



# F-SECURE CORPORATION INTERIM REPORT

**Solid Quarter With Good Progress  
In Corporate Business**

**1 January – 30 September 2015**

**SWITCH ON FREEDOM**

## HIGHLIGHTS IN JULY-SEPTEMBER (Q3)

- Revenues for continuing operations were EUR 37.2 million (EUR 34.5m), showing an increase of 8% year-on-year
- EBIT (non-IFRS) for continuing operations excluding costs associated with the deferred payment and earn-out of the nSense acquisition and non-recurring items was EUR 7.3 million, representing 20% of revenues (EUR 7.4 m, 22%)
- EBIT (IFRS) for continuing operations was EUR 6.0 million, representing 16% of revenues (EUR 7.4 m, 22%)
- Earnings per share for continuing operations was EUR 0.03 (EUR 0.04) and EUR 0.02 (EUR 0.04) for the Group including discontinued operations
- Cash flow from operations (including discontinued operations) was EUR 5.7 million (5.3 m)

## HIGHLIGHTS IN JANUARY-SEPTEMBER (Q1-Q3)

- Revenues for continuing operations were EUR 108.7 million (EUR 102.9 m) showing an increase of 6%
- EBIT (non-IFRS) for continuing operations excluding costs associated with the deferred payment and earn-out of the nSense acquisition and non-recurring items was EUR 16.4 million, representing 15% of revenues (EUR 17.0 m, 17%)
- EBIT (IFRS) for continuing operations was EUR 15.0 million, representing 14% of revenues (EUR 16.6 m, 16% of revenues)
- Earnings per share for continuing operations was EUR 0.08 (EUR 0.09) and EUR 0.14 (EUR 0.07) for the Group including discontinued operations
- Cash flow from operations (including discontinued operations) was EUR 14.6 million (17.5 m), and liquid assets at the end of the period was EUR 80.5 m
- Deferred revenues for continuing operations grew to EUR 43.5 million (EUR 38.3 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
- F-Secure acquired nSense, the 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 a cash payment of EUR 11 million made at closing, a deferred payment of EUR 4 million in shares and an earn-out element worth a maximum of EUR 3 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 outlook for 2015 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, the cost impact of the acquisition of nSense and non-recurring items
- Approximately EUR 6 million in revenues from services sold to Synchronoss is anticipated to be recognized in discontinued operations.

The guidance on operating profit (non-IFRS) has been amended to exclude non-recurring items.

## KEY FIGURES

Key figures	2015	2014	2015	2014	2014
(Eur million)	7-9	7-9	1-9	1-9	1-12
Revenues	37.2	34.5	108.7	102.9	137.4
Operating profit (non-IFRS)*	7.3	7.4	16.4	17.0	23.3
% of revenues (non-IFRS)*	20	22	15	17	17
Operating profit (IFRS)	6.0	7.4	15.0	16.6	22.3
% of revenues (IFRS)	16	22	14	16	16
Profit before taxes	5.2	8.1	16.2	17.6	23.4
Earnings per share (Eur)**	0.02	0.04	0.14	0.07	0.10
Earnings per share for continuing operations (Eur)**	0.03	0.04	0.08	0.09	0.12
At the end of period:			43.5	38.3	43.0
Deferred revenues					
Liquid assets, total			80.5	51.6	61.3
ROI%			52	28	27
Equity ratio, %			69	76	75
Debt-to-equity ratio, %			-104	-68	-77
Depreciation	1.5	2.0	4.4	5.9	7.9
Personnel			913	933	921

\*Excludes non-recurring costs booked in Q3 2015, Q4 2014 and Q1 2014.

\*\*Based on the average adjusted number of shares during the period 155,801,053

# CEO CHRISTIAN FREDRIKSON:

With the number of reported security incidents rising globally by nearly 40% in 2015, the complexity and intensity of the threat landscape continues to increase. Preventing attacks has traditionally been F-Secure's core competence, but with the addition of Cyber Security Services, we are also able to address the incident detection and response needs of our corporate customers. It is clear that the successful detection of and response to these attacks requires combining the top minds in the security industry with best-in-class technology. With our extended offering, we are in a great position to focus on the fast growing corporate need for security-as-a-service solutions.

Our overall security revenues grew 8% during the third quarter of 2015 compared to the year before. The growth was both organic and acquired. Corporate and direct to consumer sales experienced good growth, and as a result the share of non-operator revenues increased to 50 % from 46% a year ago, clearly highlighting the impact of our recent investments in corporate business. These investments were necessary to boost growth, but they have slightly weakened our profitability this year.

Judging by the positive development in our corporate reseller revenues, we have clearly been able to offer a highly competitive product for business customers. We have also effectively taken it to all of our key markets through our expanding network of reseller partners. Third quarter growth was particularly strong in markets where we have increased our investment in sales and marketing. In France, new customer acquisitions nearly tripled, and Germany is also seeing strong growth. Japan continues to show very good progress and is becoming our most significant corporate security reseller market. All in all, I was pleased to see that corporate revenue increased in all key markets.

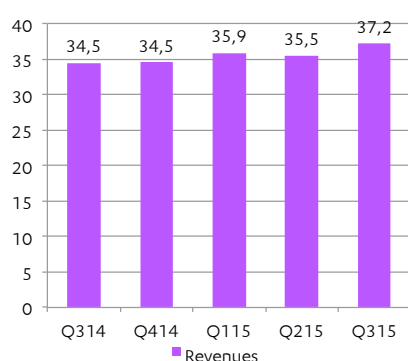
We are striving to meet the ever-growing demand for security in the enterprise market. The integration with nSense has progressed well, and our combined capabilities allow us to develop new products and services to defend companies from cyber threats. As a result, we have already progressed to the pilot phase with a new product for incident detection and response. F-Secure and nSense have proven to be an excellent strategic fit, which will support our growth in the enterprise segment well into the future.

Declining PC and other device sales continue to limit growth potential on the consumer side. However, the overall security software market is still expected to grow slightly in 2015. Operator sales remained approximately on the same level as last year, but direct sales continued to enjoy good growth driven by online sales of SAFE, our multi-device security offering. Freedom continued to win significant partnerships, and more negotiations are ongoing. We will continue to take advantage of opportunities in the consumer market, and are currently developing new products to address the evolving Internet of Homes. With the number of connected devices increasing steadily in people's homes, we foresee security issues remaining high on the agenda.

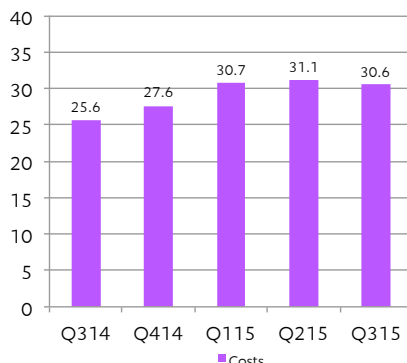
All in all, F-Secure continues to show good, positive cash flow. Our strong financial position and traction in the market make it possible for us to continue our investment into growth. We are recruiting highly talented professionals to further support our growth and our ambition to become the cyber security leader in Europe.

# F-SECURE FINANCIALS

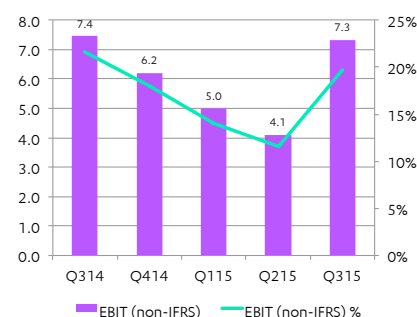
**Revenues**



**Costs**



**EBIT (non-IFRS)**



## July-September (Q3)

In the third quarter F-Secure's overall revenues grew by 8%, totaling 37.2 million (34.5 m). Revenues through the operator channel remained approximately on the same level as last year and were 18.7 million (18.7 m), representing 50% (54%) of F-Secure's total revenues. Revenues through corporate and direct-to-consumer sales increased by 17% totaling 18.6 million (15.8 m). These channels represented 50% (46%) of F-Secure's total revenues. Deferred revenues increased to 43.5 million (38.3 m) at the end of the quarter as a result of growth in license and renewal sales.

Total fixed costs were 30.6 million (25.6 m), an increase of 19% 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 1.5 million (2.0 m). The capitalized development expenses for the quarter were 0.5 million (0.5 m).

In Q3 2015, F-Secure recognized EUR 0.8 million in non-recurring costs related to the reorganization of its sales and marketing organization into a new operating model.

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, and excluding non-recurring items, was EUR 7.3 million, representing 20% of revenues (EUR 7.4 m, 22%). 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 6.0 million, representing 16% (EUR 7.4 m, 22%) of revenues.

Earnings per share for continuing operations was EUR 0.03 (EUR 0.04) and EUR 0.02 (EUR 0.04) for the Group including discontinued operations.

Cash flow from operations was 5.7 million (5.3 m).

The geographical breakdown of revenues in the third quarter was as follows: Finland and Scandinavia 12.9 million (11.4 million), Rest of Europe 16.2 million (16.3 million), North America 3.3 million (2.6 million) and Rest of the World 4.9 million (4.3 million).

## January-September (Q1-Q3)

In January-September F-Secure's overall revenues grew by 6%, totaling 108.7 million (102.9 m). Revenues through the operator channel increased by 0.3% from the previous year to 56.8 million (56.7 m), representing 52% (55%) of F-Secure's total revenues. Revenues through corporate and direct-to-consumer sales increased by 12% totaling 51.8 million (46.2 m). These channels represented 48% (45%) of F-Secure's total revenues. Deferred revenues increased to 43.5 million (38.3 m) at the end of the September as a result of growth in license and renewals sales.

Total fixed costs were 92.2 million (82.1 m), an increase of 12% 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 4.4 million (5.9 m). The capitalized development expenses for the period were 1.5 million (1.6 m).

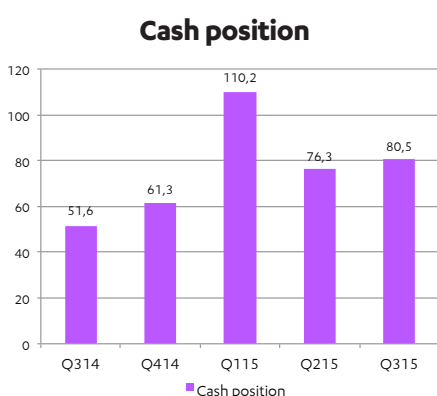
EBIT (non-IFRS) for continuing operations, prior to the respective proportions of the deferred payment and earn-out elements of the nSense acquisition recognized as expense under IFRS 3, and excluding non-recurring items, was EUR 16.4 million, representing 15% of revenues (EUR 17.0 m, 17%). For further description of the accounting treatment of the nSense acquisition, see Note 3.

EBIT (IFRS) including the allocation of the nSense acquisition related costs was 15.0 million, representing 14% (EUR 16.6 m, 16%) of revenues. Earnings per share for continuing operations was EUR 0.08 (EUR 0.09) and EUR 0.14 (EUR 0.07) for the Group including discontinued operations.

Cash flow from operations was 14.6 million (17.5 m).

The geographical breakdown of revenues in January-September was as follows: Finland and Scandinavia 36.0 million (35.0 million), Rest of Europe 48.0 million (48.0 million), North America 9.6 million (7.6 million) and Rest of the World 15.1 million (12.3 million).

## FINANCING AND CAPITAL STRUCTURE



On 30 September the market value of F-Secure's liquid assets was 80.5 million (30 June 2015: 76.3 m or 31 March 2015: 110.2). In January-September the Company's capital expenditure was 13.4 million (5.1 m) including new goodwill and intangible assets from the nSense acquisition. The capitalized development expenses were 1.5 million (1.6 m).

F-Secure's financial position remained solid. The Company's equity ratio on 30 September was 69% (76%) and its gearing ratio was 104% 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 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 are in accordance with IFRS 3 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. 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 growing variety of connected devices and services continues to create security challenges for both businesses and individuals, and this increasing complexity is driving demand for security services.

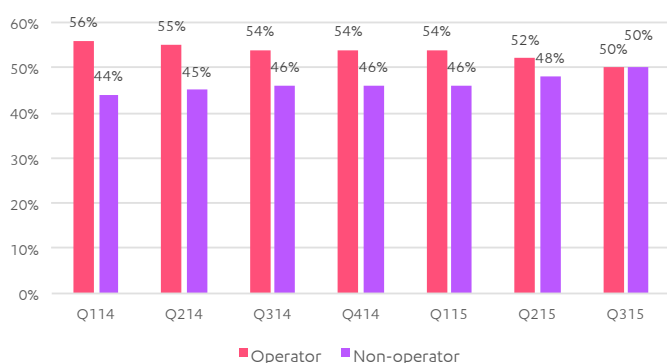
On the corporate side, targeted attacks are becoming more advanced, and remain among the greatest risks faced by businesses with critical IT systems.. The number of reported security incidents continues to increase (+40% in 2015, PwC), and companies are demanding managed security services and cloud-based delivery to help them maintain control of their security. Larger organizations are increasingly interested in securing their mobile device fleets and implementing security controls, and the demand for incident detection and response services remains very high.

In consumer security, the global decline in PC and other device sales continues to make short-term growth challenging. Nonetheless, there are opportunities to capture market share from the competition. Developing economies continue to drive growth in new subscriptions despite economic uncertainty especially in Latin America. App stores and web sales continue to increase their impact on direct-to-consumer sales, and pre-installations (via OEMs) are an increasingly important channel for reaching customers.

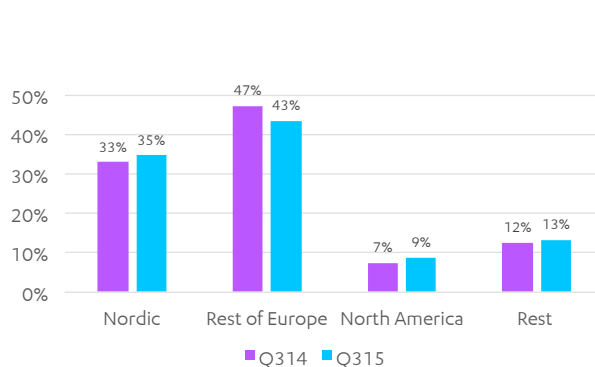
Overall, the security software market is worth USD 21.4 billion (Gartner, March 2015). According to Gartner (January 2015), the consumer security software market will grow to USD 6.3 billion by 2018 (from USD 5.3 billion in 2014). Gartner also reports that the information security consulting market was 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 million in 2013, and is expected to grow by 15% annually in 2013-2018.

## F-SECURE BUSINESS IN JULY-SEPTEMBER (Q3)

Revenue by channel



Regional split



F-Secure's overall security revenues grew by 8% during the third quarter of 2015 compared to the year before. Organic growth was driven by strong growth in corporate and direct-to-consumer sales. In addition to this, the acquired cyber security services contributed significantly to overall revenue growth year on year.

Consumer security accounts for the majority of F-Secure's revenues. Operator revenues remained approximately at the same level as last year, with revenues growing in Latin America while slightly declining in Europe. All in all, operator revenues represented 50% of the Company's overall revenues, down from 54% a year ago. This highlights the impact of the Company's increasing investments in developing the corporate business.

The deployment of F-Secure SAFE, the multi-device security offering, has continued with operators as planned. During the period, SAFE was launched with Telfort Netherlands (part of KPN) and several negotiations for additional launches were underway.

The direct-to-consumer business continued to show good growth and represents an increasing share of consumer revenues. While SAFE represents a clear majority of direct security sales, the share of revenues from Freedom and F-Secure Booster has steadily increased.

The Company signed new partnership deals to distribute Freedom, the Company's security and privacy product. In July, a new deal was signed with Best Buy (Canada), an American multinational consumer electronics corporation. In August, another significant deal was signed with one of the world's largest network operators. In the same month, the Company announced a cooperation agreement with Mad Croc, a global energy drink brand, to market Freedom for online gamers. At the end of the period, several negotiations on new Freedom partnerships were underway.

F-Secure continues to develop new products for consumers to take advantage of emerging opportunities in the market. In September, F-Secure AdBlocker was launched and is available for free from App Store. The product is based on the new content blocking capabilities built into iOS 9 by Apple. F-Secure also continues preparations to announce a new security product for connected home devices (Internet of Things). The announcement is scheduled for November and is to take place at Slush, an international technology and start-up event held in Helsinki. Commercial launch for the new product is expected in the first quarter of 2016.

The corporate security business performed well in July-September, and corporate sales are steadily increasing their share of F-Secure's overall revenues. Sales through resellers represent a clear majority of sales and showed strong organic growth. In addition to this organic growth, a significant share of corporate growth year-on-year was fueled by the acquired cyber security services business.

In the reseller business new sales grew strongly and renewals also increased, both driven by Protection Service for Business. Overall, demand for Security-as-a-Service products continues to increase. Geographically, sales increased in almost all significant markets with no significant exceptions. France, Japan and Germany showed particularly strong growth. In France new customer acquisitions nearly tripled from the previous year. Japan continues to show strong growth and is becoming the most significant single corporate security reseller market for F-Secure.

Cyber Security Services (mostly consisting of nSense, acquired in June) contributed fully for the first time to corporate revenue in July-September. The business experienced healthy growth (pro forma), driven by consulting, managed services and product license sales. New threats keep emerging and are creating a strong demand for incident detection and response services, especially in the enterprise segment. With the addition of the incident detection and response capabilities of nSense to F-Secure's prevention knowhow, the Company is able to develop new advanced solutions against cyber threats. F-Secure continues to prepare for a related new product launch in the first half of 2016 and first customer pilots are already underway. The Company also continues to recruit highly talented professionals to further support growth and the company's ambition to become the cyber security leader in Europe.

# PRODUCT ANNOUNCEMENTS IN JULY-SEPTEMBER (Q3)

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

New versions of **F-Secure SAFE** and Internet Security 2016 were launched for consumers in September. The new versions include remediation and deep cleaning technologies, which previously were only available through operator and other service partners. The releases also contain multiple enhancements that optimize multi-device security installation and the overall customer journey, making it easier for consumers to integrate security as part of their daily digital lives. More about SAFE: <https://www.f-secure.com/safe>

**F-Secure Freedome** has added support for Apple Watch and iOS9. A beta version of a new feature, called Tracker Mapper, was launched in September for Microsoft Windows and Mac OS X. The feature enables customers to see blocked tracking attempts in real time while they browse. New Freedome partners include BestBuy (Canada), Mad Croc, and a significant deal with one of the world's largest network operators. 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 AdBlocker** was launched for iOS9 users in September. Based on the new content blocking capabilities built into iOS 9, the easy-to-use app filters Internet traffic coming from advertisers, which helps people consume less data while making mobile browsing faster and cleaner. More about F-Secure AdBlocker: [https://www.f-secure.com/en/web/home\\_global/adblocker](https://www.f-secure.com/en/web/home_global/adblocker)

# PERSONNEL AND ORGANIZATION IN JULY-SEPTEMBER (Q3)

F-Secure's personnel totaled 913 at the end of the quarter (933).

At the time of this report's publication, the composition of F-Secure's Leadership Team is the following:

Christian Fredrikson (CEO), Janne Juvonen (Customer and Market Operations), Samu Konttinen (Consumer Security Business & Human Resources), Saila Miettinen-Lähde (Chief Financial Officer), 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 outlook for 2015 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, the cost impact of the acquisition of nSense and non-recurring items. Approximately EUR 6 million in revenues from services sold to Synchronoss is anticipated to be recognized in discontinued operations (see also Note 2).

The guidance on operating profit (non-IFRS) has been amended to exclude non-recurring items.

## EVENTS AFTER PERIOD-END

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

## NEWS CONFERENCE TODAY AT 11 AM

A news conference for analysts and media will be held (in Finnish) at the Company's headquarters (address: Tammasaarenkatu 7, 00180 Helsinki) on Thursday 22 October 2015 at 11.00-12.00 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 via web, please click on the link:  
<https://meet.f-secure.com/tapio.pesola/TOWJZG7J>

To join via phone, please dial in to +358975110100. The conference ID is 445938.

The presentation material including live video is only available via the online webcast.

The 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 financial calendar for 2016 later this year.

**F-Secure Corporation**

## ADDITIONAL INFORMATION

F-Secure Corporation

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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	7-9/2015	7-9/2014	1-9/2015	1-9/2014	Change %	1-12/2014
Revenues	37.2	34.5	108.7	102.9	6	137.4
Cost of revenues	1.1	1.8	4.2	5.2	-19	7.0
Gross margin	36.2	32.7	104.5	97.7	7	130.4
Other operating income	0.4	0.4	2.7	1.1	151	1.6
Sales and marketing	20.9	16.9	63.7	52.9	20	72.3
Research and development	6.5	7.1	20.1	23.8	-16	30.1
Administration	3.2	1.6	8.5	5.4	55	7.4
Operating result	6.0	7.4	15.0	16.6	-10	22.3
Financial net	-0.8	0.6	1.2	1.0		1.1
Result before taxes, continuing operations	5.2	8.1	16.2	17.6		23.4
Income taxes	-1.2	-1.6	-3.6	-4.3		-4.8
Result for the period, continuing operations	4.0	6.5	12.7	13.3		18.6
Discontinued operations	-0.8	-0.5	9.8	-2.0		-2.8
Result for the period	3.2	6.1	22.4	11.3		15.8

### Other comprehensive income:

Exchange diff. on translating foreign operations	0.1	0.3	0.5	0.3		0.4
Available-for-sale fin. assets	-0.5	-0.5	-0.6	0.0		0.2
Income tax rel. to components of other comprehensive income	0.1	0.1	0.1	0.0		0.0
Total compr. income (owners)	2.9	6.0	22.5	11.5		16.3

Earnings per share	7-9/2015	7-9/2014	1-9/2015	1-9/2014	Change %	1-12/2014
Earnings per share.EUR	0.02	0.04	0.14	0.07		0.10
Diluted.earnings per share.EUR	0.02	0.04	0.14	0.07		0.10
Earnings per share.continuing operations. EUR	0.03	0.04	0.08	0.09		0.12
Diluted.earnings per share. continuing operations. EUR	0.03	0.04	0.08	0.09		0.12

# BALANCE SHEET

Assets	30/09/15	30/09/14	31/12/14
Intangible assets	12.1	14.7	14.1
Tangible assets	4.4	8.2	7.2
Goodwill	7.7	19.4	19.4
Other financial assets	1.8	3.8	2.9
Non-current assets total	26.0	46.1	43.6
Inventories	0.2	0.1	0.1
Other receivables	42.4	40.2	44.6
Available-for-sale financial assets	52.5	35.0	40.3
Cash and bank accounts	28.1	16.7	21.1
Current asset total	123.2	92.0	106.1
Discontinued operations	5.7	0.0	0.0
Total	154.9	138.1	149.7

Shareholders' equity and liabilities	30/09/15	30/09/14	31/12/14
Equity	77.4	75.6	79.9
Other non-current	0.8	0.4	0.4
Provisions	0.0	1.0	0.0
Deferred revenues	11.1	7.3	11.0
Non-current liabilities total	11.9	8.7	11.4
Other current	23.5	22.8	26.4
Deferred revenues	32.5	31.0	32.0
Current liabilities total	56.0	53.8	58.4
Discontinued operations	9.6	0.0	0.0
Total	154.9	138.1	149.7

# CASH FLOW STATEMENT

CASH FLOW STATEMENT	30/09/15	30/09/14	31/12/14
Cash flow from operations	14.6	17.5	29.1
Cash flow from investments 1)	30.1	-4.6	-6.7
Cash flow from financing activities 2)	-24.9	-9.3	-9.3
Change in cash	19.7	3.5	13.1
Cash and bank at 1 Jan	61.3	48.1	48.0
Change in net fair value of Available-for-sale	-0.6	0.0	0.2
Cash and bank at end of period	80.5	51.6	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	Tranl.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					11.3		0.3	11.5
Dividend					-9.3			-9.3
Cost of share based payments			0.1	0.7	-0.1			0.7
Equity on: 30.9.2014	1.6	0.2	5.1	-7.0	75.3	0.3	0.2	75.6

	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					22.4	-0.5	0.5	22.5
Dividends					-24.9			-24.9
Cost of share based payments					-0.1			-0.1
Equity on: 30.9.2015	1.6	0.2	5.1	-7.0	76.7	0.0	0.8	77.4

# 1 SEGMENT INFORMATION

The Group has only one segment; data security.

Quarterly development	Q3/2015	Q2/2015	Q1/2015	Q4/2014	Q3/2014	Q2/2014	Q1/2014
Revenues	37.2	35.5	35.9	34.5	34.5	34.4	34.0
Cost of revenues	1.1	1.8	1.4	1.9	1.8	1.7	1.7
Gross margin	36.2	33.7	34.6	32.7	32.7	32.7	32.3
Other operating income	0.4	1.2	1.1	0.5	0.4	0.3	0.4
Sales and marketing	20.9	22.0	20.8	19.4	16.9	18.0	18.1
Research and development	6.5	6.2	7.4	6.3	7.1	8.1	8.6
Administration	3.2	2.8	2.5	1.9	1.6	1.8	2.0
Operating result	6.0	4.0	5.0	5.6	7.4	5.2	4.0
Financial net	-0.8	-0.1	2.1	0.1	0.6	0.2	0.1
Result before taxes	5.2	3.9	7.1	5.8	8.1	5.4	4.2

# GEOGRAPHICAL INFORMATION

Revenue	7-9/2015	7-9/2014	1-9/2015	1-9/2014
Nordic countries	12.9	11.4	36.0	35.0
Rest of Europe	16.2	16.3	48.0	48.0
North America	3.3	2.6	9.6	7.6
Rest of the world	4.9	4.3	15.1	12.3
Total	37.2	34.5	108.7	102.9

## 2 DISCONTINUED OPERATIONS

On 4 February 2015 F-Secure Corporation signed an agreement to sell its personal cloud storage business 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 the operating pre-tax profit of F-secure's discontinued business in 2015 is EUR 18.6 million.

A French service provider has issued claims against F-Secure based on a contract relating to purchase of services. The matter is subject of an ongoing appeal process in a French court instance. A provision of EUR 1.2 million has been recognized in the discontinued operations based on the ongoing litigation. F-Secure does not anticipate the presented claims and the eventual outcome of the dispute to materially impact its financial position.

Result for the period	1-9/2015	1-9/2014	1-12/2014
Revenues	6.6	13.7	17.8
Expenses	-8.1	-16.2	-21.3
Result before taxes	-1.5	-2.5	-3.5
Taxes	0.3	0.5	0.7
Result for the period	-1.2	-2.0	-2.8
Net gain on disposal	18.6		
Attributable taxes	-7.6		
Result after taxes	9.8	-2.0	-2.8

Earnings per share	1-9/2015	1-9/2014	1-12/2014
Earnings per share.discontinued operations. EUR	0.06	-0.01	-0.02
Diluted.earnings per share. discontinued operations. EUR	0.06	-0.01	-0.02

Cash flow statement	1-9/2015		
Cash flow from operations	-4.5		
Cash flow from investments	44.3		
Change in cash	39.8		

### 3 ACQUISITION

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

The purchase price for nSense 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. The costs are recognized 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 the acquisition (including technology and customer relationship) amounted to EUR 2.9 million. The fair value of receivables is approximately EUR 2.0 million, which amount is not considered to be subject to 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 profit and loss statement.

From the date of acquisition, nSense has contributed EUR 2.5 million in revenues. Contribution to the operating result of the Group was not significant. If the acquisition had taken place at the beginning of the year, revenues from continuing operations would have been EUR 112.0 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 30.9.2015	52.5	52.4		0.1
Available-for-sale financial assets 30.9.2014	35.0	34.9		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 9 m	2014 9 m	2014 12 m
Operating result. % of revenues. continuing operations	13.8	16.7	16.2
ROI %	51.6	27.9	26.7
ROE %	30.1	20.2	20.7
Equity ratio. %	69.5	75.8	74.9
Debt-to-equity ratio %	-104.1	-68.2	-76.6
Earnings per share basic. EUR	0.14	0.07	0.10
Earnings per share diluted. EUR	0.14	0.07	0.10
Earnings per share basic. continuing operations. EUR	0.08	0.09	0.12
Earnings per share diluted. continuing operations. EUR	0.08	0.09	0.12
Shareholders' equity per share. EUR	0.49	0.48	0.50
P/E ratio	17.2	25.8	22.2
Capitalized expenditures. MEUR	13.4	5.1	5.8
Contingent liabilities. MEUR	8.9	10.9	10.1
Depreciations	4.4	5.9	7.9
Personnel average	886	940	937
Personnel end of period	913	933	921

# SWITCH ON FREEDOM

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