

F-Secure

**Unaudited carve-out financial information as at and
for the three months period ended 31 March 2022**

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COMBINED STATEMENT OF COMPREHENSIVE INCOME

(EUR 1,000)	Note	Q1-2022	Q1-2021	2021
REVENUE	(2, 3)	27,366	26,297	106,250
Cost of revenue		-2,135	-2,124	-8,806
GROSS MARGIN		25,230	24,172	97,444
Other operating income		236	126	523
Sales and marketing	(4)	-7,380	-6,750	-28,746
Research and development	(4)	-4,258	-4,276	-16,891
Administration		-2,310	-1,718	-8,831
EBIT		11,518	11,554	43,499
Financial income		365	117	276
Financial expenses		-157	-138	-208
PROFIT BEFORE TAXES		11,726	11,533	43,567
Income tax		-2,470	-2,433	-9,148
RESULT FOR PERIOD		9,256	9,099	34,418
Other comprehensive income				
Items that may be reclassified to profit or loss				
Exchange difference on translation of foreign operations		-272	38	75
COMPREHENSIVE INCOME FOR THE PERIOD		8,984	9,138	34,493

COMBINED STATEMENT OF FINANCIAL POSITION

(EUR 1,000)	Note	Q1-2022	Q1-2021	2021
ASSETS				
NON-CURRENT ASSETS				
Tangible assets	(4)	239	260	278
Intangible assets	(4)	6,126	5,425	5,908
Deferred tax assets		223	411	223
Total non-current assets	(2)	6,587	6,097	6,409
CURRENT ASSETS				
Inventories		41	62	51
Accrued income		1,045	682	1,285
Trade and other receivables	(5)	21,258	22,167	19,105
Related party receivable from WithSecure		10,311	11,475	12,099
Total current assets		32,655	34,386	32,540
TOTAL ASSETS		39,242	40,482	38,949
INVESTED EQUITY AND LIABILITIES				
TOTAL INVESTED EQUITY		9,282	11,678	9,546
NON-CURRENT LIABILITIES				
Interest bearing liabilities, non-current	(5)	88	106	109
Deferred tax liabilities		320	343	227
Other non-current liabilities	(6)	3,282	3,457	3,158
Total non-current liabilities		3,690	3,906	3,494
CURRENT LIABILITIES				
Interest bearing liabilities, current	(5)	117	108	136
Trade and other payables	(5, 6)	9,169	7,737	9,213
Other current liabilities	(6)	16,984	17,053	16,560
Total current liabilities		26,270	24,899	25,909
TOTAL INVESTED EQUITY AND LIABILITIES		39,242	40,482	38,949

COMBINED STATEMENT OF CASH FLOWS

(EUR 1,000)	Note	Q1-2022	Q1-2021	2021
Cash flow from operations				
Result for the financial year		9,256	9,099	34,418
Adjustments		2,750	2,832	11,088
Depreciation, amortisation and impairments	(4)	378	330	1,524
Other adjustments		110	47	484
Financial income and expenses		-208	22	-68
Income taxes		2,470	2,433	9,148
Cash flow from operations before change in working capital		12,006	11,932	45,506
Change in net working capital				
Current receivables, increase (-), decrease (+)	(5)	-1,599	-4,357	-1,810
Inventories, increase (-), decrease (+)		10	12	23
Non-interest bearing liabilities, increase (+), decrease (-)	(5, 6)	377	715	1,385
Cash flow from operations before financial items and taxes		10,793	8,303	45,105
Interest expenses paid		-8	-5	-25
Interest income received		1	1	7
Other financial income and expenses		-101	9	58
Income taxes paid		-2,378	-2,378	-9,020
Cash flow from operations		8,308	5,929	36,125
Cash flow from investments				
Investments in intangible and tangible assets	(4)	-557	-154	-1,665
Proceeds from sale of intangible and tangible assets	(4)	-	-	37
Cash flow from investments		-557	-154	-1,628
Cash flow from financing activities				
Repayments of lease liabilities		-39	-35	-225
Equity financing with WithSecure, net		-7,712	-5,739	-34,272
Cash flow from financing activities		-7,751	-5,775	-34,497
Change in balance¹		-	-	-
Cash and cash equivalents at the beginning of the period		-	-	-
Cash and cash equivalents at period end		-	-	-

¹ No cash and cash equivalents have been allocated to carve-out financial information

COMBINED STATEMENT OF CHANGES IN EQUITY

(EUR 1,000)	Note	Attributable to the owners of F-Secure Invested equity and retained earnings
Invested equity December 31, 2020		9,053
Result of the financial year		9,099
Translation difference		38
Total comprehensive income for the year		9,138
Cost of share-based payments	(7)	38
Equity transactions with WithSecure		-6,551
Invested equity March 31, 2021		11,678
Invested equity December 31, 2021		9,546
Result of the period		9,256
Translation difference		-272
Total comprehensive income for the period		8,984
Cost of share-based payments	(7)	28
Equity transactions with WithSecure		-9,277
Invested equity March 31, 2022		9,282

NOTES TO THE CARVE-OUT FINANCIAL INFORMATION

INFORMATION ABOUT F-SECURE

Background

WithSecure Corporation, formerly F-Secure Corporation, ("WithSecure Oyj" with its subsidiaries ("WithSecure")) provides cyber security products and services globally for consumers and businesses. On March 16, 2022 the Annual General Meeting of the shareholders decided to change the business name of the parent company F-Secure Corporation to WithSecure Corporation.

On February 17, 2022, the Board of Directors of WithSecure Corporation announced its decision to pursue the separation of its consumer security business ("Consumer Security Business") and approved a demerger plan according to which all assets and liabilities of the Consumer Security Business shall be transferred to a company to be incorporated in connection with the partial demerger ("Demerger") and to be named F-Secure Corporation ("F-Secure"). The decision is based on the outcome of a review and evaluation of different strategic options. WithSecure will, after the Demerger, concentrate on its corporate security business ("Corporate Security Business").

The Demerger is subject to, among other things, approval by a majority of two-thirds of votes cast and shares represented in the Extraordinary General Meeting. The Demerger is expected to become effective as of June 30, 2022. WithSecure intends to apply for the shares in F-Secure to be admitted to trading on the official list of Nasdaq Helsinki. The trading in F-Secure's shares on Nasdaq Helsinki is expected to begin on or about July 1, 2022, or as soon as reasonably possible thereafter. The shareholders of WithSecure will receive as demerger consideration one new share in the F-Secure for each share they hold in WithSecure as demerger consideration. The final number of the shares in F-Secure issued as demerger consideration will be determined based on number of shares in WithSecure (excluding shares owned by WithSecure) on the effective date of the Demerger.

F-Secure has not formed a legal sub-group within WithSecure and it has not prepared consolidated group financial information prior to the Demerger. In preparation for the proposed Demerger, WithSecure will carve out and transfer relevant entities' assets and liabilities to F-Secure corporation. WithSecure has prepared this set of unaudited carve-out financial information for the three months period ended 31 March 2022 for F-Secure to illustrate the business' result of operations, assets and liabilities and cash flows that will be carved out from WithSecure.

The carve-out financial information for the three months period ended 31 March 2022 ("Carve-out financial information") is prepared according to the basis of preparation described in the following section and the carve-out principles and accounting principles included in the F-Secure carve-out financial statements as at and for the years ended 31 December 2021, 2020 and 2019. The carve-out financial information is prepared for inclusion in F-Secure's demerger and listing prospectus which is prepared by WithSecure for approval of the partial demerger by the extraordinary shareholder's meeting and for listing of the shares of F-Secure on the Nasdaq Helsinki Stock Exchange. The carve-out financial information is approved by the Board of directors of WithSecure to be published on May 13, 2022.

1. BASIS OF PREPARATION

The carve-out financial information for the three months period ended 31 March 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting standard. The carve-out principles and accounting principles applied are consistent with those followed in the preparation of the carve-out financial statements as at and for the years ended 31 December 2021, 2020 and 2019.

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

IFRS does not provide direct guidance for the preparation of carve-out financial information, and accordingly in preparing the carve-out financial information, certain accounting conventions commonly used for the preparation of historical carve-out financial information for inclusion in a prospectus have been applied as in the carve-out financial statements as at and for the years ended 31 December 2021, 2020 and 2019.

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

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

Critical accounting estimates and judgements

The preparation of this carve-out financial information has required management to make estimates and judgements affecting the amounts reported in this carve-out financial information and the accompanying notes. These estimates and judgements have an impact on the carve-out principles and accounting principles applied to this carve-out financial information and on the reported amounts of assets, liabilities, income, expenses and cash flows. Actual results may differ from these estimates and assumptions. Estimates and judgement have been used in the following areas, among others: application of the carve-out principles, deferred taxes and expected credit losses. More detailed information of areas involving estimation and management judgement is included in note 1 of the audited carve-out financial statements as at and for the periods ended 31 December 2021, 2020 and 2019.

2. Segment information

Consumer Security Business consists of designing and providing a comprehensive range of cybersecurity products and services related to data security, privacy protection as well as privacy protection and digital identity protection of consumers' terminal devices, networks and devices connected to a network, sold, in each case, either directly or indirectly, to consumers.

F-Secure's operations and profitability is reported as a single operating segment which is consistent with the internal reporting and the way that operative decisions and assessment of performance have been made by WithSecure's management team.

Geographical information

F-Secure has global presence.

Geographical information about revenue is presented in Note 3 Revenue.

(EUR 1,000)	Q1-2022	Q1-2021	2021
Long-term assets			
Nordic countries	6,221	5,545	6,016
Europe excl. Nordics	140	133	163
North America	223	411	223
Rest of world	4	8	7
Total	6,587	6,097	6,409

3. Revenue

Disaggregation of revenue

(EUR 1,000)	Q1-2022	Q1-2021	2021
Sales channels			
Revenue from external customers			
Partner channel	21,666	20,775	84,156
Direct channel (E-commerce)	5,700	5,521	22,094
Total	27,366	26,297	106,250

Geographical information			
Revenue from external customers			
Europe excl. Nordics	12,406	12,560	49,644
Nordic countries	9,594	9,078	36,873
North America	3,985	3,437	14,572
Rest of world	1,380	1,222	5,162
Total	27,366	26,297	106,250

(EUR 1,000)	Q1-2022	Q1-2021	2021
Accrued income	1,045	682	1,285
Deferred revenue, non-current	3,228	3,417	3,112
Deferred revenue, current	16,984	17,053	16,560

4. Non-current assets

(EUR 1,000)	Intangible assets			Tangible assets		
	Capitalised development	Advance payments & incomplete development	Total	Machinery & equipment	Right of use assets	Total
Book value at 31.12.2020	3,857	1,711	5,568	19	275	294
Additions	-	149	149	5	-	5
Depreciation and amortisation for the period	-291	-	-291	-3	-36	-39
Transfers	1,093	-1,093	-	-	-	-
Book value at 31.3.2021	4,659	766	5,425	21	239	260
Book value at 31.12.2021	4,572	1,335	5,908	28	250	278
Additions	-	555	555	1	-	1
Depreciation and amortisation for the period	-337	-	-337	-4	-35	-39
Translation differences	-	-	-	0	-2	-1
Book value at 31.3.2022	4,235	1,891	6,126	26	213	239

The book values of the right of use assets presented in the above table relate to cars.

Capitalised development expenses relate to capitalised expenditure for F-Secure's development projects.

(EUR 1,000)	Q1-2022	Q1-2021	2021
Depreciation and amortisation by function			
Sales and marketing	39	37	211
Research and development	339	293	1,313
Total depreciation and amortisation	378	330	1,524

5. Financial assets and liabilities

This note presents F-Secure's financial assets and liabilities included in the F-Secure carve-out financial information.

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

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

31 Mar 2022	Carrying value		TOTAL
	Financial assets Amortised cost	Financial liabilities Amortised cost	
Related party receivable from WithSecure	10,311	-	10,311
Trade receivables	15,918	-	15,918
Trade payables	-	1,605	1,605
Interest-bearing liabilities	-	206	206

	Carrying value		TOTAL
	Financial assets	Financial liabilities	
	Amortised cost	Amortised cost	
31 Mar 2021			
Related party receivable from WithSecure	11,475	-	11,475
Trade receivables	16,947	-	16,947
Trade payables	-	1,121	1,121
Interest-bearing liabilities	-	215	215

	Carrying value		TOTAL
	Financial assets	Financial liabilities	
	Amortised cost	Amortised cost	
2021			
Related party receivable from WithSecure	12,099	-	12,099
Trade receivables	14,890	-	14,890
Trade payables	-	1,439	1,439
Interest-bearing liabilities	-	245	245

Trade receivables

(EUR 1,000)	Q1-2022	Q1-2021	2021
Ageing of trade receivables			
Not due	15,330	15,958	13,611
1–90 days past due	598	982	1 292
Over 90 days past due	542	697	593
Less allowances for expected credit losses	-552	-690	-606
Total	15,918	16,947	14,890

(EUR 1,000)	Q1-2022	Q1-2021	2021
Movements in loss allowances on trade receivables			
Book value as at Jan 1	606	737	737
Change for the year	-52	-43	-127
Receivables written off during the year	-1	-4	-4
Book value at the end of the period	552	690	606

According to management's assessment, the COVID-19 pandemic may have an impact on the liquidity of F-Secure's customers in the short and longer term. The potential impacts of the pandemic have been reassessed in Q1 2022 and a slight risk premium element in the allowance for expected credit losses has been maintained.

Financial liabilities

(EUR 1,000)	Q1-2022	Q1-2021	2021
Amount due for settlement within 12 months	1,722	1,229	1,575
Amount due for settlement after 12 months	88	106	109
Total	1,810	1,336	1,684

F-Secure's interest bearing liabilities consist of leased cars.

F-Secure has not withdrawn any external loans during the periods presented. In addition, none of the bank loans or other financing agreements of WithSecure have been allocated to F-Secure carve-out financial information as they are not attributable to F-Secure. WithSecure, on behalf of F-Secure, is negotiating a revolving credit facility for F-Secure planned to be signed in May 2022, please refer to note 8. Subsequent events.

Key exchange rates

	Closing rate			Average rate		
	Q1-2022	Q1-2021	2021	Q1-2022	Q1-2021	2021
USD	1.1101	1.1725	1.1326	1.1227	1.2176	1.1894
GBP	0.8460	0.8521	0.8403	0.8358	0.8845	0.8633
JPY	135.17	129.91	130.38	129.49	127.46	130.00

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

EUR million	Q1-2022	Q1-2021	2021
USD	+/-0.2	+/-0.2	+/-0.2

6. Other liabilities

(EUR 1,000)	Q1-2022	Q1-2021	2021
Non-current liabilities			
Deferred revenue	3,228	3,417	3,112
Other non-current liability	54	41	46
Total	3,282	3,457	3,158
Current liabilities			
Deferred revenue	16,984	17,053	16,560
Trade payables	1,605	1,121	1,439
Other liabilities	1,261	1,064	1,126
Accrued expenses	6,304	5,552	6,647
Total	26,153	24,790	25,772
Material amounts shown under accrued expenses			
Accrued personnel expenses	5,350	4,743	5,950
Deferred royalty	47	39	36
Other accrued expenses	907	770	661
Total	6,304	5,552	6,647

Other liabilities under Current liabilities consist mainly of personnel and VAT related accruals.

7. Related party transactions

F-Secure has related party transactions with the parent company WithSecure Corporation, WithSecure Group companies and key management personnel. The key management personnel include WithSecure's CEO and other members of the leadership team and members of the Board of Directors of WithSecure. As F-Secure has not had a separate leadership team and separate Board of Directors during the periods presented, a share of the employee benefits of WithSecure's key management personnel has been allocated to F-Secure and recognised in this carve-out financial information.

Risto Siilasmaa, one of the Founders of WithSecure, is the Chairman of the Board of Directors of WithSecure since 2006. He holds approximately 34.37% of the total shares in WithSecure with 34.39% of total votes as at 31 March 2022. The Extraordinary General Meeting resolving on the Demerger will also elect the members of the Board of Directors of F-Secure for a term commencing upon the completion of the Demerger. The intention is that Risto Siilasmaa be proposed to be elected as a member of the Board of F-Secure.

Intercompany transactions and balance sheet items between the Consumer Security Business and the Corporate Security Business, previously considered as intercompany transactions in WithSecure reporting, have been reported as transactions with related parties in the carve-out financial statements. Related party receivables from the remaining WithSecure operations are presented separately in the balance sheet.

Income statement transactions are presented within the related combined statement of comprehensive income line item. F-Secure sells consumer products to WithSecure and the amounts were as follows during the periods presented: EUR 16 thousand in Q1 2022, EUR 112 thousand in Q1 2021 and EUR 407 thousand in 2021. F-Secure purchases corporate products from WithSecure and the amounts were as follows during the periods presented EUR 91 thousand in Q1 2022, EUR 107 thousand in Q1 2021 and EUR 415 thousand in 2021.

The table below presents the portion of the employee benefits of the key employees belonging to WithSecure's management allocated to F-Secure in the carve-out financial information, as F-Secure has not had a separate management team for the financial periods presented:

Compensation of key management personnel attributable to F-Secure

(EUR 1,000)	Q1-2022	Q1-2021	2021
Wages and other short-term employee benefits	279	246	823
Pensions	46	42	139
Share-based payments	52	63	73
Total	377	351	1,035

As F-Secure did not operate as a stand-alone public company during the financial periods presented, the amounts presented above are not indicative of the compensation of F-Secure's key management personnel in the future.

The share allocated to F-Secure of share-based payments granted to the key management personnel is included in the share-based payments expense of the share plans. There have been no material changes in WithSecure's Board of Directors remuneration during the period ended 31 March 2022.

8. Subsequent events

On February 17, 2022, the Board of Directors of WithSecure Corporation announced its decision to pursue the separation of its Consumer security business and approved a demerger plan according to which all assets and liabilities of the Consumer Security Business shall be transferred to a company to be incorporated in connection with the partial demerger and to be named F-Secure Corporation.

WithSecure will hold the EGM concerning the Demerger on May 31, 2022. The EGM shall resolve on the Demerger and other Board proposals based on the demerger plan.

The Board of Directors of WithSecure proposes to the EGM of shareholders that Pertti Ervi be elected as the Chairman and Risto Siilasmaa, Petra Teräsaho, Thomas Jul, Madeleine Lassoued and Calvin Gan as members of the Board of Directors of F-Secure.

The Board of Directors of WithSecure have appointed the following members of F-Secure's Management Team whose appointment will take effect on the effective date of the Demerger: Timo Laaksonen to be the President and Chief Executive Officer of F-Secure, Antero Norkio as Senior Vice President, Corporate Development, Paul Palmer as Senior Vice President, Partner Business, Toby White as the Chief Technology Officer, Sari Somerkallio as the Chief Financial Officer, Kitta Virtavuo as the Chief People Officer, Richard Larcombe as the Chief Marketing Officer, Perttu Tynkkynen as Senior Vice President, Direct Business, Mikko Kestilä as Vice President, Operations, Steven Offerein as Vice President, Portfolio Management, Michal Iwan as Vice President, Security Suite Business Team and Dmitri Vellikok as Vice President, Network Security Business Team.

WithSecure has negotiated on behalf of F-Secure, a revolving credit facility with Nordea Bank Abp amounting to EUR 10 million with a maturity of three years and with an equity ratio-based margin grid. Financial covenants include Net Debt to EBITDA and an equity ratio and other standard covenants to similar unsecured transactions. The credit facility agreement was signed by Nordea Bank Abp in May 2022. The revolving credit facility will transfer to F-Secure on the Effective Date.

F-Secure has negotiated sublease agreements with WithSecure for certain office premises. The leases will be recognised in F-Secure financial information according to IFRS 16, when a contractual obligation after the contemplated demerger is formed. Additionally, F-Secure is negotiating a lease agreement for one new office premise.

WithSecure has started to implement pre-structuring procedures as described in the Demerger plan to form the future legal standalone group structure for F-Secure Group. The pre-structuring activities are estimated to be completed during June 2022.