

**ANNUAL REPORT 2015**

# **CYBER SECURITY LIVES HERE.**





# WE ARE F-SECURE.

F-Secure has been defending tens of millions of people around the globe from digital threats for over 25 years. Our award-winning products protect people and companies against everything from crimeware to corporate cyberattacks, and are available from over 3,500 resellers and 200 operators in more than 40 countries. In 2015, the company's revenues were EUR 147.6 million and it had over 900 employees in 25 offices worldwide. F-Secure Corporation is listed on the NASDAQ Helsinki.

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# KEY FIGURES 2015

Revenues MEUR **147.6**

Operating profit MEUR **22.3\***

Earnings per share EUR **0.14**

Dividend per share EUR **0.06**

Extra dividend per share EUR **0.06**

Cash flow MEUR **28.9**

Equity ratio **64%**

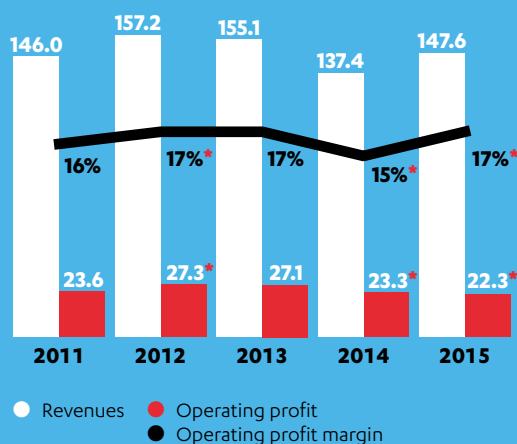
Personnel **926**

As of the beginning of 2015 the personal cloud storage business (younited), which was sold to Synchronoss Technologies in February, has been reported as discontinued operations. Consequently, figures related to the statement of income have been restated for years 2014 and 2015, and account only for continuing operations during those years.

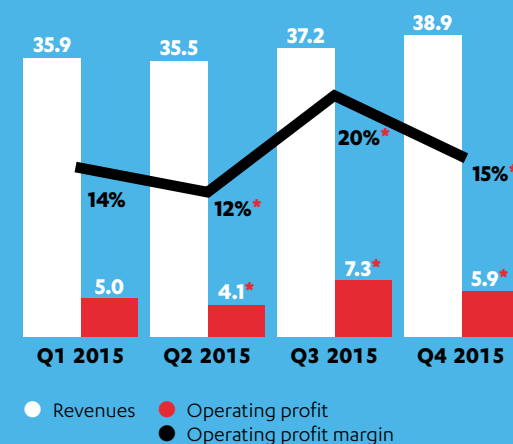
As of 2 June 2015 the acquired cyber security business (nSense) has been consolidated into the F-Secure Group accounts.

\* For 2015, the operating profit is 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. The figures from 2012 and 2014 are EBIT (non-IFRS) excluding one-offs.

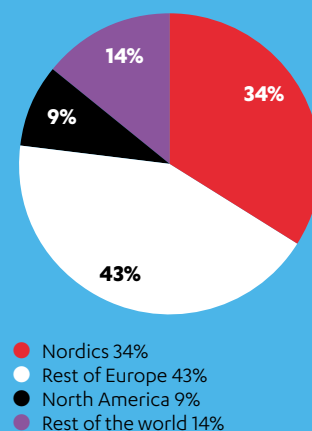
Revenues and operating profit 2011–2015, MEUR



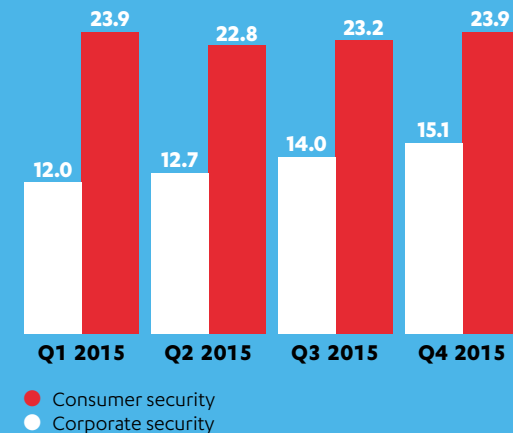
Revenues and operating profit by quarters 2015, MEUR



Revenue split by region 2015, %



Revenue split by business 2015, MEUR







# DRIVEN BY THE CHALLENGE.

## F-SECURE IN BRIEF

F-Secure is a pioneer in IT security and data protection. We have been helping businesses solve security challenges and defending tens of millions of people from digital threats for over 25 years – around the globe. Our vision is to become the leading European cyber security company.

F-Secure's award-winning solutions go far beyond traditional anti-malware. We protect people and companies against everything from crimeware to corporate cyber attacks. F-Secure's best-in-class experts and our understanding of the global threat landscape underlies our creation of the best security products and services in the world.

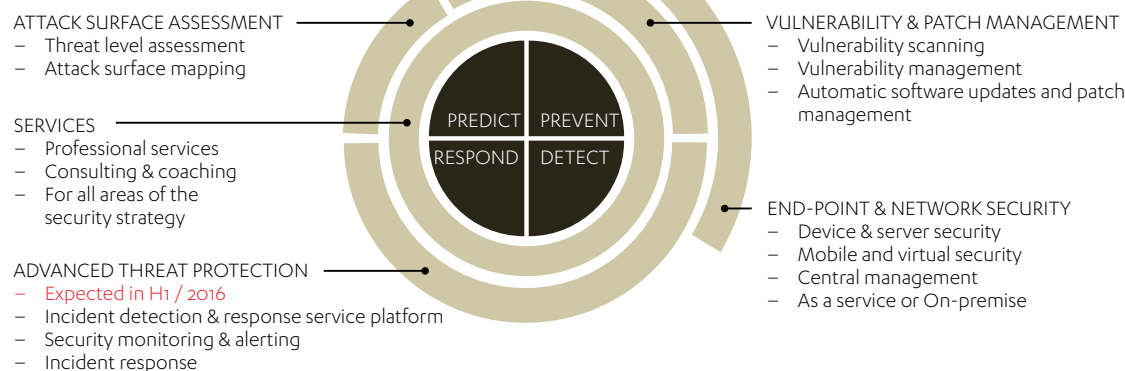
Together with our network of over 200 operators and thousands of IT service and retail partners, we serve millions of consumers and thousands of business customers worldwide. In the Nordics, more than half of the largest enterprises trust our cyber security services and products.

### A growing need for security

The growing number and variety of connected devices as well as digital services continues to create security challenges for both businesses and individuals. Combined with the increasing complexity of IT systems, these trends are driving demand for security services.

Attacks against businesses and governmental organizations continue to become more common and more advanced than ever. Organizations are increasingly seeking managed security solutions to help them maintain control of their security. Meanwhile the consumer security software market continues to be impacted by the changing device landscape. While the sales of traditional PC's have declined slightly, the amount of connected smart home devices is growing rapidly. This creates opportunities for innovative new security products.

### Cyber security offering

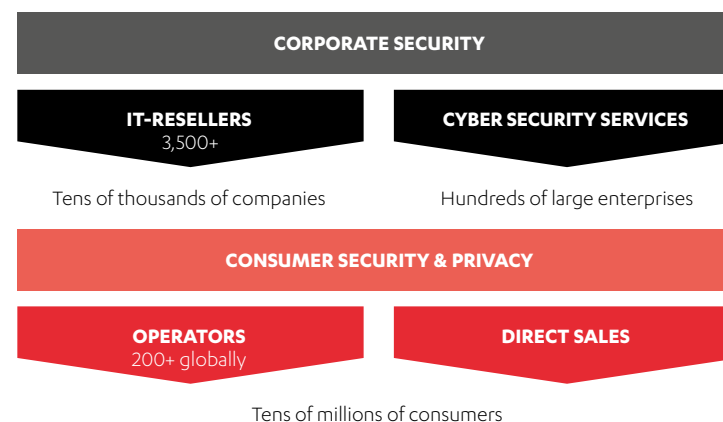


### Cyber security solutions for businesses

Today, every business is a potential target for cyber attacks. F-Secure's lineup of business products and services covers all aspects of cyber security: prediction, prevention, detection and response. Our security advisory services help businesses analyze and predict threats. Our vulnerability assessment and management solutions are invaluable security tools and help customers fulfil their compliance needs. For customers who have already been breached, F-Secure offers forensics and incident response services. F-Secure is expecting to launch a new solution for incident detection and response in the first half of 2016.

F-Secure's security solutions for endpoints, including Protection Services for Business, feature multiple layers of protection technology to efficiently and effectively block zero day and advanced attacks. Powered by the F-Secure Security Cloud, our solutions provide instant, real world threat intelligence that's always up to date. Our technology's effectiveness at stopping malware in its tracks has been proven time and time again by independent test institutes.

### What is our business model?



### Security and privacy products for consumers

Consumer products like our multi-device security offering F-Secure SAFE, and our security and privacy protection product F-Secure Freedom, help people enjoy their digital lives to the fullest without the fear of unwanted tracking and profiling or information theft. With F-Secure SENSE, the deliveries of which will start in 2016, we provide people with a single source of protection for all of the devices in their homes. F-Secure aims to be a pioneer in the smart home security market.

### Our strategy for 2016–2018

F-Secure is shaping up its strategy to capitalize on the next phase of the internet and connected world. The key driver behind the strategic shift is F-Secure's aspiration for growth. F-Secure continues to increase its investments in the fastest growing markets within corporate security. These include managed endpoint security services sold through the reseller channel as well as the cyber security services business. Investments in consumer security are continued at a level that targets profitable growth. To enable execution of the growth strategy, F-Secure is actively recruiting highly skilled security professionals, rising cyber security talents and capable sales personnel. The Company also aims at growing through acquisitions. The overall key strategic target for F-Secure is to become the leading European cyber security company.

A man with a shaved head, wearing a dark brown suit jacket over a black button-down shirt, stands in a modern office. Behind him are large windows with horizontal blinds and a green plant. The text 'CEO LETTER' is overlaid in large white letters.

# CEO LETTER

**Christian Fredrikson**

## **EUROPEAN LEADERSHIP NEEDED IN CYBER SECURITY**

2015 was a very significant year for both F-Secure and the security industry. The number of internet-connected devices continued to grow exponentially, and so did the amount of interconnected services and systems. This trend of increasing digitalization is likely to continue. In fact, by the year 2020 it is estimated that the number of connected “things” will quadruple to 20 billion. As many of these new devices have been designed with hardly any attention paid to security, it is clear that security risks will increase significantly for both consumers and companies.

As risks are increasing, so are attempts to take advantage of new vulnerabilities in systems and devices. The number of cyber attacks increased faster than ever before last year, and the attacks continue to become more advanced. It is astonishing how many of these attacks remain unnoticed. In many cases, it has taken several months or even years for a breached company to notice the attack. Short response times are critical in minimizing damages and lowering costs associated with these attacks. In 2015, the cost of the average security incident was 2.5 million euros. Average costs for large enterprises were even higher.

## Know your risks and build comprehensive defenses

It has become obvious that we need to think about security more comprehensively. F-Secure's traditional strengths, blocking capabilities and securing various endpoints, will remain a key element in security. But companies also need to invest more in predicting and mapping potential threats. In order to defend themselves and preempt attacks, they must understand the attackers and their motivations. Building 100% protection is hard and costly. In most cases, it's impossible. This is why creating a systematic approach to detecting and reacting to breaches is a must.

For consumers, it's important to understand what kinds of risks are associated with surfing the web and using new connected devices. Many apps – especially free apps – track and profile their users. The accumulated personal information is then used for marketing purposes. We believe consumers should always have adequate information on what data is actually collected by these apps, as well as how their data can be used.

## Corporate security is clearly driving future growth

In 2015, F-Secure shifted its focus from the consumer business to corporate security. In February, we sold our consumer-focused personal cloud storage business to Synchronoss Technologies. In June, we significantly strengthened our resources and expanded our product and service offerings in corporate security by acquiring nSense, a Danish-Finnish company with top expertise in cyber security. While the majority of revenues continue to come from consumer security, the strongest growth is expected to come from corporate security – particularly from cyber security services.

Going forward, we will focus investments in developing our product and service offerings for corporate customers. During the first half of 2016, we aim to launch a new advanced threat protection solution for detecting and responding to cyber attacks. Customer pilots have been ongoing since late last year, and initial feedback has been positive.

The solutions we develop for corporate customers will eventually benefit consumers, as all of our products utilize the technology and artificial intelligence in F-Secure's security cloud. We will also continue developing security products specifically designed for consumers. In November, we announced F-Secure SENSE, which protects all the connected devices at home. According to current forecasts, every household will have tens or

even hundreds of internet-connected devices by 2025. Ensuring all those devices are secure will be a daunting task. SENSE was developed to solve this problem and will protect devices regardless of their initial level of security. During the year we will start direct sales of this new product to consumers, as well as begin negotiations with our operator partners.

## Becoming the leading European cyber security company

F-Secure aims to become the leading European cyber security company. As said, we are investing significantly in developing our product and service offerings for corporate customers. In particular, we seek growth from managed endpoint security services sold to businesses through our reseller channel, as well as from providing cyber security services to large enterprises. In consumer security we are aiming for profitable growth. Through our strong operator channel, we have the possibility to effectively market our new products to millions of consumers globally.

To execute our strategy, F-Secure is actively recruiting highly skilled security professionals, rising cyber security talents, and capable sales personnel. We also aim at growing through M&A. The investments we're currently making will inevitably have an impact on our short-term profitability, but they are necessary to support our growth and ensure our future competitiveness.

F-Secure has always been a pioneer in IT security. I am certain that we will continue to play a significant part in this as the internet, e-commerce, and physical world continue to merge. Ensuring security is the foundation we need to build the trusted internet of the future.



Christian Fredrikson  
President and CEO

**“WE AIM TO  
BECOME THE  
LEADING  
EUROPEAN  
CYBER  
SECURITY  
COMPANY.”**



## BOARD OF DIRECTORS' REPORT 2015

In 2015 F-Secure shifted its business focus from the consumer business to corporate security. In February, the Company sold its consumer-focused personal cloud storage business (younited) to Synchronoss Technologies. In June, F-Secure strengthened its resources and expanded its product and service offering in corporate security by acquiring nSense, a Danish cyber security provider.

In corporate security, F-Secure seeks growth from cyber security services offered to large enterprises and governmental organizations as well as corporate security products sold through the reseller channel. In consumer security F-Secure seeks profitable growth mainly through existing sales channels. To enable execution of the growth strategy, F-Secure is actively recruiting highly skilled security professionals, rising cyber security talents and capable sales personnel. The Company also aims at growing through M&A. The overall key strategic target for F-Secure is to become the leading European cyber security company.

In 2015, F-Secure's overall revenues returned to growth while the Company's cash flow and financial position remained solid. Profitability declined slightly compared to the previous year due to increased investments, but remained on a good level and was in line with the Company's guidance for the year. F-Secure will continue to prioritize growth over short-term profitability also going forward.

### Financial performance and key figures

As of the beginning of 2015 the personal cloud storage business (younited), which was sold to Synchronoss Technologies in February, has been reported as discontinued operations. Consequently, comparison figures related to the statement of income have been restated and refer to continuing



**RELAX.  
YOU ARE IN  
GOOD HANDS.**



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

In 2015 F-Secure's overall revenues grew by 7%, totaling EUR 147.6 million (2014: 137.4 m). Organic revenue growth was 4% compared to the year before.

Revenues through the operator channel increased by 1% from the previous year to EUR 76.0 million (75.4 m), representing 51% (55%) of F-Secure's total revenues. Revenues from corporate security and direct-to-consumer sales increased by 16% totaling EUR 71.6 million (62.0 m). These channels represented 49% (45%) of F-Secure's total revenues. In its fourth quarter interim report the Company introduced a new way to report the split in revenue. According to this, revenues from consumer security increased by 2% and were EUR 93.8 million (91.9 m), representing 64% (67%) of F-Secure's total revenues. Revenues from corporate security increased by 18% totaling EUR 53.8 million (45.5 m) and representing 36% (33%) of F-Secure's total revenues.

Deferred revenues increased to EUR 48.1 million (43.0 m) at the end of the year as a result of growth in license and renewals sales.

Total fixed costs were EUR 126.0 million (109.8 m), an increase of 15% from the previous year. The increase is mainly related to costs incurred by the acquired nSense business, personnel related expenses, external services, and investments in sales and marketing activities. Depreciations (capitalized R&D, software, hardware) decreased to EUR 5.9 million (7.9 m). The capitalized development expenses for the period were EUR 2.3 million (2.3 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 22.3 million, representing 15% of revenues (23.3 m, 17%).

EBIT (IFRS) including the allocation of the nSense acquisition related costs was EUR 20.0 million, representing 14% (22.3 m, 16%) of revenues.

Earnings per share for continuing operations was EUR 0.08 (0.12) and EUR 0.14 (0.10) for the Group including discontinued operations.

Cash flow from operations was EUR 28.9 million (29.1 m).

The geographical breakdown of revenues in January–December was as follows: Finland and Scandinavia EUR 49.9 million (46.7 m), Rest of Europe EUR 63.7 million (63.9 m), North America EUR 13.1 million (10.3 m) and Rest of the World EUR 20.9 million (16.5 m).

## 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 are in accordance with IFRS 3 recognized as expense through the consolidated income statement. For 2015, these elements amounted to EUR 1.5 million in total. In 2016–2018 the following is expected: a maximum of EUR 3.3 million in 2016, EUR 1.3 million in 2017 and EUR 0.6 million in 2018.

### The sale of personal cloud storage business to Synchronoss Technologies (Discontinued operations)

In February F-Secure concluded the sale of its personal cloud storage business to Synchronoss Technologies Inc

(NASDAQ:SNCR). The value of the transaction was USD 60 million in cash. The net profit from the disposal in 2015 was 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 EUR 6.8 million in revenues generated from the sale of certain transition services to Synchronoss in 2015 are recognized as part of the discontinued operations.

### F-Secure business in 2015

F-Secure's total security revenues grew by 7% compared to the previous year. Organic growth amounted to 4%, driven largely by corporate security product sales (especially Protection Services for Business) through the reseller channel as well as sales of the Company's multi-device security offering SAFE and privacy product Freedome directly to consumers. In addition, the acquired cyber security services business contributed to growth, as the Company's offering was expanded with the acquisition of nSense. The Company continued to invest actively in recruiting and product development to support further growth.

The personal cloud storage business (youunited) was sold to Synchronoss Technologies in February, and it is excluded from the revenue from continuing operations.

### Consumer security

Revenues from consumer security in total increased by 2% compared to the previous year. Revenues through the operator channel increased by 1%. Overall, the majority of consumer security revenues continues to come from SAFE, with especially direct sales of the product to consumers in good growth. Nonetheless, Freedome is gradually increasing its share of the revenues.

F-Secure signed new contracts and launched security products with several operators. Among the most significant

ones were Telenor Cloud Services (part of Telenor Group, Norway), TeliaSonera (Sweden), Com Hem (Sweden), Telia (Denmark), TeliaSonera (Finland), DNA (Finland), Telfort (part of KPN, Netherlands), KPN (Netherlands), Vodafone (UK), TalkTalk (UK), Kabel Deutschland / Vodafone (Germany), Viettel (Vietnam) and Frontier (USA). F-Secure holds a strong position in over 40 countries through around 200 operator partners.

The Company also signed significant new partnership agreements to promote F-Secure products globally. Among the most significant were contracts signed with global Tier-1 device manufacturers ACER and TCL/Alcatel to enable pre-installations of Freedom. Freedom partnerships were also signed with one of the world's largest network operators as well as Mad Croc, the global energy drink brand. Additionally, F-Secure signed several partnerships with retail partners to promote the Company's products with Expert (Nordic countries), Mediamarkt (Sweden), Best Buy (Canada) and Staples (Canada).

In November, the Company announced F-Secure Sense, a new security product for connected home devices (Internet of Things). The product is currently in presale online and the current target is to start first deliveries during the summer.

### Corporate security

Revenues from corporate security increased by 18% compared to the year before. Sales through the reseller channel developed particularly well, and in the fourth quarter the reseller channel revenues were at an all-time high. The acquired cyber security services business (nSense) also contributed significantly to the growth.

Revenues through the reseller channel increased most in Japan, Germany, France and North America. Overall, corporate security sales have increased thanks to the growing number of active resellers as well as new successful sales models. Sales of the Company's managed security service offering, Protection Service for Business (PSB), continued to grow fastest but license sales also grew. PSB remains highly valued in the market, with satisfaction levels among partners and end-customers

exceeding or on par with the best competitors in all relevant markets. F-Secure continues to invest in Germany, France and Japan by obtaining new active resellers as well as competent sales people to support further growth.

Cyber security services became part of F-Secure's corporate security offering in June, following the acquisition of nSense. 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. F-Secure continued to face high demand for cyber security consultancy services and all areas of the business developed as planned. At the end of the year, the sales of Karhu, the Company's vulnerability management product, were progressing well.

Combining F-Secure's traditional core capabilities in attack prevention with the Company's new capabilities in attack detection and response (nSense), F-Secure is able to develop security solutions for even the most demanding needs. Using these capabilities, the Company continued to develop a new solution for detection and response to attacks, and is preparing to commercialize it during the first half of 2016.

### Product and service announcements

F-Secure launched several new products in 2015 including:

- **F-Secure SENSE** was announced in November. SENSE was designed for people who want security and privacy for their homes, which nowadays contain an increasing amount of connected devices. SENSE keeps all connected devices, laptop computers and smart refrigerators alike, protected. First deliveries of the product are expected to take place during the summer of 2016.
- **F-Secure BOOSTER** was launched in March. BOOSTER helps people tune up both old and new devices so that they perform faster, run longer, and software remains up-to-date.

- **F-Secure AdBlocker** was launched in September. Based on the new content blocking capabilities built into iOS 9, the application filters Internet traffic coming from advertisers, which helps people consume less data while making mobile browsing faster and cleaner.

Additionally, with the acquisition of the cyber security services company nSense in June, F-Secure also expanded considerably its offering for business customers. New products and services included:

- **Cyber Security Services** including top tier security management, incident response and forensic expertise, comprehensive vulnerability assessment and threat intelligence.
- **Karhu**, a vulnerability management solution, which 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.

Several existing products also received significant updates in 2015:

- A new version of **F-Secure SAFE**, the multi-device security offering, was introduced in February. The new version delivers a simplified user experience and allows consumers to share security with loved ones anywhere in the world. Protection capabilities have been improved by increasing integration with the F-Secure security cloud. Also, the introduction of Network Checker allows the detection of compromised home network routers.
- New features were added to the privacy and security product **F-Secure Freedom**. The Tracker Mapper, launched in September, allows users to see tracking attempts in real time. In April, Freedom was also made part of the managed security service solution for corporates, Protection Service for Business. During the year Freedom became supported on all major operating systems (Android,

Microsoft Windows, Mac OS X, iOS, Amazon Fire and Apple Watch).

- **F-Secure KEY**, the password management product, launched a major upgrade that integrates the product closely with F-Secure SAFE, enabling operator and reseller partners to easily provision KEY to their existing SAFE customers.
- **Protection Service for Business**, a managed security service solution for businesses, was updated with a more streamlined ordering process for reseller partners, thus enabling easier sales to end customers.
- **Business Suite**, a corporate security solution, was updated with several new features including blocking harmful content from unknown websites, preventing employee exposure to malicious websites and controlling access to potentially insecure sites while performing business critical tasks.

All new and enhanced products have been well received, and they are powered by F-Secure's safe European security cloud.

In February, F-Secure Client Security won the Best Protection 2014 award granted by the independent testing organization AV-TEST. The same technology is behind F-Secure SAFE for consumers. F-Secure became the only vendor in the history of the prestigious award to win the honor four years in a row.

Additionally, Freedom won the 2015 Meffy Award for Consumer Trust in October, and the V3 Technology Award for Security Innovation of the Year in December.

## Risks and uncertainties

The most significant risks for F-Secure are related to the following factors:

- Volatility of the economic environment could possibly affect business volumes

- End-point security market transformation and changes in customer demand
- Changes in the competitive environment
- Potential loss of key customers and partnerships
- Competitiveness of F-Secure's product portfolio in the rapidly changing markets
- Intellectual property (IPR) claims against F-Secure
- Risk exposure from contractual liability requirements
- Failure to successfully complete acquisitions or divestments
- Success of new product launches
- Potential security threats related to F-Secure's products and services
- Credit risk due to regional political or financial climate and regulation

## Events after period-end

F-Secure received reassessment decisions for withholding tax credits from 2010 and 2011 from the Finnish Tax Authority in January 2016. (See Taxation)

## Organization and Leadership

F-Secure's personnel totaled 926 at the end of the year (2014: 921).

As part of the strategy work carried out during the autumn of 2015, F-Secure decided to align its organization with the amended strategy. Organizational changes came into effect as of 1 February 2016, including changes in the composition of the Leadership Team. At the time of the signing of the financial statements on 16 February 2016, the composition of the Leadership Team was the following:

Christian Fredrikson (CEO), Mari Heusala (HR & Office Services), Kristian Järnefelt (Consumer security), Samu Konttinen (Corporate Security), Saila Miettinen-Lähde (Finance

& Supporting Services), Jari Still (Information & Business Services), Mika Ståhlberg (Security Research & Technologies), Jens Thonke (Cyber Security Services) and Jyrki Tulokas (Strategy & Corporate Development).

## Financing and Capital Structure in 2015

At the end of 2015, the market value of F-Secure's liquid assets was EUR 94.3 million (31 December 2014: 61.3 m).

In January–December the Company's capital expenditure was EUR 14.6 million (2014: 5.8 m) including new goodwill and intangible assets from the nSense acquisition. The capitalized development expenses were EUR 2.3 million (2014: 2.3 m).

F-Secure's financial position remained solid. The Company's equity ratio on 31 December 2015 was 64% (75%) and its gearing ratio was 122% negative (77% negative).

## Taxation

The Finnish tax authority has conducted a partial tax audit of F-Secure concerning withholding taxes. The tax authority has concluded that withholding taxes for which F-Secure has claimed foreign tax credits are not based on royalties as meant by the tax treaties between Finland and several other countries, but rather on sales revenues. Therefore, the tax authority has decided to reclaim the tax credits and issued a final debit decision for the impacted withholding tax credits of 2009 in December 2015. Similar reassessment decisions for withholding tax credits from 2010 and 2011 were received after the reporting period in January 2016. F-Secure is preparing to appeal the 2009–2011 reassessment decisions with the Tax Administration's Board of Adjustment.

The reduction in foreign tax credits as concluded in the debit decisions amounts in total to EUR 3.0 million. In addition, EUR 0.9 million in late payment interests as well as minor punitive charges are payable by F-Secure. After due analysis and consideration, F-Secure has decided to recognize EUR 2.1 million in additional taxes based on the reassessment decisions, covering the debits issued for 2009–2011 net of net of withholding taxes for which credits can still be claimed from



the target countries. The late payment interest and punitive charges issued by the tax authority have also been booked.

F-Secure Group's tax rate in 2015 was 42% (2014: 21%). Without the impact of the debit decisions relating to past withholding tax credits and withholding taxes paid in Brazil in 2015, the tax rate would be 30%. In addition to the withholding taxes, F-Secure's tax rate is also impacted by comparatively high corporate tax rates in several of its target countries.

## Shares, Shareholders' Equity, Own Shares

The total number of F-Secure shares at the end of 2015 was 158,798,739. The Company's registered shareholders' equity is EUR 1,551,311.18. F-Secure currently holds 2,996,049 of its own shares. The Company has purchased its own shares to be used in the incentive compensation plans, for making acquisitions or implementing other arrangements related to the Company's business, to improve the Company's financial structure, or to be otherwise assigned or cancelled.

The Company currently has a share-based incentive program for key employees for the earning periods of 2014–2016 and 2015–2017, as well as a synthetic option-based incentive program for the same periods. In 2015 the Company did not pay any rewards based on the share-based incentive programs.

In accordance with the decision by the Annual General Meeting, 40% of the fees paid to the Members of the Board of Directors in 2015 were paid in F-Secure shares. In total, 31,693 of F-Secure shares were assigned to the Members of the Board, out of which 8,763 were shares previously held by the Company.

## Corporate Governance

F-Secure's corporate governance practices comply with Finnish laws and regulations, F-Secure's Articles of Association, the rules of Nasdaq Helsinki Ltd and, as of 1 January 2016 the Finnish Corporate Governance Code issued by the Securities Market Association of Finland in 2015. The code is publicly available at <http://cgfinland.fi/en/>.

Until the end of 2015, F-Secure followed the Finnish Corporate Governance Code 2010, in accordance to which it published its corporate governance statement for 2014. The statement is available in the F-Secure 2014 Annual Report and on the Company website. Up-to-date information on changes in F-Secure's governance is available on the Company website.

## Annual General Meeting

The Annual General Meeting of F-Secure Corporation was held on 8 April 2015. The Meeting confirmed the financial statements for the financial year 2014. The members of the Board and the President and CEO were granted discharge from liability. In addition, the Annual General Meeting made the following decisions:

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. The dividends were 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 dividends were paid on 21 April 2015.

It was decided that the annual compensation to the Members of the Board of Directors will remain at the previous year's level: for the Chairman EUR 55,000, Chairmen of Executive and Audit Committee EUR 40,000 and members EUR 30,000. Approximately 40% of the annual remuneration is paid as Company shares.

It was decided that the number of Board members is six (6). The following current members were re-elected: Mr. Jussi Arovaara, Mr. Pertti Ervi, Mr. Juho Malmberg, Ms. Anu Nissinen, Mr. Matti Heikkonen and Mr. Risto Siilasmaa. In its organizational meeting the Board elected Mr. Siilasmaa as Chairman of the Board. The Board nominated Mr. Siilasmaa as Chairman of the Executive Committee and Mr. Malmberg and Ms. Nissinen as members of the Executive Committee. Mr. Ervi was nominated as Chairman of the Audit Committee and Mr. Arovaara and Mr. Heikkonen were nominated as members of the Audit Committee.

It was decided that auditor's fee are paid against approved invoice. Ernst & Young Oy was elected the Group's auditors. APA, Mr. Mikko Järventausta is acting as the responsible partner.

It was decided to authorize the Board of Directors to pass a resolution to repurchase a maximum of 10,000,000 own shares of the Company in one or multiple tranches with the Company's unrestricted equity. The authorization entitles the Board of Directors to decide on the repurchase also in deviation from the proportional holdings of the shareholders (directed repurchase). The authorization covers the repurchase of shares either in trading at the regulated market organized by Nasdaq Helsinki Ltd in accordance with its rules and guidelines, in which case the shares must be purchased at the prevailing market price at the time of repurchase, or through a public tender offer to the shareholders, in which case the price offered must be the same for all shareholders. The repurchased shares will be used for making acquisitions or implementing other arrangements related to the Company's business, for improving the Company's financial structure, for use as part of the Company's incentive scheme or otherwise for further assigning or cancelling the shares. The authorization includes the right for the Board of Directors to decide upon all other terms and conditions related to the repurchase of the company's own shares. The authorization is valid for 12 months, and the previous authorization granted to the Board of Directors by the 2014 Annual General Meeting regarding the repurchase of the Company's own shares expired upon the new authorization.

The Annual General Meeting authorized the Board of Directors to decide on the issuance of a maximum of 53,004,812 shares or the issuance of special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act in one or multiple tranches. The authorization concerns both the issuance of new shares as well as the transfer of treasury shares. The authorization includes the right for the Board of Directors to decide upon all terms and conditions related to the issuance of shares and special

rights. The issuance of shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization can be used for implementing potential acquisitions, other arrangements or equity-based incentive plans or for other purposes decided by the Board of Directors. The Board of Directors also has the right to decide on the sale of Company shares at the regulated market in accordance with Nasdaq Helsinki Ltd's rules and regulations. The authorization is valid for 18 months, and the previous authorization granted to the Board of Directors by the 2014 Annual General Meeting regarding the issuance of shares and transfer of own shares expired upon the new authorization.

## Market overview

The growing number and variety of connected devices as well as digital services continues to create security challenges for both businesses and individuals. Combined with the increasing complexity of IT systems, these trends are driving demand for security services.

The consumer security software market continues to be impacted by the changing device landscape. PC sales are expected to decline by 1% in 2016 (Gartner, January 2016) and this is expected to have a slight negative impact on the market for consumer security products. At the same time, the amount of connected smart home devices is growing rapidly. It is expected that there will be over 1 billion connected things in homes by 2018, which opens new opportunities for innovative security products (Gartner, November 2015). Developing economies continue to drive growth in new subscriptions of security software despite growing economic uncertainty, especially in Latin America.

With regard to businesses and governmental organizations, targeted attacks are becoming more advanced and common. In 2015, the number of reported security incidents grew faster than ever (+38% in 2015, PwC). Companies increasingly seek for managed security services and cloud-based delivery to help them maintain control of their security. Larger organizations are interested in securing their mobile device fleets and the

demand for incident detection and response services remains very high.

The worldwide security software market is worth USD 21.4 billion (Gartner, May 2015). With regard to businesses, the information security consulting market is worth USD 18.2 billion and is expected to grow by 8.3% annually in 2016–2019 (Gartner, December 2015). Also, the IT outsourcing (incl. managed security services) market is worth USD 15.6 billion and is expected to grow by 14.7% annually in 2016–2019 (Gartner, December 2015). The consumer security software market is worth USD 5.1 billion and is expected to grow 3.2% annually in 2016–2019 (Gartner, December 2015). All expected growth rates are in constant US dollars.

## Strategy 2016–2018

F-Secure is shaping up its strategy to capitalize on the next phase of the internet and connected world. The amended strategy reflects the fast growing number of internet-connected devices, the changes in the ways business is done amid the increasing digitalization, and the concurrent increase in cybercrime. Execution of the strategy will further speed up F-Secure's transformation from an antivirus company to a cyber security leader.

The key driver behind the strategic shift is F-Secure's aspiration for growth. F-Secure is continuing to increase its investments in the fastest growing markets within corporate security. These include managed endpoint security services sold through the reseller channel as well as the cyber security services business. Investments in consumer security are continued at a level that targets profitable growth. To enable execution of the growth strategy, F-Secure is actively recruiting highly skilled security professionals, rising cyber security talents and capable sales personnel. The Company also aims at growing through M&A.

Due to the explosive growth in the number of internet-connected devices both in business and in our private lives, society now expects services and data to be accessible everywhere and on any device. Online business services

are becoming the de-facto standard, but at the same time online crime has become ever present. Cyber threats are growing rapidly and evolving in both scope and sophistication. Protecting people and organizations from new types of attacks, as well as securing new areas of technology and business requires a move away from single solutions towards a broader cyber security portfolio.

In cyber security, F-Secure sees enterprises with business critical IT systems or vast amounts of customer data as being at the forefront of the market. Such enterprises have needs for cutting-edge threat prevention and detection solutions, as well as solutions that enable them to respond to and predict threats. F-Secure is already serving even the most demanding customers utilizing its know-how and expertise, and aims to increase its presence in this market segment, especially in selected target verticals. These include the financial industry, gaming and gambling companies, aviation, defense, law enforcement, and certain global brands.

Over time, the most advanced cyber security solutions will be adapted to more easily scalable corporate security offerings sold through the Company's strong and expanding reseller channel. Eventually, the same technologies can be commercialized in consumer security products as well, for which F-Secure's extensive operator channel offers an attractive route to market.

F-Secure aims to maximize the commercial impact of its technical expertise and multiple sales channels for further growth in its chosen key market segments. These include cyber security offerings to large enterprises in Northern Europe and in the selected verticals, and corporate security business through the reseller channel in Europe and Japan. In consumer security, F-Secure continues with its existing sales channels aiming at profitable growth. The overall key strategic target for F-Secure is to become the leading European cyber security company.

## Outlook for 2016

F-Secure anticipates its overall security revenues to grow in 2016 compared to the year before (2015: EUR 148 million). EBIT for continuing operations is estimated to be EUR 17–21 million (2015: EUR 20 million).

In 2015, following the nSense acquisition, F-Secure gave its profitability guidance as EBIT (non-IFRS), in which the cost impact of the deferred payment and earn-out elements of the nSense acquisition were excluded. In 2016, the EBIT guidance includes an estimated EUR 3 million cost impact from these elements, hence the guided figure is not directly comparable to that given in 2015.

Revenue growth is expected to continue especially in the Company's cyber security services, corporate security products (in particular Protection Service for Business) sold through the reseller channel, and direct-to-consumer sales of F-Secure's multi-device security offering SAFE and the privacy product Freedom. Sales of consumer security through the operator channel are expected to remain largely flat. The revenue outlook is based on the sales pipeline at the time of this outlook, existing subscriptions and contracts, as well as current exchange rates.

F-Secure is actively investing in the development and commercialization of several new products. The cost of development as well as expenses relating to commercial launches are likely to have an impact on the Company's overall profitability in the short to medium term while the revenues from new products (incl. Sense for the protection of smart homes and an advanced threat protection solution for enterprises), are difficult to estimate and may remain low. This cost impact has been taken into account in the Company's profitability guidance and is in line with the Company's principle to prioritize growth over short-term profitability.

## Proposal for dividend distribution

The Board is proposing to the Annual General Meeting, to be held on 7 April 2016, that a dividend of EUR 0.06 per share and an extra dividend of EUR 0.06 per share be paid based

on the adopted balance sheet for the financial year 2015. The suggested dividend record date is 11 April 2016 and the suggested payment date 19 April 2016. The dividend payout ratio, including the extra dividend, is approximately 50% of the parent company's result. On 31 December 2015, the parent company's distributable equity amounted to a total of EUR 63.4 million. Events after period-end do not weaken the Company's financial position nor does the proposed dividend pose any risk to the company's financial standing.

Helsinki, February 16, 2016

F-Secure Corporation

Risto Siilasmaa  
Jussi Arovaara  
Pertti Ervi  
Matti Heikkinen  
Juho Malmberg  
Anu Nissinen

President and CEO  
Christian Fredrikson



A woman with blonde hair, wearing a black blazer over a white shirt, stands on the left side of the frame, leaning slightly forward as if in conversation. Two people are seated in modern, black metal chairs. A woman with blonde hair, wearing a light blue blazer, is seated in the middle ground, looking up at the standing woman with a smile. An older man with grey hair and glasses, wearing a light blue sweater, is seated to the right, holding a glass of orange juice and looking towards the standing woman. A large, black, adjustable floor lamp with a white shade is positioned behind the seated man, casting a warm light. In the foreground, a white table is partially visible, holding a bowl of fruit (bananas, grapes, and oranges), a glass of orange juice, and a tablet device. The background is a plain, light-colored wall.

**CUSTOMERS ARE AT THE HEART OF  
EVERYTHING WE DO.**

# STATEMENT OF COMPREHENSIVE INCOME JAN 1–DEC 31, 2015

EUR 1,000	Note	Consolidated, IFRS 2015	Consolidated, IFRS 2014
Continuing operations			Restated
<b>NET SALES</b>	(1)	147,608	137,433
Material and service		–5,583	–7,049
<b>GROSS MARGIN</b>		142,026	130,384
Other operating income	(4)	3,959	1,640
Sales and marketing	(5, 6)	–86,321	–72,322
Research and development	(5, 6)	–26,888	–30,051
Administration	(5, 6)	–12,747	–7,375
<b>OPERATING RESULT</b>		20,028	22,276
Financial income	(9)	3,494	1,566
Financial expenses	(9)	–2,839	–446
<b>PROFIT (LOSS) BEFORE TAXES</b>		20,683	23,396
Income taxes	(11)	–8,611	–4,829
Result for the financial period from the continuing operations		12,072	18,567
Result for the financial period from the discontinued operations		9,980	–2,795
<b>RESULT FOR THE FINANCIAL YEAR</b>		22,052	15,772
<b>Other comprehensive income</b>			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Exchange difference on translation of foreign operations		312	389
Available-for-sale financial assets	(10)	–183	226
Taxes related to components of other comprehensive income	(11)	37	–45
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>		22,217	16,341
Result of the financial year is attributable to:			
Equity holders of the parent		22,052	15,772
Comprehensive income for the year is attributable to:			
Equity holders of the parent		22,217	16,341
Earnings per share continuing operations			
– basic and diluted	(12)	0.08	0.12
Earnings per share discontinued operations			
– basic and diluted	(12)	0.06	–0.02

# STATEMENT OF FINANCIAL POSITION DEC 31, 2015

EUR 1,000	Note	Consolidated, IFRS 2015	Consolidated, IFRS 2014	EUR 1,000	Note	Consolidated, IFRS 2015	Consolidated, IFRS 2014
<b>ASSETS</b>				<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>NON-CURRENT ASSETS</b>				<b>SHAREHOLDERS' EQUITY</b> (20)			
Tangible assets	(13)	3,407	7,242	Share capital		1,551	1,551
Intangible assets	(13)	12,170	14,060	Share premium		165	165
Goodwill	(3, 14)	7,599	19,398	Treasury shares		-6,966	-6,989
Deferred tax assets	(15)	1,330	2,913	Fair value reserve		355	502
Total non-current assets		24,507	43,613	Translation differences		623	312
<b>CURRENT ASSETS</b>				Reserve for invested unrestricted equity		5,102	5,102
Inventories	(16)	134	108	Retained earnings		76,224	79,290
Trade and other receivables	(17)	42,454	42,478	Equity attributable to equity holders of the parent		77,055	79,933
Income tax receivables	(17)	285	2,140	<b>NON-CURRENT LIABILITIES</b>			
Available-for-sale financial assets	(18)	64,437	40,309	Deferred tax liabilities	(15)	923	398
Cash and bank accounts	(19)	29,919	21,067	Other non-current liabilities	(22)	12,101	11,027
Total current assets		137,230	106,102	Total non-current liabilities		13,024	11,425
Discontinued operations		6,360		<b>CURRENT LIABILITIES</b> (22)			
<b>TOTAL ASSETS</b>		<b>168,097</b>	<b>149,715</b>	Trade and other payables		28,434	25,614
				Income tax liabilities		3,981	784
				Other current liabilities		35,996	31,959
				Total current liabilities		68,411	58,356
				Discontinued operations		9,607	
				<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>168,097</b>	<b>149,715</b>



# STATEMENT OF CASH FLOWS DEC 31, 2015

EUR 1,000	Note	Consolidated, IFRS 2015	Consolidated, IFRS 2014	EUR 1,000	Note	Consolidated, IFRS 2015	Consolidated, IFRS 2014
<b>CASH FLOW FROM OPERATIONS</b>				<b>CASH FLOW FROM INVESTMENTS</b>			
Result for the financial year		22,052	15,772	Investments in intangible and tangible assets		–4,608	–6,685
Adjustments	(25)	7,082	15,991	Investments in subsidiary shares, net of cash acquired	(3)	–10,232	
Cash flow from operations before change in working capital		29,134	31,763	Proceeds from sale of intangible and tangible assets	(2)	43,916	
Change in net working capital				Proceeds from sale of other investments		12	19
Current receivables, increase (–), decrease (+)		–1,514	–833	Cash flow from investments		29,087	–6,665
Inventories, increase (–), decrease (+)		–27	162	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Non-interest bearing debt, increase (+), decrease (–)		2,508	3,019	Dividends paid		–24,928	–9,346
Provisions, increase (+), decrease (–)		1,173		Cash flow from financing activities		–24,928	–9,346
Cash flow from operations before financial items and taxes		31,274	34,111	Change in cash		33,051	13,101
Interest expenses paid		–8	–8	Cash and bank at the beginning of the period		61,306	47,748
Interest income received		47	24	Translation difference		112	231
Other financial income and expenses		2,067	455	Change in net fair value of current available-for-sale assets		–183	226
Income taxes paid		–4,487	–5,470	Cash and bank at period end		94,286	61,306
Cash flow from operations		28,893	29,112				

# STATEMENT OF CHANGES IN EQUITY DEC 31, 2015

Attributable to the equity holders of the parent

EUR 1,000	Share capital	Share premium fund	Treasury shares	Available-for-sale	Translation diff.	Unrestricted equity reserve	Retained earnings	Total equity
Equity Dec 31, 2013	1,551	169	-7,782	321	-76	5,050	73,527	72,761
Available-for-sale financial assets, net				181				181
Translation difference					388			388
Result of the financial year							15,772	15,772
Total comprehensive income for the year				181	388		15,772	16,340
Dividends							-9,346	-9,346
Cost of share based payments			726			37	-658	104
Other changes			68			14	-7	75
Equity Dec 31, 2014	1,551	169	-6,989	502	312	5,101	79,287	79,934
Available-for-sale financial assets, net				-146				-146
Translation difference					311			311
Result of the financial year							22,052	22,052
Total comprehensive income for the year				-146	311		22,052	22,216
Dividends							-24,928	-24,928
Cost of share based payments							-188	-188
Other changes			23					23
Equity Dec 31, 2015	1,551	169	-6,965	355	623	5,101	76,222	77,057

More information are stated in disclosure 20. Shareholders' equity

# NOTES TO THE FINANCIAL STATEMENTS

## ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

### Basic information

F-Secure produces online security and privacy services for consumers and businesses against malware and other threats, as well as cloud storage services enabling storing and sharing of important data.

The Parent Company of the Group is F-Secure Corporation incorporated in Finland and domiciled in Helsinki. Company's registered address is Tammasaarencatu 7, 00180 Helsinki. A copy of consolidated financial statements can be downloaded on [www.f-secure.com](http://www.f-secure.com) or can be received from the parent company's registered address.

The consolidated financial statements for 2015 were authorized for issue by the Board of Directors on 16 February 2016. According to the Finnish Companies Act, the Annual General Meeting can confirm or reject the consolidated financial statements after publication. The General Annual Meeting can also decide to change the financial statements.

### ACCOUNTING PRINCIPLES

The consolidated financial statements of F-Secure Corporation of 2015 have been prepared in accordance with International Financial Reporting Standards (IFRS), applying the IAS and IFRS standards as well as SIC and IFRIC interpretations that had been approved by the EU by 31 December 2015. The disclosures also comply with the Finnish accounting legislation.

Annual Improvements to IFRSs 2010–2012 and 2011–2013 (effective mainly for financial year beginning on or after 1.7.2014) as well as 2012–2014 (effective for financial year beginning on or after 1 January 2016). The improvements include small changes.

IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization – Amendments to IAS 16 and IAS 38 (effective for financial year beginning on or after 1 January 2016). The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate the property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

### Management judgment on significant accounting principles and use of estimates and assumptions

The preparation of the consolidated financial statements requires the use of estimates and assumptions as well as use of judgment when applying accounting principles that affect the reported amount of assets and liabilities, and the reported amounts of revenues and expenses during reporting periods. It is possible that actual results may differ from these estimates.

The estimates are based on management's best knowledge at the reporting date. Estimates and assumptions are based upon past experience, as well as information available relating to the Group's expected development of the economic environment. Possible changes in estimates and assumptions are recognized in the period when they occur.

The key judgments and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk a material adjustment are the following:

- **Revenue recognition:** service based project deliveries are recognized with the percentage of completion method, when the outcome is reliably estimated.
- **Assessment of assets:** at each reporting date, the Group assesses whether there is any indication that an asset may be impaired.
- **Impairment of assets:** the recoverable amount is determined based on value in use calculations. The key variables

used in the calculations are profitability, growth rate and the discount rate. The key assumption used to determine the recoverable amount for goodwill, including sensitivity analysis, are further explained in note 14;

- **Deferred tax assets:** the Group has assessed how much unused tax losses can be utilized in the future. Further details are disclosed in note 15;
- **Development expenditures carried forward:** initial capitalization of cost is based on management's judgment on technological and economical feasibility. The Group has made assumptions regarding the expected future cash generation of the projects. Further details are disclosed in note 12.
- **Recognizing share-based payment transactions:** the cost of share-based payment transactions are based on the fair value at the date at which they were granted. The cost of cash-settled transactions is measured by reference to the fair value at the date of balance sheet. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 21.

### Principles of consolidation

Subsidiaries in which F-Secure Corporation's holding exceeds 50 percent are consolidated in the financial statements. Subsidiaries are consolidated from the date on which the Group obtains control on them. The consolidation stops when the control ceases. The Group does not have any holdings in the associated companies.

All intra-group transactions and balances, including unrealized profits arising from intra-group transactions, have been eliminated on consolidation. Where necessary, the accounting policies of subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

## Segment reporting

The Group has one segment; data security. Segment reporting is consistent with the internal reporting submitted to the chief operating decision-maker. The Leadership Team has been appointed the chief operating decision-maker, responsible for allocating resources and assessing performance as well as making strategic decisions.

## Transactions in foreign currency

The consolidated financial statements of F-Secure Group are presented in Euros, which is the parent company's measurement currency. The balance sheets of Group companies whose reporting currencies are other than Euro are translated into Euros using the exchange rates prevailing on the balance sheet date. The income statements are translated at the average exchange rates for the financial year. The translation difference is recognized in the shareholders' equity and the change in other comprehensive income.

The Consolidated Statement of Cash Flows has been prepared by translating each subsidiary's individual cash flow statements at the average exchange rates for the financial year.

Foreign currencies are translated into the local currency using fixed monthly exchange rates. At the balance sheet date, assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at that date. Exchange rate gains and losses of financial transactions are recognized in the income statement under financial items.

## INTANGIBLE ASSETS

### Goodwill

Mutual ownership of shares has been accounted using the acquisition method. The cost of an acquisition is measured at the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess cost of acquisition over the fair value of the net assets of the subsidiary acquired

is recognized as goodwill. Goodwill represents the excess of purchase cost over the fair value of separately identifiable assets less liabilities of acquired companies. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

### Research and development costs

Research expenditure is recognized as an expense at the time it is incurred. Development expenditures incurred on individual projects of totally new products or product versions with significant new features are carried forward when they are technically feasible and their future recoverability can reasonably be regarded as assured. Depreciation is recorded on a straight-line basis over the estimated useful life of an asset. The estimated useful life of these assets is 3 years.

### Other intangible assets

Other intangible assets recognized separately from goodwill in acquisitions consist of customer-based intangible assets. The fair value was measured by using Multi-Period Excess Earnings model. Depreciation is recorded on a straight-line basis over the estimated useful life of an asset. The estimated useful life of these assets is 8 years.

Other intangible assets include also intangible rights and software licenses. Assets with finite useful life are recorded at historical cost less accumulated depreciation. Depreciation of intangible rights is recorded on a progressive basis over the estimated useful life of an asset. Depreciation of software licenses is recorded on straight-line basis over the estimated useful life of an asset. The estimated useful lives of other intangible assets are as follows:

Intangible rights	5 years
Other intangible assets	5–10 years

### Tangible assets

Other tangible assets include renovation costs of rented office space. Tangible assets are recorded at historical cost less accumulated depreciation. Depreciation is recorded on a straight-line basis over the estimated useful life of an asset. The estimated useful lives of tangible assets are as follows:

Machinery and equipment	3–8 years
Other tangible assets	5–10 years

Ordinary repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the assets' carrying amount when it is probable that the Group will derive future economic benefits in excess of the originally assessed standard or performance of the existing asset. Any gain or loss arising on unrecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized. Gains or losses on de-recognition are shown in other operating income or expenses.

### Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants which are received as compensation for incurred expenses are recognized as income over the period necessary to match the grant to the costs that it is intended to compensate, on a systematic basis. These grants are recognized as other operating income in the income statement.

### Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined by first-in first-out method. Net realizable value is the estimated selling price that is obtainable, less estimated costs of completion and the estimated costs necessary to make the sale.

## Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. The Group has only operating leases. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

## Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. The recoverable amount is estimated annually for the following assets regardless of whether any indication of impairment: goodwill, intangible assets with an indefinite useful life and intangible assets. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and written down to its recoverable amount. The recoverable amount is the fair value of an asset less costs to sell or its value in use, whichever is higher. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The maximum reversal of an impairment loss amounts to no more than the carrying amount of the asset if no impairment loss had been recognized, net of depreciation. Impairment losses relating to Goodwill cannot be reversed in future periods.

## Pensions

All of F-Secure Group's pension arrangements are in accordance with local statutory arrangements and defined contribution plans. Contributions to defined contribution plans are recognized in the income statement in the period to which the contributions relate. The Group recognizes disability commitment of Finnish TYEL pension plan when disability appears.

## Share-based payment transactions

In the Company's industry it is common practice internationally that incentives are provided to employees in the form of equity-settled share-based instruments. Company has two kinds of incentive programs; a synthetic warrant-based program and a share-based program.

The Company's warrant programs cover key personnel. The synthetic warrant-based program is settled as cash-settled payment. The cost of cash-settled transactions with employees is measured by reference to the fair value at the date of balance sheet. The fair value is determined by using the Binomial model. The cost of transactions is recognized, together with a corresponding entry in liability, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). If the holder of the warrant leaves the company before vesting, the warrant is forfeited. The cumulative expense recognized for transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors of the Group at that date, based on the best available estimate of the number of equity instruments that will ultimately vest.

The share-based incentive program has been established as part of the key employee incentive and retention system inside F-Secure Group. Reward will be settled in two phases so that one part is settled as equity-settled payment and one part as cash-settled payment. Cost of equity-settled transactions is measured by reference to the fair value by using market price of F-Secure Corporation share at the date on which they are granted and cost of cash-settled by using market price of F-Secure Corporation on the date of balance sheet. The cost is recognized over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the reward (end of lock-up period). The cost of equity-settle corresponding entry is recognized in equity and cost of cash-settle in liabilities. If relevant employee leaves Company before being fully entitled

to the reward, the reward is forfeited. The cumulative expense recognized for share-based incentive program transactions at each reporting date is based on the best available estimate of the number of equity instruments that will ultimately be fulfilled.

## Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Group has no provisions.

## Income taxes

Direct current taxes are calculated on the results of all Group companies in accordance with the local tax and accounting rules in each country. Deferred taxes, resulting from temporary differences between the financial statement and the income tax basis of assets and liabilities, use the enacted tax rates in effect in the years in which the differences are expected to reverse. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available.

## Revenue recognition

Revenue is primarily derived from monthly software as a service sale, software license agreement sales and operators' system integration and maintenance sales. License agreements consist of initial license agreements and periodic maintenance agreements covering product updates and customer support. The revenue recognition policy of F-Secure Group recognizes the service revenue at the time of delivery, the license agreement's license fee revenues as the product is delivered, the license agreement's maintenance revenues are recognized over the maintenance period, and service based project deliveries are recognized with the percentage of completion method, when the outcome can be reliably estimated. The degree of completion is determined by relation of project costs incurred



for work performed to date bear the estimated total project costs. If total project costs will exceed total project revenue, the expected loss is recognized as an expense immediately.

### Other operating income

Other operating income includes profits from the sales of fixed assets, rental revenue, and government grants received for research and development projects.

### Presentation of expenses

Classification of the functionally presented expenses has been made as follows: various types of expenses in different geographical locations have been allocated to the various functions by allocating directly allocable expenses to the respective function, and other operating expenses have been allocated to functions on the basis of the average headcount in each location.

### Operating results

IAS 1 Presentation of Financial Statements standard does not define the concept of operating result. The Group has defined it as follows: operating result is the net amount, which consists of the net sales and other operating income less cost of purchase which is adjusted for changes in inventories, and reduced employee benefit costs, depreciation, possible impairment losses and other operating expenses.

### Non-recurring items

One-off items include mainly income and expenses related to restructurings, non-current impairment of assets and other non-recurring items which are not based on the Group's normal activities and which distort the comparability of the groups underlying profitability.

### Treasury shares

Parent company has acquired treasury shares in years 2008–2011. The cost of acquisition is recognized as a deduction in the shareholders' equity.

### Financial assets

According to IAS 39 standard, financial assets have been classified into financial assets at fair value through profit or loss, held-to-maturity, loans and receivables originated by the enterprise and available-for-sale financial assets. The classification is dependent on the purpose for which the assets were acquired. Purchases and sales of financial assets are recognized on the trade date i.e. the date that the Group commits to purchase the asset. The cost of purchase includes transaction costs. Financial assets are currently classified as loans and receivables and available-for-sale financial asset.

Loans and receivables originated by the enterprise are measured at amortized cost. Trade receivables are carried at the original invoice amount to customers less an estimate made for doubtful receivables. The Group assesses, at each reporting date, whether there is objective evidence that trade receivables are impaired. Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, probability of bankruptcy or non-payments and delay of payment more than 90 days. Outstanding receivables are reviewed periodically and bad debts are written off when identified.

Available-for-sale financial assets consist of interest-bearing debt securities and shares in mutual funds invested in similar instruments. For assets that are actively traded in organized financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. Assets, the fair value of which cannot be measured reliably, are recognized at cost less impairment. The fair value changes of available-for-sale financial assets are recognized in shareholders' equity under fair value reserve. When financial assets recognized as available-for-sale are sold, the accumulated fair value changes are released from equity and recognized in the income statement.

Cash and cash equivalents in the Consolidated Statement of Financial position comprise cash at bank and in hand and other highly liquid short-term investments.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

### Financial liabilities

According to IAS 39 standard, financial liabilities have been classified into financial liabilities at fair value through profit or loss, loans and liabilities originated by the enterprise.

Financial liabilities are initially recognized at fair value. The Group's financial liabilities consist of short-term trade payables.

### Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently recognized at fair value. Any gains and losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to net profit or loss for the year. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The gains and losses arising from the changes of fair values are booked to profit and loss account because the Group does not include the derivative contracts in hedge accounting.

### Discontinued Operations

In February F-Secure concluded the sale of its personal cloud storage business to Synchronoss Technologies Inc. Due to the sales F-Secure is reporting the personal cloud business as discontinued operations according to the IFRS 5 standard.

The results of discontinued operations are presented as a separate item in the consolidated statement of comprehensive income. Assets and liabilities of discontinued operations presented separately from other items in balance sheet. Further details are disclosed in note 2.

## Adoption of new and revised IFRS standards

Annual Improvements to IFRS 2012–2014 (effective for financial year beginning on or after 1 January 2016). The improvements include small changes.

IAS 27 Equity method in Separate Financial Statements – Amendments to IAS 27 (effective for financial year beginning on or after 1 January 2016). The amendments allow an entity to use the equity method to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. The revised standard will have no effect on the Group's financial statements.

IAS 16 and IAS 41 Agriculture: Bearer Plants – Amendments to IAS 16 and IAS 41 (effective for financial year beginning on or after 1 January 2016). As a result of the amendments, bearer plants will be subject to all the recognition and measurement in IAS 16, including the choice between the cost model and the revaluation model for subsequent measurement. The revised standard will have no effect on the Group's financial statements.

IFRS 11 Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 (effective for financial year beginning on or after 1 January 2016). The amendments require an entity acquiring an interest in a joint operation, in which the activity of the joint operation constitutes a business, to apply, to the extent of its share, all of the principles in IFRS 3 and other IFRSs that do not conflict with the requirements of IFRS 11 Joint Arrangements. The revised standard will have no effect on the Group's financial statements.

IAS 1 Disclosure Initiative – Amendments to IAS 1 (effective for financial year beginning on or after 1 January 2016). The amendments clarify the materiality requirements and that the specific line items of profit and loss statements and the statement of financial position may be disaggregated. The Group is assessing the impact of the revised standard.

IFRS 10 and IAS 28 Investment Entities: Applying the Consolidation Exception – Amendments to IFRS 10 and IAS 28 (effective for financial year beginning on or after 1 January 2016). The amendments clarify that the exemption in paragraph 4 of IFRS 10 from presenting consolidated financial statements

applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures its subsidiaries at fair value. The revised standard will have no effect on the Group's financial statements.

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor or Joint Venture – Amendments to IFRS 10 and IAS 28. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. The revised standard will have no effect on the Group's financial statements.

IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018). The standard outlines the principles an entity must apply to measure and recognize revenue. The core principle is that an entity will recognize revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. The Group is currently assessing the impact of IFRS 15 on the consolidated financial statements.

IFRS 16 – Leases (effective for financial year beginning on or after 1 January 2019). The standard specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Group is currently assessing the impact of IFRS 16 on the consolidated financial statements.

## 1. SEGMENT INFORMATION

The Group has one business segment; data and content security. The chief operating decision maker i.e. the Leadership Team gets financial information on a monthly basis of the revenue of the sales channels. The revenues of different geographical areas are presented by the location of the customers and the long-term assets by the location of the assets.

### Sales channels

Consolidated Dec 31, 2015	Consumer security	Corporate security	Group
Revenue from external customers	93,810	53,796	147,606

Consolidated Dec 31, 2014	Consumer security	Corporate security	Group
Revenue from external customers	91,940	45,493	137,433

### Geographical information

Consolidated Dec 31, 2015	Finland and Scandinavia	Rest of Europe	North America	Rest of the world	Group
Revenue from external customers	49,922	63,691	13,087	20,906	147,606
Segment long-term assets	22,094	249	361	472	23,176

Consolidated Dec 31, 2014	Finland and Scandinavia	Rest of Europe	North America	Rest of the world	Group
Revenue from external customers	46,694	63,916	10,284	16,539	137,433
Segment long-term assets	17,696	20,718	1,687	599	40,700

## 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 financial period from the personal cloud business

	Consolidated 2015	Consolidated 2014
Revenues	8,535	17,760
Expenses	-9,737	-21,254
Result before taxes	-1,202	-3,494
Taxes	233	699
Result for the period	-969	-2,795
Net gain on disposal	18,595	
Attributable taxes	-7,646	
Result after taxes	9,980	-2,795
Earnings per share, discontinued operations, EUR	0.06	-0.02
Earnings per share, discontinued operations, diluted, EUR	0.06	-0.02

### Discontinued operations, items of statement of financial position

Goodwill	19,398
Other intangible assets	222
Capitalized development	4,785
Net assets	24,405

### Cash flow statement

Cash flow from operations	-5,274
Cash flow from investments	44,255
Change in cash	38,981

## 3. ACQUISITIONS

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 are in accordance with IFRS 3 recognized as expense through the consolidated income statement. For 2015, these elements amounted to EUR 1.5 million in total. In 2016–2018 the following is expected: a maximum of EUR 3.3

million in 2016, EUR 1.3 million in 2017 and EUR 0.6 million in 2018. 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	2015
Consideration transferred	10,905
Total consideration transferred	10,905
<b>The fair values of the assets and liabilities arising from the acquisition</b>	
Intangible assets	2,859
Tangible assets	109
Receivables	2,025
Cash and cash equivalents	768
<b>Total assets</b>	<b>5,761</b>
Deferred tax liabilities	563
Trade payables	184
Other payables	1,713
<b>Total liabilities</b>	<b>2,460</b>
<b>Total identifiable net asset at fair value</b>	<b>3,301</b>
<b>Goodwill arising on acquisition</b>	<b>7,602</b>
<b>Cash flow from the acquisition</b>	
Consideration paid in cash	11,000
Cash and cash equivalents of the acquired company	-768
<b>Total cash flow from the acquisition</b>	<b>10,232</b>

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 7.6 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 5.1 million in revenues. Contribution to the operating result of the Group was EUR 1.0 million. If the acquisition had taken place at the

beginning of the year, revenues from continuing operations would have been EUR 150.9 million. Contribution to the operating result of the Group would have been EUR 1.3 million.

#### 4. OTHER OPERATING INCOME

EUR 1,000	Consolidated 2015	Consolidated 2014
Rental revenue	52	153
Government grants	3,818	1,353
Other	89	133
<b>Total</b>	<b>3,959</b>	<b>1,640</b>

#### 5. DEPRECIATION

EUR 1,000	Consolidated 2015	Consolidated 2014
Depreciation from non-current assets		
Other intangible assets	-1,390	-2,415
Capitalized development	-1,596	-2,706
Intangible assets	-2,986	-5,122
Machinery and equipment	-2,691	-2,495
Other tangible assets	-196	-279
Tangible assets	-2,886	-2,775
<b>Total depreciation</b>	<b>-5,872</b>	<b>-7,896</b>
Depreciation by function		
Sales and marketing	-3,363	-3,539
Research and development	-2,277	-4,147
Administration	-232	-210
<b>Total depreciation</b>	<b>-5,872</b>	<b>-7,896</b>

**6. PERSONNEL EXPENSES**

EUR 1,000	Consolidated 2015	Consolidated 2014
Personnel expenses		
Wages and salaries	-56,777	-57,414
Pension expenses – defined contribution plan	-7,639	-7,807
Share-based payments	-395	-670
Other social expenses	-6,341	-4,771
<b>Total</b>	<b>-71,153</b>	<b>-70,663</b>

Employee benefits of Management are stated in disclosure 28. Related party transactions  
Share-based payments are stated in disclosure 21. Share-based payment transactions

<b>Average number of personnel</b>	894	937
<b>Personnel by function Dec 31</b>		
Sales and marketing	500	469
Research and development	279	325
Administration	147	127
<b>Total</b>	<b>926</b>	<b>921</b>

**7. NON-RECURRING ITEMS**

EUR 1,000	Consolidated 2015	Consolidated 2014
Non-recurring items		
Personnel expenses	-2,285	-991
Other operating expenses		-26
<b>Total</b>	<b>-2,285</b>	<b>-1,018</b>
<b>Non-recurring items by function</b>		
Sales and marketing	-752	-609
Research and development		-409
Administration	-1,533	
<b>Total</b>	<b>-2,285</b>	<b>-1,018</b>

**8. AUDIT FEES**

EUR 1,000	Consolidated 2015	Consolidated 2014
Group auditor		
Audit fees	-161	-146
Tax consulting	-56	-103
Other consulting	-149	-84
<b>Total</b>	<b>-366</b>	<b>-333</b>
Others		
Audit fees	-24	-19
Tax consulting	-41	-20
<b>Total</b>	<b>-65</b>	<b>-39</b>

**9. FINANCIAL INCOME AND EXPENSES**

EUR 1,000	Consolidated 2015	Consolidated 2014
Financial income		
Dividends from Available-for-sale financial assets	12	5
Other income from Available-for-sale financial assets	1,203	827
Interest income from loans and receivables	47	25
Exchange gains	2,205	683
Other financial income	27	27
<b>Total</b>	<b>3,494</b>	<b>1,566</b>
Financial expenses		
Interest expense from loans and other liabilities	-1,008	-7
Exchange losses	-1,793	-397
Other financial expenses	-38	-42
<b>Total</b>	<b>-2,839</b>	<b>-446</b>



**10. FINANCIAL INCOME AND EXPENSES**

EUR 1,000	Consolidated 2015	Consolidated 2014
Components of other comprehensive income		
Available-for-sale financial assets		
Gains/(losses) arising during the year	35	565
Reclassification adjustments included in the income statement	-218	-339
Total	-183	226

**11. INCOME TAXES**

EUR 1,000	Consolidated 2015	Consolidated 2014
Income taxes of the business activity	-6,220	-5,280
Income taxes from previous years	-2,134	1,936
Deferred tax	-257	-1,485
Total	-8,611	-4,829
Components of other comprehensive income		
Available-for-sale financial assets	37	-45

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Groups' effective income tax rate for the years ended 31 December 2015 and 2014 is as follows:

Result before taxes	20,683	23,396
Income taxes at statutory rate of 20%/20%	-4,137	-4,679
Taxes on foreign subsidiaries' net income in excess of income taxes at statutory rates	51	-70
Non-deductible expenses/tax-exempt revenues	-2,439	-746
Income taxes from previous years	-2,134	1,936
Other	48	-1,270
Total	-8,611	-4,829

The Finnish tax authority has conducted a partial tax audit of F-secure concerning withholding taxes. The tax authority has concluded that withholding tax for which F-Secure has claimed foreign tax credits are not based on royalties as meant by the tax treaties between Finland and several other countries, but rather on sales revenues. Therefore, the tax authority has decided to reclaim the tax credits and issued a final decisions for tax years 2009–2011. F-Secure has recognized EUR 2.1 million in additional taxes and EUR 0.9 late payment interest based on the reassessment decisions. F-Secure is preparing to appeal the 2009–2011 reassessment decisions with the Tax Administration's Board of Adjustment.

**12. EARNINGS PER SHARE**

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year adjusted for the effects of dilutive options.

EUR 1,000	Consolidated 2015	Consolidated 2014
Net profit attributable to equity holders from continuing operations	22,052	15,772
Weighted average number of ordinary shares (1,000)	155,801	155,757
Adjusted weighted average number of ordinary shares for diluted earnings per share	155,801	155,757
Basic and diluted earnings per share (EUR/share) continuing operations	0.08	0.12
Basic and diluted earnings per share (EUR/share) discontinued operations	0.06	-0.02

The weighted average number of shares take into account the effect of change in treasury shares.

**13. NON-CURRENT ASSETS**

	INTANGIBLE ASSETS				TANGIBLE ASSETS		
	Other Intangible	Capitalized development	Goodwill	Total	Machinery & equipment	Other Tangible	Total
Acquisition cost Jan 1, 2014	25,024	18,726	19,398	63,148	28,983	3,643	32,625
Translation difference	26			26	285	83	369
Additions	79	2261		2340	4,284	69	4,353
Disposals	-58			-58	-3,827	-237	-4,064
Acquisition cost Dec 31, 2014	25,072	20,987	19,398	65,457	29,725	3,558	33,283
Translation difference	-68			-68	192	-102	90
Additions	929	2,304		3,233	1,242	122	1,364
Additions acquisitions	2,251	1,110	7,599	10,960	34	106	140
Disposals	-8,261	-8,987	-19,398	-36,646	-2,128	-49	-2,177
Acquisition cost Dec 31, 2015	19,923	15,414	7,599	42,936	29,065	3,635	32,700
Acc. depreciations Jan 1, 2014	-19,918	-6,994		-26,910	-21,332	-2,966	-24,297
Translation difference	-23			-23	-246	-67	-312
Depreciation of the financial year	-2,417	-2,706		-5,123	-3,858	-279	-4,137
Depreciation of disposals	58			58	2,578	127	2,705
Acc. depreciations Dec 31, 2014	-22,299	-9,700		-31,998	-22,857	-3,185	-26,042
Translation difference		75		75	-41	101	60
Depreciation of the financial year	-1,389	-1,596		-2,985	-4,712	-194	-4,906
Depreciation of disposals	8,039	4,202		12,241	1,620	7	1,627
Acc. depr. acquisition		-500		-500	-3	-27	-30
Acc. depreciations Dec 31, 2015	-15,649	-7,519		-23,167	-25,993	-3,298	-29,292
Book value as at Dec 31, 2014	2,772	11,287	19,398	33,458	6,868	373	7,241
Book value as at Dec 31, 2015	4,273	7,895	7,599	19,768	3,071	337	3,409

## 14. IMPAIRMENT TESTING OF GOODWILL

In impairment testing the Group's assets are tested against cash flow generated by the Group's Cyber Security Service and licenses sales.

The cash flow estimates have been reviewed by the management and cover the next five years. The estimates are based on value in use calculation using cash flow projections from the 2016 budgets and financial forecasts for years 2017–2020. Cash flows after the forecast period are taken into account by a terminal value calculated assuming a steady 1% per annum growth. The forecast profitability level is based on previous year's profitability, 2016 budget and longer term communicated profitability target level. The used discount rate is 11.6% before taxes. The impairment test, based on these assumptions, show no need to impair assets and/or goodwill.

### Sensitivity to changes in assumptions

The main parameters in the calculations are profitability, growth rate and discount rate. If the revenue growth was as forecast and the profitability would decline below 8%, or if the profitability level remained as forecast and the revenues would decline by 78% compared to forecast, or if the discount rate was 59% or more, then discounted cash flows would meet the book value.

## 15. DEFERRED TAX

EUR 1,000	Consolidated 2015	Consolidated 2014
Deferred tax assets		
Other temporary differences	1,271	1,519
Losses carried forward on acquisition	59	
<b>Total</b>	<b>1,330</b>	<b>1,519</b>
Deferred tax assets, changes in year		
Recognized in profit or loss	–248	–1,504
Deferred tax liability		
Other temporary differences	239	228
Fair value adjustments on acquisition	595	
Change in fair value, available-for-sale	89	125
<b>Total</b>	<b>923</b>	<b>398</b>
Deferred tax liabilities, changes in year		
Recognized in profit or loss	11	–19
Recognized in other comprehensive income	–37	45

At December 31, 2015 the Group had 0.4 million euro losses carried forward that are available for offset against future taxable profits in the companies in which the losses arose.

## 16. INVENTORIES

EUR 1,000	Consolidated 2015	Consolidated 2014
Other inventories	134	108

No impairment was recognized from inventories in years 2015 and 2014.

**17. RECEIVABLES**

EUR 1,000	Consolidated 2015	Consolidated 2014
<b>Current receivables</b>		
Trade receivables	29,189	34,306
Loan receivables	17	11
Other receivables	6,560	2,099
Prepaid expenses and accrued income	6,689	6,062
Accrued income tax	285	2,140
<b>Total</b>	<b>42,740</b>	<b>44,619</b>

**Trade receivables**

As at 31 December 2015, trade receivables at nominal value of 2 550 thousand eur (2014: 964 thousand eur) were impaired and fully provided for.

Book value as at Jan 1	964	863
Charge for the year	1,876	204
Utilised	-290	-103
Book value as at Dec 31	2,550	964

Ageing analysis of trade receivables	total	not due	past due < 90 days	> 90 days
As at 31 Dec, 2015	35,548	24,662	7,297	3,589
As at 31 Dec, 2014	34,306	26,457	6,718	1,131

**Material items included in prepaid expenses and accrued income**

Prepaid expenses	4,332	3,913
Prepaid expenses, royalty	2,357	2,149
<b>Total</b>	<b>6,689</b>	<b>6,062</b>

**18. AVAILABLE-FOR-SALE FINANCIAL ASSETS**

Available-for-sale financial assets consist of interest-bearing debt securities and shares in funds invested in similar instruments. For assets that are actively traded in organized financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. Assets, for which fair value cannot be measured reliably, are recognized at cost less impairment. The fair value changes of available-for-sale financial assets are recognized in shareholders' equity under fair value reserve.

EUR 1,000	Consolidated 2015	Consolidated 2014
Fair value as at Jan 1	40,309	25,685
Additions/deductions, net	23,684	13,997
Change in fair value	444	627
Fair value as at Dec 31	64,437	40,309
Shares – unlisted	70	70
Maturity date less than 3 months	64,367	40,239
Fair value as at Dec 31	64,437	40,309
Acquisition value as at Dec 31	63,923	39,682

**19. CASH AND SHORT-TERM DEPOSITS**

EUR 1,000	Consolidated 2015	Consolidated 2014
Cash at bank and in hand	29,919	21,067

Available-for-sale financial assets are recognized as liquid short-term investments and are held as part of the Group's ongoing cash management activities. See note 22. Financial risk management objectives and policies

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents comprise the following at December 31:

Cash at bank and in hand	29,919	21,067
Available-for-sale	64,367	40,239
<b>Total</b>	<b>94,286</b>	<b>61,306</b>

## 20. SHAREHOLDERS' EQUITY

### Issued and fully paid

EUR 1,000	Number of shares	Share capital	Share premium fund	Unrestricted equity reserve	Treasury shares
Dec 31, 2013	155,382,904	1,551	169	5,051	-7,782
Board compensation	31,432			14	68
Exercise of share based incentive	379,591			37	726
Dec 31, 2014	155,793,927	1,551	169	5,101	-6,989
Board compensation	8,763				23
Dec 31, 2015	155,802,690	1,551	169	5,101	-6,966

The share capital amounted to 1,551,311 euro and the number of shares was 158,798,739 (including own shares 2,996,049) at the end of the year 2015. A share has no nominal value. Accountable par value is EUR 0.01.

### Share premium fund

Proceeds from exercised warrants were recognized under the share capital and share premium fund until March 26, 2008.

### Unrestricted equity reserve

On March 20, 2007, the shareholders' meeting decided to decrease the share premium fund. The decreased amount of 33,582 thousand euro was transferred to unrestricted equity reserve. On March 26, 2008, the shareholders' meeting decided that the total amount of the subscription prices paid for new shares issued after the date of the meeting, based on stock options under the F-Secure Stock Option Plan 2005, be recorded in Company's unrestricted equity reserve. Any excess after settling treasury shares as share based incentive and as board compensation is recorded in unrestricted equity reserve.

### Translation differences

The translation difference is used to record exchange difference arising from the translation of the financial statements of foreign subsidiaries.

### Dividends proposed and paid

Proposed for approval at AGM for year 2015 0.12 euro per share.

Final dividend for year 2015 0.16 euro per share, paid during the year 2015: 24,928,430.40 euro

Final dividend for year 2014 0.06 euro per share, paid during the year 2014: 9,345,749.70 euro

### Treasury shares

The cost of acquisition is recognised as a deduction in the shareholders' equity. The shares were acquired through public trading on NASDAQ OMX Helsinki in accordance with its rules and at market price. The parent company has not acquired treasury shares during the period. The parent company's treasury shares were exercised during the period as share based incentive and as board compensation.

The total number of acquired treasury shares was 2,996,049 at the end of the year 2015. This represent 1.89 percent of the company's voting power on December 31, 2015.

### Fair value reserve

The reserve is used to record increments and decrements in the fair value of available-for-sale financial assets.

EUR 1,000	Fair value, available-for-sale			Total
	Before tax	Tax	After tax	
Equity Dec 31, 2013	400	-80	321	321
Available-for-sale, net	452	-90	362	362
Fair value gains/losses to PL	-226	45	-181	-181
Equity Dec 31, 2014	626	-125	502	502
Available-for-sale, net	-366	73	-293	-293
Fair value gains/losses to PL	183	-37	146	146
Equity Dec 31, 2015	443	-89	355	355

## 21. SHARE-BASED PAYMENT TRANSACTIONS

During the period the Group have had four different incentive plans which cover the key personnel.

### Synthetic option-based incentive programs

The synthetic option-based incentive programs have been established on November 2012 and April 2015 as part of the key employee incentive and retention system within F-Secure Group. The programs offer for the participants a possibility to receive synthetic options of F-Secure Corporation as a long-term incentive compensation. No reward can be given to any participating employee, whose employment has terminated before the end of the vesting period.

The synthetic option-based incentive programs will last five years. Both comprises three granting periods and subsequent vesting period of two years after each granting year. The program 2012-2014 ends on December 31, 2016. The program 2015-2017 ends on December 31, 2019. Within the framework of each program, the aggregate number of options to be given as reward cannot exceed 5 million. The actual compensation is the difference of the subscription price and the vesting price and will be paid to the participating employees as a cash-settled payment.



The subscription price of the synthetic option is the weighted average share price in the period of October to December prior to the granting year. The vesting price is the weighted average share price in period of September to November prior to the payment month.

The subscription price for the granting period of 2012 is 1.85 by Board decision on November 22, 2012. The subscription price for the granting period of 2013 is 1.57. The subscription price for the granting period of 2014 is 1.88. The subscription price for the granting period 2015 is 2.01.

#### Options outstanding

EUR 1,000	Jan 1–Dec 31, 2015	Jan 1–Dec 31, 2014
<b>Outstanding Jan 01</b>	<b>1,710,000</b>	<b>1,805,000</b>
Granted	900,000	900,000
Forfeited	505,000	170,000
Exercised	650,000	825,000
<b>Outstanding Dec 31</b>	<b>1,455,000</b>	<b>1,710,000</b>

Expense arising from share-based payment transactions during the period was 769 thousand euro (504 thousand euro in year 2014).

The carrying amount of liability at December 31, 2015 was 1,189 thousand euro.

The fair value of options granted during the period was determined by using the Binomial model.

Used arguments:	Synthetic option program	
	2015	2014
Weighted average share price €	3.00	2.29
Weighted average exercise price €	–	–
Expected volatility	29.00%	29.00%
Option life in years	2.0	2.0
Risk-free interest rate	0.55%	0.55%
Expected dividends	–	–

Expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. Based on previous years, the company has estimated that 2–3% of granted options will be forfeited.

#### Share-based incentive programs

During the period the Group had two share-based incentive programs. The share-based incentive program has been established as part of the key employee incentive and retention system within F-Secure Group. The programs will offer for the participants a possibility to receive shares of F-Secure Corporation as an incentive reward if the Company's financial targets set for the earning period have been achieved. No reward can be given to any participating employee, whose employment has terminated before the end of the lock-up period.

The share-based incentive program 2011–2013 has been established in March 2011. The program will last five years. It comprises three earning and lock-up periods. The program has ended on December 31, 2015. The rewards will be settled in two phases so that one part is settled as equity-settled payment and one part as cash-settled payment. The participants in the share-based incentive program are recommended not to sell more than 50% of the received shares and to cumulate the shares received from the share program equals the annual gross base salary of the employee. On the basis of the program maximum total of 2,500,000 shares and a cash payment corresponding the registration date value of the shares shall be given as reward.

The share-based incentive program 2014–2016 has been established in March 2014. The program will last five years. It comprises three earning periods. Each earning period lasts three years. The program ends on December 31, 2018. The rewards will be settled in two phases so that one part is settled as equity-settled payment and one part as cash-settled payment. On the basis of the program maximum total of 10,000,000 shares and a cash payment corresponding to the registration date value of the shares shall be given as reward. The Board approves the metrics, targets and participants on annual basis for each earning period.

The participating employee shall be entitled to the shareholder rights of to the reward shares from the moment the shares have been entered into the participating employee's book-entry account.

Expense arising from the share-based payment transactions during the period was –374 thousand euro (166 thousand euro in year 2014). The costs of equity-settled transactions are measured by reference to the fair value of the F-Secure Corporation share at the date on which they are granted. The costs of cash-settled transactions are measured by reference to the fair value of the F-Secure Corporation share on date of balance sheet. The Group has estimated the number of equity instruments that will ultimately fulfill.

**22. LIABILITIES**

EUR 1,000	Consolidated 2015	Consolidated 2014
<b>Non-current liabilities</b>		
Deferred revenues	12,101	11,028
Total	12,101	11,028
<b>Current liabilities</b>		
Deferred revenues	35,996	31,959
Trade payables	6,864	6,941
Other liabilities	4,753	2,491
Accrued expenses	16,817	16,181
Income tax liabilities	3,981	784
Total	68,411	58,356
<b>Material amounts shown under accruals and deferred income</b>		
Accrued personnel expenses	12,737	11,930
Deferred royalty	1,186	1,160
Accrued expenses	2,894	3,092
Total	16,817	16,181

**23. FINANCIAL ASSETS AND LIABILITIES**

EUR 1,000	Consolidated 2015	Consolidated 2014
Loans and other receivables	17	11
Trade receivables	29,189	34,306
Available-for-sale financial assets	64,437	40,309
Cash and bank accounts	29,919	21,067
Trade payables	-6,864	-6,941
Total	116,698	88,752

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

**Fair value hierarchy**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

**Level 1:** quoted prices in active markets for identical assets or liabilities

**Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

**Level 3:** techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

Assets measured at fair value	Total	Level 1	Level 2	Level 3
Available-for-sale financial assets Dec 31, 2015	64,437	64,367	–	70
Available-for-sale financial assets Dec 31, 2014	40,309	40,239	–	70

During the reporting period ending 31 December 2015, there were no transfers between levels.

**24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES****General**

The goal of risk management is to identify risks that may hinder the Group from achieving its business objectives. The responsibility for the Company's risk management lies with CEO, the management and finally with the Board of Directors. The risks related to the Group's financial instruments are mainly related to credit risks and foreign currency fluctuations. The Group's available-for-sale assets are also exposed to interest rate fluctuations.

**Credit risk**

The Group trades only with recognized, creditworthy third parties. Receivable balances are monitored and collected on an ongoing basis. The maximum exposure to credit risk at the reporting date is the carrying value of financial assets. There are no significant concentrations of credit risk within the Group. See notes 17. Receivables and 23. Financial assets and liabilities.

**Liquidity risk**

Despite of the economic downturn the Group's liquidity remained good. At the end of the year the market value of the liquid funds was 94.3 million euros (61.3 million euros in 2014) of which 64.4 million of were available-for-sale and the rest were cash and bank reserves. The Group's financial management makes regularly cash flow forecasts to ensure the financial needs of the business operations. The management has not identified any significant concentrations of liquidity risks in the financial assets or in sources of finance.

**Foreign currency risk**

The Group invoices mainly in Euros. However, there are some transactional currency exposures that arise from sales or purchasing in other currencies. The other main measurement currencies are USD, JPY, SEK, GBP and BRL. In order to minimize the impact of the fluctuation of the exchange rates, the goal is to use forward currency contracts to eliminate the currency exposure of the estimated cash flow of these currencies for a period of six months.

**Derivatives****Currency instruments – Currency forward contract**

EUR 1,000	Consolidated 2015	Consolidated 2014
Nominal value	439	1,979
Fair value	4	55

F-Secure Corporation has hedged receivables denominated in GBP with forward rate contracts. The forward rate contracts expire on January 22, 2016. The company does not have other derivatives.

F-Secure Corporation does not hedge investments made in its subsidiaries because the impact of changes of exchange rates would not be relevant in the Group's balance sheet.

Sales in different currencies	%	%
EUR	70	67
SEK, GBP	8	11
USD, JPY	16	17
Other currencies	6	5
	100	100

The risk involved in the sales in foreign currency is notably diminished by the operational expenses in subsidiaries that use the same currency.

**Financial assets and liabilities in different currencies**

	%	%
EUR	75	73
SEK, GBP	7	6
USD, JPY	13	14
Other currencies	6	7
	100	100

The table below demonstrates how sensitive the Group's profit before taxes is to reasonably possible changes in the USD, JPY, SEK, GBP and BRL exchange rate, assuming that all other variables are held constant. The analysis is based +/- 10% exchange rate change on trade receivables and includes forward currency contracts.

USD, JPY	+770/-770	+444/-444
GBP, SEK	+300/-300	+284/-284
BRL	+174/-174	+180/-180

**Interest rate risk**

The Group does not have any interest bearing liabilities. Based on the Group's conservative investment policy, it invests its cash mainly in short term and low risk funds. Investments are made in creditworthy funds. These available-for-sale investments are exposed to market risk for changes in interest risks.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and available-for-sale financial assets. See note 18.

**Capital management**

The Group's shareholders' equity is managed as capital. There are no external capital requirements related to the equity. The objective of the Group's capital management is to maintain an efficient capital structure that ensures the functioning of business operations and promotes shareholder value. The Group's capital structure is reviewed as a part of financial performance monitoring.

The capital structure can be adjusted among other things by distribution of dividends, share repurchase or capital repayment. The dividend policy of F-Secure Corporation is to pay approximately half of its annual profit as dividend. Subject to circumstances, the Company may deviate from its policy.

**25. NOTES TO CASH FLOW STATEMENT**

EUR 1,000	Consolidated 2015	Consolidated 2014
Adjustments		
Deferred income	4,056	4,549
Depreciation and amortization	7,871	9,259
Profit / loss on sale of fixed assets	-18,871	308
Other adjustments	-1,344	-1,136
Financial income and expenses	-655	-1,120
Income taxes	16,024	4,130
Total	7,082	15,991

**26. OPERATING LEASE COMMITMENTS**

The Group has entered into commercial leases on office space and on motor vehicles. Motor vehicle leases have an average life of three years and office space between two and five years with renewal terms included in the contracts.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows

As lessee		
EUR 1,000	Consolidated 2015	Consolidated 2014
Within one year	4,835	5,572
After one year but not more than five years	3,603	4,537
Total	8,439	10,109
Rents during the period	4,474	5,299

**27. CONTINGENT LIABILITIES**

EUR 1,000	Consolidated 2014	Consolidated 2013
Other liabilities		
Others	40	40

F-Secure is a party in some disputes and is defending itself accordingly. Currently the Company is not able to assess the likelihood or amount of possible damages.

**28. RELATED PARTY DISCLOSURES**

The Group's related parties include Parent Company and subsidiaries, as well as members of the Board, Managing Director and members of the Leadership Team.

**Compensation of the key management personnel of the Group**

EUR 1,000	Consolidated 2015	Consolidated 2014
Wages and other short-term employee benefits	1,825	2,230
Share-based payments	755	332
Total	2,580	2,562

**Wages and other short-term employee benefits**

EUR 1,000	Consolidated 2015	Consolidated 2014
Managing Director	378	396
Members of the Board of Directors	223	245

**Board of Directors 2015 and Managing Director**

EUR 1,000	Wages	Fees	Incentive reward	Other compensations
Christian Fredrikson, Managing Director	378	–	230	–
Risto Siilasmaa, Chairman of the Board	–	55	–	–
Jussi Arovaara	–	30	–	–
Pertti Ervi	–	40	–	–
Matti Heikkonen	–	30	–	–
Juho Malmberg	–	30	–	–
Anu Nissinen	–	30	–	–
Peter Vesterbacka	–	8	–	–
Total	378	223	230	0

Incentive reward granted to Managing Director is measured as following; the equity-settled part to the fair value of the F-Secure Corporation share at the date which it was granted and cash-settled part to the fair value of the share on the date of balance sheet. The cost is recognized over the period in which the performance conditions are fulfilled 17.6.2015–31.12.2017.

The Managing Director's retirement age and the determination of his pension conform to the standard rules specified by Finland's Employee Pension Act (TYEL). The pension cost of the Managing Director over the period was 70 thousand euro (73 thousand euro in year 2014). The period of notice for the Managing Director is six (6) months both ways and Managing Director is entitled to severance payment equivalent of six (6) months' salary.

The consolidated financial statements include the financial statements of corporations listed in the following table.

Name	Country of incorporation	Group (%)
Parent F-Secure Corporation, Helsinki	Finland	
DF-Data Oy, Helsinki	Finland	100
F-Secure Inc., San Jose	United States	100
F-Secure (UK) Ltd, London	Great-Britain	100
F-Secure KK, Tokyo	Japan	100
F-Secure GmbH, München	Germany	100
F-Secure eStore GmbH, München	Germany	100
F-Secure SARL, Maisons-Laffitte	France	100
F-Secure SDC SAS, Bordeaux	France	100
F-Secure BVBA, Heverlee-Leuven	Belgium	100
F-Secure AB, Stockholm	Sweden	100
F-Secure Srl, Milano	Italy	100
F-Secure SP z.o.o., Warsaw	Poland	100
F-Secure Corporation (M) Sdn Bhd, Kuala Lumpur	Malaysia	100
F-Secure Pvt Ltd, Hyderabad	India	100
F-Secure Pte Ltd, Singapore	Singapore	100
F-Secure B.V., Utrecht	The Netherlands	100
F-Secure Limited, Hong Kong	Hong Kong	100
F-Secure Pty Limited, Sydney	Australia	100
F-Secure Iberia SL, Barcelona	Spain	100
F-Secure do Brasil Tecnol. da Informãcao Ltda, São Paulo	Brazil	100
F-Secure Chile Limitada, Santiago	Chile	100
F-Secure Colombia SAS, Bogota D.C.	Colombia	100
F-Secure Informatica S de RL de CV, Mexico City	Mexico	100
F-Secure Software (Shanghai) Co Ltd, Shanghai	China	100
nSense Group ApS, Copenhagen	Denmark	100
nSense Danmark A/s, Copenhagen	Denmark	100
nSense Technology ApS, Copenhagen	Denmark	100
nSense Oy, Helsinki	Finland	100
nSense Polska Sa, Poznan	Poland	100
nSense Estonia OÜ, Tartu	Estonia	100
nSense Norge AS, Baerum	Norway	100

## 29. SHARES AND SHAREHOLDERS, DECEMBER 31, 2015

### Shares and share ownership distribution, December 31, 2015

Shares	Number of shareholders	Percentage of shareholders	Total shares	Percentage of shares
1–100	3,483	15.61%	213,266	0.13%
101–1,000	14,120	63.28%	5,331,253	3.36%
1,001–50,000	4,639	20.79%	19,167,805	12.07%
50,001–100,000	28	0.13%	2,067,582	1.30%
100,001–	42	0.19%	132,018,833	83.14%
Total	22,312	100.00%	158,798,739	100.00%

### Shareholder category, December 31, 2015

	Total shares	Percentage of shares
Corporations	7,680,211	4.84%
Financial and insurance institutions	37,509,672	23.62%
General government	21,058,495	13.26%
Non-profit organizations	552,186	0.35%
Households	91,209,632	57.44%
Other countries and international organizations	788,543	0.50%
Total	158,798,739	100.00%



**Largest shareholders and administrative register**

Owner	Shares	% shares	%votes
Risto Siilasmaa	59,952,806	37.75%	38.48%
Nordea Nordic Small Cap Fund	9,221,624	5.81%	5.92%
Varma Mutual Pension Insurance Company	8,210,660	5.17%	5.27%
Elo Mutual Pension Insurance Company	7,770,000	4.89%	4.99%
Mandatum Life Insurance Company	5,791,936	3.65%	3.72%
The State Pension Fund	3,500,000	2.20%	2.25%
Ismo Bergroth	3,000,000	1.89%	1.93%
Ari Hyppönen	2,263,332	1.43%	1.45%
Kaleva Mutual Insurance Company	1,836,073	1.16%	1.18%
Ilmarinen Mutual Pension Insurance Company	1,502,835	0.95%	0.96%

**Administrative register**

Skandinaviska Enskilda Banken	10,750,236	6.77%	6.90%
Nordea Pankki Suomi Oyj	7,569,789	4.77%	4.86%
Danske Bank Oyj	805,068	0.51%	0.52%
Clearstream Banking S.A.	482,003	0.30%	0.31%
Other registers	223,389	0.14%	0.14%

Other shareholders	32,922,939	20.73%	21.13%
Total	155,802,690		100.00%

Own shares F-Secure Corporation	2,996,049	1.89%	
Total	158,798,739	100.00%	

**Ownership of management**

Board of Directors	Shares	% shares
Risto Siilasmaa	59,952,806	37.75%
Jussi Arovaara	32,826	0.02%
Pertti Ervi	38,608	0.02%
Matti Heikkonen	14,244	0.01%
Juho Malmberg	52,457	0.03%
Anu Nissinen	32,826	0.02%
Total	60,123,767	37.86%

**Executive Team**

	Shares	% shares
Christian Fredrikson	10,000	0.01%
Samu Konttinen	67,103	0.04%
Mari Heusala	1,800	0.00%
Jari Still	100,657	0.06%
Total	179,560	0.11%

**Ownership of management**

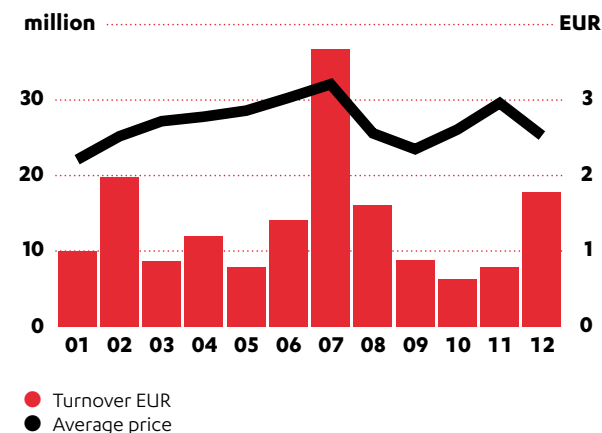
The Board of Directors owned a total of 60,123,767 shares on December 31, 2015. This represents 37.9 percent of the Company's shares and 38.6 percent of votes.

**30. KEY RATIOS**

Economic indicators	IFRS 2015	IFRS 2014	IFRS 2013	IFRS 2012	IFRS 2011	Key ratios	IFRS 2015	IFRS 2014	IFRS 2013	IFRS 2012	IFRS 2011
	Continuing operations	Restated				Earnings / share (EUR)	0.14	0.10	0.11	0.09	0.11
Net sales (MEUR)	147.6	137.4	155.1	157.2	146.0	Earnings / share (EUR) continuing operations	0.08	0.12			
Net sales growth %	7%	-11%	-1%	8%	12%	Earnings / share diluted	0.14	0.10	0.11	0.09	0.10
Operating result (MEUR)	20.0	22.3	27.1	20.3	23.6	Earnings / share diluted continuing operations	0.08	0.12			
% of net sales	13.6%	16.2%	17.5%	12.9%	16.2%	Shareholders' equity per share	0.49	0.50	0.46	0.41	0.38
Result before taxes	20.7	23.4	26.3	19.9	23.5	Dividend per share *	0.12	0.16	0.06	0.06	0.06
% of net sales	14.0%	17.0%	17.0%	12.7%	16.1%	Dividend per earnings (%)	85.7%	160.0%	54.5%	66.7%	54.5%
ROE (%)	28.1%	20.7%	24.9%	22.6%	29.5%	Effective dividends (%)	4.7%	7.1%	3.2%	3.9%	3.0%
ROI (%)	52.1%	26.7%	40.9%	34.9%	44.3%	P/E ratio	18.2	22.2	17.6	17.1	19.0
Equity ratio (%)	64.1%	74.9%	74.3%	72.7%	68.1%	Share price, lowest (EUR)	2.08	1.78	1.55	1.32	1.88
Investments (MEUR)	14.6	5.8	3.7	10.3	18.7	Share price, highest (EUR)	3.84	2.90	2.15	2.14	2.66
% of net sales	9.9%	4.2%	2.4%	6.6%	12.8%	Mean share price (EUR)	2.71	2.03	1.81	1.79	2.26
R&D costs (MEUR)	26.9	30.1	41.7	49.3	39.3	Share price Dec 31	2.58	2.25	1.87	1.55	2.01
% of net sales	18.2%	21.9%	26.9%	31.4%	26.9%	Market capitalization (MEUR)	409.7	357.3	297.0	246.1	319.2
Capitalized development (MEUR)	2.3	2.3	0.3	4.9	7.8	Trading volume (millions)	61.2	44.3	31.8	23.0	42.6
Gearing %	-122.4%	-76.6%	-65.6%	-50.9%	-47.1%	Trading volume (%)	39.3%	28.4%	20.5%	14.9%	27.6%
Wages and salaries (MEUR)	56.8	57.4	54.1	56.1	48.3						
Personnel on average	894	937	949	970	878						
Personnel on Dec 31	926	921	939	931	942						

\* Board proposal

Adjusted number of shares	IFRS 2015	IFRS 2014	IFRS 2013	IFRS 2012	IFRS 2011
average during the period	155,801,466	155,756,751	155,374,231	155,056,557	154,432,955
average during the period, diluted	155,801,466	155,756,751	155,382,904	156,774,495	157,499,090
Dec 31	158,798,739	158,798,739	158,798,739	158,798,739	158,798,739
Dec 31, diluted	158,798,739	158,798,739	159,178,330	159,115,294	160,940,348

**Turnover and average share price per month 2015**

# CALCULATION OF KEY RATIOS

Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest}}{\text{Balance total} - \text{received advance payments}} \times 100$
ROI, %	$\frac{\text{Result before taxes} + \text{financial expenses}}{\text{Balance total} - \text{non-interest bearing liabilities (average)}} \times 100$
ROE, %	$\frac{\text{Result before taxes} - \text{taxes}}{\text{Shareholders' equity} + \text{minority items (average)}} \times 100$
Gearing, %	$\frac{\text{Interest bearing liabilities} - \text{cash and bank accounts, liquid financial assets}}{\text{Shareholders' equity} + \text{minority items}} \times 100$
Earnings per share, euro	$\frac{\text{Result before taxes} - \text{taxes} + / - \text{minority interest}}{\text{Adjusted number of shares (average)}}$
Shareholders' equity per share, euro	$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares, Dec 31}}$
P/E ratio	$\frac{\text{Share price closing, Dec 31}}{\text{Earnings per share}}$
Dividend per earnings, %	$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$
Effective dividends, %	$\frac{\text{Dividend per share}}{\text{Share price closing, Dec 31}} \times 100$





# INCOME STATEMENT

## JAN 1–DEC 31, 2015

EUR 1,000	FAS 2015	FAS 2014
<b>NET SALES</b> (1)	133,176	134,942
Material and service	–5,880	–7,501
<b>GROSS MARGIN</b>	127,296	127,441
Other operating income (2)	37,385	4,851
Sales and marketing (3, 4)	–77,749	–72,006
Research and development (3, 4)	–26,705	–37,309
Administration (3, 4)	–9,916	–7,275
<b>OPERATING RESULT</b>	50,310	15,701
Financial income and expenses (6)	428	–4,134
<b>PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES</b>	50,738	11,567
Change in depreciation reserve	229	1
Income taxes (7)	–13,385	–2,085
<b>RESULT FOR THE FINANCIAL YEAR</b>	37,582	9,483

# BALANCE SHEET DEC 31, 2015

EUR 1,000	FAS 2015	FAS 2014
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Intangible assets (8)	9,342	20,768
Tangible assets (8)	2,208	3,864
Investments in group companies (9)	18,591	595
Total non-current assets	30,142	25,227
<b>CURRENT ASSETS</b>		
Inventories (11)	134	108
Long-term receivables (12)	697	682
Short-term receivables (12)	46,343	45,518
Short-term investments (13)	64,437	40,309
Cash and bank accounts (14)	18,672	13,686
Total current assets	130,283	100,303
<b>TOTAL ASSETS</b>	160,425	125,530

EUR 1,000	FAS 2015	FAS 2014
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>SHAREHOLDERS' EQUITY</b> (15, 16)		
Share capital	1,551	1,551
Share premium	165	165
Treasury shares	-6,966	-6,989
Fair value reserve	355	502
Reserve for invested unrestricted equity	5,102	5,102
Retained earnings	28,558	44,003
Profit for the financial year	37,582	9,483
Total shareholders' equity	66,347	53,817
<b>APPROPRIATIONS</b>		
Depreciation reserve	911	1,140
<b>LIABILITIES</b>		
Deferred tax liabilities (10)	89	125
Long-term liabilities (18)	9,244	9,388
Short-term liabilities (18)	83,834	61,059
Total liabilities	93,166	70,573
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	160,425	125,530

# CASH FLOW STATEMENT DEC 31, 2015

EUR 1,000	FAS 2015	FAS 2014	EUR 1,000	FAS 2015	FAS 2014
<b>Cash flow from operations</b>			<b>Cash flow from investments</b>		
Result for the financial year	37,582	9,483	Investments in intangible and tangible assets	-4,010	-4,974
Adjustments (20)	-15,408	16,474	Investments in subsidiary shares	-11,091	
Cash flow from operations before change in working capital	22,173	25,958	Proceeds from sale of intangible and tangible assets	43,912	133
<b>Change in net working capital</b>			Proceeds from sale of associated companies		6
Current receivables, increase (-), decrease (+)	321	-1,249	Proceeds from sale of other investments		9
Inventories, increase (-), decrease (+)	-27	162	Dividends received	12	5
Non-interest bearing debt, increase (+), decrease (-)	3,989	6,177	Cash flow from investments	28,823	-4,822
Cash flow from operations before financial items and taxes	26,457	31,049	<b>Cash flow from financing activities</b>		
Interest expenses paid	-1	-2	Dividends paid	-24,928	-9,346
Interest income received	23	16	Cash flow from financing activities	-24,928	-9,346
Other financial income and expenses	2,163	519	Change in cash	29,297	12,422
Income taxes paid	-3,240	-4,993	Cash and bank at the beginning of the period	53,926	41,277
Cash flow from operations	25,402	26,589	Change in net fair value of current available-for-sale assets	-183	226
			Cash and bank at period end	83,040	53,926



# NOTES TO THE FINANCIAL STATEMENTS

## ACCOUNTING PRINCIPLES OF THE FINANCIAL STATEMENTS

### Basic information

F-Secure produces online security and privacy services for consumers and businesses against malware and other threats, as well as cloud storage services enabling storing and sharing of important data.

The Parent Company of the Group is F-Secure Corporation incorporated in Finland and domiciled in Helsinki. Company's registered address is Tammasaarencatu 7, 00180 Helsinki. Copy of consolidated financial statements can be downloaded from [www.f-secure.com](http://www.f-secure.com) or can be received from the Parent Company's registered address.

### ACCOUNTING PRINCIPLES

The financial statement of F-Secure Corporation has been prepared in accordance with Finnish Accounting Standards (FAS).

### Foreign currency translation

Foreign currencies are translated into the local currency using fixed monthly exchange rates. At the balance sheet date, assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at that date. Exchange rate gains and losses of financial transactions are recognized in the income statement under financial items. Forward rate contracts for hedging purposes are recognized using the exchange rate prevailing at the balance sheet date.

### Tangible and intangible assets

Intangible assets include intangible rights and software licenses. Intangible assets recognized on merger consist of technology-based intangible assets. Tangible and intangible assets are recorded at historical cost less accumulated depreciation. Other depreciation is recorded on a straight-line basis over the estimated useful life of an asset. The estimated useful lives of tangible and intangible assets are as follows:

Machinery and equipment	3–8 years
Capitalized development costs	3 years
Intangible rights	5 years
Intangible assets	5–10 years

Ordinary repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the assets' carrying amount when it is probable that the Company will derive future economic benefits in excess of the originally assessed standard or performance of the existing asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

### Research and development costs

Research expenditure is recognized as an expense at the time it is incurred. Development expenditures incurred on individual projects of totally new products or product versions with significant new features are carried forward when they are technically feasible and their future recoverability can reasonably be regarded as assured.

### Inventories

Inventories are valued either by cost or net realizable value, whichever is lower. Cost is determined by first-in first-out method. Net realizable value is the estimated selling price that is obtainable, less estimated costs of completion and the estimated costs necessary to make the sale.

### Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. The Company has only operating leases. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

### Pensions

Pension arrangement is of local statutory arrangement and defined contribution plans. Contributions to defined contribution plans are recognized in income statement in the period to which the contributions relate. The Company recognizes the disability commitment of TYEL pension plan when disability appears.

### Share-based payment transactions

In the Company's industry it is common practice internationally that incentives are provided to employees in the form of equity-settled share-based instruments. The Company has two kinds of incentive programs; a synthetic warrant-based program and a share-based program.

The Company's warrant programs cover key personnel. The synthetic warrant-based program is settled as cash-settled payment. The cost of cash-settled transactions with employees is measured by reference to the fair value at the date of balance sheet. The fair value is determined by using the Binomial model. The cost of transactions is recognized, together with a corresponding entry in liability, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). If the holder of the warrant leaves the company before vesting, the warrant is forfeited. The cumulative expense recognized for transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors of the Group at that date, based on the best available estimate of the number of equity instruments that will ultimately be fulfilled.

The share-based incentive program has been established as part of the key employee incentive and retention system inside F-Secure. Reward will be settled in two phases so that one part is settled as equity-settled payment and one part as cash-settled payment. Cost of cash-settled transactions is measured by reference to the fair value by using market price of F-Secure Corporation share on the date of balance sheet.

The cost is recognized over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the reward (end of lock-up period). The cost of cash-settle corresponding entry is recognized in liabilities. If relevant employee leaves company before being fully entitled to the reward, the reward is forfeited. The cumulative expense recognized for share-based incentive program transactions at each reporting date is based on the best available estimate of the number of equity instruments that will ultimately be fulfilled.

### Income taxes

Direct current taxes are calculated in accordance with the local tax and accounting rules. Deferred taxes, resulting from temporary differences between the financial statement and the income tax basis of assets and liabilities, use the enacted tax rates in effect in the years in which the differences are expected to reverse.

### Revenue recognition

Revenue is primarily derived from monthly software as a service sale, software license agreement sales and operator's system integration and maintenance sales. License agreements consist of initial license agreements and periodic maintenance agreements covering product updates and customer support. The revenue recognition policy of F-Secure Group recognizes the service revenue at the time of delivery, the license agreement's license fee revenues as the product is delivered, the license agreement's maintenance revenues are recognized over the maintenance period, and service based project deliveries are recognized with the percentage of completion method, when the outcome can be reliably estimated. The degree of completion is determined by relation of project costs incurred for work performed to date bear the estimated total project costs. If total project costs will exceed total project revenue, the expected loss is recognized as an expense immediately. Indirect taxes, discounts granted and exchange rate differences are excluded from net sales.

### Other operating income

Other operating income includes profits from the sales of fixed assets, rental revenue, and government grants received for research and development projects.

### Presentation of expenses

Classification of the functionally presented expenses has been made as follows: various types of expenses in different geographical locations have been allocated to the various functions by allocating directly to allocable expenses to the respective function, and other operating expenses have been allocated to functions on the basis of the average headcount in each location.

### Treasury shares

Company has acquired treasury shares in years 2008–2011. The cost of acquisition is recognized as a deduction in the shareholders' equity.

### Financial assets

Short-term investments are measured at fair value. Short-term investments consist of interest-bearing debt securities and shares in mutual funds invested in similar instruments. For assets that are actively traded in organized financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. Assets, the fair value of which cannot be measured reliably, are recognized at cost less impairment. The fair value changes of short-term investments are recognized in shareholders' equity under fair value reserve. When financial assets recognized as available-for-sale are sold, the accumulated fair value changes are released from equity and recognized in the income statement.

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and other highly liquid short-term investments.

**1. NET SALES**

EUR 1,000	FAS 2015	FAS 2014
<b>Geographical information</b>		
Finland and Scandinavia	41,727	45,667
Rest of Europe	70,807	67,114
North America	5,495	7,753
Rest of the world	15,147	14,408
Total	133,176	134,942

**2. OTHER OPERATING INCOME**

EUR 1,000	FAS 2015	FAS 2014
Rental revenue	52	47
Government grants	3,302	2,717
Sale of personal cloud business operations	31,484	
Other	2,547	2,087
Total	37,385	4,851

**3. DEPRECIATION**

EUR 1,000	FAS 2015	FAS 2014
<b>Depreciations from non-current assets</b>		
Other intangible assets	-1,355	-3,798
Capitalized development	-1,467	-2,706
Intangible assets	-2,822	-6,505
Machinery and equipment	-2,778	-2,058
Tangible assets	-2,778	-2,058
Total depreciation	-5,601	-8,563
Depreciations by function		
Sales and marketing	-3,345	-4,344
Research and development	-2,132	-4,117
Administration	-124	-102
Total depreciation	-5,601	-8,563

**4. PERSONNEL EXPENSES**

EUR 1,000	FAS 2015	FAS 2014
<b>Personnel expenses</b>		
Wages and salaries	-33,526	-36,114
Pension expenses	-5,863	-6,270
Other social expenses	-1,818	-1,910
Total	-41,207	-44,294
<b>Compensation of key management personnel</b>		
Wages and other short-term employee benefits	-1,735	-2,024
<b>Wages and other short-term employee benefits</b>		
Managing Director	-378	-396
Members of the Board of Directors	-223	-245

Wages and other short-term employee benefits of the Board of Directors and Managing Director: see group disclosure 28. Related party disclosure

The Managing Director's retirement age and the determination of his pension conform to the standard rules specified by Finland's Employee Pension Act (TYEL). The pension cost of the Managing Director over the period was 70 thousand euro (73 thousand euro in year 2014). The period of notice for the Managing Director is six (6) months both ways and Managing Director is entitled to severance payment equivalent of six (6) months' salary.

	FAS 2015	FAS 2014
<b>Average number of personnel</b>	505	540
<b>Personnel by function Dec 31</b>		
Sales and marketing	222	211
Research and development	228	295
Administration	47	37
Total	497	543

**5. AUDIT FEES**

EUR 1,000	FAS 2015	FAS 2014
Audit fees	-138	-124
Tax consulting	-56	-103
Other consulting	-147	-84
Total	-342	-311

**6. FINANCIAL INCOME AND EXPENSES**

EUR 1,000	FAS 2015	FAS 2014
Interest income	23	90
Interest expense	-1,013	-35
Other financial income	1,205	828
Dividends	12	5
Exchange gains and losses	140	271
Impairment of non-current investments		-5,331
Other financial expenses	59	37
Total	428	-4,134

The Finnish tax authority has conducted a partial tax audit of F-secure concerning withholding taxes. The tax authority has concluded that withholding tax for which F-Secure has claimed foreign tax credits are not based on royalties as meant by the tax treaties between Finland and several other countries, but rather on sales revenues. Therefore, the tax authority has decided

**7. INCOME TAXES**

EUR 1,000	FAS 2015	FAS 2014
Income taxes of the business activity	-11,323	-4,018
Income taxes from previous years	-2,062	1,933
Total	-13,385	-2,085
Result before taxes	50,738	11,567
Income taxes at statutory rate of 20.0%	-10,148	-2,313
Tax-exempt income	4	22
Non-deductible expenses	-616	-886
Income taxes from previous years	-2,062	1,933
Other	-562	-841
Total	-13,385	-2,085

to reclaim the tax credits and issued a final decisions for tax years 2009–2011. F-Secure has recognized EUR 2.1 million in additional taxes and EUR 0.9 late payment interest based on the reassessment decisions. F-Secure is preparing to appeal the 2009–2011 reassessment decisions with the Tax Administration's Board of Adjustment.

**8. NON-CURRENT ASSETS**

	INTANGIBLE ASSETS			TANGIBLE ASSETS		
	Other Intangible	Capitalized development	Total	Machinery & equipment	Other Tangible	Total
Acquisition cost Jan 1, 2014	30,220	17,415	47,635	18,680	5	18,685
Additions	63	2,261	2,324	2,383		2,383
Disposals				-138		-138
Acquisition cost Dec 31, 2014	30,283	19,676	49,959	20,925	5	20,930
Additions	985	1,989	2,974	1,207		1,207
Disposals	-12,733	-8,987	-21,720	-844		-844
Acquisition cost Dec 31, 2015	18,536	12,678	31,214	21,288	5	21,293
Acc. depreciations Jan 1, 2014	-16,929	-5,759	-22,687	-15,017		-15,017
Depreciation of the financial year	-3,798	-2,706	-6,505	-2,058		-2,058
Acc. depreciations of disposals				9		9
Acc. depreciations Dec 31, 2014	-20,727	-8,465	-29,192	-17,067		-17,067
Depreciation of the financial year	-1,355	-1,467	-2,822	-2,778		-2,778
Acc. depreciations of disposals	5,941	4,202	10,143	760		760
Acc. depreciations Dec 31, 2015	-16,142	-5,731	-21,871	-19,085		-19,085
Book value as at Dec 31, 2014	9,557	11,211	20,768	3,859	5	3,864
Book value as at Dec 31, 2015	2,394	6,948	9,342	2,203	5	2,208

**9. INVESTMENTS**

EUR 1,000	Group comp. shares	Total
Book value as at Jan 1	595	595
Additions	17,996	17,996
Book value as at Dec 31	18,591	18,591

Name	Country of incorporation	Share of ownership (%)
Parent F-Secure Corporation, Helsinki	Finland	
DF-Data Oy, Helsinki	Finland	100
F-Secure Inc., San Jose	United States	100
F-Secure (UK) Ltd, London	Great-Britain	100
F-Secure KK, Tokyo	Japan	100
F-Secure GmbH, München	Germany	100
F-Secure eStore GmbH, München	Germany	100
F-Secure SARL, Maisons-Laffitte	France	98
F-Secure SDC SAS, Bordeaux	France	100
F-Secure BVBA, Heverlee-Leuven	Belgium	100
F-Secure AB, Stockholm	Sweden	100
F-Secure Srl, Milano	Italy	100
F-Secure SP z.o.o., Warsaw	Poland	100
F-Secure Corporation (M) Sdn Bhd, Kuala Lumpur	Malaysia	100
F-Secure Pvt Ltd, Hyderabad	India	100
F-Secure Pte Ltd, Singapore	Singapore	100
F-Secure B.V., Utrecht	The Netherlands	100
F-Secure Limited, Hong Kong	Hong Kong	100
F-Secure Pty Limited, Sydney	Australia	100
F-Secure Iberia SL, Barcelona	Spain	100
F-Secure Chile Limitada, Santiago	Chile	99
F-Secure Colombia SAS, Bogota D.C.	Colombia	100
F-Secure Informática S. de R.L. de C.V, Mexico City	Mexico	100
nSense Group ApS, Copenhagen	Denmark	100

**10. DEFERRED TAX**

EUR 1,000	FAS 2015	FAS 2014
Deferred tax liability		
Tax charged to shareholders' equity		
Change in fair value, available-for-sale	89	125
Total	89	125

**11. INVENTORIES**

EUR 1,000	FAS 2015	FAS 2014
Other inventories	134	108

**12. RECEIVABLES**

EUR 1,000	FAS 2015	FAS 2014
<b>Non-current</b>		
Receivables from group companies		
Other receivables	697	682
Total	697	682
<b>Current receivables</b>		
Trade receivables	25,008	26,198
Loan receivables	17	11
Other receivables	4,791	187
Prepaid expenses and accrued income	5,954	7,520
Total	35,770	33,916
<b>Receivables from group companies</b>		
Trade receivables	10,570	11,602
Other receivables	3	
Total	10,572	11,602
Current receivables total	46,343	45,518
<b>Material items included in prepaid expenses and accrued income</b>		
Prepaid expenses	3,597	3,403
Prepaid expenses, royalty	2,357	2,149
Accrued tax		1,968
Total	5,954	7,520

**13. SHORT-TERM INVESTMENTS**

Short-term investments consist of interest-bearing debt securities and shares in funds invested in similar instruments. For assets that are actively traded in organized financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. Assets, of which fair value cannot be measured reliably, are recognized at cost less impairment. The fair value changes of short-term investments are recognized in shareholders' equity under fair value reserve.

EUR 1,000	FAS 2015	FAS 2014
Fair value as at Jan 1	40,309	25,685
Additions/deductions, net	23,684	13,997
Change in fair value	444	627
Fair value as at Dec 31	64,437	40,309
Shares – unlisted	70	70
Maturity date less than 3 months	64,367	40,239
Fair value as at Dec 31	64,437	40,309
Book value as at Dec 31	63,993	39,683

**14. CASH AND SHORT-TERM DEPOSITS**

For the purposes of the cash flow statement, cash and cash equivalents comprise the following as at December 31:

EUR 1,000	FAS 2015	FAS 2014
Cash at bank and in hand	18,672	13,686
Available-for-sale	64,367	40,239
Total	83,040	53,926



**15. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

EUR 1,000	Share capital	Share premium fund	Treasury shares	Fair value reserve	Unrestricted equity reserve	Retained earnings	Total equity
Equity Dec 31, 2013	1,551	165	-7,782	321	5,051	54,119	53,424
Available-for-sale financial assets, net				181			181
Result of the financial year						9,483	9,483
Dividend						-9,346	-9,346
Cost of share based payments			726		37	-763	
Other change			68		14	-7	75
Equity Dec 31, 2014	1,551	165	-6,989	502	5,102	53,487	53,817
Available-for-sale financial assets, net				-146			-146
Result of the financial year						37,582	37,582
Dividend						-24,928	-24,928
Other change			23				23
Equity Dec 31, 2015	1,551	165	-6,966	355	5,102	66,140	66,347

**16. SHAREHOLDERS' EQUITY**

The Company's share capital amounted to 1,551,311 euro and the number of shares was 158,798,739 at the end of the year 2015. See group disclosure 20. Shareholders' Equity

**Treasury shares**

See group disclosure 20. Shareholders' Equity

**Distributable shareholders' equity on December 31, 2015**

EUR 1,000	
Unrestricted equity reserve	5,102
Retained earnings	21,592
Result of the financial year	37,582
Distributable shareholders' equity on December 31, 2015	64,276

**17. SHARE-BASED PAYMENT TRANSACTIONS**

See group disclosure 21. Share-based payment transactions

**18. LIABILITIES**

EUR 1,000	FAS 2015	FAS 2014
<b>Non-current liabilities</b>		
Deferred revenues	9,244	9,388
Deferred tax liabilities	89	125
Total	9,332	9,514
<b>Current liabilities</b>		
Deferred revenues	28,414	26,364
Trade payables	5,541	5,839
Other liabilities	9,731	1,527
Accrued expenses	22,307	12,906
Total	65,993	46,635

Other liabilities includes the purchase price of nSense as a deferred payment of EUR 4 million in shares and earn-out element worth of EUR 3 million in cash subject to the achievement of certain milestones in 2015–2016.

<b>Liabilities to the group companies</b>		
Advance payments	5,013	3,617
Trade payables	10,323	8,347
Other liabilities	2,505	2,460
Total	17,841	14,424
Total current liabilities	83,834	61,059
<b>Material amounts shown under accruals and deferred income</b>		
Accrued personnel expenses	9,345	8,767
Deferred royalty	1,186	1,160
Accrued expenses	1,994	2,375
Accrued tax	9,782	604
Total	22,307	12,906

**19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

See Group disclosure 24. Financial risk management objectives and policies

**20. NOTES TO CASH FLOW STATEMENT**

EUR 1,000	FAS 2015	FAS 2014
Adjustments		
Deferred income	1,811	3,667
Depreciation and amortization	5,601	8,563
Profit / loss on sale of fixed asset	–32,348	–4
Other adjustments	–3,430	–1,970
Financial income and expenses	–428	4,134
Income taxes	13,385	2,085
Total	–15,408	16,474

**21. OPERATING LEASE COMMITMENTS**

The Group has entered into commercial leases on office space and on motor vehicles. Motor vehicle leases have an average life of three years and office space between two and five years with renewal terms included in the contracts.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

<b>As lessee</b>		
<b>EUR 1,000</b>	<b>FAS 2015</b>	<b>FAS 2014</b>
Within one year	2,704	3,763
After one year but not more than five years	751	3,204
Total	3,455	6,967

**22. CONTINGENT LIABILITIES**

<b>EUR 1,000</b>	<b>FAS 2015</b>	<b>FAS 2014</b>
Guarantees for other group companies	40	40

Derivatives see Group disclosure 24. Financial risk management objectives and policies

**23. SHARES AND SHAREHOLDERS**

See Group disclosure 29. Shares and shareholders

**24. KEY RATIOS**

See Group disclosure 30. Key ratios

# AUDITOR'S REPORT (TRANSLATION)

## To the Annual General Meeting of F-Secure Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of F-Secure Corporation for the year ended 31 December, 2015. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

## Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

## Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the

report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

## Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the

consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, February 16, 2016

Ernst & Young Oy  
Authorized Public Accountant Firm

Mikko Järventausta  
Authorized Public Accountant

# F-SECURE'S CORPORATE GOVERNANCE STATEMENT 2015

## General governing principles

F-Secure's corporate governance practices comply with applicable Finnish laws as well as the rules, regulations and guidelines of NASDAQ Helsinki Oy and the Finnish Financial Supervisory Authority. This statement has been prepared in accordance with Finnish Corporate Governance Code (publicly available at <http://cgfinland.fi/en/>) issued by the Securities Market Association of Finland in 2015.

Up-to-date information about F-Secure's governance is available on the Company's website at [www.f-secure.com/investors](http://www.f-secure.com/investors).

### 2015:

F-Secure follows the 2010 Finnish Corporate Governance Code (effective between 1 October 2010 and 31 December 2015) and from the beginning of 2016 observes the updated 2015 Finnish Corporate Governance Code (effective as of January 1, 2016).

## Governing bodies

F-Secure's ultimate decision-making body is the General Meeting of Shareholders. The Board of Directors is responsible for F-Secure's strategy and overseeing and monitoring the Company's business. The CEO, assisted by the Leadership Team, is responsible for managing the Company's business and implementing its strategic and operational targets.

## General Meeting of Shareholders

Under the Finnish Companies Act, shareholders exercise their decision-making power at General Meetings of Shareholders.

A General Meeting is normally held once a year as an Annual General Meeting (AGM). A shareholder may propose items to be included on the agenda provided they are within the authority of the shareholders' meeting and the Board of Directors has been informed of the request in due time. The invitation to the AGM is published on the Company's website.

The AGM decides on matters stipulated by the Company's Articles of Association and the Finnish Companies Act, including:

- The adoption of the Financial Statements
- The distribution of profit for the year
- Discharging the members of the Board of Directors and CEO from liability
- The selection of members of the Board and the decision on their remuneration
- The election of the auditor
- Other proposals made by the Board or shareholders

Each share carries one vote in the General Meeting.

### 2015

The AGM was held on 8 April 2015 at F-Secure HQ in Helsinki.

Further details on the resolutions by the AGM are available on the F-Secure website (release published on 8 April 2015) and in the Board of Directors report in this Annual Report.

## Board of Directors

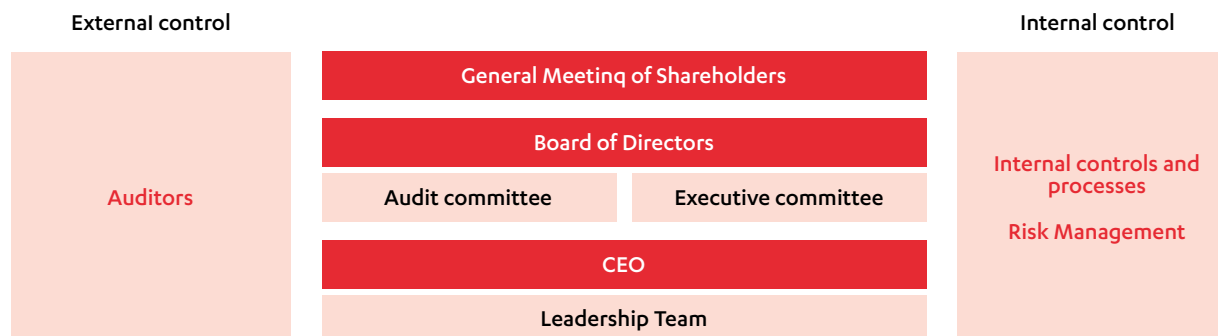
The objective of the Board of Directors is to direct the company with the aim of achieving the best possible return on invested capital for shareholders in the long term.

The Board's responsibilities and duties are defined in detail in the Board's Charter (available on the Company website) and cover the following main areas:

- Approving the strategy of F-Secure, overseeing its operations and annual budgets
- Approving any major investments, acquisitions, changes in corporate structure or other significant decisions
- Ensuring that the supervision of the Company's accounting and financial management is duly organized
- Ensuring that internal control and risk management systems are in place
- Approving personnel policies and rewards systems
- Preparing matters to be handled by the General Meeting of shareholders

The Board of Directors meets as frequently as necessary, at least five times during its term. The Board of Directors has quorum when more than half of the members are present. An annual self-assessment is carried out by the Board to evaluate its operations.

In accordance with F-Secure's Articles of Association, the Board of Directors comprises three to seven members, which are elected at the Annual General Meeting for a period of office that extends to the following AGM. The majority of Board members shall be independent from the Company and from its major shareholders.



**Members of the Board of Directors**

<b>Members</b>	<b>Independence of the Company</b>	<b>Independence of major shareholders</b>	<b>Board (Meeting attendance)</b>	<b>Audit Committee (Meeting attendance)</b>	<b>Executive Committee (Meeting attendance)</b>
Risto Siilasmaa	Yes	No	Chairman (11/11)		Chairman (2/2)
Pertti Ervi	Yes	Yes	Vice Chairman (11/11)	Chairman (5/5)	
Jussi Arovaara	Yes	Yes	Member (10/11)	Member (4/5)	
Matti Heikkonen	Yes	Yes	Member (11/11)	Member (4/5)	
Juho Malmberg	Yes	Yes	Member (11/11)		Member (2/2)
Anu Nissinen	Yes	Yes	Member (11/11)		Member (2/2)
Peter Vesterbacka (until 7.4.2015)	Yes	Yes	Member (1/1)	Member (0/1)	

One member of the Board of Directors is elected from F-Secure Corporation's personnel in the following manner: an election is arranged for F-Secure personnel. Each permanent employee of F-Secure Corporation is eligible as a candidate. The Executive Committee interviews three persons who have obtained the highest number of votes in the elections, and chooses a candidate from amongst them to be proposed for election as a new member of the Board by the Annual General Meeting.

The Board's Executive Committee prepares the proposals for board candidates to be approved by the shareholders at the General Meeting. Proposals are based on candidates' skills and qualifications and on maintaining diversity on the Board of Directors. Currently both genders are represented in the Board of Directors.

For a detailed description of the members of the Board of Directors and their shareholdings see pages 55–57.

**Board Committees**

The Board has two permanent Committees: an Audit Committee and an Executive Committee (nomination and remuneration issues). The duties of both Committees are defined in their charters, available on the Company's website.

**Audit Committee**

The Audit Committee reviews, instructs and evaluates risk management, internal controls, IT strategy and practices, financial reporting as well as auditing of the accounts. The Audit Committee also regularly considers the need for a separate internal audit function. Members of the Audit Committee must have broad business knowledge, as well as

an adequate knowledge of and experience in financial and supervisory matters. All members of the Audit Committee must be independent from F-Secure Corporation and from major shareholders in the company. Members of the Audit Committee are listed in the table above.

**Executive Committee**

The Executive Committee prepares material and instructs with issues related to the composition and compensation of the Board of Directors and the remuneration and incentivization of key managerial personnel. The Committee also prepares the proposals for the Board composition and remuneration for the Annual General Meeting of Shareholders. Members of the Executive Committee are listed in the table above.

**President and CEO**

The Board of Directors appoints the CEO and decides upon his/her remuneration and other benefits. The CEO is responsible for the day-to-day management of the Company. His/her duties include:

- Managing the business according to the instructions issued by the Board of Directors
- Presenting the matters to be handled in the Board of Directors' meetings
- Implementing the decisions made by the Board of Directors
- Other duties determined in the Companies Act

For a description of the CEO and his shareholdings see page 58 and for his remuneration see Notes to financial statements, 26. Related party disclosures.

**Leadership Team**

The Leadership Team supports the CEO in the daily operative management and development of the Company. The CEO appoints the Leadership Team members and decides upon the terms and conditions of their employment.

**2015:**

Members of the Company's Leadership Team on 31 December 2015 were:

- Christian Fredrikson, CEO
- Mari Heusala, Vice President, Human Resources and Office Services
- Janne Juvonen, Executive Vice President, Customer and Market Operations
- Samu Konttinen, Executive Vice President, Consumer Security
- Saila Miettinen-Lähde, Chief Financial Officer
- Jari Still, Vice President, Research and Development Operations
- Jens Thonke, Executive Vice President, Cyber Security Services
- Pekka Usva, Vice President, Corporate Security

Current information on the F-Secure Leadership Team can be found on our website: [www.f-secure.com/investors](http://www.f-secure.com/investors).

For descriptions of all members of the Leadership Team as of 1 January 2015 until the publication of this statement, their roles, respective membership periods and shareholdings see page 58–61 in this document.

## Management remuneration

Compensation for members of the Board of Directors, the Managing Director and the members of the Leadership Team of the Group:

	2015	2014
Wages and other short-term employee benefits	1,825	2,230
Share-based payments	755	332
Total	2,580	2,562

Compensation for Board of Directors and Managing Director:

	Wages	Fees	Incentive reward	Other compensations
Christian Fredrikson, Managing Director	378	–	230	–
Risto Siilasmaa, Chairman of the Board	–	55	–	–
Jussi Arovaara	–	30	–	–
Pertti Ervi	–	40	–	–
Matti Heikkonen	–	30	–	–
Juho Malmberg	–	30	–	–
Anu Nissinen	–	30	–	–
Peter Vesterbacka (until 7.4.2015)	–	8	–	–
Total	378	215	230	0

## CONTROLS AND OTHER GOVERNANCE ISSUES

### MAIN FEATURES OF INTERNAL CONTROL AND THE RISK MANAGEMENT SYSTEMS PERTAINING TO THE FINANCIAL REPORTING PROCESS

#### Risk management

Risk management is used as a tool to help managers make better risk-balanced decisions in an uncertain environment. The objective of F-Secure's risk management is to ensure a current, correct and comprehensive understanding and prioritized management of key uncertainties related to strategy implementation and business operations.

The foundation for risk management is defined in the Company's Risk Management Policy. The Board of Directors approves the Risk Management Policy and determines the Company's overall attitude towards risks. The Board of Directors and its Audit Committee monitor the Company's key risks and related controls and the effective implementation of the policy. The Audit Committee annually conducts a key risk review and evaluates the effectiveness of the risk management

framework. The risk management framework consists of risk management responsibilities, related policies, operating principles and tools.

The CEO and Leadership Team are accountable to the Board for approving the Company's risk management standards and ensuring that they are applied in a consistent manner across the organization. The Leadership Team conducts a Company-level risk review biannually as part of the operational planning and approves the company-level risk profile.

The Corporate Risk Management function provides and maintains a process to identify, analyze, evaluate, and treat risks. Risk assessment is regularly conducted and aligned with the Company strategy process and annual operational planning. Risk management processes follow an annual cycle including both top-down and bottom-up reviews.

The same tools are applied to assess uncertainties related to key projects and business decisions, e.g. M&A transactions, major investments and new business initiatives.

#### Major risks

Risks are defined as uncertainties which can impact the achievement of the Company's short and long term objectives. Risks are assessed as a combination of probability and impact. F-Secure uses the following categories to group the risks: strategic, operational, financial and compliance risks.

The most significant risks for F-Secure are related to the following factors:

- Volatility of the economic environment and its potential impact on business volumes
- End-point security market transformation and changes in customer demand
- Changes in the competitive environment
- Potential loss of key customers and partnerships
- Competitiveness of F-Secure's product portfolio in the rapidly changing market
- Intellectual property (IPR) claims against F-Secure
- Risk exposure from contractual liability requirements
- Failure to successfully complete acquisitions or divestments
- Success of new product launches
- Potential security threats related to our products and services
- Credit risk due to regional political or financial climate and regulation

#### 2015:

Top-down and bottom-up risk assessments were conducted according to the annual risk management cycle. The focus was on cyber security related operational and hazard risks. Publicly available information on various cyber security related incidents was analyzed and used for internal learning.

New risk categorization was taken into use and was used as the basis for bottom-up risk assessment and risk reporting.

Risk assessment tools were developed to identify, analyze and manage risks related to M&A and divestment transactions. These tools were used in connection with the transactions executed in 2015.



## Internal control

The purpose of Internal Control is to ensure that operations are effective and aligned with the strategy, and that financial reporting and management information is reliable and in compliance with applicable regulations and operating principles.

Internal control consists of all the guidelines, policies, processes, practices and relevant information about organizational structure that help ensure that the business conduct is in compliance with all applicable regulations. The purpose of internal control is also to ensure that accounting and financial information provides a true and accurate reflection of the activities and financial situation of the company. Actual performance is monitored against sales and cost targets by operative reporting systems on a daily, weekly, or monthly basis.

The Company constantly monitors its key financial processes linked to cost efficiency and profitability as well as incoming and outgoing payment transactions. If any inconsistencies appear, the issues are handled without delay. The Company's controlling team is responsible for the consistency and reliability of internal control methods. The team works in close cooperation with the CFO and business units, providing relevant data for business planning purposes and sales estimates. The team also regularly assesses and monitors the reliability of estimates and revenue recognition through various follow-up methods.

### 2015

As a consequence of the disposal of F-Secure's personal cloud storage business in February and the acquisition of nSense in June, focus in the internal control activities has been on aligning and communicating processes in the new Group structure and ascertaining appropriate control points in them. Attention has also been paid to revenue recognition throughout the Company's business lines and product categories.

## Internal audit

F-Secure's Audit Committee considers regularly the need for and appropriateness of a separate Internal Audit function. To date, the Audit Committee has concluded that, due to the size, organizational structure and largely centrally controlled

financial management of the Company, a separate Internal Audit function is not necessary.

In the absence of an Internal Audit function, attention is paid to periodical review of the written guidelines and policies concerning accounting, reporting, documentation, authorization, risk management, internal control and other relevant matters in all departments. Related controls are also tested from time to time. The guidelines and policies are coordinated by the Company's finance department with active involvement by the legal team.

The absence of a separate Internal Audit function is considered when defining the scope of the Company's external audit. This is evident for example in the audit of F-Secure's foreign subsidiaries, where the scope often exceeds the legal requirements in order to serve the purpose of internal auditing.

To facilitate transparency and exchange of information on Internal Audit related matters, the financial management team has frequent meetings with the auditors. The Audit Committee also meets regularly with the auditors and head of the Company's legal team to discuss related matters of their areas of responsibility.

The company has taken into use a direct line for all employees to notify the Board of any unethical activity or abuse.

### 2015

In connection with its annual review of Risk Management and Internal Controls, the Audit Committee duly considered the need to establish a separate Internal Audit function. The AC concluded that an Internal Audit function was not justified at the present time, but that in light of the Company's growth aspirations both organically and through acquisitions, the need for such function shall be properly re-evaluated prior to the review in 2016.

## Insider issues

F-Secure's IR-function is in charge of the company's insider issues. The Company follows the insider regulations of NASDAQ Helsinki Oy. Insiders are divided into three categories:

- Permanent public insiders including the members of the Board, the auditors, CEO and the Leadership Team of the company,

- Permanent company-specific, non-public insiders, including persons who by virtue of their position or tasks learn inside information on a regular basis, and
- Project-based insiders (maintained by the Legal team)

The company maintains its public insider registers in the Euroclear Finland Ltd's SIRE system. The trading of F-Secure shares and options of permanent public insiders is public.

Permanent public insiders and permanent company-specific insiders or their interest parties as defined in the Finnish Securities Markets Act are not entitled to trade shares, options, or other securities 21 days prior to the publication of interim financial statements or Company accounts. Project-based insiders are not entitled to trade shares, options, or other securities until the termination of the project. Up-to-date information on the holdings of F-Secure's permanent insiders who have a duty to declare can be found on the Company's website.

The Company observes a silent period of 21 days before each quarterly report announcement. During the silent period, the Company will arrange neither meetings nor conference calls with the investor community.

## Auditors

The auditor is elected by the Annual General Meeting for a term of service ending at the close of the next Annual General Meeting. The auditor is responsible for auditing the consolidated and parent company's financial statements and accounting. The auditor reports to the Board of Directors or the Audit Committee at least once a year.

### 2015

F-Secure has been audited by Ernst & Young Oy with Mikko Järventausta, Authorized Public Accountant, as the responsible auditor.

F-Secure paid to the auditor EUR 160,593 in audit fees (2014: EUR 145,834), and EUR 205,249 (2014: EUR 186,944) for non-audit services. The fees for non-audit services included EUR 56,395 paid for tax consultancy (2014: EUR 102,679).

F-Secure conducted a tender process for the selection of the auditor. As a result of the selection process, the Audit Committee is proposing to the AGM that PricewaterhouseCoopers Oy be elected as F-Secure Corporation's auditor for the financial year of 2016.

## BOARD OF DIRECTORS

In this section are the biographies of the Members of the Board of Directors during 2015 and 2016 until the date of issue of this statement. Shareholdings are listed as of 31 December 2015 unless otherwise stated.



### RISTO SIILASMAA

Chairman of the Board of Directors since 2006

Board member since 1988

Born 1966, M.Sc. (Engineering)

#### **Main employment history:**

Chairman and Interim CEO, Nokia Corporation, 2013–2014

President and CEO, F-Secure Corporation, 1988–2006

Founder, F-Secure Corporation

#### **Main board memberships and public duties:**

Chairman of the Board, F-Secure Corporation

Chairman of the Board of Directors, Nokia Corporation

Chairman of the Board, The Federation of Finnish Technology Industries

Member of the Board of Directors, Confederation of Finnish Industries, EK

Member of the Tsinghua SEM Advisory Board, Tsinghua University

Member of ERT European Round Table of Industrialists

**Holdings:** number of shares 59,952,806, holding 37.75%



### JUSSI AROVAARA

Board member since 2010

Born 1966

#### **Main employment history:**

Currently Vice President, Global Sales, Corel Corporation (UK)

Vice President, Global Operations, Corel Corporation (UK),

2010–2012

Senior Director, International Sales and Marketing Operations,

Corel Corporation (UK), 2005–2009

Director, International Product Marketing, Corel Corporation

(UK), 2004–2005

Vice President, EMEA Sales, Corel Corporation (UK),

2002–2004

Vice President, Sales Operations, Corel Corporation (Canada),

1999–2001

Earlier has worked in several sales and marketing positions in computer wholesaling.

**Holdings:** number of shares 32,826



### **PERTTI ERVI**

Board member since 2003, Chairman of the Audit Committee  
Born 1957, B.Sc. (Electronics)

#### **Main employment history:**

Currently an independent management consultant  
Co-CEO, Member of the Executive Board, Computer 2000 AG, 1995–2000  
Co-founder, Managing Director, Computer 2000 Finland Oy, 1983–1995  
Has worked at international management levels with major IT vendors such as Cisco, IBM, Intel, HP, and Microsoft.

#### **Main Board Memberships and public duties:**

Chairman of the Board of Directors, Efecte Corporation  
Chairman of the Board of Directors, Comptel Corporation  
Vice Chairman of the Board of Directors, Ixonos Plc  
Member of the Board of Directors, Teleste Corporation

**Holdings:** number of shares 38,608



### **MATTI HEIKKONEN**

Board member since 2013  
Born 1976, M.Sc. (Engineering)

#### **Main employment history:**

Senior Executive Vice President, Global Operations and Partner, QuestBack AS, 2010–  
Entrepreneur and CEO, Digium Ltd, 2007–2010  
Head of Nokia-Cisco Systems Global Alliance, Nokia Corporation, 2004–2007  
Entrepreneur and CEO, Triple Check Ltd, 2002–2004  
Researcher, Aalto University, Finland, 2002–2004  
Group Marketing Director, Business Unit Manager and Partner, Done Solutions Corp, 2000–2002  
Entrepreneur and CEO, Identia Ltd, 1998–2000

#### **Main board memberships and public duties:**

Chairman of the Board of Directors, Finnish Software Entrepreneurs Association  
Board member of Mobile Wellness MWS Oy

**Holdings:** number of shares 14,244



### **JUHO MALMBERG**

Board member since 2008  
Born 1962, M.Sc. (Computer Science)

#### **Main employment history:**

CIO, OP Financial Group 2015–  
CEO, ZenRobotics Ltd. 2012–2014  
Executive Vice President, Development and Member of Executive Board, KONE Corporation 2006–2012  
Managing Director, Accenture Finland 2002–2005  
Director, Nordic Outsourcing, Accenture, 2005  
Deputy Managing Director, Accenture 1999–2002  
Technology Director, Accenture 1992–1999

#### **Main Board Memberships and public duties:**

Member of the Board, Kemppi Oy  
Member of the Board, QPR Software Plc  
Senior advisor, ZenRobotics Ltd.

**Holdings:** number of shares 52,457



### ANU NISSINEN

Board member since 2010

Born 1963, M.Sc. (Economics)

#### Main employment history:

Era Content Oy, Founding partner, 2016–

Era Content Oy, Founding partner and CEO, 2014–2015

CEO, Sanoma Media Finland Ltd, and a Member of the

Executive Management Group of Sanoma, 2011–2013

President, Sanoma Entertainment Ltd, 2008–2011

Member of the Executive Management Group, Sanoma, 2008–2010

President, SW Television Ltd/Welho, 2004–2008

Marketing Director, Helsinki Televisio Ltd, 2001–2004

Marketing Manager, Oy Sinebrychoff Ab, 1998–2000

#### Main Board Memberships and public duties:

Member of the Board, DNA Oy

Member of the Board, Siili Solutions Oyj

Member of the Board, Kesko Oyj

Member of the Board, Viestilehdet Oy

**Holdings:** number of shares 32,826

### Non-Current Members

#### PETER VESTERBACKA

Board member since 2014 (until 8 April 2015).

Born 1968

Main employment history:

Rovio Entertainment, Mighty Eagle, 2010–

Hewlett Packard, Founder, HP Bazaar, 1992–2006

Some Bazaar, Founder, 2006–2010

Main Board Memberships and public duties:

Member of the Board, American Chamber of Commerce in Finland

Member of the Board, Bluegiga Technologies

Member of the Board, Startup Foundation

Member of the Board, Slush

Member of the Board, Filmkompaniet

Member of the Board, Goo Technologies

**Holdings:** number of shares 4,922 (on 8 Apr 2015)

## LEADERSHIP TEAM

In this section are the biographies of all the members of the Leadership Team during 2015 and 2016 until the date of issue of this statement. Shareholdings are listed as of 31 December 2015 unless otherwise stated.



### CHRISTIAN FREDRIKSON

President and CEO

Born 1964, M.Sc. (Engineering)

F-Secure CEO since 2012

Mr. Fredrikson joined F-Secure in 2012. He was previously responsible for global sales for the Network Systems business unit at Nokia Siemens Networks. His past positions at Nokia Siemens Networks include Head of Asia Pacific Region and Head of OBS Business Unit (Operations and Business Software). Mr. Fredrikson joined Nokia in 1994, and has held several executive level positions in the company.

Main Board Memberships: Member of the Board in Remedy Entertainment Ltd, member of the Communications Administration Committee of Ministry of Transport and Communications in Finland, member of the Board in DIGI.FI and member of the Stiftelsen för Åbo Akademi.

**Holdings:** number of shares 10,000



### MARI HEUSALA

Executive Vice President, Human Resources and Office services  
(as of 15 September 2015)

Born 1966, M.Sc. (Economics)

Member of the Leadership Team since 2015

Mrs. Heusala joined F-Secure in 2015. Previously she worked at Basware Corporation as SVP Human Resources & Development, where she was responsible for introducing and implementing several processes to ensure consistency in organizational design, staffing strategies, performance management and talent development across all of the company's locations. Mrs. Heusala has also held various global HR director positions at Nokia.

**Holdings:** number of shares 1,800



### **KRISTIAN JÄRNEFELT**

Executive Vice President, Consumer security  
(as of 8 February 2016)

Born 1965, M.Sc (Economics)

Member of the Leadership Team since 2016

Kristian Järnefelt joined F-Secure in 2016. Previously, he worked for Fujitsu Finland Oy as Sales Director (2014–2015), as CEO and partner at Miradore Oy (2010–2014), CEO and partner at Concilio Networks Oy (2006–2009) and in several manager positions at Hewlett-Packard (1994–2006).

**Holdings:** –



### **SAMU KONTTINEN**

Executive Vice President, Consumer Security  
(until 31 January 2016),

Executive Vice President, Corporate Security  
(as of 1 February 2016)

Born 1973

Member of the Leadership Team since 2009

Mr. Konttinen joined F-Secure in 2005. Previously, he has served F-Secure as Executive Vice President, Sales and Marketing, Vice President of Sales and Geographical Operations, and Vice President of Mobile Business Unit. Prior to that, he worked in sales and channel management, including as Director of Regional Operations, covering operations in EMEA. Before joining F-Secure, Mr. Konttinen held a Vice President position at Valimo Wireless Ltd, 2001–2005.

**Main Board Memberships:** Mr. Konttinen is currently a board member in Ixonos Plc, and in Mobile Ecosystem Forum.

**Holdings:** number of shares 67,103



### **SAILA MIETTINEN-LÄHDE**

Chief Financial Officer (as of 23 February 2015)

Born 1962 M.Sc. (Engineering)

Member of the Leadership Team since 2015

Prior to joining F-Secure, Mrs. Miettinen-Lähde worked as Deputy CEO (2012–2014) and CFO (2005– January 2015) of Talvivaara Mining Company Plc, where her area of responsibility covered the Group's financial management, treasury, risk management, investor relations, and communications. Her other previous employers include SIDOS Partners Ltd (2004), D. Carnegie AB (2000–2003), Orion Pharma (2000), Finnish National Fund for Research and Development (1998–1999), and various positions at Leiras Oy.

**Main Board Memberships:** member of the board of Outokumpu Oyj, and LeaseGreen Group Oyj.

**Holdings:** –





### JARI STILL

Vice President, Research & Development Operations

(until 31 January 2016),

Chief Information Officer (as of 1 February 2016)

Born 1965, B.Sc

Member of the Leadership Team since 2012

Mr. Still joined F-Secure in 2000. Previously, he worked as the Head of Research and Development of Mobile Business Unit. Prior to joining F-Secure, he worked as a co-founder and Chief Executive Officer in Modera Point Oy and in its subsidiary in San Jose, CA. Earlier in his career, Mr. Still worked for different Finnish telecommunication and software companies in product development and management positions. He also maintains several positions of trust in software and business forums. Mr. Still is e.g. a member of the VTT ICT and Electronics Advisory Board.

**Holdings:** number of shares 100,657



### MIKA STÅHLBERG

Chief Technology Officer (as of 1 February 2016)

Born 1973, M.Sc. (Engineering), Officer's degree

Member of the Leadership Team since 2016

Mika Ståhlberg joined F-Secure in 2004 and has served in various positions including Director of Security Research and VP of F-Secure Labs. Previously he has been employed by the Finnish Defense Forces (1998–2004).

**Holdings:** –



### JYRKI TULOKAS

Executive Vice President, Strategy and Corporate Development

(as of 1 February 2016)

Born 1975, M.Sc. (Economics)

Member of the Leadership Team since 2016

Jyrki Tulokas joined F-Secure in 2007. He has a long experience in leading product management, product marketing, strategy and business development operations. Before joining F-Secure in 2007 he worked for Suunto as Head of Business Development.

**Holdings:** –



### JENS THONKE

Executive Vice President, Cyber Security Services

(as of 2 June 2015)

Born 1966

Member of the Leadership Team since 2015

Mr. Thonke joined F-Secure in 2015. Previously, he was the CEO of nSense, a leading cyber security company providing security consultation and vulnerability assessment services and products to large enterprises. nSense was acquired by F-Secure in June 2015.

**Holdings:** –

### Non-Current Members

#### JANNE JUVONEN

Executive Vice President, Customer and Market Operations  
(until 31 January 2016)

Born 1966, eMBA

Member of the Leadership Team between 2014–2016

Mr. Juvonen joined F-Secure in 2014. Previously, he worked for Rovio Entertainment Ltd, and prior to that he held sales and management positions in several domestic and international companies, including Rautakirja Oy, Carlsberg Baltics, Carlsberg Singapore, and Carlsberg Asia. He has also worked for Oy Sinebrychoff Ab, Coca Cola Juomat Oy, Anttila Oy, and Masterfoods Oy. Mr. Juvonen left F-Secure in February 2016.

**Holdings:** –

#### TIMO LAAKSONEN

Vice President, Content Cloud (until 28 February 2015)

Born 1961, M.Sc. (Economics)

Member of the Leadership Team between 2012–2015

Prior to joining F-Secure in 2012, Mr. Laaksonen worked as Chief Commercial Officer of Tecnotree Corporation. He started his career in enterprise IT sales and marketing management for the Nokia Data and Teamware Group (Fujitsu). He then moved on to drive and manage a number of international growth business ventures in the telecom, internet and mobile arena as Executive VP in Sonera SmartTrust, and as CEO of First Hop and Xtract. Since February 2015, Mr. Laaksonen has been heading F-Secure operations in North America.

**Holdings:** number of shares 9,039 (on 28 February 2015)

#### JOHANNA ORJATSALO

Vice President, Human Resources (until 15 September 2015)

Born 1973, BBA

Member of the Leadership Team during 2014–2015

Mrs. Orjatsalo joined F-Secure in January 2011. Before joining F-Secure, she worked as Account Manager and Management Consultant at Accenture, 2006–2010. Her previous employers include Capgemini (2001–2006), McKinsey & Company (2000–2001) and Gemini Consulting (1998–2000). Mrs. Orjatsalo left F-Secure in September 2015.

**Holdings:** –

#### PEKKA USVA

Vice President, Corporate Security (until 1 February 2016)

Born 1969, Datanome

Member of the Leadership Team between 2012–2015.

Mr. Usva joined F-Secure in 1995, and has served in various positions at the company, including Director in Corporate Business Solutions, Director of Product Management and Development in Corporate Business, and a Director of Solution Management in Corporate Business. Since February 2016, Mr. Usva has been leading the development of a new Advanced Threat Protection solution for corporate customers.

**Holdings:** –

#### TANELI VIRTANEN

Chief Financial Officer (until 22 February 2015)

Born 1965, M.Sc. (Economics)

Member of the Leadership Team 2002–2015.

Prior to joining F-Secure in 1999, Mr. Virtanen worked for Santasalo-JOT Group as Group Controller. Since February 2015, Mr. Virtanen has been working in Cyber Security Services management.

**Holdings:** number of shares: 50,149 (on 22 February 2015)

# INFORMATION FOR SHAREHOLDERS

The main goal of F-Secure's investor communications is to make available correct, up-to-date information about F-Secure and its operations – impartially and simultaneously to all interest groups. All published investor information including annual reports, interim reports, as well as stock exchange and press releases are available on the Group's website [www.f-secure.com/investors](http://www.f-secure.com/investors). All investor information is published in English and in Finnish. Subscriptions for the emailing list for stock exchange releases can be made by sending your contact details to [investor-relations@f-secure.com](mailto:investor-relations@f-secure.com).

F-Secure publishes a financial statement bulletin and three interim reports during 2016, and arranges news conferences for media and analysts at the time of publishing the quarterly reports. F-Secure observes a three-week silent period before the publishing of each quarterly report. During this time, F-Secure neither arranges meetings nor phone conferences with investors or analysts.

## Annual General Meeting

The Annual General Meeting of F-Secure Corporation is scheduled to be held on Thursday, April 7, 2015. More information on how to attend as well as the documents for the meeting are available on the Group's webpage [www.f-secure.com/investors](http://www.f-secure.com/investors).

## Financial calendar for 2016

Q1 Interim Report	April 29
Q2 Interim Report	August 4
Q3 Interim Report	November 3

## F-Secure share facts

Listing since (1999)	NASDAQ OMX Helsinki Ltd.
Trading symbol	FSC1V
Number of shares	158,798,739

## IR Contacts

For any inquiries on F-Secure as an investment target, please contact Tapio Pesola, Investor Relations Manager ([investor-relations@f-secure.com](mailto:investor-relations@f-secure.com)).

## F-Secure Corporation

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content **F-Secure**  
design and layout **Kreab**  
photographs **F-Secure**



**AT YOUR SIDE,  
WATCHING YOUR BACK.**

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