



# F-SECURE CORPORATION INTERIM REPORT

EXPANDING INTO  
CYBER SECURITY

JANUARY 1 – 30 JUNE 2015

SWITCH ON FREEDOM

## HIGHLIGHTS IN APRIL-JUNE (Q2)

- Revenues for continuing operations were EUR 35.5 million (EUR 34.4 million), showing an increase of 3% year-on-year
- EBIT (non-IFRS) for continuing operations excluding costs associated with the deferred payment and earn-out of the nSense acquisition was EUR 4.1 million, representing 12% of revenues
- EBIT (IFRS) for continuing operations was EUR 4.0 million, representing 11% of revenues (EUR 5.2m, excluding nonrecurring items, 15% of revenues)
- In terms of EBIT, the second quarter is seasonally the weakest period for F-Secure
- Earnings per share for continuing operations was EUR 0.02 (EUR 0.02) and EUR 0.02 (EUR 0.02) for the Group including discontinued operations
- Cash flow from operations (including discontinued operations) was EUR 4.2 million (6.0 m)
- Change in the Company's liquid assets was EUR -33.9 m, and liquid assets at the end of the period was EUR 76.3 m
- F-Secure acquired nSense, Nordic's leading cyber security provider, on 2 June 2015, signaling the start of F-Secure's expansion into the cyber security markets and large enterprise customer segments; the deal value consists of an immediate cash payment of EUR 11 million, a deferred payment of EUR 4 million in shares and an earn-out element worth a maximum of EUR 3 million

## HIGHLIGHTS IN JANUARY-JUNE (H1)

- Revenues for continuing operations were EUR 71.4 million (EUR 68.4 m) showing an increase of 4%
- EBIT (non-IFRS) for continuing operations excluding costs associated with the deferred payment and earn-out of the nSense acquisition was EUR 9.1 million, representing 13% of revenues
- EBIT (IFRS) for continuing operations was EUR 9.0 million, representing 13% of revenues (EUR 9.6 m, excluding nonrecurring items, 14% of revenues)
- Earnings per share for continuing operations was EUR 0.06 (EUR 0.04) and EUR 0.12 (EUR 0.03) for the Group including discontinued operations
- Cash flow from operations (including discontinued operations) was EUR 8.9 million (12.1m); change in liquid assets was EUR 15.0 million and liquid assets at the end of the period was EUR 76.3m
- Deferred revenues for continuing operations grew to EUR 44.8 million (EUR 39.9 m) as a result of growth in license and renewal sales
- In February, F-Secure sold its personal cloud storage business to Synchronoss Technologies for a cash consideration of USD 60 million; the overall net profit from the disposal in 2015 is EUR 18.6 million

As of the beginning of 2015 the personal cloud storage business (younited), which was sold to Synchronoss Technologies in February, is reported as discontinued operations. Consequently, comparison figures related to the statement of income have been restated. Comparison figures in the text refer to continuing operations only and the corresponding period of the previous year, unless otherwise stated.

As of 2 June 2015 the acquired cyber security business (nSense) has been consolidated into the F-Secure Group accounts.

The reporting currency is Euro. This interim report is unaudited.



# OUTLOOK FOR 2015

The business outlook has not changed. However, within the outlook for 2015, the guidance for operating profit has been revised due to the IFRS accounting of the deferred payment and earn-out elements of the nSense acquisition as expense.

The current outlook is:

- Overall security revenue growth for continuing operations is anticipated to be at or above 5 % in 2015 (2014: EUR 137.4 million)
- Operating profit (non-IFRS) for continuing operations is estimated to be around 15% of revenues. The guidance excludes the profit from the sale of the personal cloud storage business and the cost impact of the acquisition of nSense
- Approximately EUR 6 million in revenues from services sold to Synchronoss is anticipated to be recognized in discontinued operations

Previous guidance for operating profit was “Operating profit for continuing operations is estimated to be around 15% of revenues (excluding the profit from the sale of the personal cloud storage business)”.

## KEY FIGURES

(EUR million)	2015	2014	2015	2014	2014
Period	4-6	4-6	1-6	1-6	1-12
Revenues	35.5	34.4	71.4	68.4	137.4
Operating profit (non IFRS)*	4.1	5.2	9.1	9.6	23.3
% of revenues( non IFRS)*	12	15	13	14	17
Operating profit (IFRS)*	4.0	5.2	9.0	9.6	23.3
% of revenues (IFRS)*	11	15	13	14	17
Profit before taxes*	3.9	5.4	11.0	9.9	24.4
Earnings per share (Eur)**	0.02	0.02	0.12	0.03	0.10
Earnings per share for continuing operations (Eur)**	0.02	0.02	0.06	0.04	0.12
Deferred revenues at the end of period			44.8	39.9	43.0
Liquid assets, total			76.3	47.3	61.3
ROI%			53	22	27
Equity ratio, %			68	72	75
Debt-to-equity ratio, %			-102	-68	-77
Depreciation	1.4	2.0	2.9	3.9	7.9
Personnel			901	951	921

\*Excludes non-recurring costs booked in Q1 2014 and in Q4 2014.

\*\*Based on the average adjusted number of shares during the period 155,800,221

# CEO CHRISTIAN FREDRIKSON:

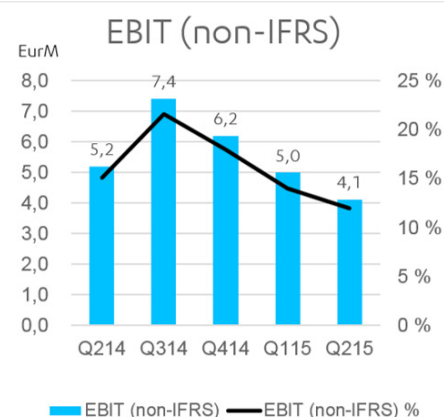
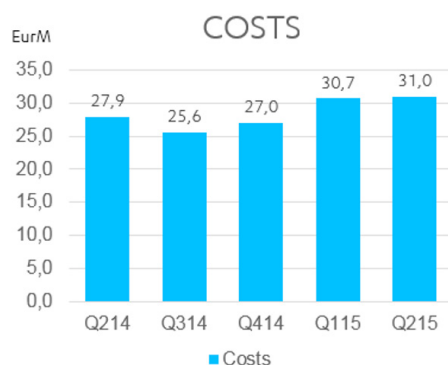
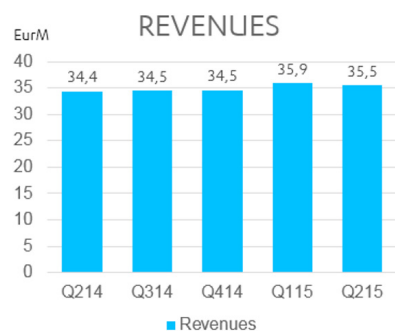
During the second quarter of 2015 our overall security revenues grew slightly compared to the year before. While operator sales slightly declined, corporate sales continued to experience healthy growth. This growth was primarily driven by Protection Service for Business (PSB) sales, with business for instance in France and Japan showing very positive development. Corporate revenue growth was partly fueled by the acquisition of nSense, a leading Nordic cyber security provider, in June.

F-Secure aims to become the cyber security leader in Europe. Advanced cyber threats and outright attacks are among the greatest risks that businesses with critical IT systems face today. The acquisition of nSense, and our continued investments in building our capabilities to protect companies, allow us to address these risks through both best-in-class technology – one of F-Secure’s key strengths – as well as specialized cyber security services. We can now offer an extensive range of products and services for cyberattack detection, prevention, and response. We will continue to develop these offerings. Overall, corporate security remains a key driver for our growth, and we will now reach for larger enterprise customers with our focus on cyber security.

The consumer security market remains in transition as consumers continue to migrate to mobile devices. We have recently launched our SAFE multi-device security product with several new operators to align our offerings with this trend. Of the operator partners which represent 90 % of operator revenues, more than half have now upgraded to SAFE. With Freedom, our focus remains on online channels, operators and new retail partnerships. We recently signed our very first Freedom agreement with a device manufacturer to enable pre-installations of Freedom.

F-Secure continues to show strong cash flow and maintain a solid operating profit. While generating significant short-term growth on the consumer market remains challenging, corporate cyber security shows increasing potential through new products as well as consulting. On the consulting side, we are currently recruiting highly talented professionals to support growth. Furthermore, our sound cash position gives us an excellent foundation for making further investments in growth.

# F-SECURE FINANCIALS



## April-June (Q2)

In the second quarter F-Secure's overall revenues grew by 3%, totaling 35.5 million (34.4 m). Revenues through the operator channel declined by 2% from the previous year to 18.6 million (19.1 m), representing 52% (55%) of F-Secure's total revenues. Revenues through corporate and direct-to-consumer sales increased by 10% totaling 16.9 million (15.3 m). These channels represented 48% (45%) of F-Secure's total revenues. Deferred revenues increased to 44.8 million (39.9 m) at the end of the quarter as a result of growth in license and renewal sales.

Total fixed costs were 31.0 million (27.9 m), an increase of 11% from the previous year. The increase is mainly related to personnel related expenses, costs incurred by the acquired nSense business and investments in sales and marketing activities. Depreciations (capitalized R&D, software, hardware) decreased to 1.4 million (2.0 m). The capitalized development expenses for the quarter were 0.5 million (0.6 m).

EBIT (non-IFRS) for continuing operations, prior to the respective proportions of the deferred payment and earn-out elements of the nSense acquisition recognized as expense under IFRS 3, was EUR 4.1 million, representing 12% of revenues (for further description of the accounting treatment of the nSense acquisition, see Note 3).

EBIT (IFRS) including the allocation of the nSense acquisition related costs was 4.0 million, representing 11% (EUR 5.2 m, excluding non-recurring items, 15%) of revenues.

Earnings per share for continuing operations was EUR 0.02 (EUR 0.02) and EUR 0.02 (EUR 0.02) for the Group including discontinued operations.

Cash flow from operations was 4.2 million (6.0 m).

The geographical breakdown of revenues from the second quarter was as follows: Finland and Scandinavia 11.6 million (11.5 million), Rest of Europe 15.7 million (16.4 million), North America 3.3 million (2.6 million) and Rest of the World 4.9 million (3.9 million).

## January-June (H1)

In January-June F-Secure's overall revenues grew by 4%, totaling 71.4 million (68.4 m). Revenues through the operator channel increased by 0.5% from the previous year to 38.2 million (38.0 m), representing 53% (56%) of F-Secure's total revenues. Revenues through corporate and direct-to-consumer sales increased by 9% totaling 33.3 million (30.4 m). These channels represented 47% (44%) of F-Secure's total revenues. Deferred revenues increased to 44.8 million (39.9 m) at the end of the quarter as a result of growth in license and renewals sales.

Total fixed costs were 61.6 million (56.5 m), an increase of 9% from the previous year. The increase is mainly related

to personnel related expenses and investments in sales and marketing activities. Depreciations (capitalized R&D, software, hardware) decreased to 2.9 million (3.9 m). The capitalized development expenses for the quarter were 1.0 million (1.1 m).

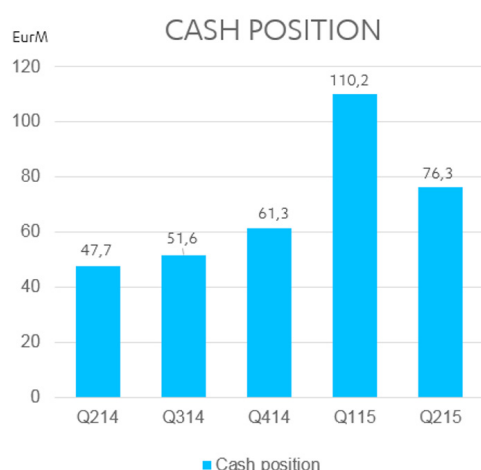
EBIT (non-IFRS) for continuing operations, prior to the respective proportions of the deferred payment and earn-out elements of the nSense acquisition recognized as expense under IFRS 3, was EUR 9.1 million, representing 13% of revenues (for further description of the accounting treatment of the nSense acquisition, see Note 3).

EBIT (IFRS) including the allocation of the nSense acquisition related costs was 9.0 million, representing 13% (EUR 9.6 m, excluding non-recurring items, 14%) of revenues. Earnings per share for continuing operations was EUR 0.06 (EUR 0.04) and EUR 0.12 (EUR 0.03) for the Group including discontinued operations.

Cash flow from operations was 8.9 million (12.1 m).

The geographical breakdown of revenues in January-June was as follows: Finland and Scandinavia 23.1 million (23.6 million), Rest of Europe 31.9 million (31.8 million), North America 6.4 million (5.0 million) and Rest of the World 10.1 million (8.0 million).

## FINANCING AND CAPITAL STRUCTURE



On 30 June the market value of F-Secure's liquid assets was 76.3 million (31 March 2015: 110.2 m). During the second quarter the Company's liquid assets decreased by 33.9 m. The decrease was mainly due to the cash payment of 11 million for the acquisition of nSense and the 24.9 million paid as dividend in April.

In January-June the Company's capital expenditure was 12.7 million (3.7 m) including new goodwill and intangible assets from the nSense acquisition. The capitalized development expenses were 1.0 million (1.1 m).

F-Secure's financial position remained solid. The Company's equity ratio on 30 June was 68% (72%) and gearing ratio was 102% negative (68% negative).

# ACQUISITIONS AND DISPOSALS

## Acquisition of nSense

On 2 June 2015, F-Secure acquired nSense, a privately held Danish company providing security consultation and vulnerability assessment services and products to large enterprises. The acquisition strengthens F-Secure's position as a prominent security vendor in Europe, and lays a foundation for the company's growth as a cyber security leader in the region.

The acquisition allows F-Secure to provide top tier incident response and forensic expertise, comprehensive vulnerability assessment, and threat intelligence and security management services to enterprises and businesses with critical IT infrastructure. nSense's vulnerability scanning solution, named Karhu, is actively used by enterprise customers.

The deal value consists of an immediate EUR 11 million cash payment made at closing, a deferred payment of EUR 4 million in shares and an earn-out element worth a maximum of EUR 3 million in cash subject to the achievement of certain milestones in 2015-2016.

The deferred payment and earn-out elements, amounting in total to a maximum of EUR 1.8 million in 2015, EUR 3.3 million in 2016, EUR 1.3 million in 2017 and EUR 0.6 million in 2018 will in accordance with IFRS 3 be recognized as expense through the consolidated income statement. For further information on accounting for the nSense acquisition, see also Note 3.

## Discontinued operations

In February F-Secure concluded the sale of its personal cloud storage business to Synchronoss Technologies Inc. As part of the transaction, the companies also agreed on certain intellectual property and patent rights. The value of the transaction was USD 60 million in cash. The net profit from the disposal in 2015 is EUR 18.6 million (with the exchange rates at closing), calculated as the difference between sales price and sold assets and including write-offs, transaction costs and impact of patent agreement.

Due to the sale of the personal cloud storage business F-Secure is reporting the personal cloud business as discontinued operations. The approximately EUR 6 million in revenues anticipated to be generated from the sale of certain transition services to Synchronoss in 2015 are recognized as part of the discontinued operations. For further information on the disposal, see also Note 2.

# MARKET OVERVIEW

The need for security and privacy has never been greater, as in addition to traditional malware, government surveillance, espionage and targeted corporate cyberattacks are a reality, and threats are becoming more stealthy and sophisticated. At the same time, the growing variety of connected devices and services is creating increasing complexity for both businesses and individuals.

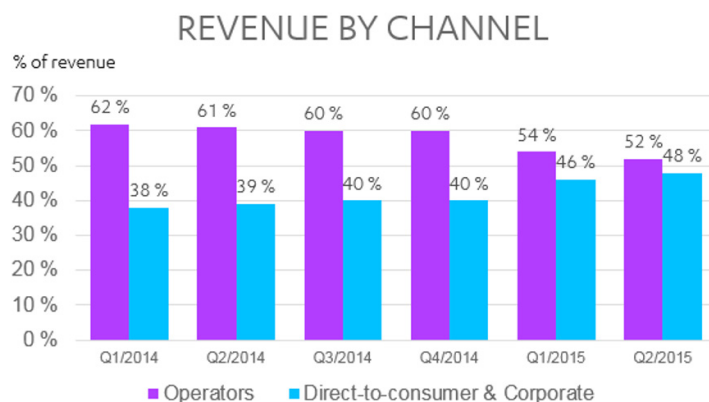
In the consumer security market, significant short-term growth remains challenging due to declining PC-related sales. Nonetheless, there are opportunities to capture market share from the competition. Within the operator channel business, the growth in new broadband and mobile subscriptions – a key driver for security sales - continues to decline in the western world, but churn between operators continues to create sales opportunities for value added services like security. In growing economies and developing countries, broadband and especially mobile subscriptions continue to grow rapidly.

In the direct-to-consumer business app stores continue to increase their impact, which is changing the ways security is bought and marketed. While consumers are increasingly interested in privacy and are aware that they may be revealing the most intimate details of their lives through their connected devices, the market for modern privacy solutions is only just beginning to develop.

In corporate security the Software-as-a-Service business model and cloud-based delivery are disrupting the traditional way of selling security and providing services. Cyber threats are among the greatest risks businesses with critical IT systems face today, making those businesses an interesting growth area within security.

Overall, the security software market is worth USD 21.4 billion (Gartner, March 2015). According to Gartner (January 2015), the consumer security software market is growing to be a USD 6.3 billion market by 2018 (USD 5.3 billion in 2014). Also according to Gartner, the information security consulting market was worth USD 16 Billion in 2014 and is expected to grow by 9% annually in 2015-2019. According to IDC, the incident response and forensics market was worth USD 500 in 2013 and it is expected to grow by 15% annually in 2013-2018.

## F-SECURE BUSINESS IN APRIL-JUNE (Q2)



Overall security sales grew in April-June compared to the year before. The sales growth was driven by core security products SAFE (multi-device offering for consumers) and Protection Service for Business (the corporate offering). Corporate revenue growth was partly fueled by the acquisition of nSense, a leading Nordic cyber security provider, announced in June.



Consumer security sales through operators declined slightly in April-June. The company launched SAFE with several operator partners, including Vodafone (UK), Kabel Deutschland / Vodafone (Germany), TeliaSonera (Finland), AMIS (Slovenia), CVT (Brazil) and KPN (Netherlands). Of the operator partners which represent 90 % of operator revenues, more than half have now upgraded to SAFE. For Freedom, three operator deals to date have been signed. F-Secure has continued to work closely with its operator partners to boost sales by developing end-consumer marketing as well as streamlining sales and activation processes. In May, the Company hosted its ninth annual SPECIES conference for operators to enforce the operator ecosystem.

Direct consumer security sales grew in April-June. Sales growth was driven by particularly strong online sales of F-Secure SAFE. Online sales were boosted by the Company's marketing efforts in focus countries as well as the introduction of Online Scanner and Router Checker- new free tools launched in March - which have supported sales of both SAFE and Freedom. Also, F-Secure Booster, which was launched in April, has had a positive start and it clearly addresses common issues facing PC and Android users.

The Company signed new agreements to distribute Freedom with retail partners, including Elkjöp (largest consumer electronics retailer in the Nordics) and Staples (Canada). Additionally, the company signed its first-ever device manufacturer (OEM) partnership deal for Freedom, allowing the pre-installation of Freedom in Tonino Lamborghini phones. While SAFE represents a clear majority of direct security sales, the share of revenue from Freedom has steadily increased.

In consumer security, F-Secure continues to prepare for new launches related to the security for connected home devices (Internet of things).

The corporate security business continued to perform well in April-June. Sales growth was driven by Protection Service for Business, while sales of traditional licenses slightly declined. The Company's focused investments have continued to increase sales especially in France while Germany is showing positive development in customer acquisition. Japan remains one of the most significant traditional corporate markets for F-Secure and continues to grow strongly. Overall, corporate sales have increased thanks to the growing number of active resellers as well as new successful sales models.

The contribution of the newly acquired cyber security services business to the corporate sales (see more under the "Acquisition of nSense" section) was significant in June. F-Secure is now able to provide top tier incident response and forensic expertise, comprehensive vulnerability assessment, and threat intelligence and security management products and services to large enterprise-level corporate customers and other businesses with critical IT infrastructure and continues to develop this offering. Overall, corporate cyber security shows increasing potential. However, growth on the consulting side is limited by the availability of high-quality staff.

# PRODUCT ANNOUNCEMENTS IN APRIL-JUNE (Q2)

The Company continued to invest in security excellence and go-to-market activities as well as enhancing the user experience of its products:

**F-Secure SAFE** has been prepared to support Windows 10 devices. The latest release also incorporates Router Checker capabilities into SAFE for PCs in the form of the new Network Checker. It helps consumers verify the safety of the networks they connect to. SAFE for Mac and Android have improved protection against malware with the introduction of enhanced cloud-based scanning capabilities. More about SAFE: <https://www.f-secure.com/safe>

The Mac OS X version of F-Secure **Freedome** was launched in May. With this latest addition, Freedome now supports all the major operating systems, including Android, iOS, Amazon Fire, Microsoft Windows and Mac OS X. The service is sold through operator, retail and eetail partners, as well as the F-Secure eStore and device manufacturers (OEM). Freedome is available to both corporate and consumer customers globally. In June, F-Secure announced that Tonino Lamborghini's luxury phone customers will get F-Secure Freedome to prevent becoming victims of online privacy crimes. More about Freedome: [https://www.f-secure.com/en/web/home\\_global/freedome](https://www.f-secure.com/en/web/home_global/freedome)

**F-Secure Buddy**, the market's most advanced Bluetooth tracking device, was launched in June in co-operation with BiiSafe. Pairing F-Secure Buddy with any Android or iOS device helps consumers locate things that matter to them: keys, wallets, phones, laptop cases, and loved ones. The device is also a coach with activity tracker functionalities which track your progress versus set goals. The solution won the Red Dot award in 2014. More about F-Secure Buddy: [https://www.f-secure.com/en/web/home\\_global/buddy](https://www.f-secure.com/en/web/home_global/buddy)

**Business Suite**, a corporate security solution, was updated with several new capabilities. New features include blocking content (such as Java, Flash or other web components) with Advanced Protection, preventing employee exposure to malicious websites with Web Content Control and controlling access to potentially unsecure sites with Connection Control while performing business critical tasks. More about Business Suite: [https://www.f-secure.com/en/web/business\\_global/products/business-suite](https://www.f-secure.com/en/web/business_global/products/business-suite)

With the acquisition of nSense, a provider of cyber security products and services, the Company's business portfolio was also extended with a **vulnerability scanning and management solution** (Karhu). The solution allows customers to scan and manage thousands of systems and vulnerabilities across all their networks - both externally and internally. It is PCI ASV certified and helps customers keep up with today's compliance requirements while supporting several reporting formats. The solution is actively used by enterprise customers.

Apart from offering best-in-class security software, F-Secure now includes high-end cyber security consultancy services in its business portfolio.

# PERSONNEL AND ORGANIZATION APRIL-JUNE (Q2)

F-Secure's personnel totaled 901 at the end of the quarter (951). As a result of the acquisition of nSense, 69 nSense employees became F-Secure employees as of 2 June 2015.

The CEO of nSense, Jens Thonke, joined the F-Secure Leadership Team as of 2 June 2015. At the time of this report's publication, the Leadership Team consists of the following people:

Christian Fredrikson (CEO), Janne Juvonen (Customer and Market Operations), Samu Konttinen (Consumer Security Business), Saila Miettinen-Lähde (Chief Financial Officer), Johanna Orjatsalo (Human Resources & Facilities), Jari Still (R&D Operations), Jens Thonke (Cyber Security Services) and Pekka Usva (Corporate Security Business).

## RISKS AND UNCERTAINTIES

The most significant risks for F-Secure are related to the following factors: instability in the economic climate, changes in the competitive environment and customer demand affecting the volume of business and price levels, competitiveness of F-Secure's product portfolio in the changing market situation, the ability to protect the intellectual property (IPR) in F-Secure's solutions, risk exposure from increasing contractual liability requirements, regional development in new growth markets, sustainability of partner relationships, development of new business areas, and potential security threats targeted at these services.

## SHARES, SHAREHOLDERS' EQUITY, OWN SHARES

The total number of Company shares is currently 158,798,739. The Company's registered shareholders' equity is EUR 1,551,311.18. The Company currently holds 2,996,049 of its own shares.

## CORPORATE GOVERNANCE

F-Secure's corporate governance practices comply with Finnish laws and regulations, F-Secure's Articles of Association, the rules of NASDAQ OMX Helsinki and the Finnish Corporate Governance Code issued by the Securities Market Association of Finland in 2010. The code is publicly available at <http://cgfinland.fi/en/>. F-Secure published its corporate governance statement for 2014 in the Annual Report and on the Company website.

# LONG TERM OBJECTIVES AND STRATEGY 2015-17

F-Secure focuses on security. During the strategy period of 2015-2017, the Company's target towards the end of the period is to grow the overall subscriber base by tens of millions of users while seeking double digit revenue growth. As the Company invests in growth, the proportional profitability will remain at the current level and longer-term profitability continues to be driven by revenue growth and scalable operations. Within the strategic frame, F-Secure is increasingly focusing on cyber security and the corporate market, as evidenced by the acquisition of nSense in June.

The company has communicated its strategy in the Q4 interim stock exchange release (4 February 2015). Further details of the strategy can be found on the Company's web pages at [http://www.f-secure.com/en/web/corporation\\_global/company/vision-and-strategy](http://www.f-secure.com/en/web/corporation_global/company/vision-and-strategy).

## OUTLOOK FOR 2015

The business outlook has not changed. However, within the outlook for 2015, the guidance for operating profit has been revised due to the IFRS accounting of the deferred payment and earn-out elements of the nSense acquisition as expense (see also Note 3).

The current outlook is: Overall security revenue growth for continuing operations is anticipated to be at or above 5 % in 2015 (2014: EUR 137.4 million). Operating profit (non-IFRS) for continuing operations is estimated to be around 15% of revenues. The guidance excludes the profit from the sale of the personal cloud storage business and the cost impact of the acquisition of nSense. Approximately EUR 6 million in revenues from services sold to Synchronoss is anticipated to be recognized in discontinued operations (see also Note 2).

Previous guidance for operating profit was "Operating profit for continuing operations is estimated to be around 15% of revenues (excluding the profit from the sale of the personal cloud storage business)".

## ANNUAL GENERAL MEETING 2015

The Annual General Meeting (AGM) of F-Secure was held on 8 April 2015. The Meeting confirmed the financial statements for the financial year 2014 and granted the members of the Board and the President and CEO discharge from liability.

The AGM resolved to re-elect the following current members to the Board of Directors: Jussi Arovaara, Pertti Ervi, Juho Malmberg, Anu Nissinen, Matti Heikkonen and Risto Siilasmaa. In its organizational meeting the Board elected Risto Siilasmaa as Chairman of the Board and Chairman of the Executive Committee. The other members of the Executive Committee are Juho Malmberg and Anu Nissinen. Pertti Ervi was elected Chairman of the Audit Committee, and Jussi Arovaara and Matti Heikkonen were elected members of the Audit Committee.

The Annual General Meeting decided to distribute a dividend of EUR 0.06 per share and an extra dividend of EUR 0.10 per share to be paid to those shareholders that on the record date of 10 April 2015 were registered in the Register of Shareholders held by Euroclear Finland Ltd. The dividend was paid on April 21, 2015.

The AGM approved all proposals made by the Board as described in the Notice to the AGM published on 10 March 2015. The resolutions of the AGM can be found in the Company's stock exchange release of 8 April 2015 and on the Company website.



## EVENTS AFTER PERIOD-END

No material changes regarding the Company's business or financial position have materialized after the end of the quarter.

## NEWS CONFERENCE TODAY AT 11 AM

A news conference for analysts and media will be held (in Finnish) in the Company's headquarters (address: Tammasaarencatu 7, 00180 Helsinki) on Thursday July 23, 2015 at 11.00 a.m. (EEST).

A webcast for international investors and analysts will be held (in English) on the same day at 14.30 p.m. (EEST). To participate in the online meeting, click:

<https://meet.f-secure.com/tapio.pesola/W61CVF31>

To participate in the webcast via phone, please dial in to +358975110100.

Conference ID is 518916.

The presentation material including live video is only available via the online webcast via Skype for Business (Lync). It is possible to participate also via the Skype for Business (Lync) web application, but please note that there will not be audio and therefore it is necessary to also call the meeting via phone. If you need more information, please visit:

<https://support.office.com/en-in/article/Quick-Start-Use-Lync-2010-Attendee-3141c2f5-ffac-42a8-a426-cff158dda27f>

<https://support.office.com/en-us/article/Join-a-Skype-for-Business-Lync-Meeting-from-Skype-for-Business-LyncWeb-App-a8c911e2-9f3a-4bc5-8b3d-30567bcb10f3>

The presentation material will be available at the company's website before the call begins: [www.f-secure.com/investors](http://www.f-secure.com/investors).

## FINANCIAL CALENDAR

F-Secure Corporation will publish its interim reports during 2015 as follows:

- Interim Report for Q3/2015 - October 22, 2015

### **F-Secure Corporation**

## ADDITIONAL INFORMATION

F-Secure Corporation

Christian Fredrikson, President and CEO  
tel. +358 9 2520 0700

Saila Miettinen-Lähde, CFO  
tel. +358 9 2520 0700

This interim report is unaudited and prepared in accordance with IAS 34 standard Interim Financial Reporting and with accounting principles stated in the annual report 2014.

As of the first quarter of 2015. The personal cloud business is reported as discontinued operations. Consequently, comparison figures related to the statement of comprehensive income have been restated. All figures in the following tables are EUR million unless otherwise stated.

## INCOME STATEMENT:

Continuing operations	2015 4-6	2014 4-6	2015 1-6	2014 1-6	Change %	2014 1-12
Revenues	35.9	34.4	71.4	68.4	4	137.4
Cost of revenues	1.8	1.7	3.1	3.4	-8	7.0
Gross margin	33.7	32.7	68.3	65.0	5	130.4
Other operating income	1.2	0.3	2.3	0.7	211	1.6
Sales and marketing	22.0	18.0	42.7	36.0	19	72.3
Research and development	6.2	8.1	13.6	16.7	-18	30.1
Administration	2.8	1.8	5.3	3.8	38	7.4
Operating result	4.0	5.2	9.0	9.2	-2	22.3
Financial net	-0.1	0.2	2.0	0.4		1.1
Result before taxes, continuing operations	3.9	5.4	11.0	9.5		23.4
Income taxes	-0.9	-1.7	-2.4	-2.8		-4.8
Result for the period continuing operations	3.0	3.7	8.7	6.8		18.6
Discontinued operations	-0.3	-0.2	10.6	-1.6		-2.8
Result for the period.	2.7	3.5	19.3	5.2		15.8

### Other comprehensive income:

Exchange diff. on translating foreign operations	-0,2	0,0	0,4	0,0		0,4
Available-for-sale fin. assets	-1,1	0,2	-0,1	0,5		0,2
Income tax rel. to components of other comprehensive income	0,2	0,0	0,0	-0,1		0,0
Total compr. income (owners)	1,6	3,7	19,6	5,5		16,3

### Earnings per share:

Earnings per share, EUR	0,02	0,02	0,12	0,03		0,10
Diluted earnings per share, EUR	0,02	0,02	0,12	0,03		0,10
Earnings per share, continuing operations, EUR	0,02	0,02	0,06	0,04		0,12
Diluted earnings per share, continuing operations, EUR	0,02	0,02	0,06	0,04		0,12

# BALANCE SHEET

ASSETS	30/6/2015	30/6/2014	31/12/2014
Intangible assets	12.4	15.5	15.5
Tangible assets	5.5	8.9	8.9
Goodwill	7.7	19.4	19.4
Other financial assets	1.7	3.8	3.8
Non-current assets total	27.2	47.5	47.5
Inventories	0.1	0.2	0.2
Other receivables	40.7	40.6	40.6
Available-for-sale financial assets	52.9	32.9	32.9
Cash and bank accounts	23.4	14.5	14.5
Current asset total	117.2	88.2	88.2
Discontinued operations	9.5	0.0	0.0
Total	153.9	135.7	135.7

SHAREHOLDERS' EQUITY AND LIABILITIES	30/6/2015	30/6/2014	31/12/2014
Equity	74.6	69.4	79.9
Other non-current	1.0	0.5	0.4
Provisions	0.0	1.9	0.0
Deferred revenues	13.9	6.5	11.0
Non-current liabilities total	14.9	8.9	11.4
Other current	24.9	24.0	26.4
Deferred revenues	30.9	33.4	32.0
Current liabilities total	55.8	57.4	58.4
Discontinued operations	8.7	0.0	0.0
Total	153.9	135.7	149.7

# CASH FLOW STATEMENT

	30/6/2015	30/6/2014	31/12/2014
Cash flow from operations	8.9	12.1	29.1
Cash flow from investments	30.8	-4.0	-6.7
Cash flow from financing activities 1)	-24.9	-9.3	-9.3
Change in cash	14.8	-1.2	13.1
Cash and bank at 1 Jan	61.6	48.0	48.0
Change in net fair value of Available-for-sale	-0.1	0.5	0.2
Cash and bank at end of period	76.3	47.3	61.3

1) More information in Notes 2 and 3

2) Cash flow from financing

In 2014 paid dividend totaled EUR 9,345,749.70. In 2015 paid dividend totaled EUR 24,928,430.40.

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share-capital	Share prem. fund	Unrestr. equity reserve	Treasury shares	Retained earnings	Assets avail. f.sale	Transl.diff	Total
Equity on: 31.12.2013	1.6	0.2	5.1	-7.8	73.5	0.3	-0.1	72.8
Total comprehensive income for the year					5.2	0.4		5.5
Dividend					-9.3			-9.3
Cost of share based payments				0.7	-0.3			0.4
Equity on 30.6.2014	1.6	0.2	5.1	-7.0	69.0	0.7	-0.1	69.4

	Share-capital	Share prem. fund	Unrestr. equity reserve	Treasury shares	Retained earnings	Assets avail. f.sale	Transl.diff	Total
Equity on: 31.12.2014	1.6	0.2	5.1	-7.0	79.3	0.5	0.3	79.9
Total comprehensive income for the year					19.3		0.4	19.6
Dividends					-24.9			-24.9
Cost of share based payments					-0.1			-0.1
Equity on 30.6.2015	1.6	0.2	5.1	-7.0	73.6	0.5	0.7	74.6



# NOTES

## 1 SEGMENT INFORMATION

The Group has only one segment; data security.

Quarterly development	2/15	1/15	4/14	3/14	2/14	1/14
Revenues	35.5	35.9	34.5	34.5	34.4	34.0
Cost of revenues	1.8	1.4	1.9	1.8	1.7	1.7
Gross margin	33.7	34.6	32.7	32.7	32.7	32.3
Other operating income	1.2	1.1	0.5	0.4	0.3	0.4
Sales and marketing	22.0	20.8	19.4	16.9	18.0	18.1
Research and development	6.2	7.4	6.3	7.1	8.1	8.6
Administration	2.8	2.5	1.9	1.6	1.8	2.0
Operating result	4.0	5.0	5.6	7.4	5.2	4.0
Financial net	-0.1	2.1	0.1	0.6	0.2	0.1
Result before taxes	3.9	7.1	5.8	8.1	5.4	4.2

## GEOGRAPHICAL INFORMATION

Revenue	4-6/2015	4-6/2014	1-6/2015	1-6/2014
Nordic countries	11.6	11.5	23.1	23.6
Rest of Europe	15.7	16.4	31.9	31.8
North America	3.3	2.6	6.4	5.0
Rest of the world	4.9	3.9	10.1	8.0
Total	35.5	34.4	71.4	68.4

## 2 DISCONTINUED OPERATIONS

On 4 February 2015 F-Secure Corporation signed an agreement to sell its personal cloud storage business operations to Synchronoss Technologies Inc (NASDAQ: SNCR). The value of the transaction was USD 60 million in cash. As part of the transaction the companies also agreed on certain intellectual property and patent rights. Closing of the transaction was completed on 24 February 2015. According to IFRS 5 standard the Group has classified the personal cloud storage business as discontinued operations. The transaction's overall impact on F-secure's discontinued business operating pre-tax profit in 2015 is EUR 18.6 million.

Result for the period	1-6/2015	1-6/2014	1-12/2014
Revenues	4.7	10.0	17.8
Expenses	-5.2	-12.0	-21.3
Result before taxes	-0.4	-2.0	-3.5
Taxes	0.1	0.4	0.7
Result for the period	-0.3	-1.6	-2.8
Net gain on disposal	18.6		
Attributable taxes	-7.6		
Result after taxes	10.6	-1.6	-2.8

Earnings per share			
Earnings per share, discontinued operations, EUR	0.07	-0.01	.0.02
Diluted, earnings per share, discontinued operations, EUR	0.07	-0.01	-0.02

Cash flow statement			
Cash flow from operations	-8.7		
Cash flow from investments	44.3		
Change in cash	35.6		

## 3 ACQUISITION

On 2 June 2015, F-Secure acquired 100% of the voting shares of nSense Group Aps, an unlisted company based in Denmark providing security consultation and vulnerability assessment services and products to large enterprises. nSense is a well-established company with high competence in enterprise cybersecurity. This acquisition further strengthens F-Secure's focus on security and the company continues to invest in building holistic advanced threat protection solutions.

Under the terms of the agreement, the purchase price consisted of an EUR 11 million cash payment made at closing, a deferred payment of EUR 4 million in shares and an earn-out element worth a maximum of EUR 3 million in cash subject to the achievement of certain milestones in 2015-2016.

The deferred payment and earn-out elements, amounting in total to a maximum of EUR 1.8 million in 2015, EUR 3.3 million in 2016, EUR 1.3 million in 2017 and EUR 0.6 million in 2018 will in accordance with IFRS 3 be recognized as expense through the consolidated income statement in Administration.

The fair values of the identifiable assets and liabilities of nSense as at the date of the acquisition were

Consideration	
Consideration transferred	11.0
Total consideration transferred	11.0

The fair values of the assets and liabilities arising from the acquisition	
Intangible assets	2.9
Tangible assets	0.1
Receivable	2.0
Cash and cash equivalents	0.8
Total assets	5.8
Deferred tax liabilities	0.6
Trade payables	0.2
Other payables	1.7
Total liabilities	2.5
Total identifiable net assets at fair value	3.3
Goodwill arising on acquisition	7.7

Cash flow from the acquisition	
Consideration paid in cash	11.0
Cash and cash equivalents of the acquired company	0.8
Total cash flow from the acquisition	10.2

The fair values of the acquired identifiable intangible assets at the date of acquisition (including technology and customer relationship) amounted to EUR 2.9 million. The fair value of receivables is approximately EUR 2.0 million. The fair value of the receivables does not include any significant risk. The goodwill of EUR 7.7 million reflects the value of know-how and expertise of nSense. The goodwill recognized for nSense is not tax deductible. Transaction costs were EUR 0.1 million and they are expensed on the income statement.

From date of acquisition, nSense has contributed EUR 0.7 million of revenue. Contribution to the operating result of the Group was not significant. If the acquisition had taken place at the beginning of the year, revenue from continuing operations would have been EUR 75.3 million. Contribution to the operating result of the Group would not have been significant.

## 4 FAIR VALUES

The carrying amounts of the Group's financial instruments are equivalent to fair values.

Assets measured at fair value	Total	Level 1	Level 2	Level 3
Available-for-sale financial assets 30.6.2015	52.9	52.8		0.1
Available-for-sale financial assets 30.6.2014	32.9	32.8		0.1
Available-for-sale financial assets 31.12.2014	40.3	40.2		0.1

## 5 KEY RATIOS AND OTHER KEY FIGURES

Key ratios have been calculated from result which includes both continuing and discontinued operations. Key ratios calculated from continuing operations have been marked separately.

	2015	2014	2014
	6 m	6 m	12 m
Operating result % of revenues , continuing operations	12.6	11.8	16.2
ROI %	53.3	13.8	26.7
ROE %	25.8	9.2	20.7
Equity ratio, %	68.4	73.0	74.9
Debt-to-equity ratio %	-102.2	-70.8	-76.6
Earnings per share basic, EUR	0.12	0.01	0.10
Earnings per share diluted. EUR	0.12	0.01	0.10
Earnings per share basic, continuing operations, EUR	0.06	0.02	0.12
Earnings per share diluted, continuing operations, EUR	0.06	0.02	0.12
Shareholders' equity per share. EUR	0.47	0.47	0.50
P/E ratio	25.4	55.2	22.2
Capitalized expenditures	12.7	1.1	5.8
Contingent liabilities	10.3	10.4	10.1
Despreciation	2.9	3.9	7.9
Personnel average	878	941	937
Personnel end of period	901	941	921



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