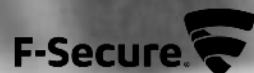


SOLID QUARTER: **GOOD PROGRESS IN** **CORPORATE BUSINESS**

F-SECURE CORPORATION
INTERIM REPORT Q3 / 2015

October 22, 2015
Christian Fredrikson, CEO



A person is sitting in the driver's seat of a car, holding a smartphone in their right hand. The steering wheel is visible in the foreground, slightly out of focus. The background shows the car's interior and a window looking out onto a bright day.

CONTENTS

- Highlights
- Market review
- Business updates
- Outlook
- Financials



HIGHLIGHTS IN Q3

- **Overall security revenue** increased by 8 % y-o-y totaling EUR 37.2 million (34.5 m)
- **EBIT** (non-IFRS) 7.3 million, 20% of revenues (EUR 7.4 m, 22%)
- **Operator** revenues on the same level as last year, totaling EUR 18.7 million (18.7 m)
- **Corporate** and **direct-to-consumer** sales increased by 17% totaling 18.6 million (15.8 m), partly due to the nSense acquisition
- **Good, positive cash flow:** 5.7 million (5.3m)

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

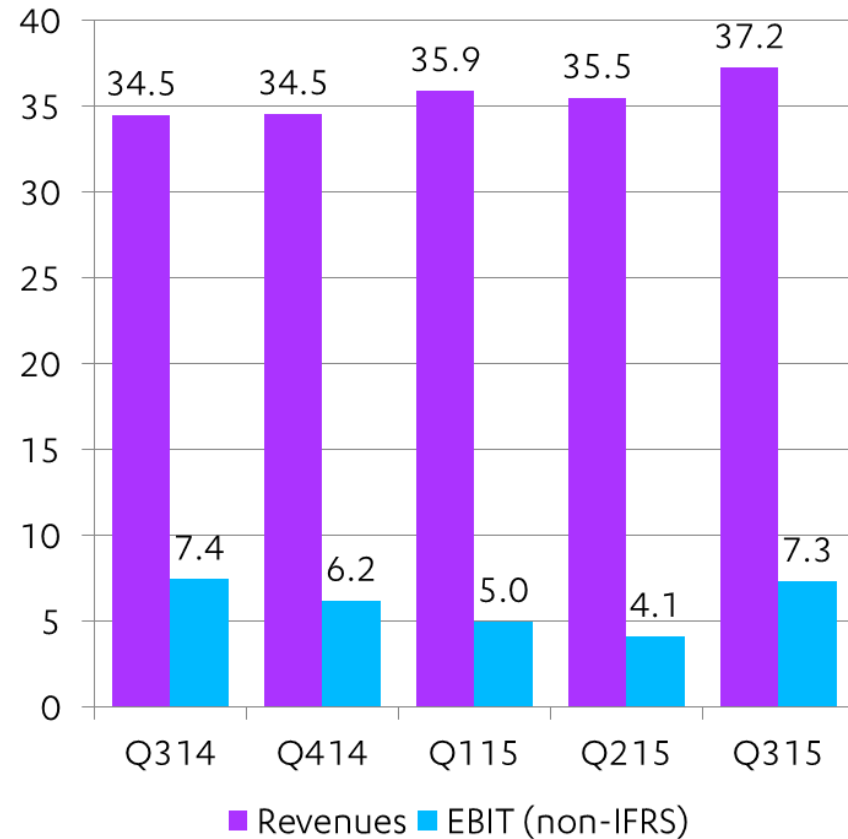
As of 2 June 2015 the acquired cyber security services business (nSense) has been consolidated into the F-Secure Group accounts.

EBIT (non-IFRS) calculated for continuing operations excluding costs associated with the deferred payment and earn-out of the nSense acquisition and non-recurring items

KEY FIGURES

Revenues

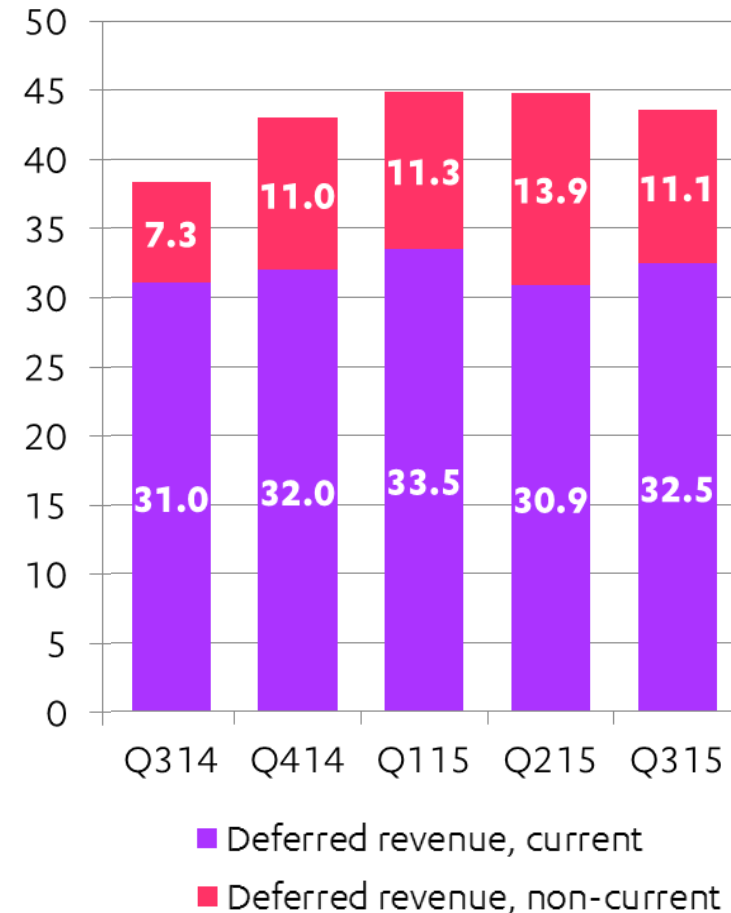
Eur million



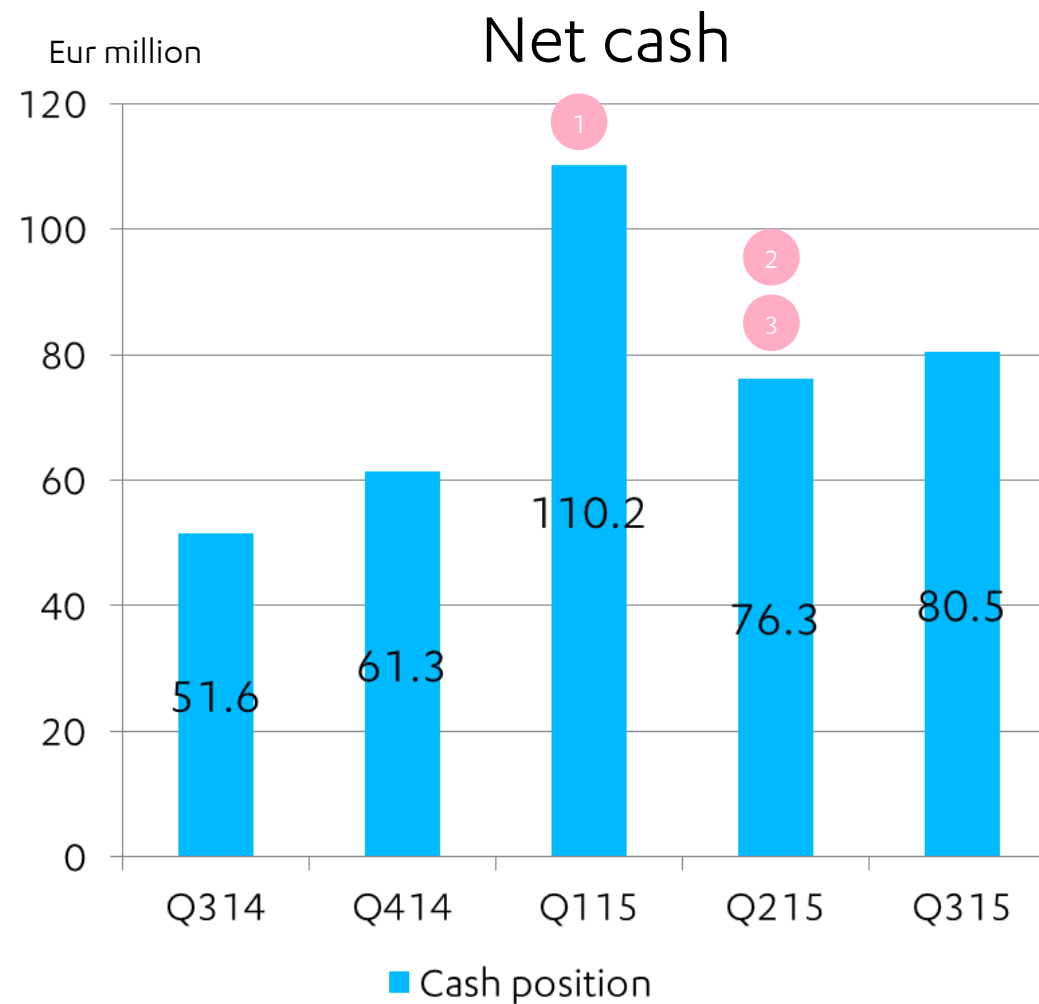
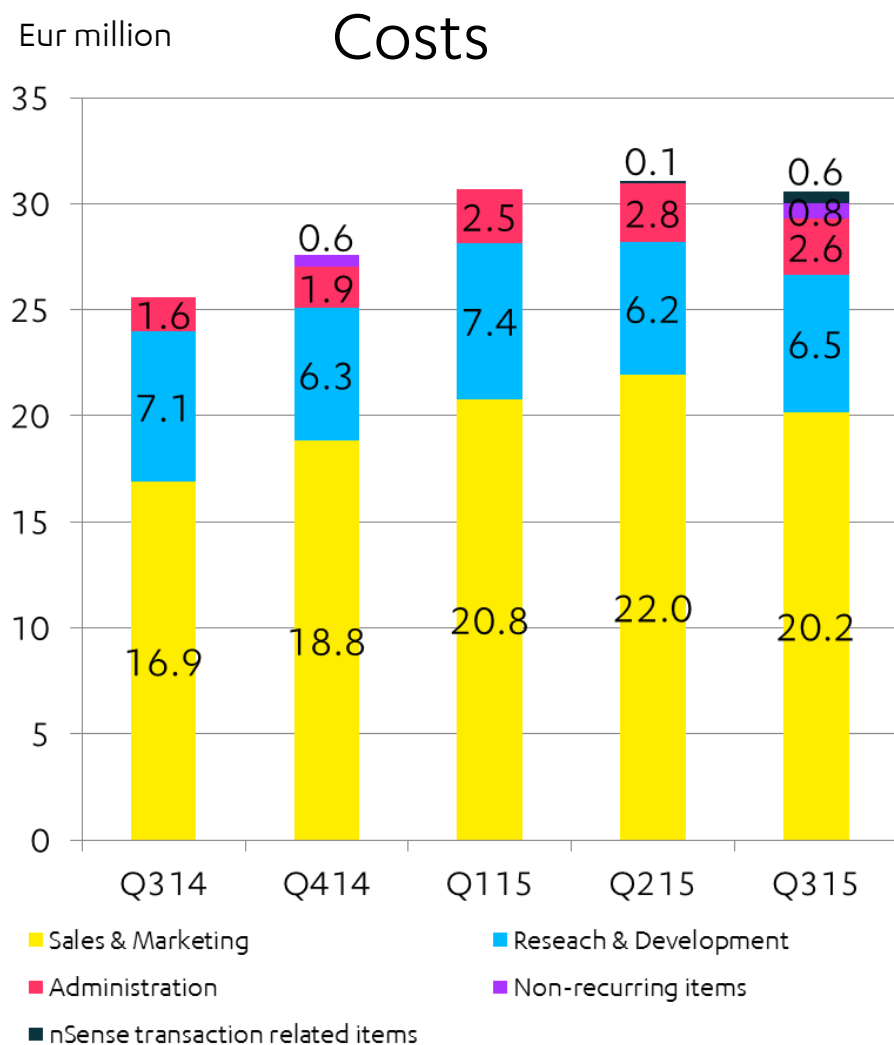
EBIT (non-IFRS) calculated for continuing operations excluding costs associated with the deferred payment and earn-out of the nSense acquisition and non-recurring items

Deferred revenues

Eur million



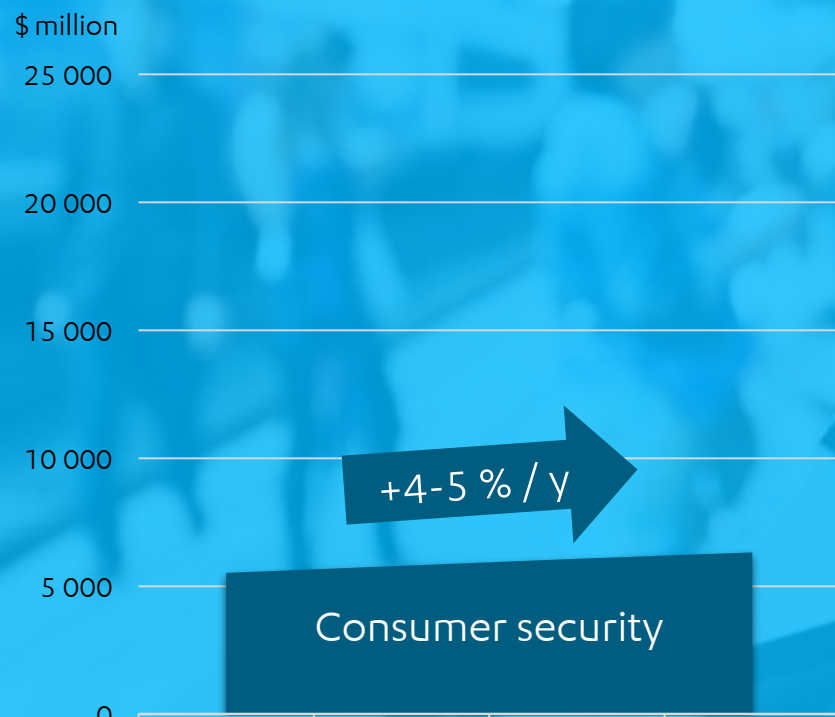
KEY FIGURES



- ① Personal cloud storage business (younited) sold
- ② Dividend of EUR 24.9 million paid in April
- ③ The EUR 11 million cash payment for nSense

SECURITY MARKET CONTINUES TO GROW

Consumer Security Software market is expected to grow 4-5% annually

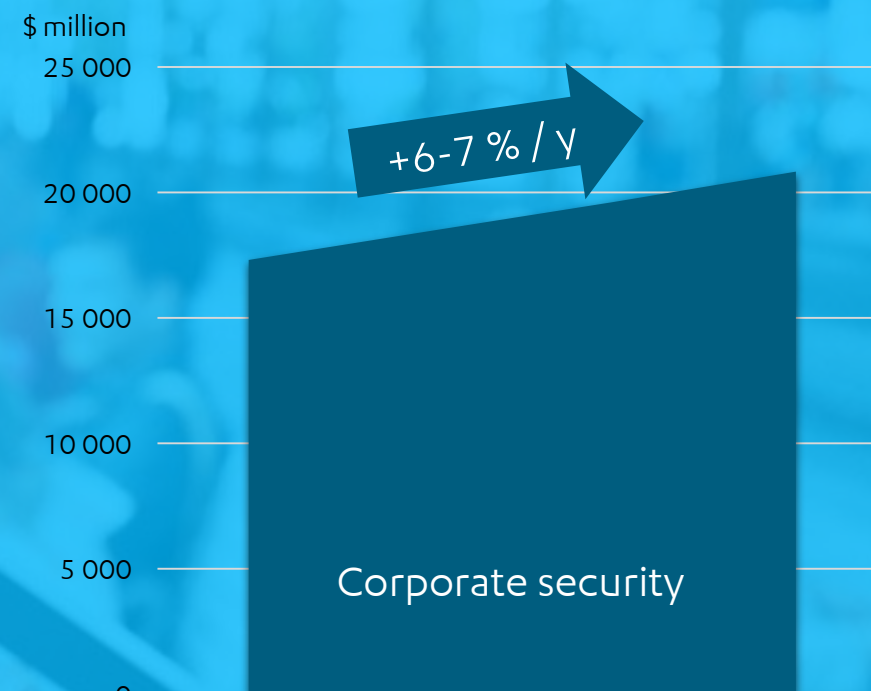


Source:
Gartner

■ Consumer Security

2015	2016	2017	2018
5518	5799	6063	6316

Corporate Security Software market is expected to grow faster, 6-7% annually

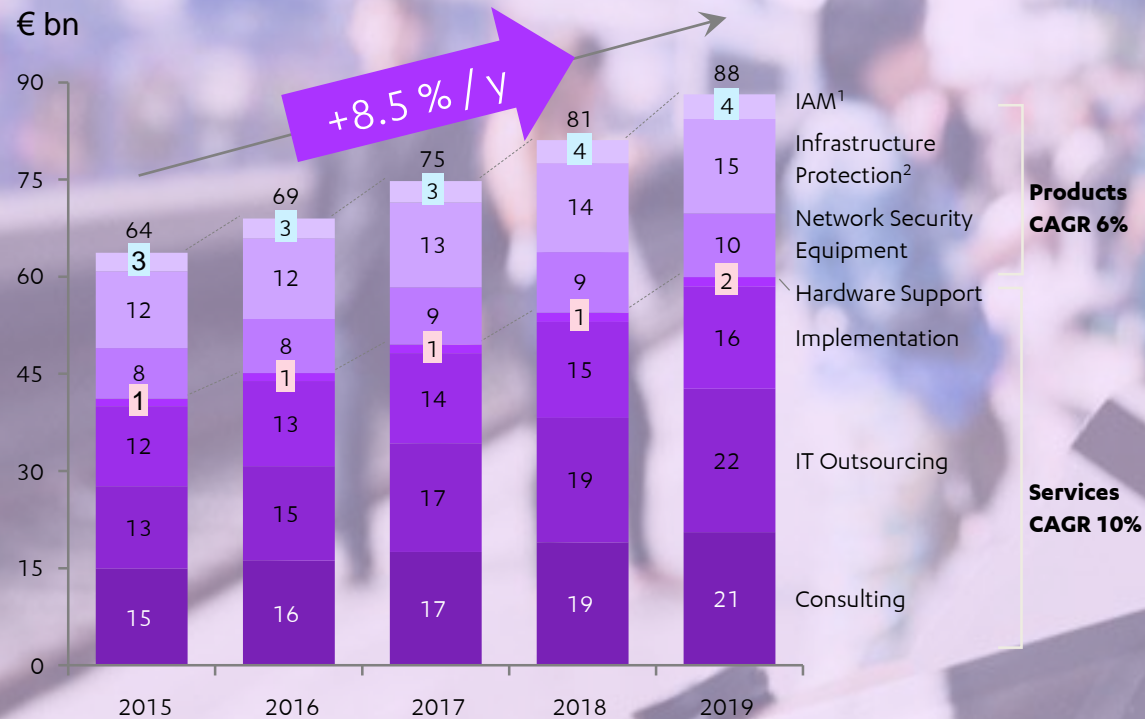


■ Corporate Security

2015	2016	2017	2018
17311	18463	19612	20820

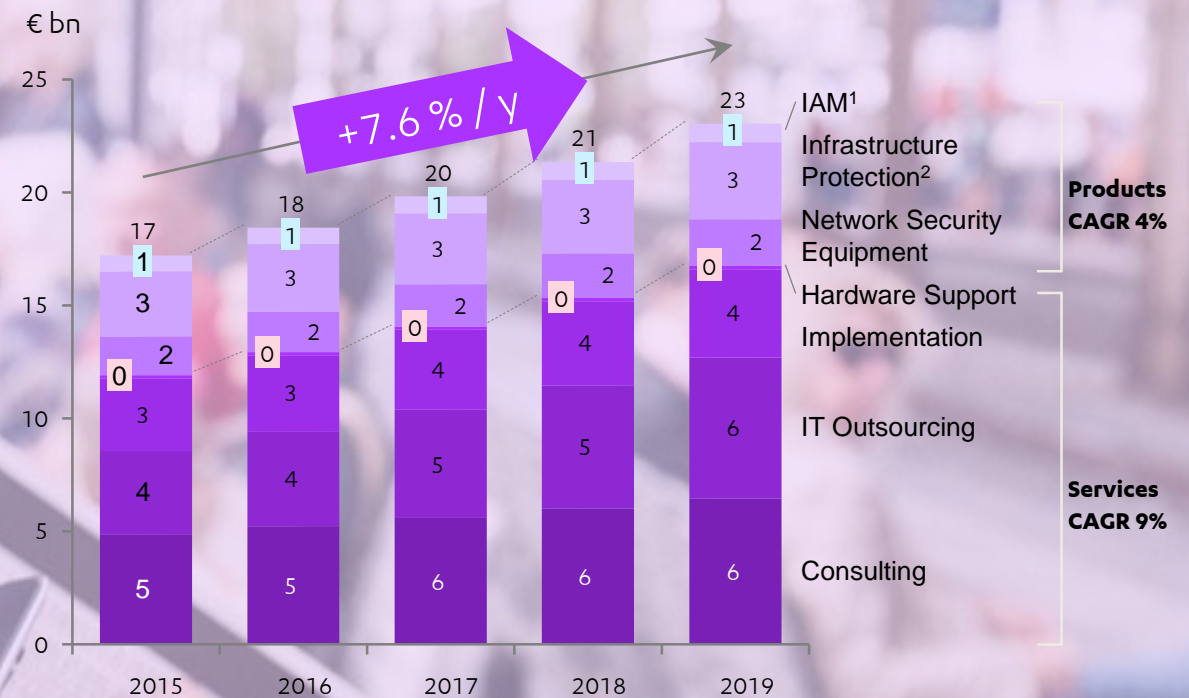
ENTERPRISE SECURITY GROWING FASTEST

**Global Enterprise Security market
expected to grow 8.5% annually**



Source: Gartner

**...European market expected to grow
slightly slower, but still healthy pace**



Source: Gartner

NON-OPERATOR SALES DRIVING GROWTH

CONSUMER SECURITY

OPERATORS

200+ operators

DIRECT SALES

RESELLERS

4000+ resellers

ENTERPRISES

SHARE OF
REVENUE
IN Q3

50%

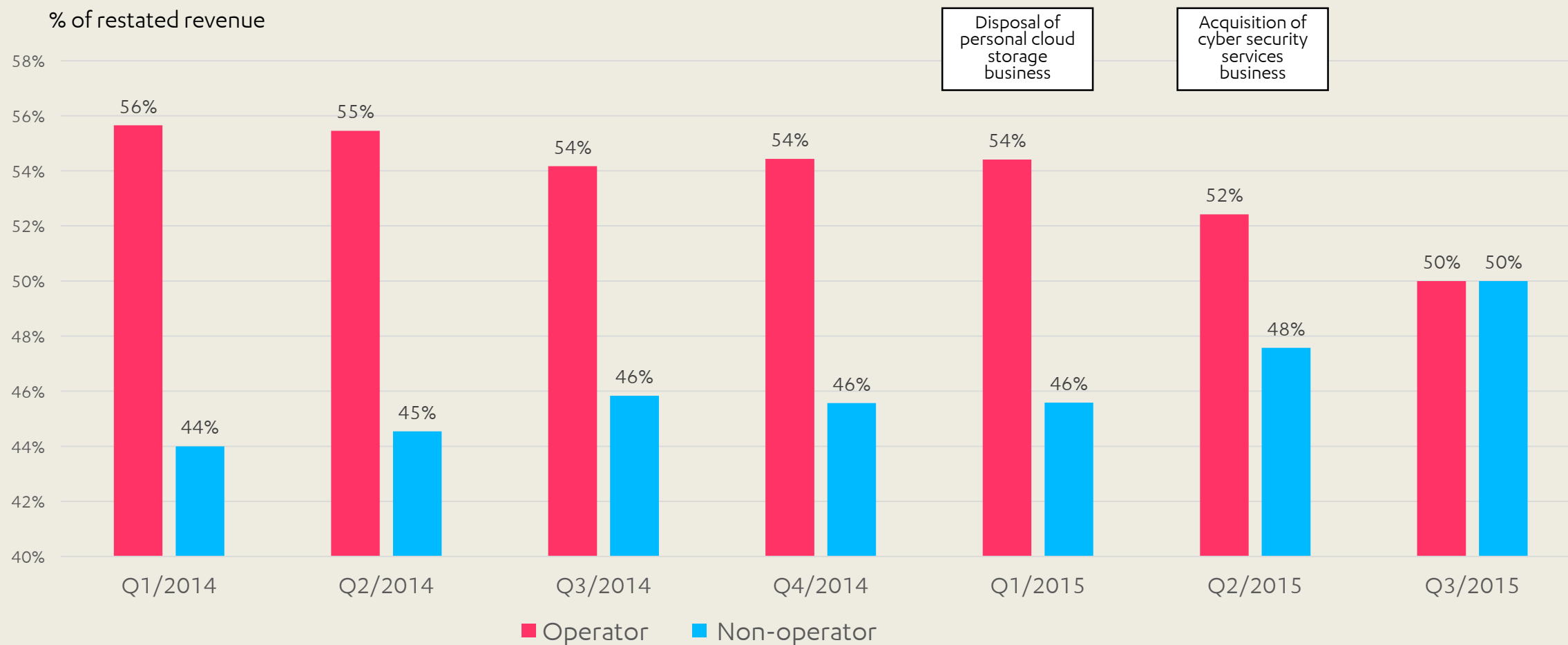
50%

GROWTH
IN Q3

Flat
(-0,1%)

Strong growth
(+17%)

ORIGIN OF REVENUE SHIFTING



CORPORATE HIGHLIGHTS



INVESTMENTS IN RESELLER CHANNEL PAY OFF

- Improvements in sales & marketing in key regions
- Continued expansion of the reseller partner network
- Brand recognition and NPS scores confirmed to be on a high level

GOOD GROWTH IN FOCUS COUNTRIES

- France nearly tripled new customer acquisitions, Germany in good growth
- Japan soon to become most significant reseller market
- Revenue grew in almost all of our reseller security markets



SUCCESSFUL INTEGRATION OF NSENSE

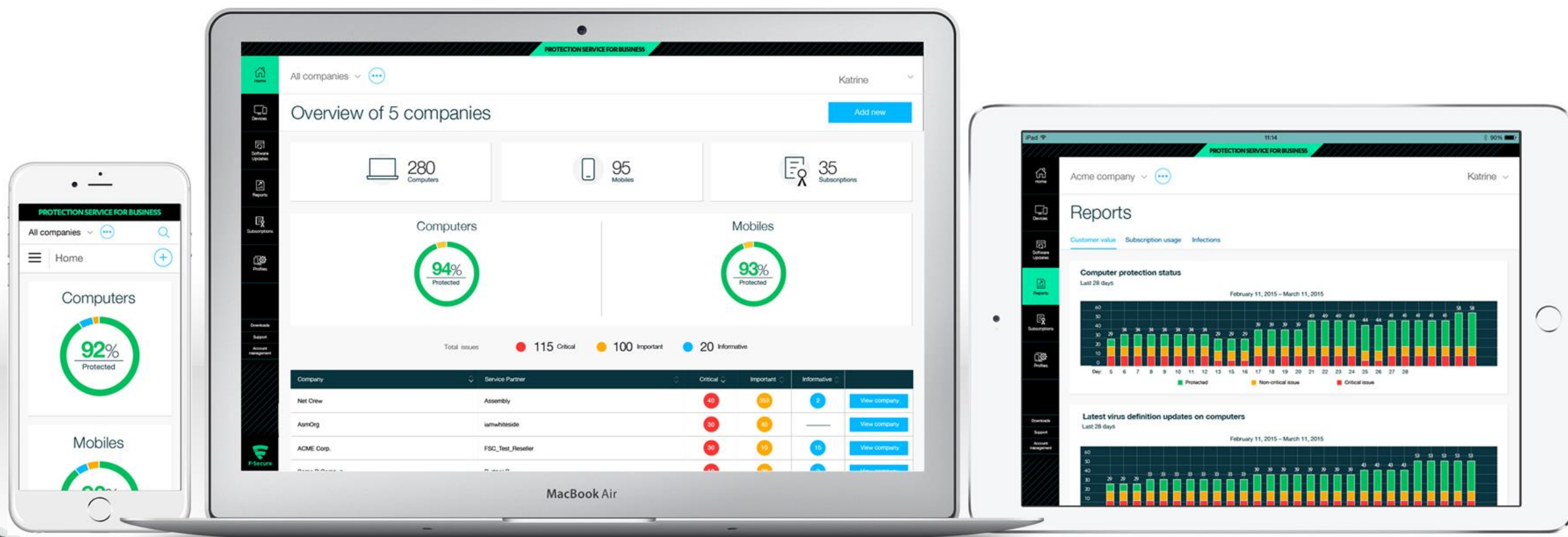
- Perfect strategic fit for F-Secure
- Cooperation on R&D on-going
- New product launch planned for H1/2016, for incident detection and response

HUNTING FOR TOP TALENT

- Recruitment of top cyber security talents continues



MAKING SECURITY INTUITIVE



Three corners of innovation: Technology – User experience – Business models

CONSUMER HIGHLIGHTS

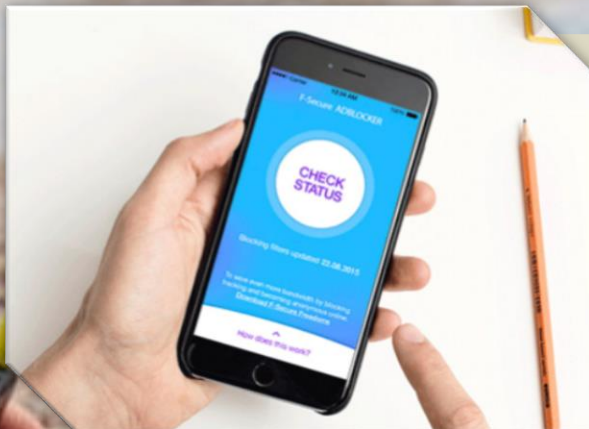
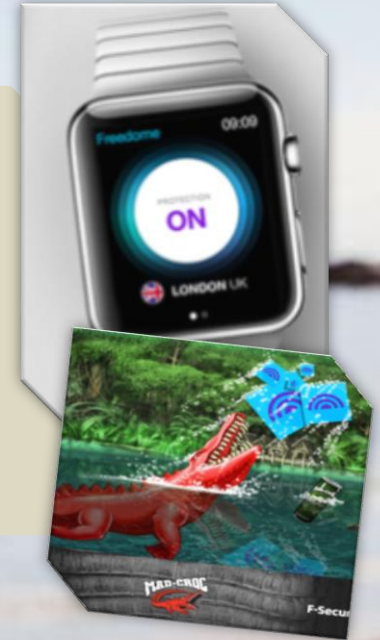


SAFE

- Roll-out with operators continues
- New versions of F-Secure SAFE and Internet Security 2016 launched for consumers in September

FREEDOME

- New significant partnerships won in Q3, several negotiations on-going
- Added support for Apple Watch and iOS9.
- Steadily increasing share of direct-to-consumer sales



NEW F-SECURE ADBLOCKER

- Free app launched in September for iOS9
- Filters traffic coming from advertisers
- Helps consume less data, makes mobile browsing faster and cleaner

FREEDOME WINS NEW PARTNERS

JULY



Best Buy
(Canada)

AUGUST



One of the world's
largest network
operators

Mad Croc,
global energy
drink brand

SEPTEMBER



[Several negotiations
ongoing]



NEW FEATURE

- **Tracker Mapper** – visualisation of tracking attempts. Beta program for desktops ongoing
- Promising feedback from press and beta users
- Commercial launch later in the autumn, mobile version by the end of this year



PRODUCT UPDATES

- iPad optimized user experience
- Apple Watch support
- New service nodes; currently more than 20 virtual locations available



AWARDED FOR TRUST (OCTOBER)

- Freedom won the Meffy Award in the Consumer Trust category by Mobile Ecosystem Forum (MEF)

© F-Secure Interim Results 22 October 2015

PRODUCT DEVELOPMENT CONTINUES TO MEET MARKET DEMAND

SOLUTIONS UNDER CONSTRUCTION:



SECURITY FOR
SMART HOMES



INCIDENT DETECTION AND
RESPONSE FOR COMPANIES

OUTLOOK

■ The outlook for 2015 is:

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



**WE FIGHT FOR
DIGITAL FREEDOM!**





FINANCIALS

Q3 2015



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

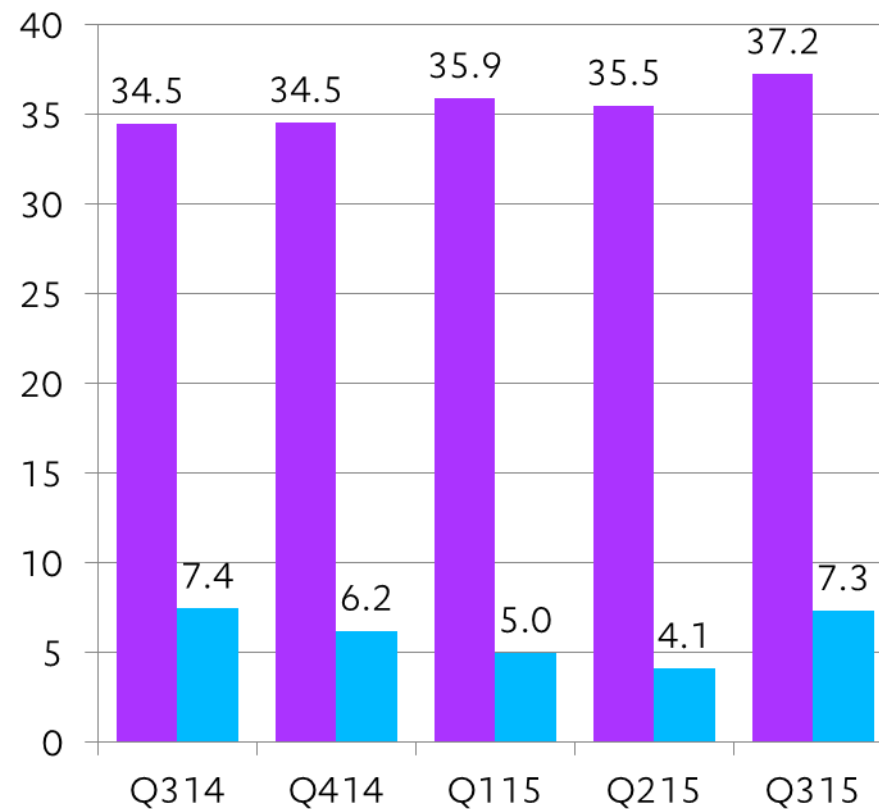
As of 2 June 2015 the acquired cyber security services business (nSense) has been consolidated into the F-Secure Group accounts.

REVENUES

Q3 Revenues increased by 8% y-o-y

- Total quarterly revenues 37.2m (Q314: 34.5 m)
- Operator revenues at last year level, 18.7m (Q314: 18.7 m)
- Corporate and direct-to-consumer sales increased by 17% totaling 18.6 million (15.8 m)
 - including the acquired cyber security services (nSense)

EURm

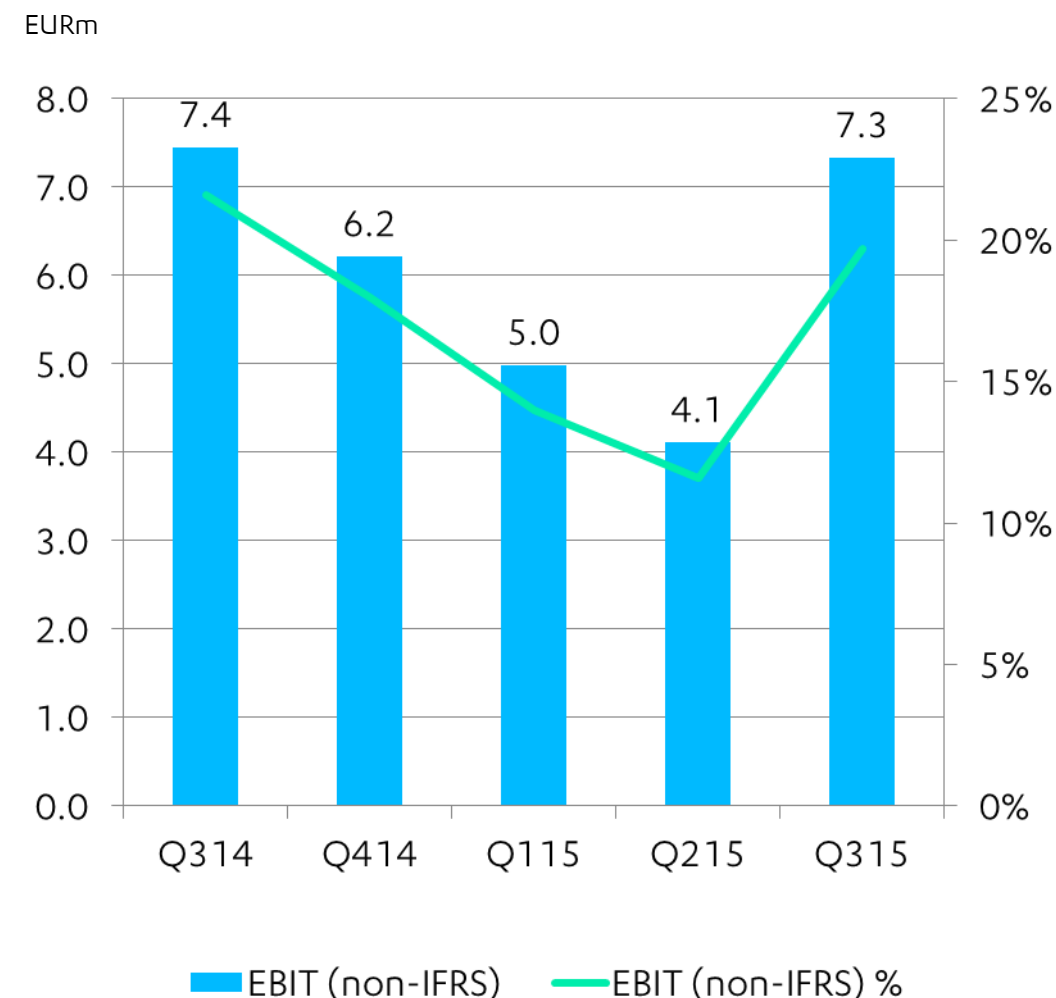


■ Revenues ■ EBIT (non-IFRS)

PROFITABILITY

Q3 Operating Profit

- EBIT (non-IFRS) 7.3m, 20% of revenues (Q314: 7.4m, 22%)
 - for continuing operations excluding costs associated with the deferred payment and earn-out of the nSense acquisition and non-recurring items
- EBIT (IFRS) 6.0m, 16% (Q314: 7.4m, 22%)
- Earnings per share for continuing operations EUR 0.03 (EUR 0.04)
- Earnings per share EUR 0.02 (EUR 0.04)

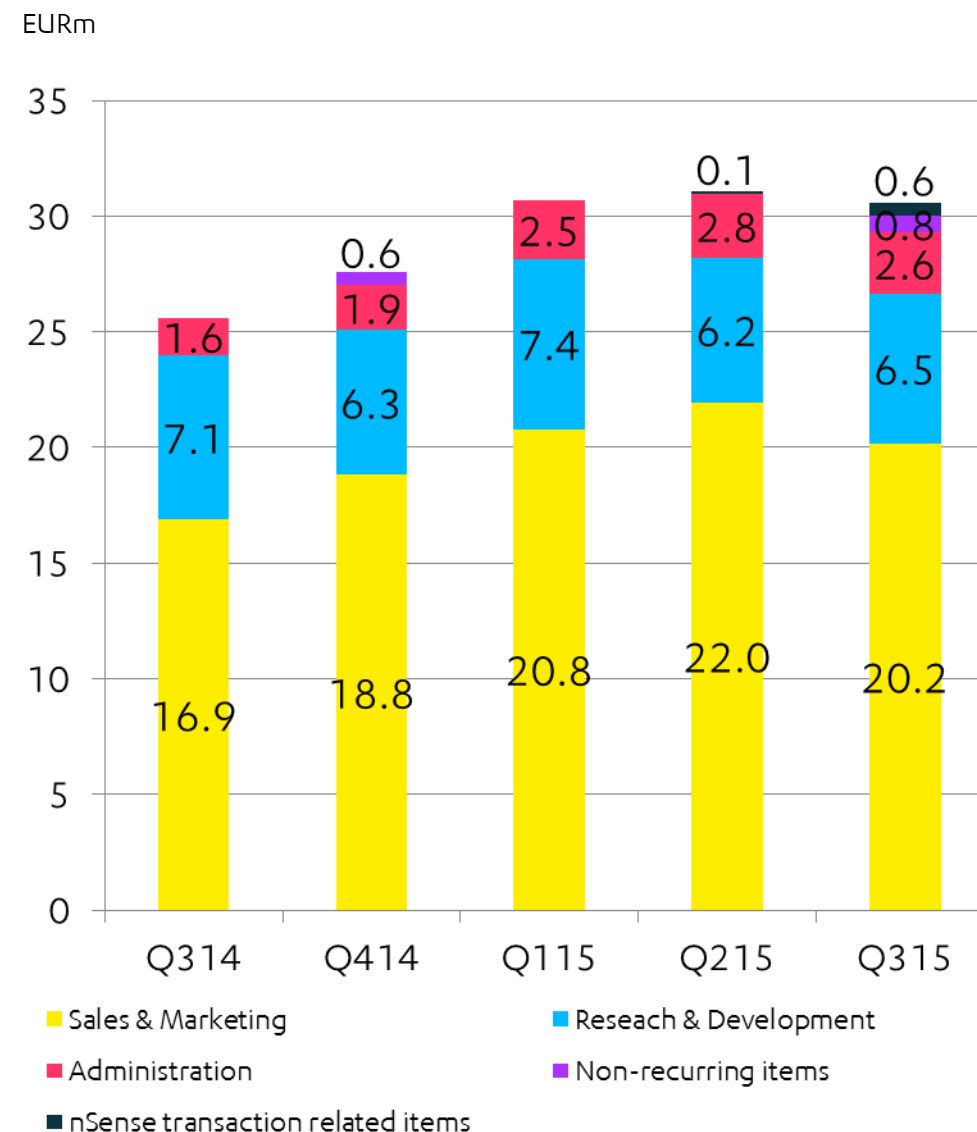


COSTS

Q3 costs

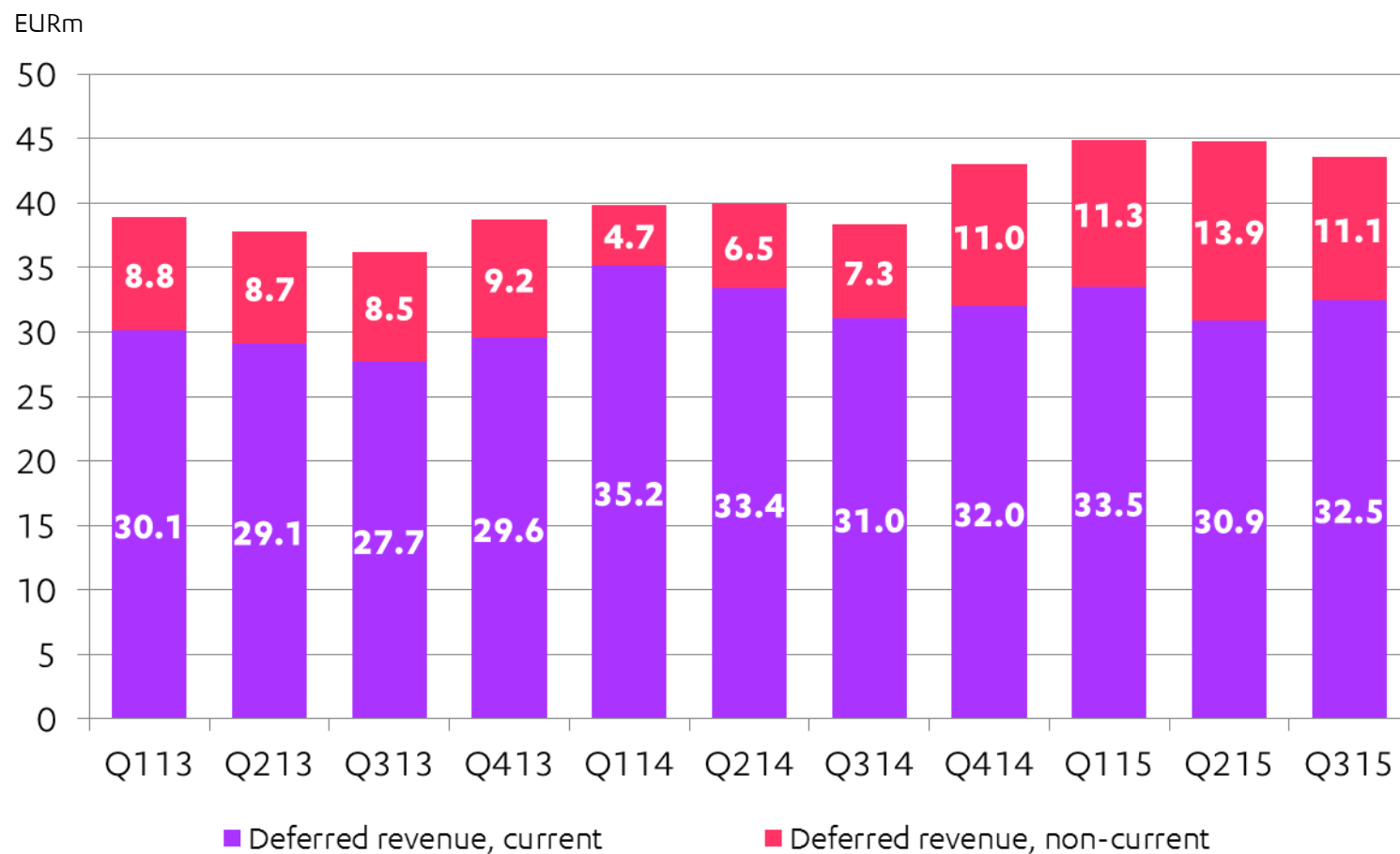
Costs 30.6m (Q314: 25.6m), +19% y-o-y

- The increase is mainly related to personnel related expenses, costs incurred by the acquired nSense business and investments in sales and marketing activities
- Depreciations from past capitalized expenses decreased to 1.5m (Q314: 2.0m)
- Capitalized R&D expenses were 0.5m (Q314: 0.5m)



DEFERRED REVENUES

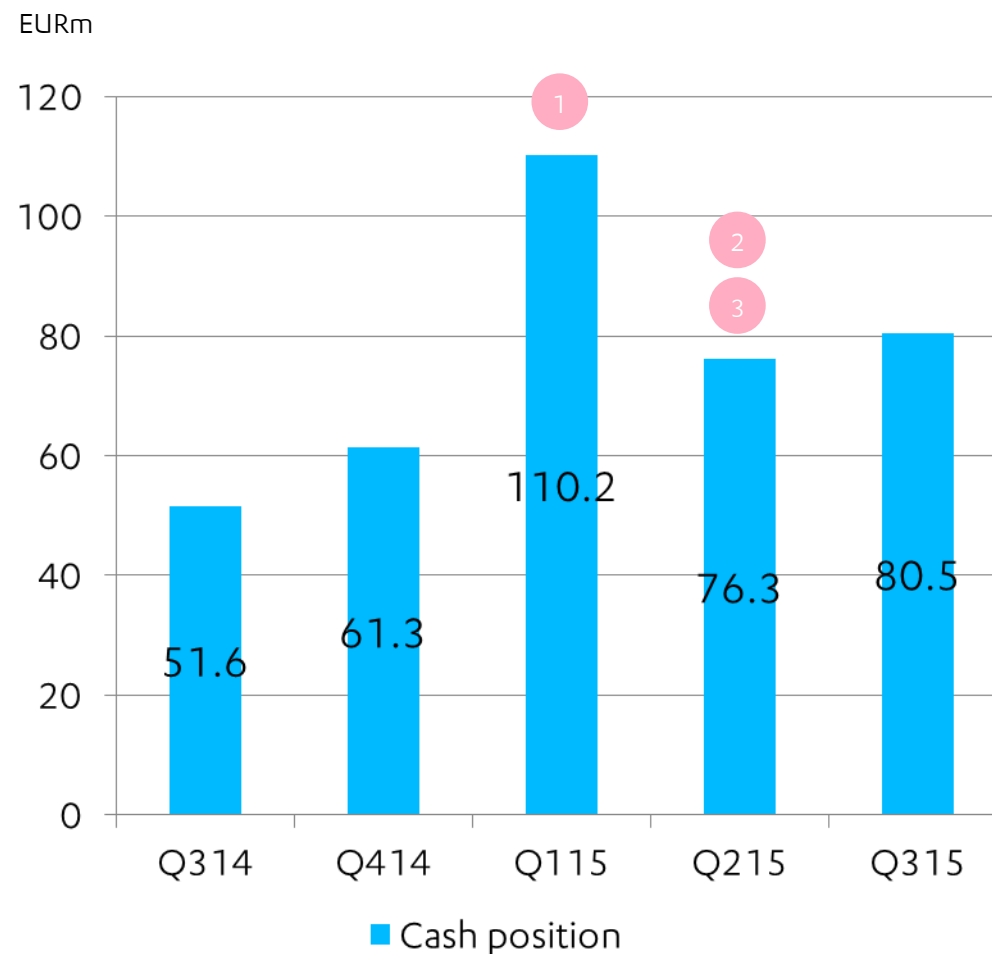
Q3 Deferred revenues increased to 43.5m (38.3m)



SOLID CASH POSITION

- Solid operational cash flow in Q3
 - Cash flow from operations 5.7m* (Q314: 5.3m)
- Market value of liquid assets on 30 September 80.5m (Q314 : 51.6m)
- Notes on the graph
 1. Personal cloud storage business (younited) sold
 2. Dividend of EUR 24.9 million paid in April
 3. The EUR 11 million cash payment for nSense

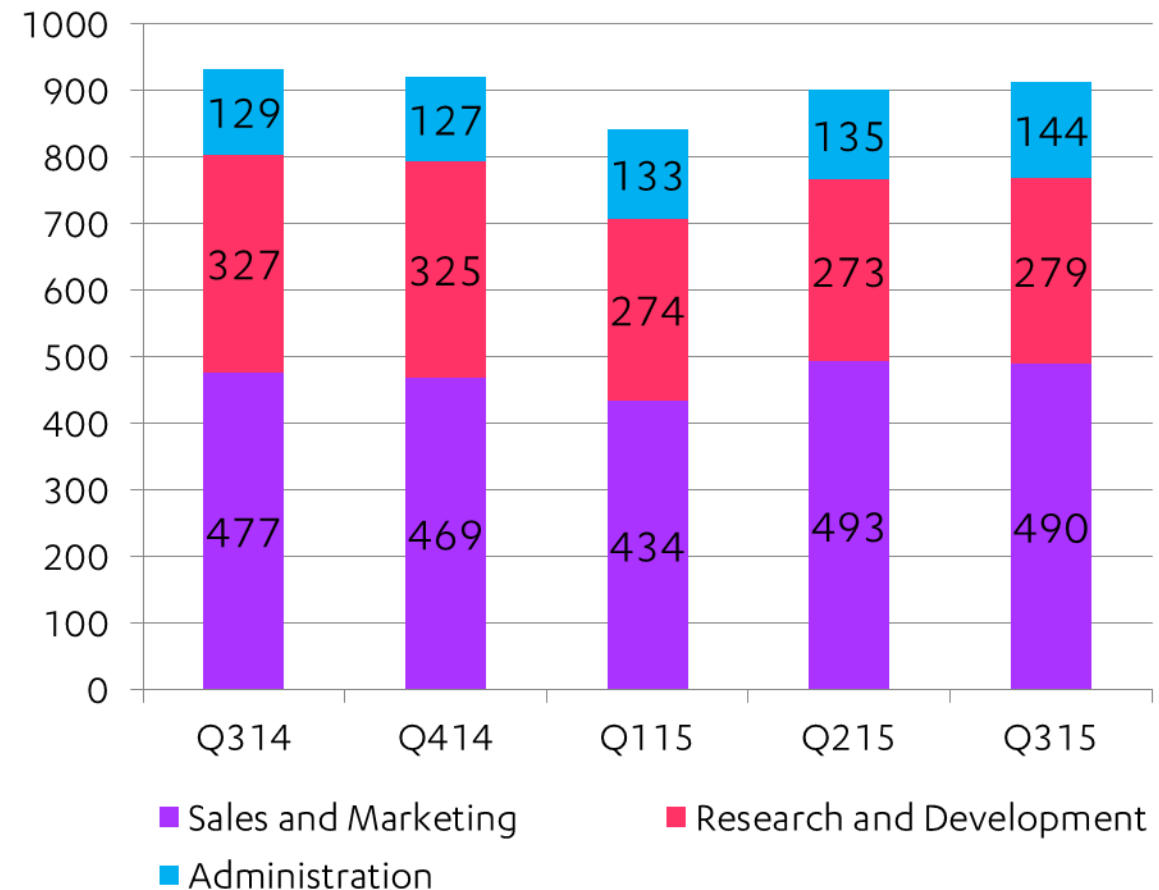
* Including discontinued business





NUMBER OF PERSONNEL

- Number of personnel 913 (Q314: 933) at the end of the quarter



REGIONAL REVENUE

% of revenue

