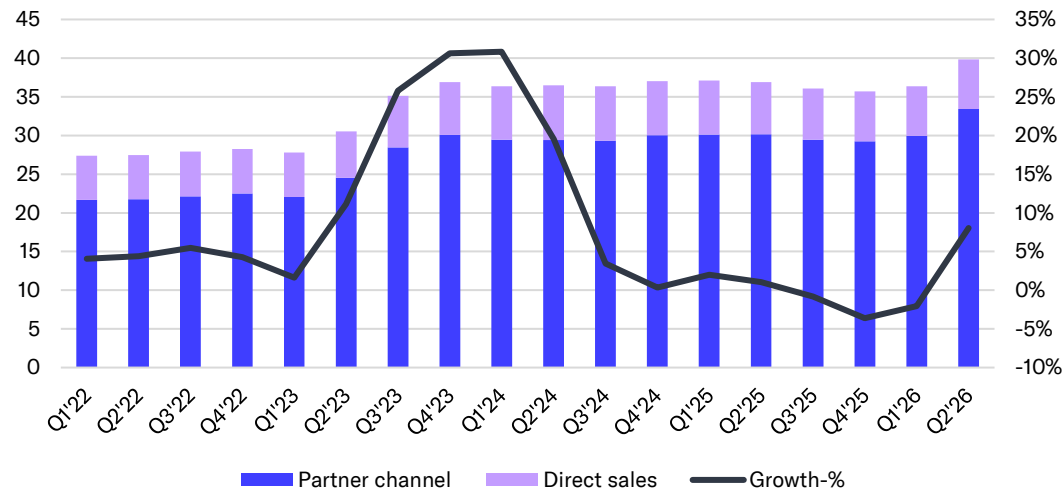
F-Secure's balance sheet total at the end of Q2'26 was 263 MEUR. Balance sheet assets consisted mainly of goodwill (87.7 MEUR) and intangible assets (119 MEUR) resulting from the Lookout Life acquisition. The rest of the balance sheet consisted mainly of trade receivables (39.7 MEUR) and liquid assets (5.7 MEUR).

The liabilities side consists largely of interest-bearing debt drawn in connection with the Lookout Life acquisition (bank loans of 144.5 MEUR), advances received (25.3 MEUR) and trade payables (23.3 MEUR). The equity ratio at the end of Q2'26 was a moderate 22%, and the net debt to adjusted EBITDA (2.9x) was still slightly elevated. We believe that with strong cash flow, the balance sheet will strengthen and indebtedness will decrease toward the company's target level (below 2.5x) already in the coming years.

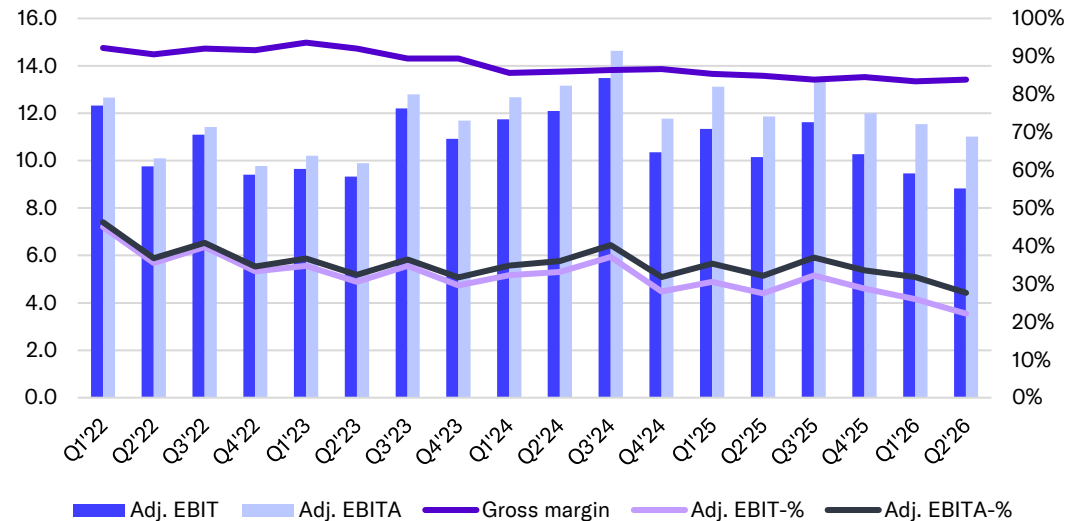


Development of key figures

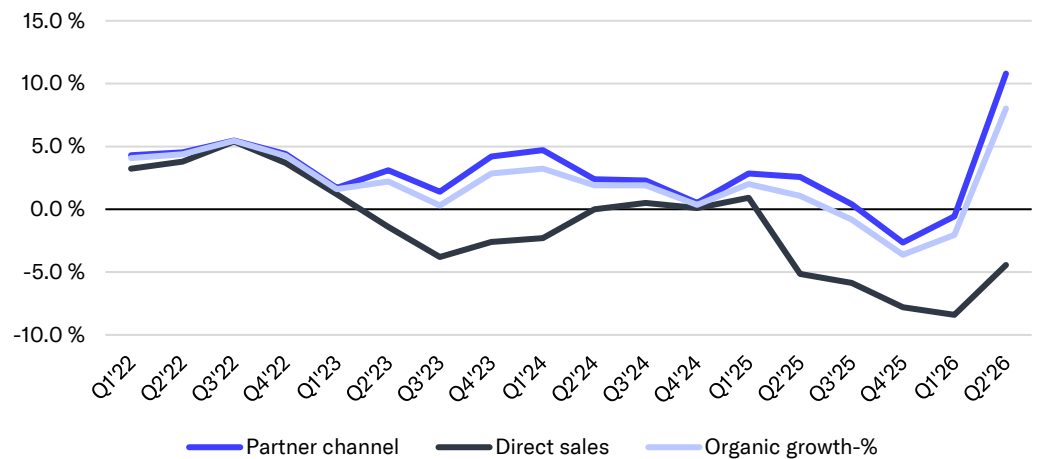
Revenue development by quarter



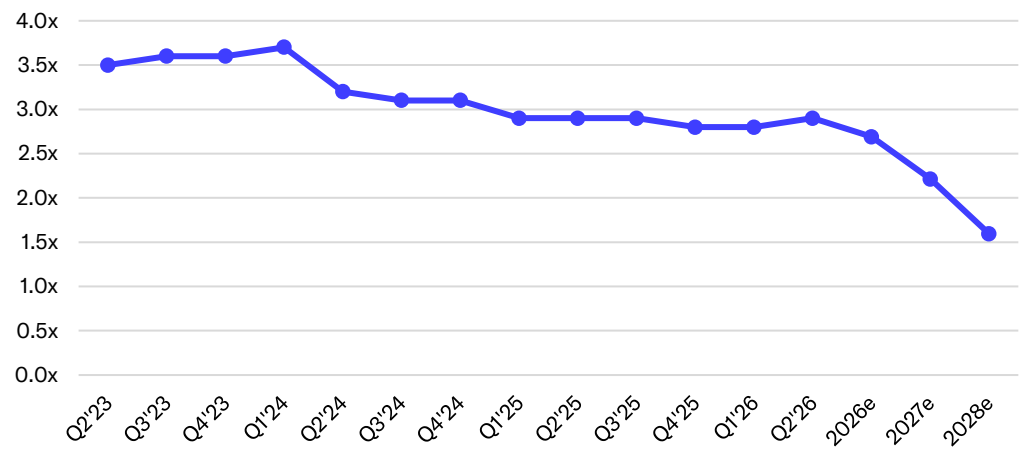
Profitability development



Quarterly organic growth development



Net debt/adj. EBITDA



Estimates 1/3

Basis for the estimates

In connection with this report, we have factored in the likely loss of AT&T as a customer at the end of March 2027, which means a quarterly revenue loss of 4 MEUR starting from Q2'27. At the same time, we have slightly raised our expectations regarding other Tier 1 partners, resulting in a net decrease in our revenue forecast for 2027 of 11 MEUR and for 2028 of around 13 MEUR. The change negotiations initiated by F-Secure also cushion the dent caused by the loss of AT&T, and overall, our earnings estimates for the coming years decreased by 5-7%. In addition, we have slightly revised our assumptions regarding net financial expenses downwards, reflecting the refinancing of F-Secure's loan portfolio. We emphasize, however, that the risk level associated with the estimates is now higher than before, as earnings growth in the coming years relies increasingly on growth driven by other Tier 1 partners, for which visibility is still weak.

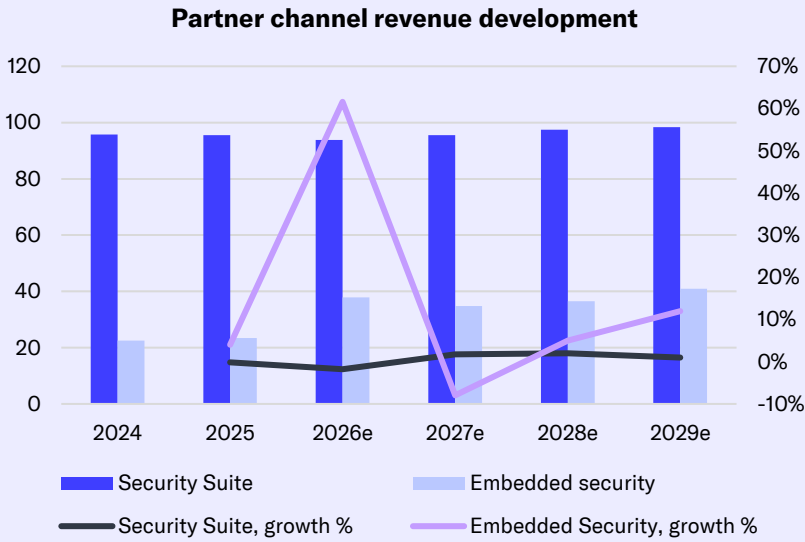
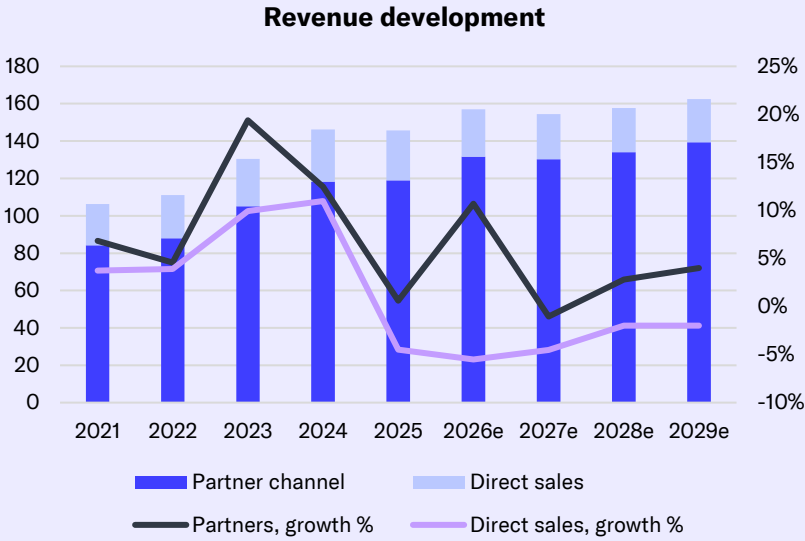
We estimate F-Secure's revenue development separately through the channel partner network and direct sales. We expect the partner channel, which is at the heart of the strategy, to be a key driver of growth. The majority of the growth will come from Embedded Security, but we also expect Security Suite revenue to grow moderately in the coming years. We expect the direct sales to continue on a gradually declining trend as F-Secure develops this channel, focusing on profitability.

In general, visibility into F-Secure's revenue development in the short and medium term is relatively good, as revenue is almost entirely based on recurring software subscriptions. Regarding the slope of growth, potential new major contracts with Tier 1 partners could accelerate development quickly compared to our current estimates.

On the other side, there naturally continues to be a risk of another major partner deciding to end its cooperation with F-Secure. However, we do not consider this likely, as the vast majority of Tier 1 partnerships have started only very recently, and the cooperation has only just begun to be properly advanced. In Security Suite revenue, a major operator in Germany that continues to struggle with challenges is weighing on F-Secure's revenue. In general, the growth outlook here seems stable.

Regarding growth, our estimates are now clearly more cautious than the company's medium-term targets, and for instance, our 2029 revenue estimate (162.5 MEUR) falls well below the company's target of 200 MEUR. Due to more cautious revenue estimates, the improvement in the adjusted EBITA margin (2029e: 35.5%) also falls short of the company's target level of 40% in our estimates. However, the newly announced operating model change and the planned significant cost savings will support profitability in the coming years, even though some of the savings will be invested in growth areas.

In practice, F-Secure's profitability is determined by the gross margin and the level of fixed costs (OPEX-%). We expect the gross margin to decrease further by a few percentage points in the medium term, reflecting the ramp-up of Tier 1 partners and consequently the lower margins of embedded security. This year, investments in the Tier 1 strategy will continue to weigh on profitability, but after this, we expect profitability to begin to improve, driven by the implementation of cost savings and, starting in 2028, accelerating growth once again.



Estimates 2/3

PPA amortization related to the Lookout acquisition (approx. 8 MEUR per year) will increase F-Secure's depreciation level. In recent years, the company has also increased the capitalization of its product development expenses on the balance sheet as it has invested in its own IT systems, technology platforms, and new products. Depreciation related to these also increases the depreciation level.

We estimate F-Secure's dividend payout ratio to be around 30-35% of net income in the medium term. We expect a stable dividend of 4 cents for 2026-2027. Based on our estimates, the net debt to adjusted EBITDA ratio in line with the company's targets (below 2.5x) will be achieved during 2027. After this, the company can raise the payout ratio if it wants, provided that no sensible investment targets are available. Strong cash flow can continue to be allocated to making complementary acquisitions as well.

Estimates for 2026

In its guidance, F-Secure expects currency-adjusted revenue growth of 7-12% and an adjusted EBITA of 44-50 MEUR for 2026. We estimate that revenue will grow by 7.7% to 157 MEUR. We expect adjusted EBITA to settle at 48.8 MEUR (31.1% of revenue). We have assumed that the ongoing change negotiations will generate one-off costs of around 6 MEUR for Q4, which will weigh on the reported figures.

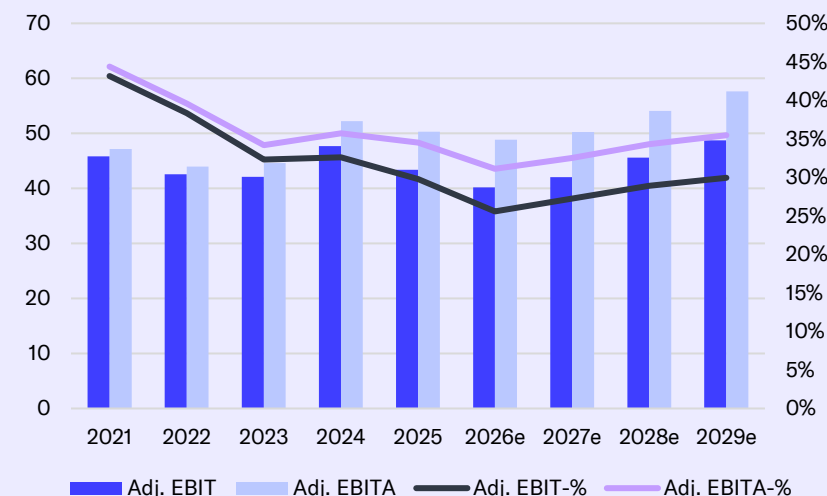
Growth is driven by Embedded Security (2026e 37.8 MEUR, +62%), as the Verizon contract and other progressing Tier 1 partners accelerate development. Signs of accelerating growth were already visible in Q2 (+8%), when the Verizon contract was reflected in the figures for the first time.

We expect Security Suite revenue to decrease by 2%, which requires stable performance for the rest of the year following H1 (-4%). Here, development in the early part of the year was weighed down by the weak performance of North America, in addition to the continued challenges of a major German partner. This was partly due to more modest sales from customers using legacy products. These products have been in decline in recent years, and it has not been possible to allocate development resources to them as investments have been directed towards embedded security solutions. Following the launch of the Verizon partnership, resources can be allocated to other areas again, so efforts are being made to remedy the situation in this regard. However, if the decline in revenue from these legacy products continues, we believe it could negatively impact the slope of F-Secure's earnings growth. Overall, the company remains confident that the revenue from the Security Suite will return to a growth path.

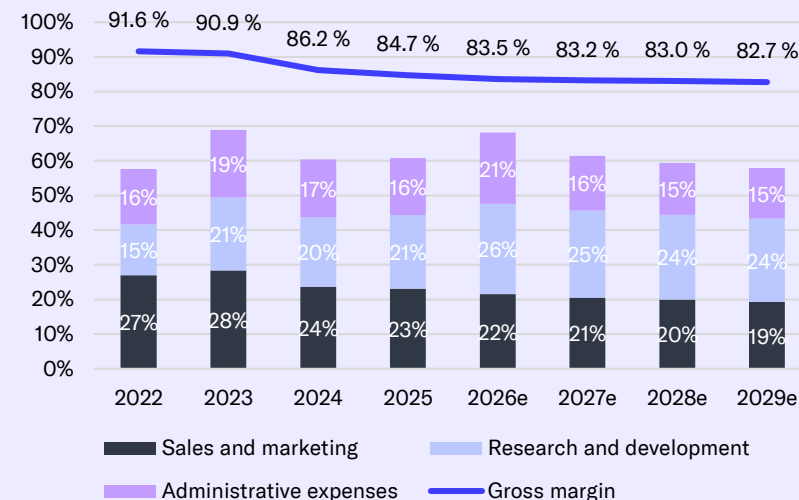
F-Secure expects Direct Channel sales to decrease this year as the company continues to refrain from paid customer acquisition in this channel. We expect ad 5.5% decrease this year.

F-Secure's gross margin for embedded security solutions is lower than that of the Total business, which is why the margin is expected to decrease slightly this year (our estimate is 83.5%). In addition, F-Secure continues to develop its service, operational, and production capabilities to meet Tier 1 partner requirements, which increases operating expenses. However, we estimate that the majority of the investments will be included in the cost structure after this year. This year, F-Secure expects capex investments to be at a similar or slightly higher level than last year (12.8 MEUR).

Adjusted EBIT and EBITA



Cost structure % of revenue and gross margin



Estimates 3/3

Estimates for 2027-2029

In 2027, the AT&T customer loss will weigh heavily on F-Secure's performance starting from Q2'27, which is why we now forecast the company's revenue to decrease by 1.6% to 154.5 MEUR. The decline is visible in Embedded Security (2027e -8%), where we still estimate the Verizon contract to drive the business to 70% growth in Q1. From Q2 onwards, we expect a 23-25% decrease yea-on-year. We expect the ramp-up of other Tier 1 partners to support performance, partially compensating for the approximately 4 MEUR quarterly gap left by AT&T. If the development among other partners is good or F-Secure succeeds in winning new larger contracts, the company's revenue could also grow next year.

We estimate that Security Suite revenue will develop stably (+1.7%) and Direct Channel will continue to decrease by 4.5%. F-Secure's ongoing change negotiations should deliver clear cost savings for next year, which will partly offset the loss of AT&T. The company has also stated that it expects both its absolute and relative profitability to improve in 2027. Our estimate now expects slight growth in adjusted EBITA to 50.3 MEUR, which would translate to an EBITA margin of 32.5%.

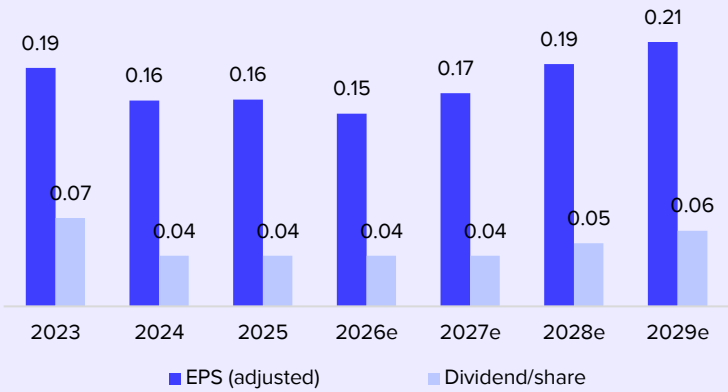
In 2028, we estimate F-Secure's revenue to grow by 2.1%, driven by Embedded Security (+5%). At that time, the loss of AT&T will still weigh on performance in Q1. In 2029, we estimate Embedded Security growth to accelerate to 12% and F-Secure's total revenue to grow by 3%. We estimate that Security Suite revenue will grow by 1-2% in these years, and Direct Channel sales will decrease by 2% per year. We estimate that the adjusted EBITA margin will

improve to 34-35.5% in 2028-2029. We believe that the depreciation of intangible assets will be clearly higher than in history, which in part supports EBITA development. At the adjusted EBIT level, the 2029 margin estimate (30%) is still lower than the 2024 level (32.6%). Overall, our profitability estimates are therefore not particularly demanding, and in a scenario of stronger growth, we believe there is upward pressure on them.

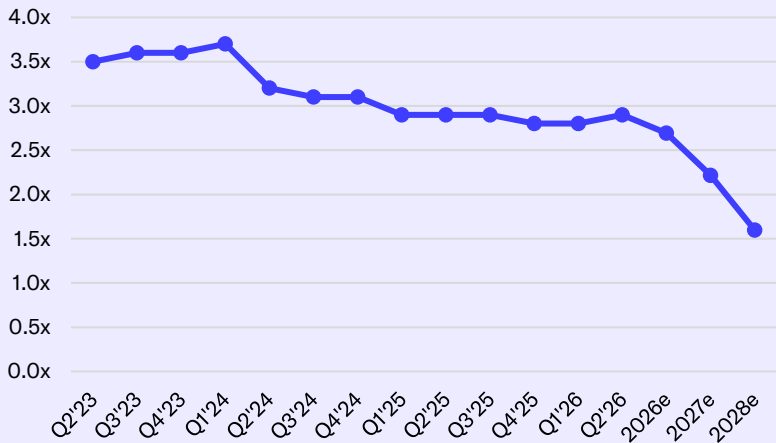
Long-term estimates

In 2030-2034, we expect revenue growth to gradually level off from some 3% to 2.0%. After this, our terminal growth expectation is 1.5%. We expect the adjusted EBITA to remain stable at around 35-36% (reported EBIT margin approx. 25-26%), and we have used 35% as the terminal assumption (EBIT: 24.5%). In the long term, for example, intensifying competition or some new technological innovation could weigh on F-Secure's profitability. We believe the rapid development of AI increases this risk, although it currently appears that AI offers F-Secure new business opportunities.

EPS and dividend



Net debt/adj. EBITDA



Income statement

Income statement	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue	146	37.1	36.9	36.1	35.7	146	36.3	39.8	40.2	40.6	157	154	158	163
Channel partners	118	30.1	30.2	29.5	29.2	119	29.9	33.4	33.9	34.4	132	130	134	139
Direct sales	28.0	7.0	6.7	6.6	6.5	26.8	6.4	6.4	6.3	6.2	25.3	24.1	23.7	23.2
EBITDA	52.0	13.5	12.2	13.8	12.4	52.0	10.3	11.6	14.2	7.0	43.0	51.7	55.9	59.1
EBITA (oik.)	52.2	13.1	11.9	13.3	12.0	50.3	11.5	11.0	13.7	12.5	48.8	50.3	54.1	57.6
Depreciation	-13.6	-4.1	-4.0	-4.1	-4.2	-16.4	-4.5	-4.6	-4.6	-4.6	-18.2	-17.6	-18.2	-18.3
EBIT (excl. NRI)	47.7	11.3	10.1	11.6	10.3	43.4	9.5	8.8	11.5	10.3	40.2	42.1	45.6	48.7
EBIT	38.4	9.4	8.2	9.7	8.2	35.5	5.8	7.0	9.6	2.4	24.8	34.2	37.7	40.8
Net financial items	-11.4	-2.0	-2.2	-1.8	-2.0	-8.0	-1.5	-1.7	-1.6	-1.5	-6.3	-5.5	-4.5	-3.9
PTP	27.0	7.3	6.1	7.9	6.3	27.5	4.3	5.3	8.0	0.9	18.4	28.7	33.2	36.9
Taxes	-5.9	-1.5	-1.0	-1.7	-1.1	-5.2	-0.9	-1.2	-1.8	-0.2	-4.1	-5.4	-6.0	-6.7
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	21.1	5.9	5.1	6.2	5.2	22.4	3.4	4.1	6.2	0.7	14.4	23.2	27.2	30.3
EPS (adj.)	0.16	0.04	0.04	0.04	0.04	0.16	0.04	0.03	0.04	0.04	0.15	0.17	0.19	0.21
EPS (rep.)	0.12	0.03	0.03	0.04	0.03	0.13	0.02	0.02	0.04	0.00	0.08	0.13	0.16	0.17
Key figures	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	12.2 %	2.0 %	1.1 %	-0.8 %	-3.6 %	-0.4 %	-2.1 %	8.0 %	11.4 %	13.8 %	7.7 %	-1.6 %	2.1 %	3.1 %
Adjusted EBIT growth-%	13.2 %	-3.5 %	-16.0 %	-13.8 %	-0.8 %	-9.0 %	-16.6 %	-13.0 %	-0.8 %	0.7 %	-7.4 %	4.7 %	8.4 %	6.8 %
EBITDA-%	35.6 %	36.4 %	33.2 %	38.3 %	34.9 %	35.7 %	28.2 %	29.1 %	35.3 %	17.2 %	27.4 %	33.5 %	35.4 %	36.4 %
Adjusted EBIT-%	32.6 %	30.6 %	27.5 %	32.2 %	28.8 %	29.8 %	26.0 %	22.2 %	28.7 %	25.5 %	25.6 %	27.2 %	28.9 %	30.0 %
Net earnings-%	14.4 %	15.8 %	13.8 %	17.2 %	14.6 %	15.3 %	9.3 %	10.3 %	15.5 %	1.7 %	9.2 %	15.0 %	17.3 %	18.6 %

Source: Inderes

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	217	213	208	204	198
Goodwill	89.8	87.0	87.0	87.0	87.0
Intangible assets	126	119	115	111	107
Tangible assets	1.5	5.8	5.0	4.5	3.7
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.2	0.6	0.6	0.6	0.6
Deferred tax assets	0.1	0.2	0.2	0.2	0.2
Current assets	53.2	48.1	55.0	55.6	56.8
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	3.8	0.0	0.0	0.0	0.0
Receivables	41.4	37.3	40.8	40.2	41.0
Cash and equivalents	8.1	10.8	14.1	15.4	15.8
Balance sheet total	271	261	263	259	255

Source: Inderes

Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	47.0	56.0	63.4	79.6	99.9
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	35.4	51.8	59.2	75.5	95.7
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	11.6	4.1	4.1	4.1	4.1
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	143	137	124	96.4	101
Deferred tax liabilities	3.6	5.9	5.9	5.9	5.9
Provisions	1.4	0.6	0.0	0.0	0.0
Interest bearing debt	131	125	112	84.4	88.5
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	6.4	5.9	6.1	6.2	6.3
Current liabilities	80.7	67.9	76.0	83.1	54.6
Interest bearing debt	44.0	31.7	38.9	45.7	16.4
Payables	14.5	15.2	15.7	15.4	15.8
Other current liabilities	22.1	21.1	21.5	21.9	22.4
Balance sheet total	271	261	263	259	255

Valuation 1/3

Valuation methods

Given the stable and mature phase of F-Secure's business, we prefer earnings-based valuation multiples in our valuation analysis, such as EV/EBIT and P/E. Due to stable and relatively predictable cash flows, the DCF model is also a useful valuation method for F-Secure.

Investment view and fair value

Based on F-Secure's current guidance, earnings will decline this year (like in 2025), and in that light, we do not believe it is warranted to price the company at particularly high multiples at present. In addition, the loss of AT&T is a major setback for the Tier 1 strategy and will inevitably flatten the slope of the company's earnings growth in the coming years. However, the company still has a clear ambition to grow its earnings in the coming years, which is supported by the announced significant cost savings. However, 2027 is currently shaping up to be "a gap year" as the loss of AT&T slows development, which in the short term diminishes the appeal of F-Secure's investment story. The share has fallen sharply recently due to the loss of AT&T, and with our 2026 estimates, the valuation of the share (adj. P/E 9, 4x-8x) will be low. Thus, we still consider the expected return as good if the company can deliver earnings growth in the coming years. We estimate that a more significant upside in the multiples would require the company to demonstrate accelerating growth and/or significant new customer wins in Embedded Security, as the loss of AT&T will now overshadow F-Secure's investment story for the next year or so.

AI fears have depressed the valuation levels of listed software companies this year, and F-Secure's peer, Gen Digital (2026e P/E 8.7x), trades at very low multiples. However, recently, sentiment towards software companies

has improved somewhat, and the worst panic regarding AI disruption seen earlier in the year has subsided. At present, we also consider it unlikely that AI would completely disrupt the consumer cybersecurity market. In the coming years, we expect that growing threat landscapes and scams will create further demand for these solutions.

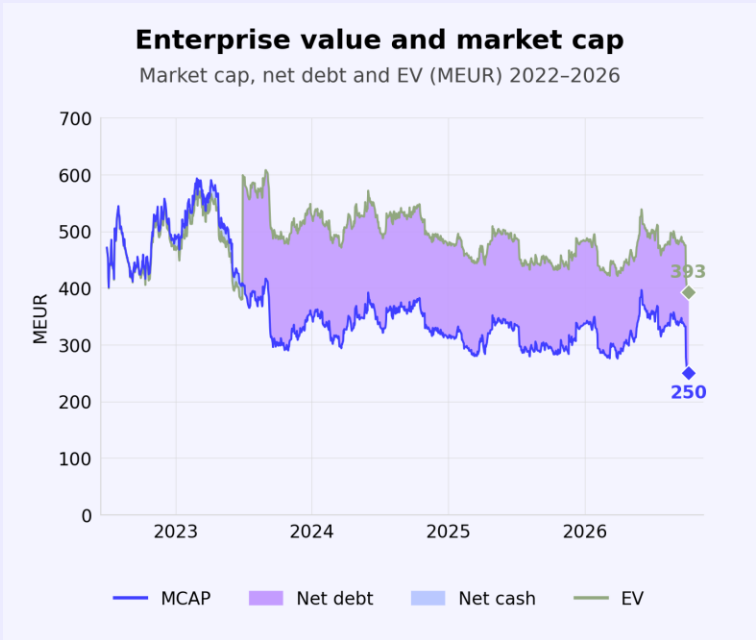
Overall, the loss of AT&T pulled the rug out from under F-Secure's investment case in the short term, and without it, the acceleration of earnings growth we have long awaited would likely have been strong in 2027. Now the slope of the earnings growth is gentler than before, and the realization of the estimates requires more traction from new Tier 1 partnerships and cost savings. However, following the price decline, we believe the risk/reward ratio still warrants waiting for the acceleration of earnings growth while holding the low-valued share. Using various valuation methods, we estimate F-Secure's current fair value to be approximately EUR 1.6–2.0. We reiterate our Accumulate recommendation and lower our target price to EUR 1.7 (was 2.0 EUR).

Valuation appears low

F-secure's PPA-adjusted P/E ratio is 9.3x with our 2026 estimate, and the adjusted EV/EBIT ratio is approximately 9.6x. The adjusted EV/EBITA ratio is around 8x, but we consider the adjusted EBIT to be a better valuation metric, as EBITA is supported by growing amortization of intangible assets. At the same time, F-Secure makes even more of these investments that are capitalized on the balance sheet, so in terms of cash flow, EBITA paints a slightly too rosy picture of the development. Overall, we find this year's valuation multiples low, as F-Secure's earnings should grow in the coming years.

Valuation	2026e	2027e	2028e
Share price	1.43	1.43	1.43
Number of shares, millions	174.7	174.7	174.7
Market cap	250	250	250
EV	386	364	339
P/E (adj.)	9.4	8.5	7.4
P/E	17.4	10.8	9.2
P/B	3.9	3.1	2.5
P/S	1.6	1.6	1.6
EV/Sales	2.5	2.4	2.2
EV/EBITDA	9.0	7.0	6.1
EV/EBIT (adj.)	9.6	8.7	7.4
Payout ratio (%)	48.6 %	30.1 %	32.1 %
Dividend yield-%	2.8 %	2.8 %	3.5 %

Source: Inderes



Valuation 2/3

In light of the low valuation, investors are clearly skeptical of this, which in itself is warranted following the loss of AT&T. We believe a clearer upward adjustment in valuation from the current level would require the company to demonstrate the effectiveness of the Tier 1 strategy on the bottom line through strong, scalable growth. However, with the moderate earnings growth we expect, the stock's valuation (adj. EV/EBIT 8.7x and P/E 8.5x) turns very low in 2027. Even after this, the earnings growth outlook should remain favorable, provided the strategy continues on the right path. Our estimates also do not include assumptions of new significant Tier 1 partnership wins, which we nevertheless view as potential positive estimate risks.

At our target price, F-Secure would be valued at an EV/EBIT multiple of 10x based on our 2027 estimates, and the adjusted P/E multiple would also be around 10x.

Expected return is good if earnings growth materializes

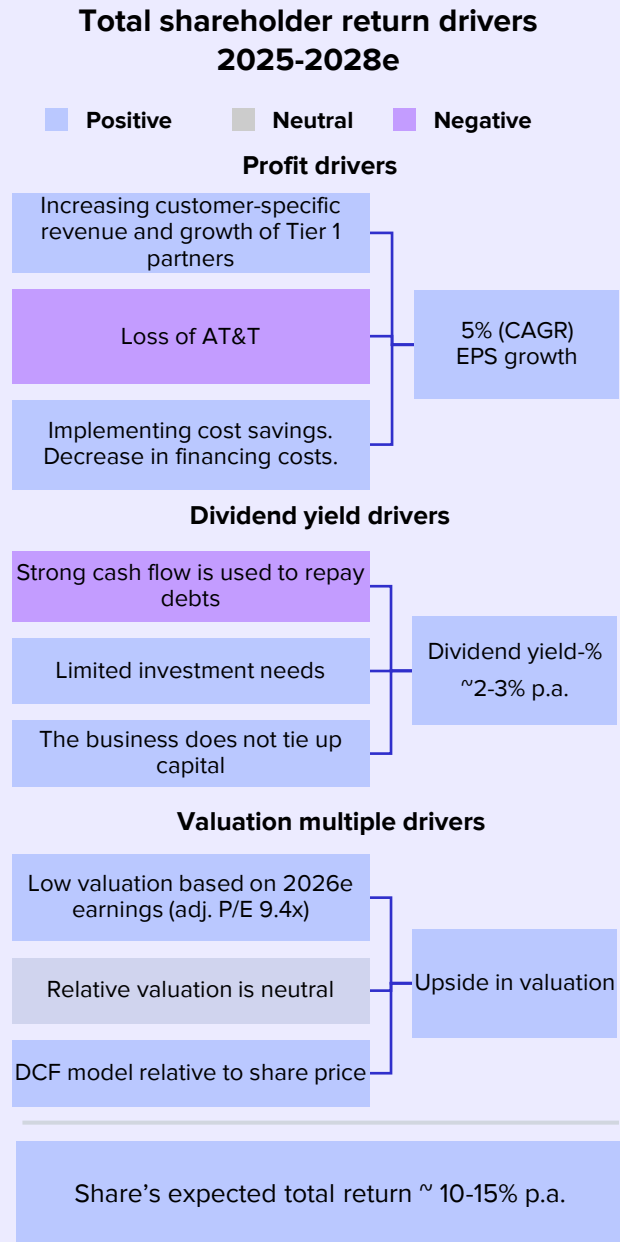
With our estimate, F-Secure's adjusted earnings per share will grow at an average rate of some 5% per year in 2026-2028 (baseline 2025). With the company's own targets, the earnings growth pace would be even faster, and thus, in a positive scenario, earnings growth could be a stronger driver for the share's expected return than currently. Earnings growth is weighted towards 2027-2028, and due to the loss of AT&T, even more so to 2028, when the growth of several new Tier 1 partners should also begin to reflect more strongly on the bottom line. At the same time, the debt acquired for the acquisition of Lookout Life will shrink in the coming years, and decreasing financing expenses will support EPS growth.

Excluding acquisitions, we estimate that F-Secure has no way of reinvesting all the cash flow generated by the business back into business growth with a reasonable

return on capital. However, repaying the debt burden will still consume a significant portion of the free cash flow in the coming years. Thus, we believe the payout ratio will be somewhat below the company's target level (at least 50%) in the coming years. This would mean an average dividend yield of some 2- 3% for the coming years. Thanks to a stable and recurring business, strong return on capital, and good cash conversion, F-Secure's dividend is also on a solid footing.

F-Secure's valuation is low based on our estimates for this year, so as earnings growth continues, we see upside potential in the multiples. In our view, F-Secure's acceptable valuation is generally weighed down by the company's track record of earnings growth being weak for the Lookout Life acquisition and the strategy serving Tier 1 partners. Just as the major Verizon contract brought considerable tangibility to the growth outlook for the coming years, the news of the loss of AT&T dampened next year's accelerating growth. However, with the announced significant cost savings and growth driven by other Tier 1 partners, the company should still have good prerequisites to stick to earnings growth in the medium term. If this materializes, we believe F-Secure's valuation level will settle at least closer to the midpoint of our estimated neutral multiple range (EV/EBIT 10x-12x).

With these assumptions, F-Secure's share offers an expected annual total return of around 10-15% for the coming years, which turns the risk-reward ratio attractive. The acceleration of earnings growth from 2027 onwards plays a crucial role in terms of the expected return, as this would build confidence in the company's growth strategy and could support acceptable valuation multiples. Without it, the stock is likely to continue to tread water in the big picture.



Valuation 3/3

DCF model

The DCF value for equity for F-Secure is 347 MEUR, i.e. around EUR 2.0 per share. For growth, our terminal assumption is set at a moderate level of 1.5%. We expect the EBIT margin to be 24.5% in the terminal assumption (adj. EBITA 35%), which is clearly below the company’s own targets. In the long term, for example, intensifying competition or some new technological innovation in consumer cybersecurity could weigh on F-Secure's profitability. Assuming terminal profitability decreases to 18%, the value according to the DCF model would still be around EUR 1.6 per share.

The cost of capital (WACC) in the DCF model is set at 9.1% and the cost of equity at 9.6%. We believe this level is well justified, considering the relatively moderate risk profile of F-Secure's stable software business, which has nevertheless been elevated to some extent by the Lookout Life acquisition and accelerated growth investments.

Relative valuation seems neutral compared to sector peers that are valued at low absolute levels

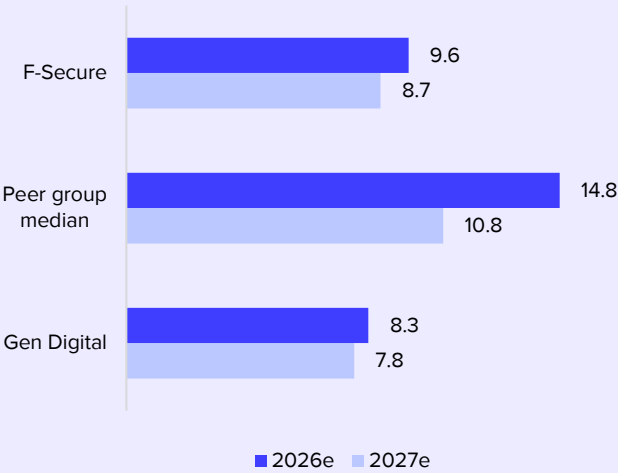
We have compiled F-Secure’s peer group primarily from Nordic software companies. The peer group includes consumer data security peer Gen Digital, as well as Allot, which is a peer on the embedded security side. Gen Digital is considerably larger than F-Secure in size (revenue 5 BUSD and EBITDA 47.5% of revenue). Allot, which has been making an earnings turnaround in recent years, is, in turn, smaller (2025: revenue 102 MUSD, EBITDA 7.5%) F-secure. In terms of business profile, we believe Gen Digital is a better peer for F-Secure, although the company's latest MoneyLion acquisition expanded its product portfolio

toward consumer finance. Very recently, rumors have also been circulating in the market that the company would be making a significant-sized (approx. 12 BUSD) acquisition of GoDaddy, to which the share has reacted negatively. GoDaddy is a US-based provider of domains and web services, so this acquisition would expand Gen Digital's business another step away from consumer security.

Gen Digital currently trades at EV/EBIT multiples of around 8x for 2026-2027, with the corresponding P/E multiples standing at 9x-8x. F-Secure's multiples are currently at a small premium to this significantly larger sector peer. In light of the medium-term earnings growth potential, we see that F-Secure's multiples could justifiably be even somewhat higher than Gen Digital's absolutely very low multiples. A direct comparison between the two companies is also not entirely straightforward due to the very different business scale and business structure. However, the low multiples of sector peers may also partly limit F-Secure's valuation in the short term.

Measured by the EV/Sales ratio, F-Secure (2026e 2.4x) trades at a discount of over 40% compared to Gen Digital (4.2x). We believe a significant part of this is explained by Gen Digital's better profitability achieved through a larger scale, but the valuation gap is still very wide. Compared to the entire peer group of software companies, F-Secure's EV/Sales ratio trades at a 23% discount for 2026. In our view, this is not fully justified considering F-Secure's combination of growth and profitability, which is better than that of an average company.

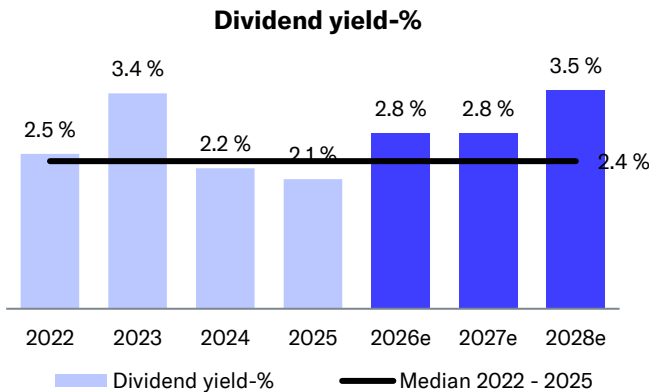
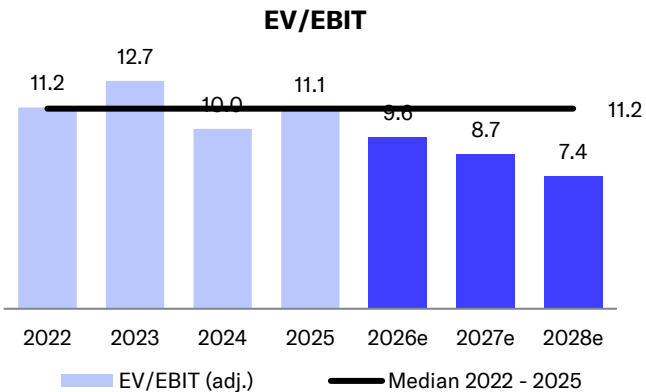
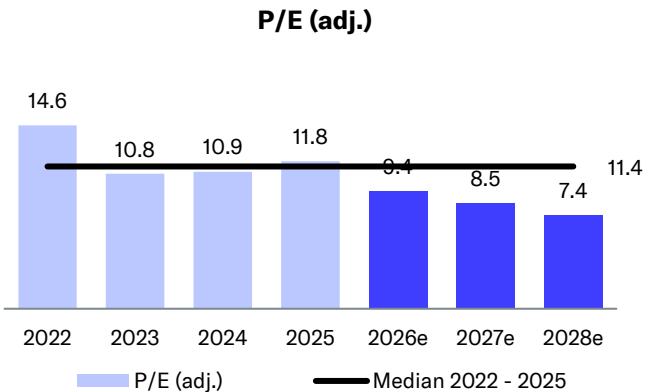
F-Secure's and peers' EV/EBIT multiples



Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price		2.83	2.04	1.78	1.93	1.43	1.43	1.43	1.43
Number of shares, millions		174.5	174.7	174.7	174.7	174.7	174.7	174.7	174.7
Market cap		494	355	312	337	250	250	250	250
EV		478	537	479	483	386	364	339	312
P/E (adj.)		14.6	10.8	10.9	11.8	9.4	8.5	7.4	6.8
P/E		16.4	15.9	14.8	15.1	17.4	10.8	9.2	8.2
P/B		19.9	10.7	6.6	6.0	3.9	3.1	2.5	2.1
P/S		4.4	2.7	2.1	2.3	1.6	1.6	1.6	1.5
EV/Sales		4.3	4.1	3.3	3.3	2.5	2.4	2.2	1.9
EV/EBITDA		11.7	14.2	9.2	9.3	9.0	7.0	6.1	5.3
EV/EBIT (adj.)		11.2	12.7	10.0	11.1	9.6	8.7	7.4	6.4
Payout ratio (%)		40.5 %	54.7 %	33.2 %	31.2 %	48.6 %	30.1 %	32.1 %	34.6 %
Dividend yield-%		2.5 %	3.4 %	2.2 %	2.1 %	2.8 %	2.8 %	3.5 %	4.2 %

Source: Inderes



The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%	
			2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e
Gen Digital	11899	18672	8.3	7.8	8.2	7.6	4.2	3.9	8.7	7.6	2.3	2.3
Allot	370	278	23.3	17.8	21.7	18.4	2.7	2.4	24.5	21.0		
Admicom	135	123	10.3	8.4	10.9	7.9	3.2	2.8	13.8	11.9	1.2	1.6
Lemonsoft	94	99	12.6	10.8	11.2	10.2	3.3	3.0	15.7	13.5	2.6	2.6
Smartcraft	215	204	31.5	21.5	11.2	14.1	4.0	3.6	20.2	17.1		
Easor	21	39	125.1	25.6	3.4	3.2	1.8	1.6		31.8		
LeadDesk	13	22	11.1	8.1	3.3	2.8	0.6	0.6	8.5	9.5		
Qt Group	879	946	18.0	10.8	16.1	9.8	4.0	3.4	22.6	13.8		
QPR Software	11	10	131.6		13.1	31.3	1.8	2.0	140.5			
SSH	112	110				67.9	4.8	4.0				
Enento Group	347	486	10.4	9.8	9.2	8.2	3.1	2.9	13.0	10.7	6.8	6.8
Vitec Software	957	1242	16.9	14.9	9.3	8.5	3.7	3.5	21.3	17.9	1.4	1.6
Enea	116	137	12.5	9.2	5.7	4.9	1.7	1.6	10.9	8.0		
F-Secure (Inderes)	250	386	9.6	8.7	9.0	7.0	2.5	2.4	9.4	8.5	2.8	2.8
Average			34.3	13.2	10.3	15.0	3.0	2.7	27.3	14.8	2.9	3.0
Median			14.8	10.8	10.1	8.5	3.2	2.9	15.7	13.5	2.3	2.3
Diff-% to median			-35%	-20%	-11%	-17%	-23%	-18%	-40%	-37%	22%	23%

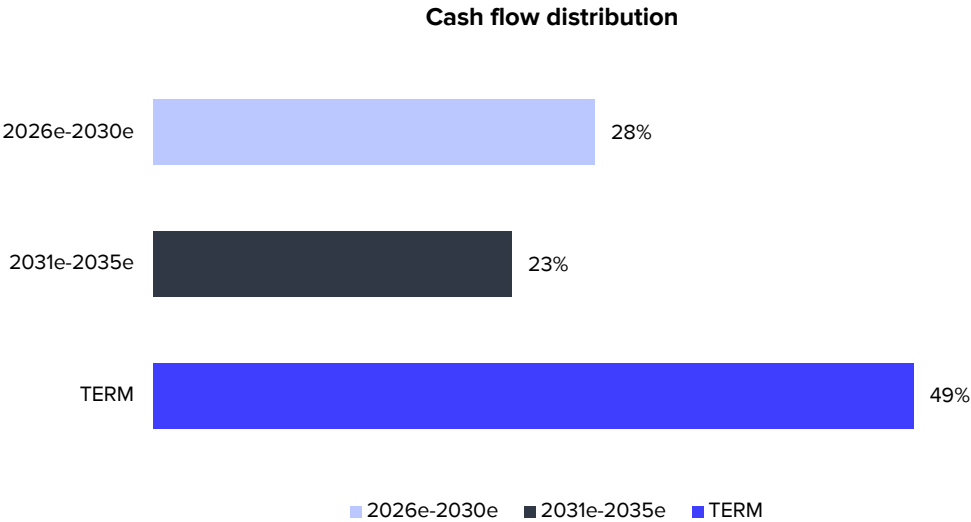
Source: Refinitiv / Inderes

DCF-calculation

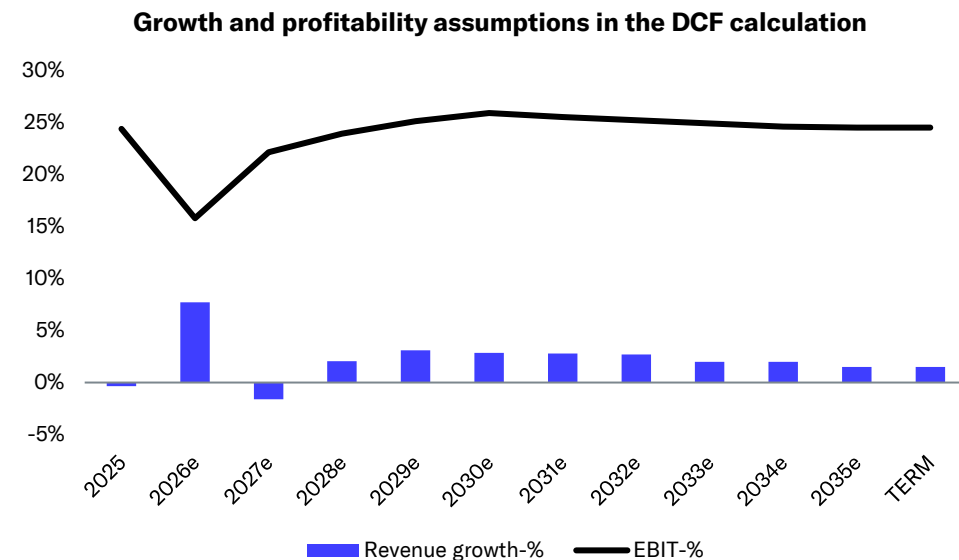
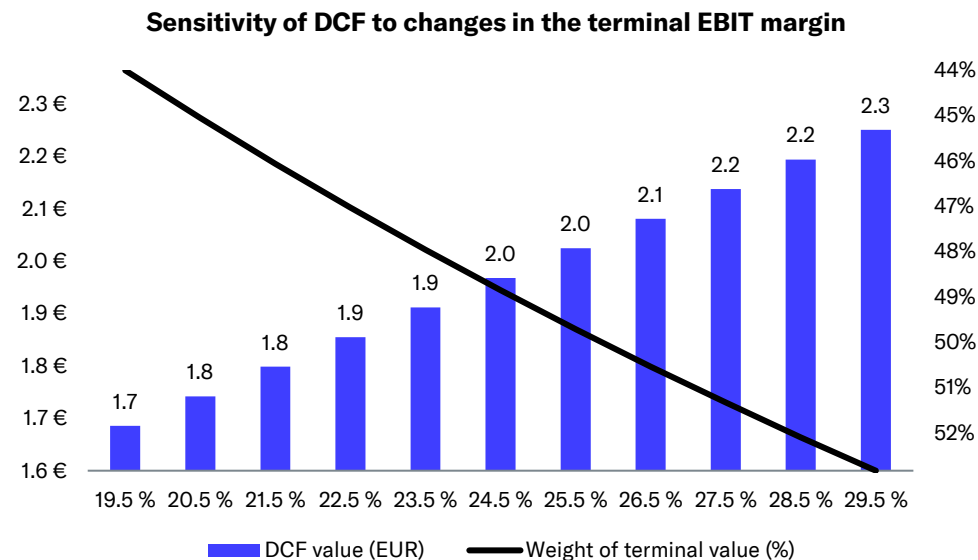
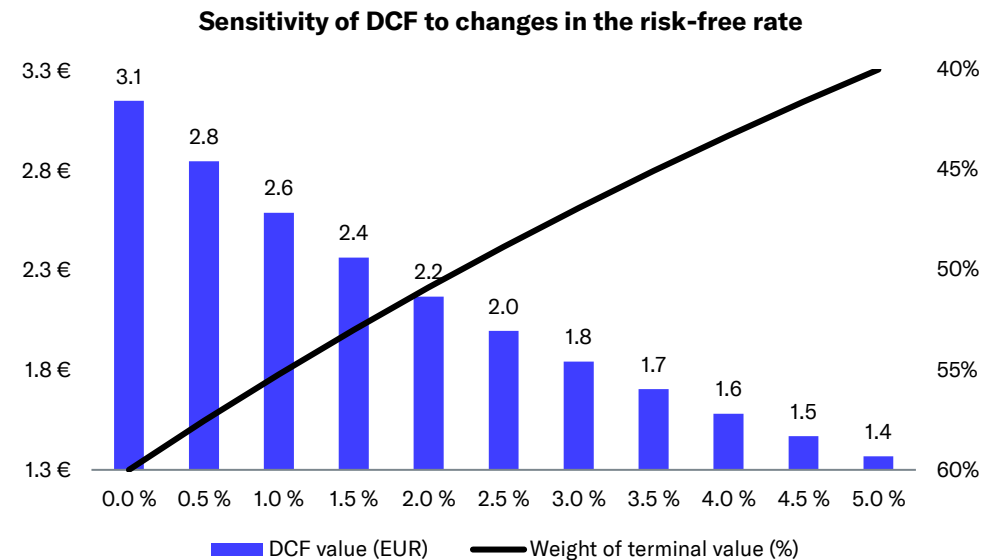
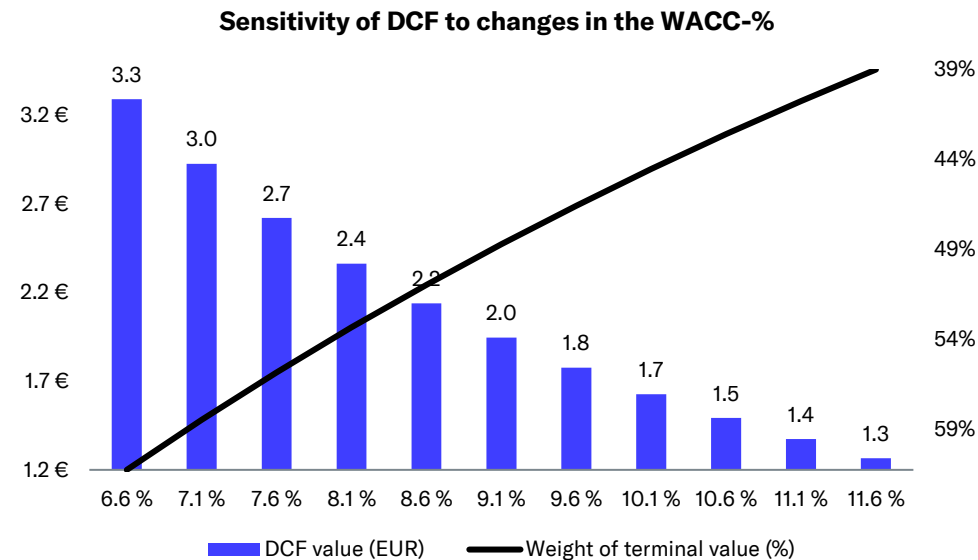
DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	-0.4 %	7.7 %	-1.6 %	2.1 %	3.1 %	2.8 %	2.8 %	2.7 %	2.0 %	2.0 %	1.5 %	1.5 %
EBIT-%	24.4 %	15.8 %	22.1 %	23.9 %	25.1 %	25.9 %	25.5 %	25.2 %	24.9 %	24.6 %	24.5 %	24.5 %
EBIT (operating profit)	35.5	24.8	34.2	37.7	40.8	43.3	43.8	44.5	44.8	45.2	45.7	
+ Depreciation	16.4	18.2	17.6	18.2	18.3	19.0	19.5	19.7	19.9	20.1	15.9	
- Paid taxes	-3.0	-4.1	-5.4	-6.0	-6.7	-7.3	-7.6	-7.9	-8.1	-8.1	-8.2	
- Tax, financial expenses	-1.5	-1.4	-1.0	-0.8	-0.7	-0.5	-0.3	-0.1	0.0	0.0	0.0	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	7.5	-2.6	0.8	-0.1	-0.3	-0.3	-0.3	-0.3	-0.1	-0.1	0.1	
Operating cash flow	54.9	35.0	46.1	49.0	51.4	54.2	55.1	55.9	56.6	57.1	53.4	
+ Change in other long-term liabilities	-1.3	-0.5	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
- Gross CAPEX	-12.0	-13.3	-13.0	-13.0	-13.0	-13.0	-13.0	-13.0	-13.0	-13.0	-13.0	
Free operating cash flow	41.6	21.2	33.2	36.1	38.6	41.3	42.2	43.0	43.7	44.2	40.5	
+/- Other	0.0	3.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	41.6	24.7	33.2	36.1	38.6	41.3	42.2	43.0	43.7	44.2	40.5	543
Discounted FCFF		24.2	29.8	29.8	29.1	28.6	26.8	25.0	23.3	21.6	18.2	244
Sum of FCFF present value		500	476	446	416	387	359	332	307	283	262	244
Enterprise value DCF		500										
- Interest bearing debt		-156										
+ Cash and cash equivalents		10.8										
+ Associated companies		0.0										
-Minorities		0.0										
-Dividend/capital return		-7.0										
Equity value DCF		347										
Equity value DCF per share		1.99										

WACC	
Tax-% (WACC)	18.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	5.0 %
Equity Beta	1.10
Market risk premium	4.75%
Liquidity premium	1.90%
Risk free interest rate	2.5 %
Cost of equity	9.6 %
Weighted average cost of capital (WACC)	9.1 %

Source: Inderes



DCF sensitivity calculations and key assumptions in graphs



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2024	2025	2026e	2027e	Per share data	2024	2025	2026e	2027e
Revenue	146.3	145.7	157.0	154.5	EPS (reported)	0.12	0.13	0.08	0.13
EBITDA	52.0	52.0	43.0	51.7	EPS (adj.)	0.16	0.16	0.15	0.17
EBIT	38.4	35.5	24.8	34.2	OCF / share	0.24	0.31	0.20	0.26
PTP	27.0	27.5	18.4	28.7	OFCF / share	0.17	0.24	0.14	0.19
Net Income	21.1	22.4	14.4	23.2	Book value / share	0.27	0.32	0.36	0.46
Extraordinary items	-9.3	-7.8	-15.4	-7.9	Dividend / share	0.04	0.04	0.04	0.04
Balance sheet	2024	2025	2026e	2027e	Growth and profitability	2024	2025	2026e	2027e
Balance sheet total	270.6	261.1	263.1	259.2	Revenue growth-%	12%	0%	8%	-2%
Equity capital	47.0	56.0	63.4	79.6	EBITDA growth-%	38%	0%	-17%	20%
Goodwill	89.8	87.0	87.0	87.0	EBIT (adj.) growth-%	13%	-9%	-7%	5%
Net debt	167.4	145.6	136.4	114.7	EPS (adj.) growth-%	-14%	1%	-7%	11%
Cash flow	2024	2025	2026e	2027e	EBITDA-%	35.6 %	35.7 %	27.4 %	33.5 %
EBITDA	52.0	52.0	43.0	51.7	EBIT (adj.)-%	32.6 %	29.8 %	25.6 %	27.2 %
Change in working capital	-4.4	7.5	-2.6	0.8	EBIT-%	26.3 %	24.4 %	15.8 %	22.1 %
Operating cash flow	41.5	54.9	35.0	46.1	ROE-%	52.6 %	43.4 %	24.1 %	32.5 %
CAPEX	-12.1	-12.0	-13.3	-13.0	ROI-%	17.0 %	16.3 %	11.6 %	16.1 %
Free cash flow	29.7	41.6	24.7	33.2	Equity ratio	17.4 %	21.5 %	24.1 %	30.7 %
Valuation multiples	2024	2025	2026e	2027e	Gearing	356.0 %	260.0 %	215.1 %	144.0 %
EV/S	3.3	3.3	2.5	2.4	Net debt/EBITDA	3.2	2.8	3.2	2.2
EV/EBITDA	9.2	9.3	9.0	7.0	EBITDA/net financials	4.6	6.5	6.8	9.4
EV/EBIT (adj.)	10.0	11.1	9.6	8.7					
P/E (adj.)	10.9	11.8	9.4	8.5					
P/B	6.6	6.0	3.9	3.1					
Dividend-%	2.2 %	2.1 %	2.8 %	2.8 %					

Source: Inderes

Disclaimer and recommendation history

The information presented in Inderes reports is obtained from several different public sources that Inderes considers to be reliable. Inderes aims to use reliable and comprehensive information, but Inderes does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. Inderes is not responsible for the content or accuracy of the presented information. Inderes and its employees are also not responsible for the financial outcomes of investment decisions made based on the reports or any direct or indirect damage caused by the use of the information. The information used in producing the reports may change quickly. Inderes makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by Inderes are intended for informational use only. The reports should not be construed as offers or advice to buy, sell or subscribe investment products. Customers should also understand that past performance is not a guarantee of future results. When making investment decisions, customers must base their decisions on their own research and their estimates of the factors that influence the value of the investment and take into account their objectives and financial position and use advisors as necessary. Customers are responsible for their investment decisions and their financial outcomes.

Reports produced by Inderes may not be edited, copied or made available to others in their entirety, or in part, without Inderes' written consent. No part of this report, or the report as a whole, shall be transferred or shared in any form to the United States, Canada or Japan or the citizens of the aforementioned countries. The legislation of other countries may also lay down restrictions pertaining to the distribution of the information contained in this report. Any individuals who may be subject to such restrictions must take said restrictions into account.

Inderes issues target prices for the shares it follows. The recommendation methodology used by Inderes is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account Inderes' view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, Inderes' investment recommendations and target prices are reviewed at least 2–4 times per year in connection with the companies' interim reports, but the recommendations and target prices may also be changed at other times depending on the market conditions. The issued recommendations and target prices do not guarantee that the share price will develop in line with the estimate. Inderes primarily uses the following valuation methods in determining target prices and recommendations: Cash flow analysis (DCF), valuation multiples, peer group analysis and sum of parts analysis. The valuation methods and target price criteria used are always company-specific and they may vary significantly depending on the company and (or) industry.

Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows to the extent shown in the company's model portfolio investing real funds. All of Inderes Oyj's shareholdings are presented in itemised form in the model portfolio. Inderes Oyj does not have other shareholdings in the target companies analysed. The remuneration of the analysts who produce the analysis are not directly or indirectly linked to the issued recommendation or views. Inderes Oyj does not have investment bank operations.

Inderes or its partners whose customer relationships may have a financial impact on Inderes may, in their business operations, seek assignments with various issuers with respect to services provided by Inderes or its partners. Thus, Inderes may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. Inderes and its partners may provide investor relations services to issuers. The aim of such services is to improve communication between the company and the capital markets. These services include the organisation of investor events, advisory services related to investor relations and the production of investor research reports.

More information about research disclaimers can be found at www.inderes.fi/research-disclaimer.

Inderes has made an agreement with the issuer and target of this report, which entails compiling a research report.

Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
7/2/2022	Accumulate	3.10 €	2.70 €
7/21/2022	Buy	3.10 €	2.39 €
11/1/2022	Accumulate	3.10 €	2.86 €
2/20/2023	Accumulate	3.30 €	3.13 €
4/27/2023	Reduce	3.30 €	3.10 €
6/1/2023	Accumulate	3.20 €	2.68 €
6/2/2023	Accumulate	3.20 €	2.74 €
7/21/2023	Buy	2.80 €	2.11 €
9/10/2023	Reduce	2.10 €	2.20 €
9/20/2023	Buy	2.10 €	1.73 €
10/16/2023	Buy	2.10 €	1.72 €
10/26/2023	Buy	2.10 €	1.69 €
2/19/2024	Accumulate	2.20 €	1.96 €
3/26/2024	Buy	2.20 €	1.76 €
4/29/2024	Accumulate	2.30 €	2.08 €
7/19/2024	Accumulate	2.30 €	1.97 €
10/25/2024	Accumulate	2.30 €	2.01 €
2/7/2025	Buy	2.30 €	1.77 €
3/26/2025	Buy	2.30 €	1.72 €
4/30/2025	Accumulate	2.30 €	2.02 €
7/10/2025	Accumulate	2.00 €	1.75 €
7/21/2025	Accumulate	2.00 €	1.65 €
10/29/2025	Accumulate	2.00 €	1.68 €
2/6/2026	Accumulate	1.90 €	1.70 €
3/11/2026	Accumulate	2.00 €	1.66 €
4/30/2026	Accumulate	2.00 €	1.71 €
7/20/2026	Accumulate	2.00 €	1.87 €
10/7/2026	Accumulate	1.70 €	1.43 €



CONNECTING INVESTORS AND COMPANIES.

Inderes democratizes financial information by connecting investors and listed companies. For investors, we are an investing community and a trusted source of financial information and equity research. For listed companies, we are a partner in delivering high-quality investor relations. Over 500 listed companies in Europe use our investor relations products and equity research services to provide better investor communications to their shareholders.

Our goal is to be the most investor-minded company in finance. Inderes was founded in 2009 by investors, for investors. As a Nasdaq First North-listed company, we understand the day-to-day reality of our customers.

Inderes Ab

Vattugatan 17, 5tr
Stockholm
+46 8 411 43 80

inderes.se

Inderes Oyj

Porkkalankatu 5
00180 Helsinki
+358 10 219 4690

inderes.fi

**inde
res.**