

A low-angle, upward-looking perspective of several modern skyscrapers with glass and concrete facades, creating a sense of height and architectural complexity. The buildings are arranged in a way that they appear to converge towards the top of the frame.

HIGH DEMAND FOR CORPORATE SECURITY

Interim Report Q1/2016
Christian Fredrikson, CEO

AGENDA

- Highlights from Q1
- Market review
- Business updates
- Outlook
- Financials

HIGHLIGHTS Q1

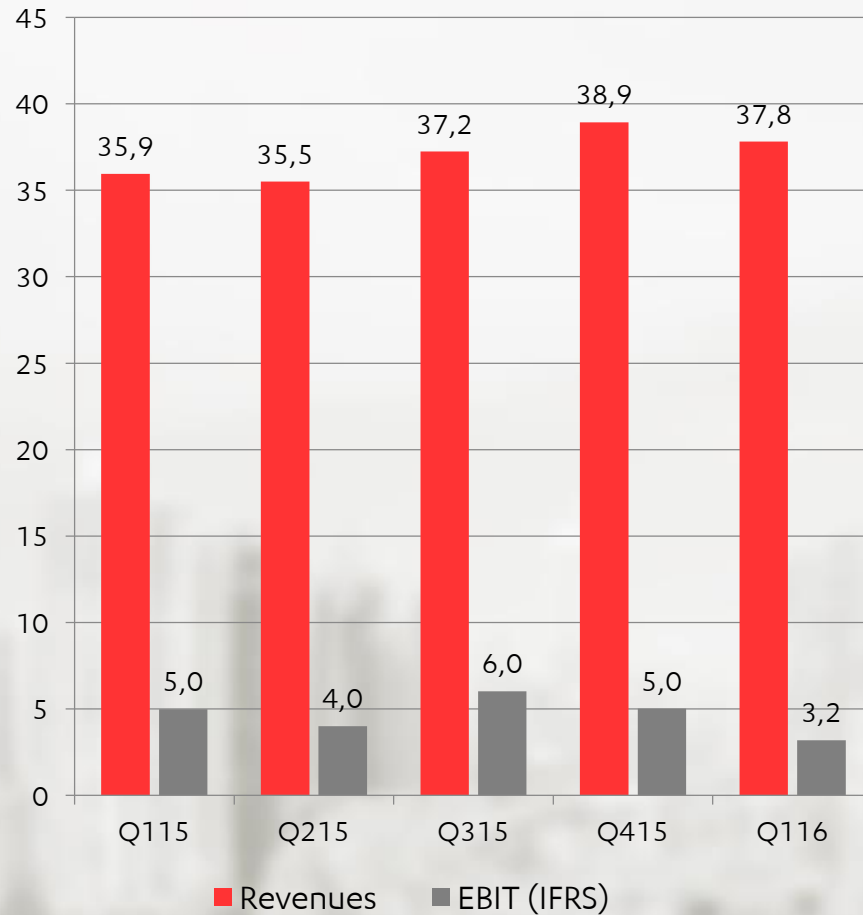
Investments in growth continued

- **Total revenues increased by 5% to EUR 37.8 million;**
 - corporate security increased by 27% to EUR 14.6 million
 - consumer security decreased by 5% to EUR 23.2 million
- **Organic revenue growth was flat, but organic order intake showed a healthy increase**
- **Deferred revenues in strong growth (+11%) thanks to increased new sales**
- **EBIT (IFRS) was EUR 3.2 million, 8% of revenues (5,0 m; 14%);**
reflects investments in sales growth and product development, and decline in operator revenue
- **Cash flow from operations was EUR -1.1 million (4.6 m);**
reflects the repayment of foreign tax credits (3.9 m) on withholding taxes from 2009-2011

KEY FIGURES

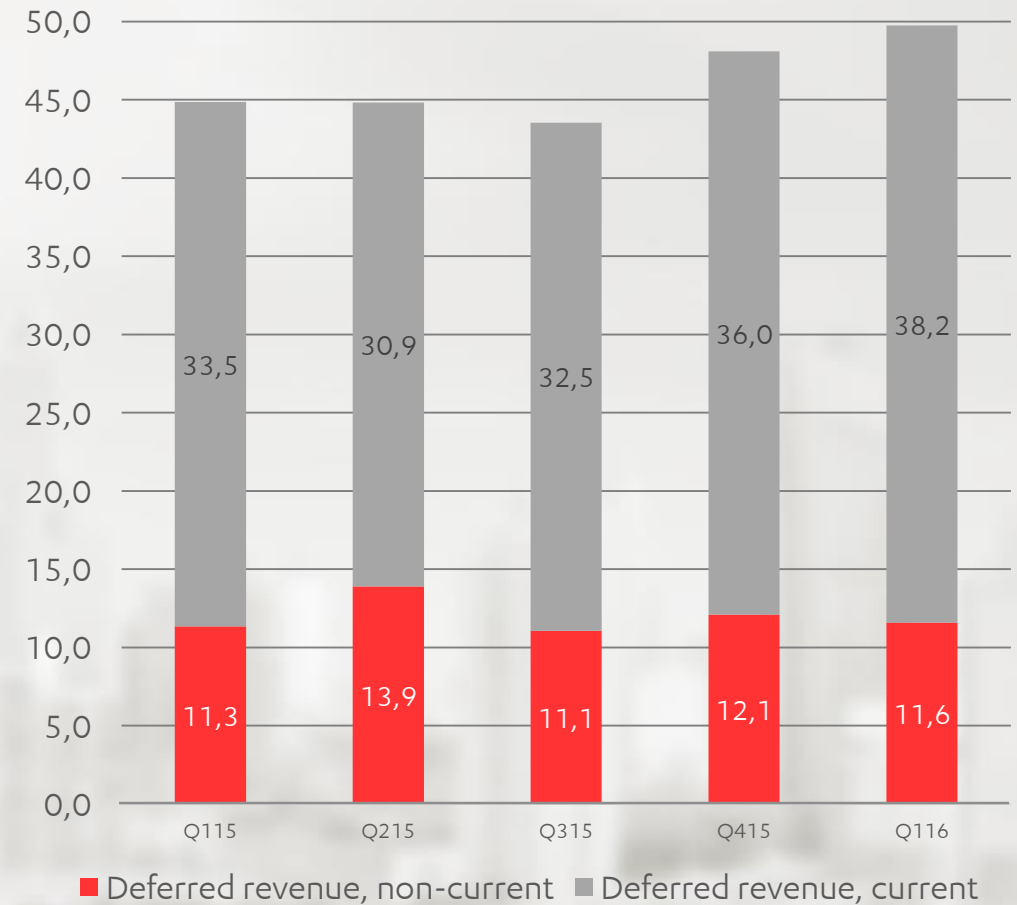
Revenues and EBIT

Eur million



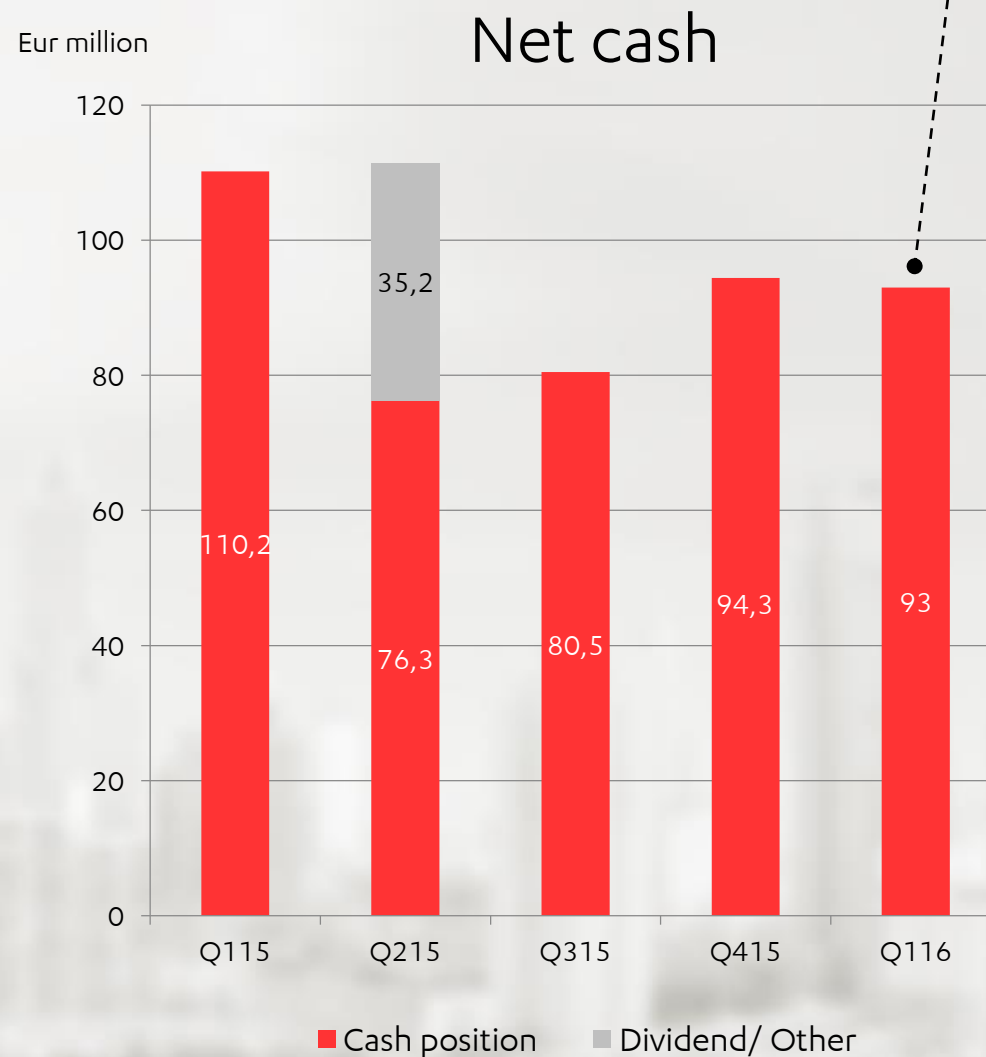
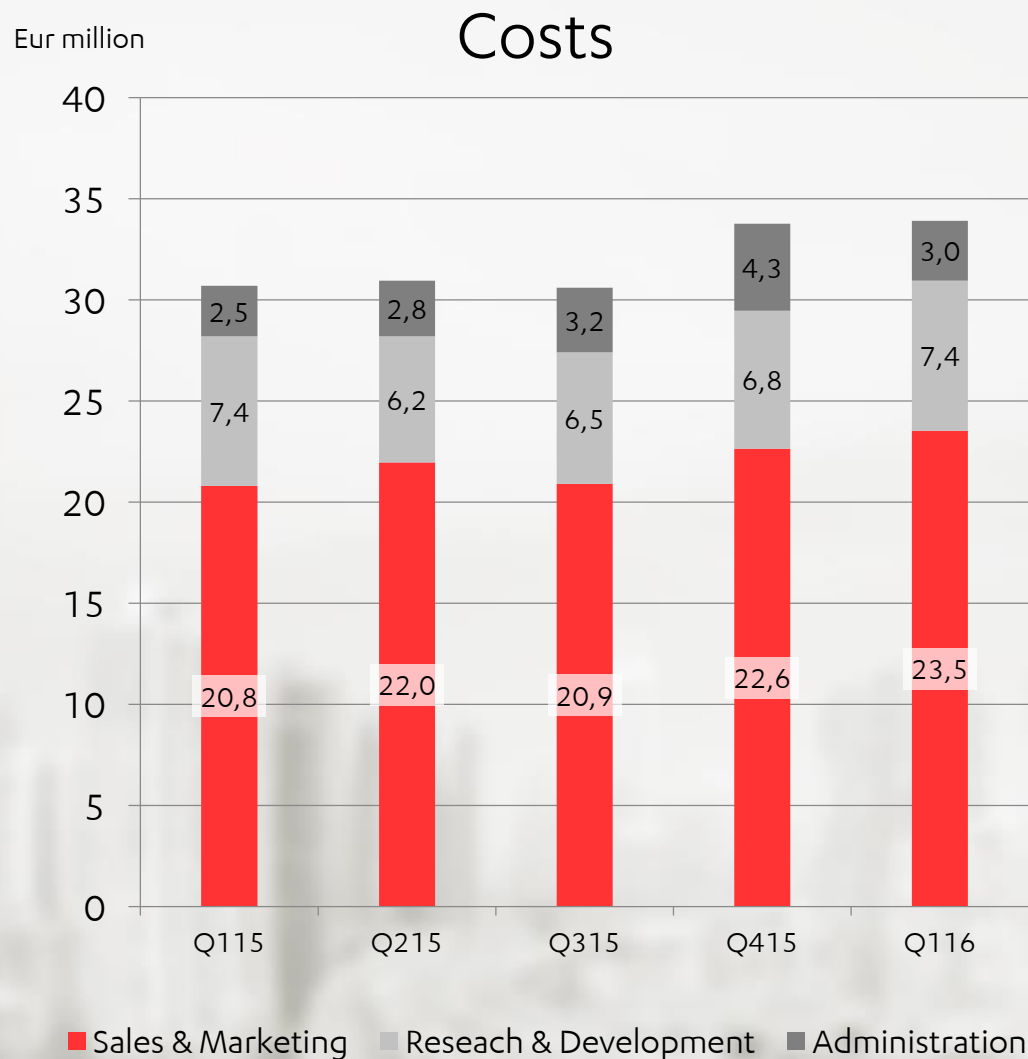
Deferred revenues

Eur million



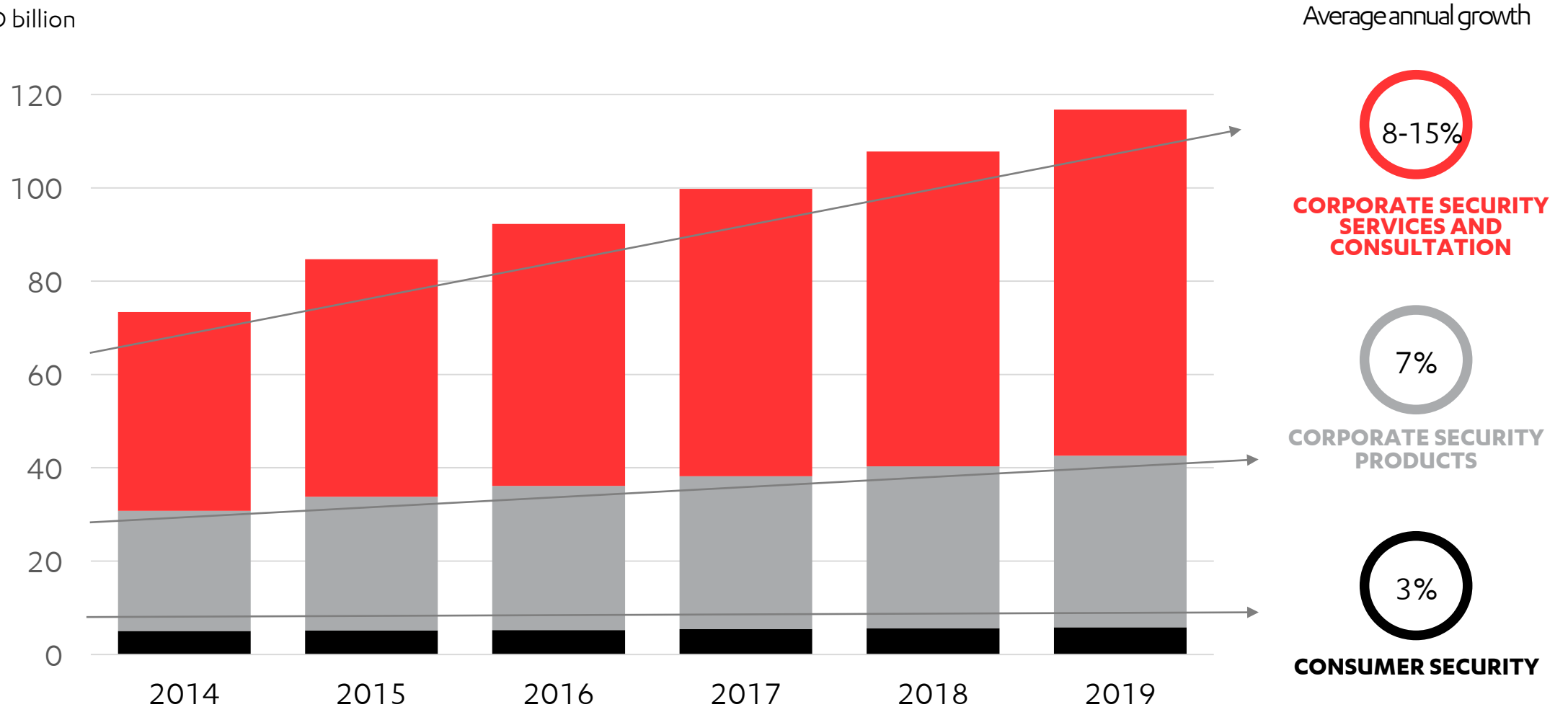
KEY FIGURES

Cash position reflects the repayment of foreign tax credits on withholding taxes from 2009-2011 based on debit decisions by the Finnish tax authority



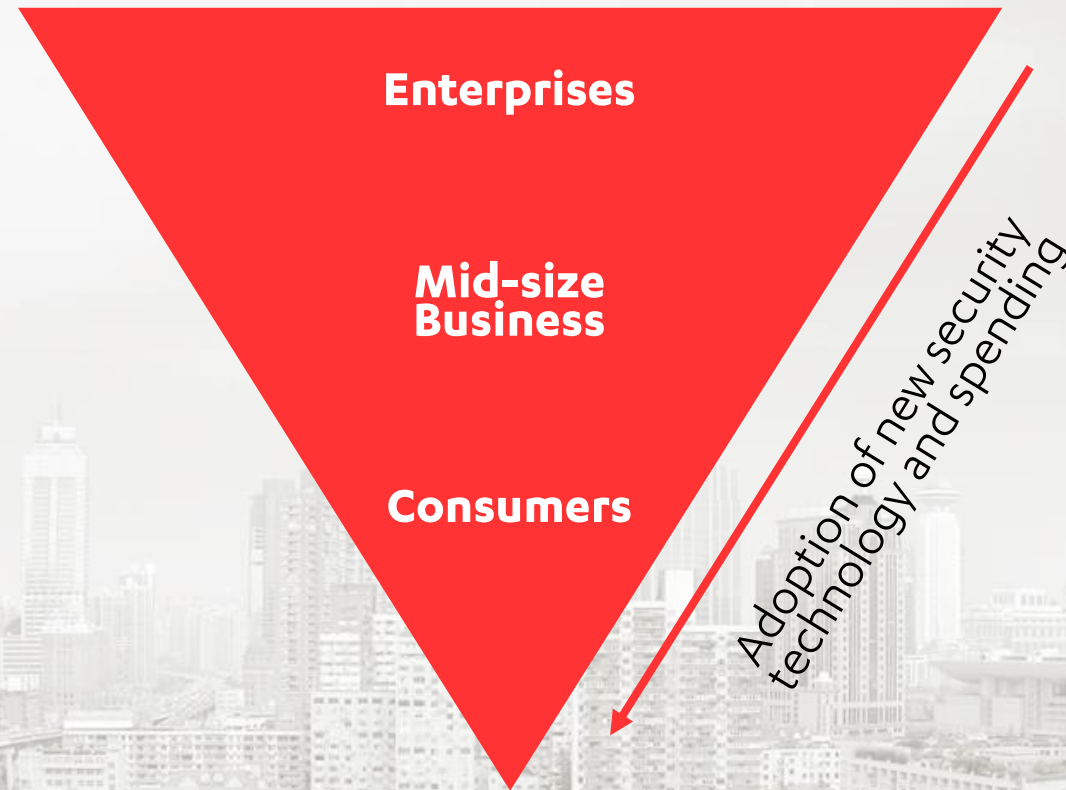
CORPORATE SECURITY DRIVING THE MARKET

USD billion

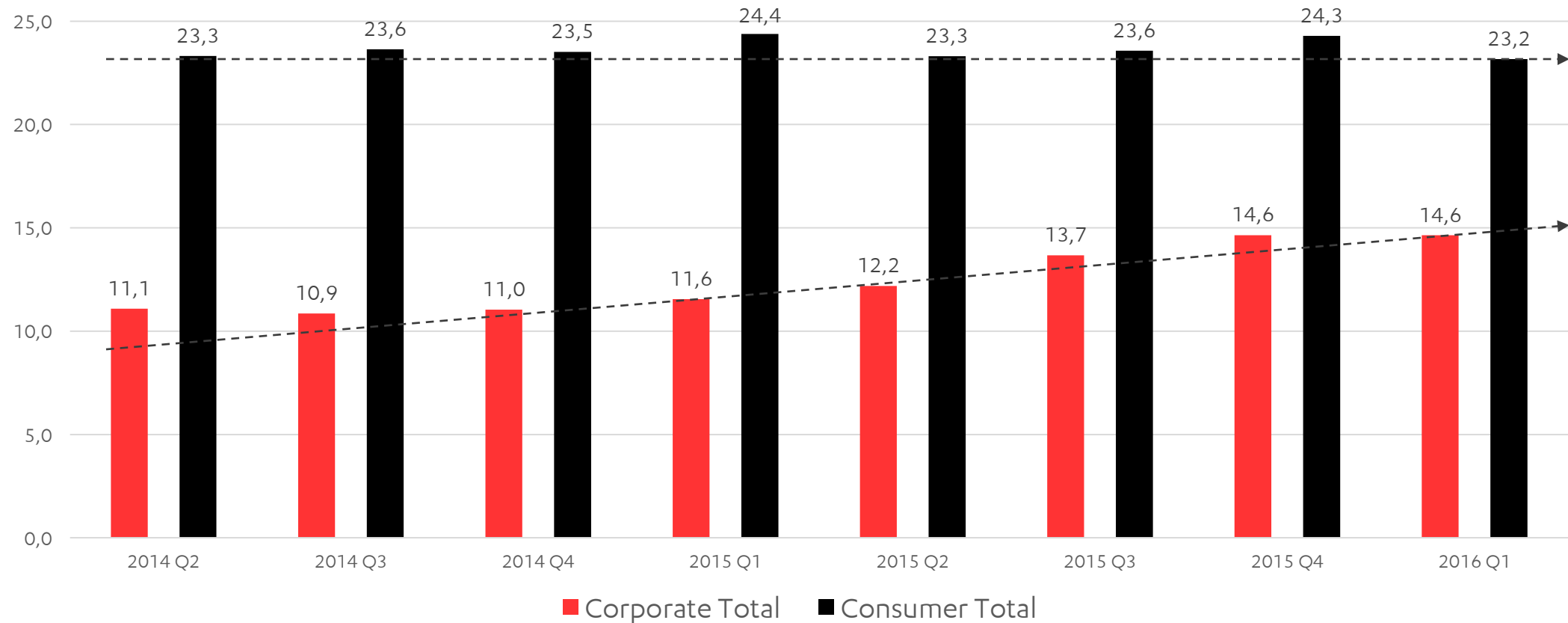


Source: Gartner, March 2016

ADVANCED ATTACKS AND THE NEED FOR COMPREHENSIVE SOLUTIONS ARE DRIVING THE SECURITY MARKET



CORPORATE SECURITY INCREASES ITS SHARE OF F-SECURE REVENUES



Note: Some minor re-allocation of revenues between consumer and corporate businesses was made in Q1 2016; revenues from past quarters have been restated to reflect this.

CORPORATE RESELLER BUSINESS

HIGHLIGHTS FROM Q1

Revenues from the corporate reseller channel were the highest ever for the first quarter

- Revenues have now grown (y-o-y) for 2 years in a row
- Sales in strong growth across the board in Europe and in Japan
- Protection Service for Business the fastest growing solution, one third of sales

GOING FORWARD

- **Continued investment in sales**
Investments now cover Europe more broadly
- **First cyber security product introduced to the reseller channel:**
Fujitsu Finland to sell F-Secure Radar (vulnerability management solution) to enterprise customers in all Nordics

F-SECURE RADAR OFFICIALLY PART OF THE CORPORATE OFFERING

THE PRODUCT

F-Secure Radar



Radar formerly known as Karhu

FEATURES

Allows companies to easily control and manage IT security risks.

- A sophisticated vulnerability scanning, management and reporting service
- Helps companies to identify and remediate known vulnerabilities in any platform or web application
- Easy-to-use, web-based platform
- Third party integration capabilities

CYBER SECURITY SERVICES

HIGHLIGHTS FROM Q1

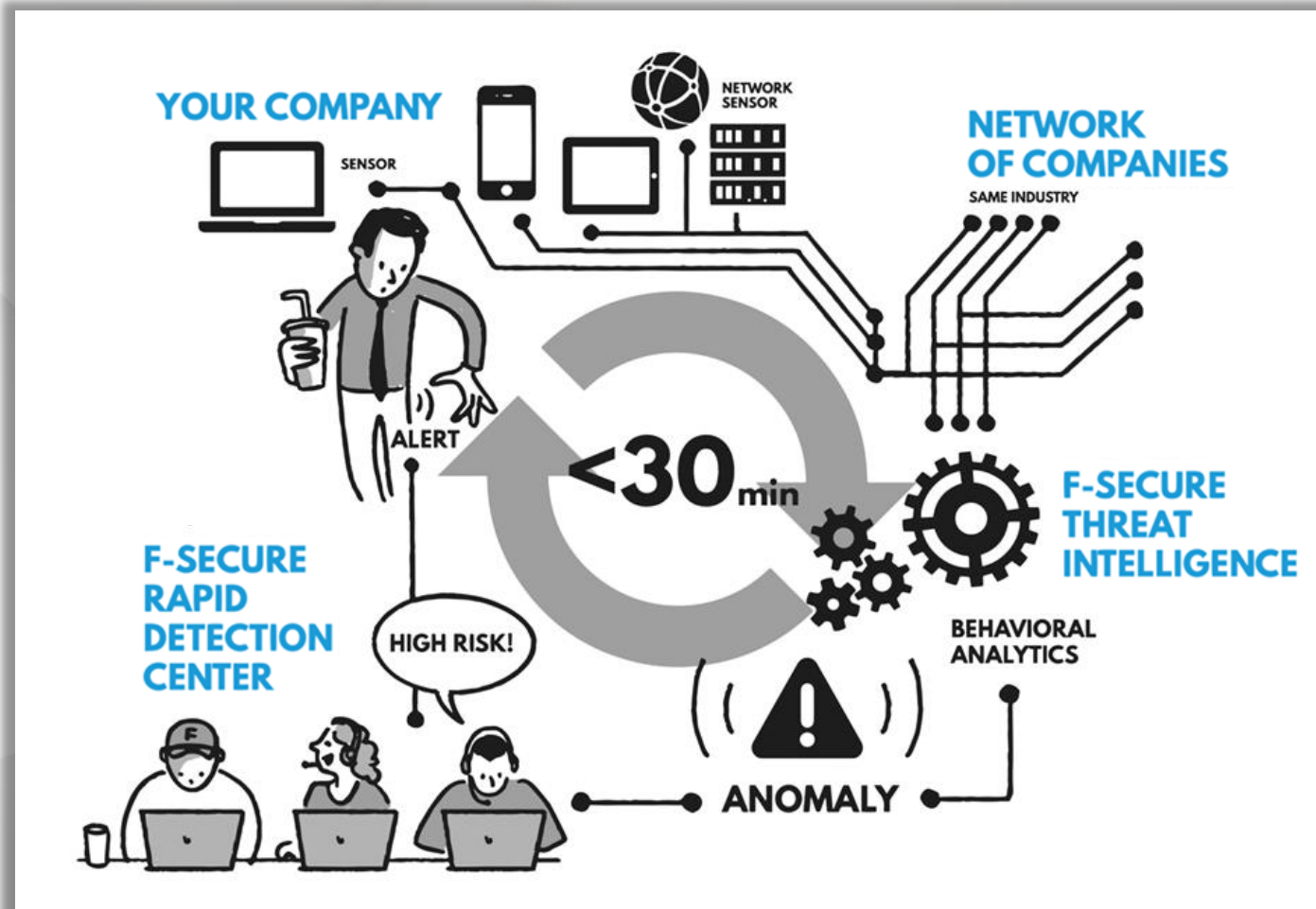
Revenues in strong double-digit growth

- Significant new customers, some in new markets
- Recruited tens of new cyber security experts since nSense acquisition

GOING FORWARD

- Continued sales expansion and product development
- **New solution to be launched for enterprises in Q2:**
Rapid Detection Service (RDS)
 - Service center founded to support RDS

RAPID DETECTION SERVICE LAUNCH IN Q2



OPERATOR BUSINESS

HIGHLIGHTS FROM Q1

Decline in operator revenue largely caused by currency fluctuations and one client in Latin America

- Revenue decline anticipated to be temporary
- Outlook remains unchanged; operator business largely flat in 2016
- Expanded product offering to operators
- Increased cross-selling functionalities

GOING FORWARD

- **Broadening of offering to operators:**
Freedom and F-Secure Key increasingly part of the partner offering
- **Initiatives with partners to improve take-up rates and usage:**
Work together with partners continues

DIRECT CONSUMER BUSINESS

HIGHLIGHTS FROM Q1

Revenue continues to grow and outpace market growth

- Increasing contribution from Freedom
- Partnerships with global device manufacturers into execution phase

GOING FORWARD

- **Partnerships with global device manufacturers:**
Now in execution phase; 2016 will show how pre-installations convert to customers
- **Sense product development continues:**
First deliveries now expected by end of year



OUTLOOK FOR 2016 IS UNCHANGED

- 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).

FINANCIALS

Q1 / 2016

F-Secure





This interim report is unaudited and prepared in accordance with IAS 34 standard Interim Financial Reporting and with accounting principles stated in the annual report 2015.

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

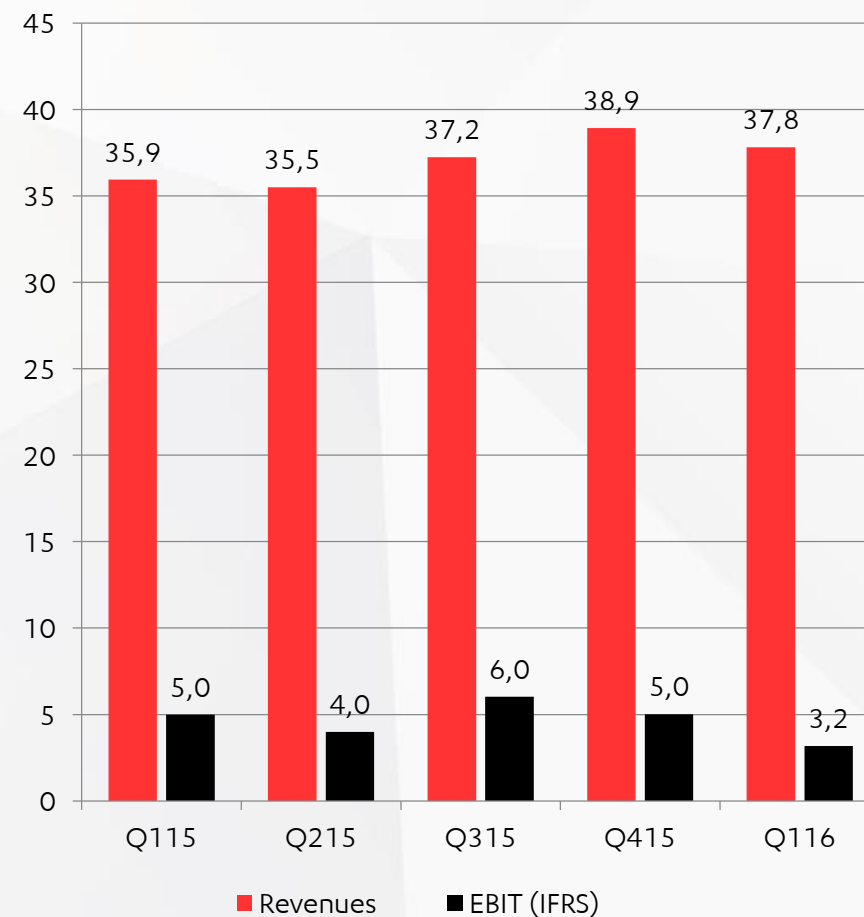
REVENUES

Q1 Revenues increased by 5% y-o-y

- Total quarterly revenues 37.8m (Q115: 35.9m)

Organic revenues were flat year-on-year, but organic order intake showed healthy growth.

EURm



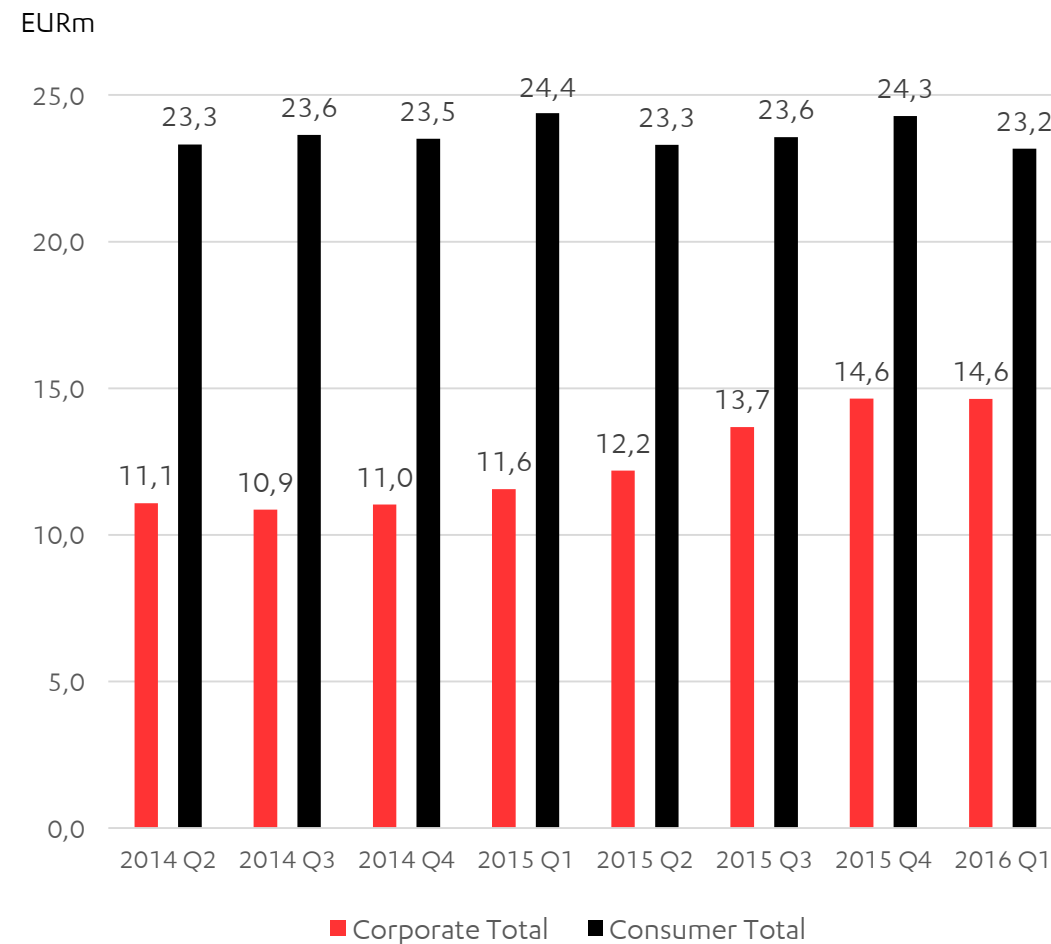
REVENUE SPLIT

Revenues from corporate security increased by 27% totaling EUR 14.6 million (11.6m)

- Corporate security represented 39 % (Q115: 32%) of F-Secure's total revenues

Revenues from consumer security decreased by 5% and were EUR 23.2 million (24.4m)

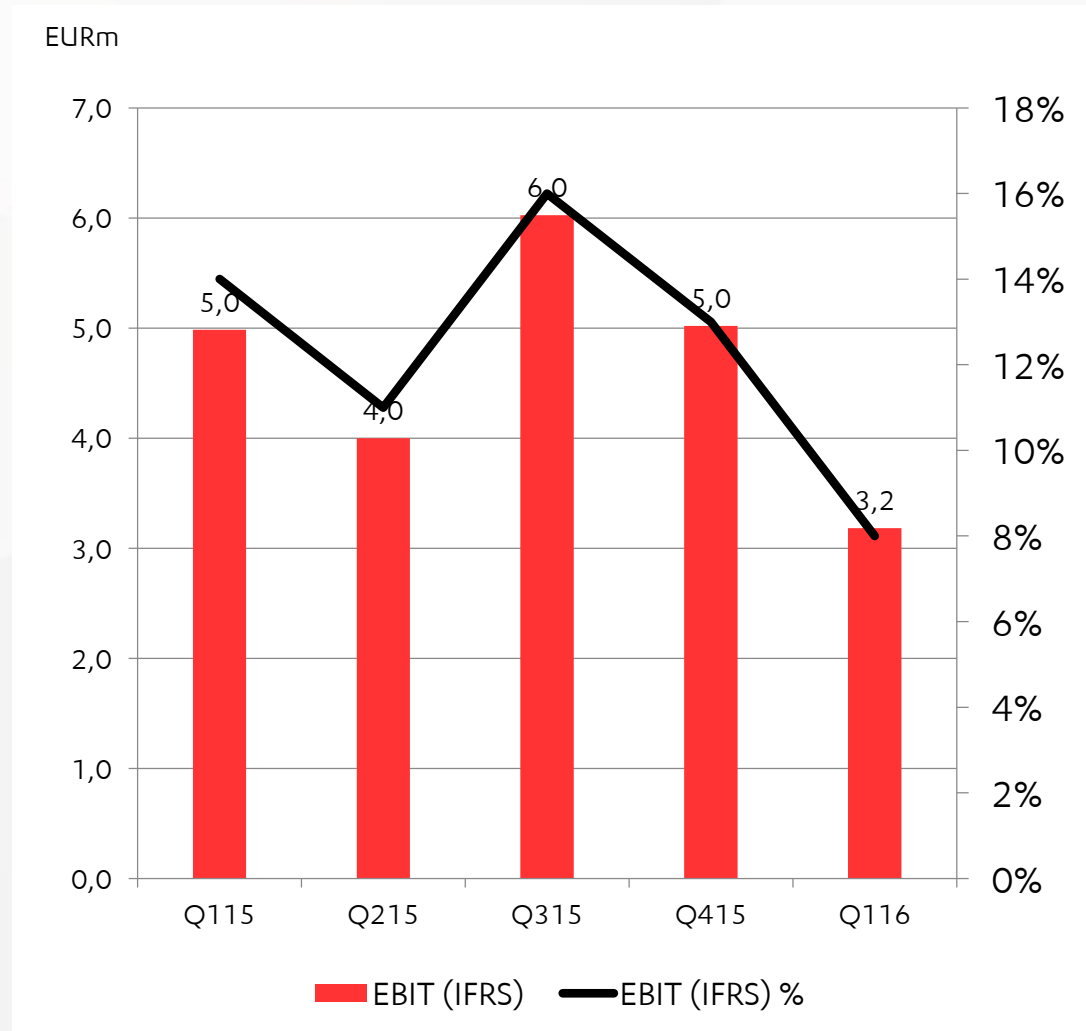
- Consumer security represented 61% (Q115: 68%) of F-Secure's total revenues



PROFITABILITY

Q1 Operating Profit

- EBIT (IFRS) 3.2m, 8% of revenues (Q115: 5.0m, 14%)
- Earnings per share for continuing operations EUR 0.01 (EUR 0.04)
- Earnings per share EUR 0.02 (EUR 0.11)

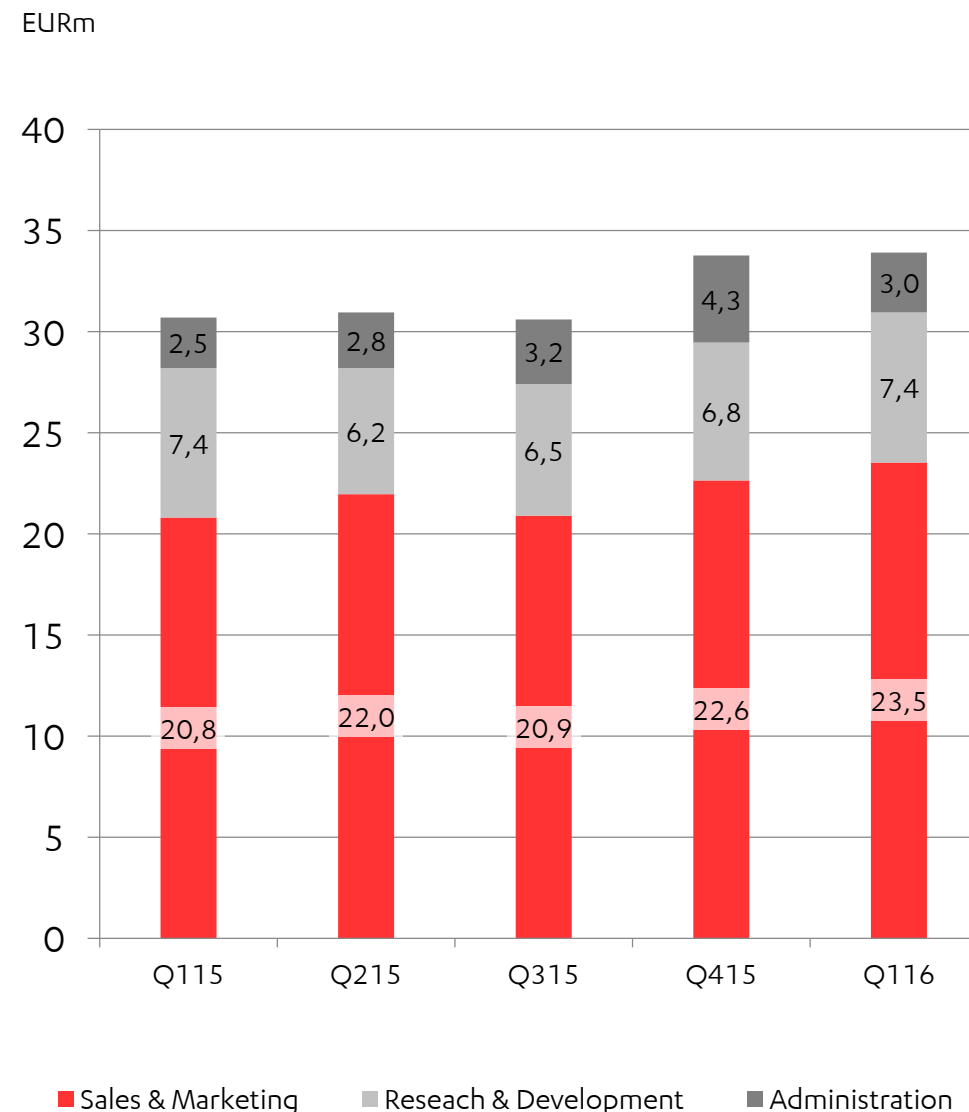


COSTS

Q1 costs

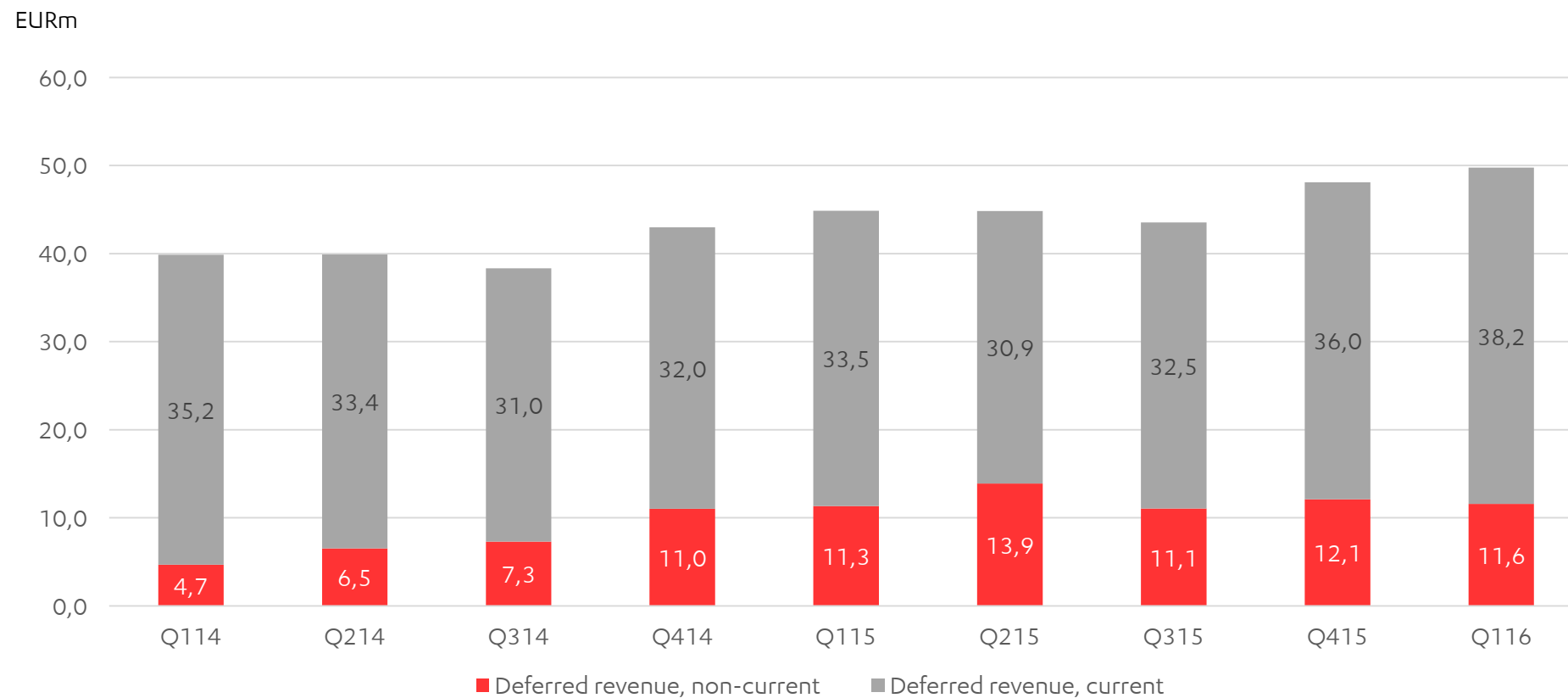
Costs 33.9m (Q115: 30.7m), +10% y-o-y

- The increase is mainly related to personnel related expenses, external services and costs incurred by the acquired nSense business
- Depreciations from past capitalized expenses decreased to 1.3m (Q115: 1.6m)
- Capitalized R&D expenses were 0.4m (Q115: 0.5m)



DEFERRED REVENUES

Q1 Deferred revenues increased by 11% to 49.7m (44.9m)



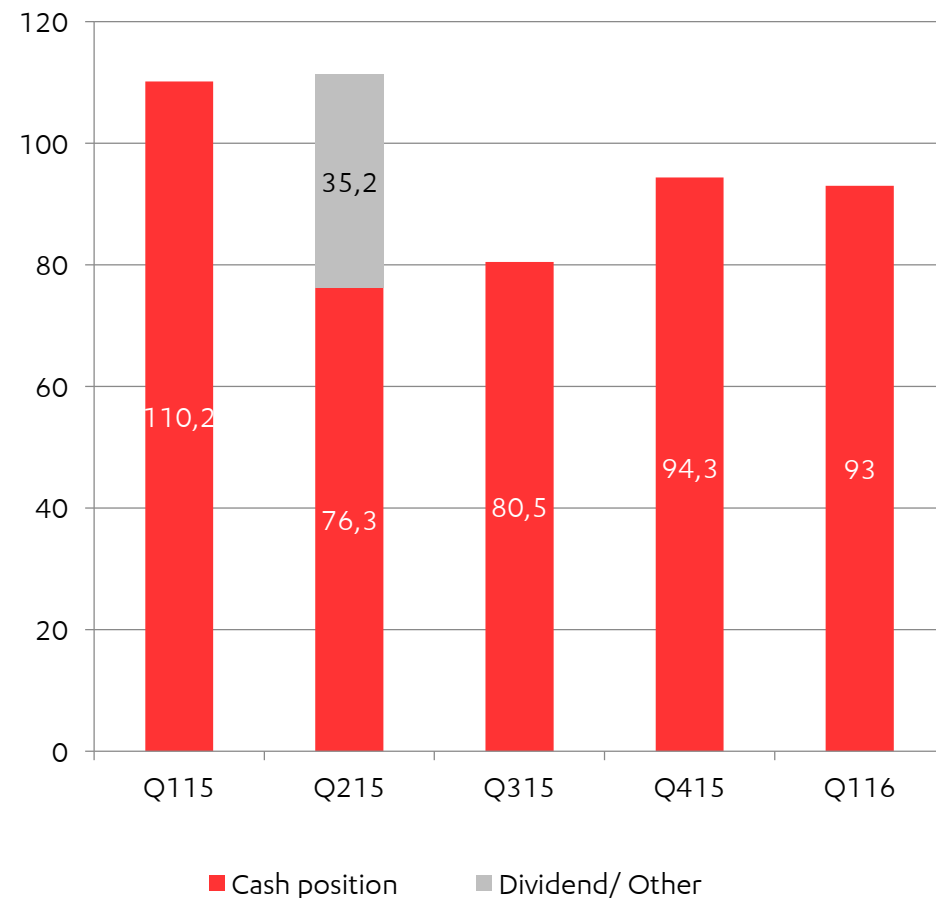
SOLID CASH POSITION

Q1 Cash flow from operations -1.1m* (Q115: 4.6m)

- Cash flow reflected the repayment of foreign tax credits on withholding taxes from 2009-2011 based on debit decisions by the Finnish tax authority
- Market value of liquid assets on 31 March 93.0m (31 Dec 2015: 94.3m)

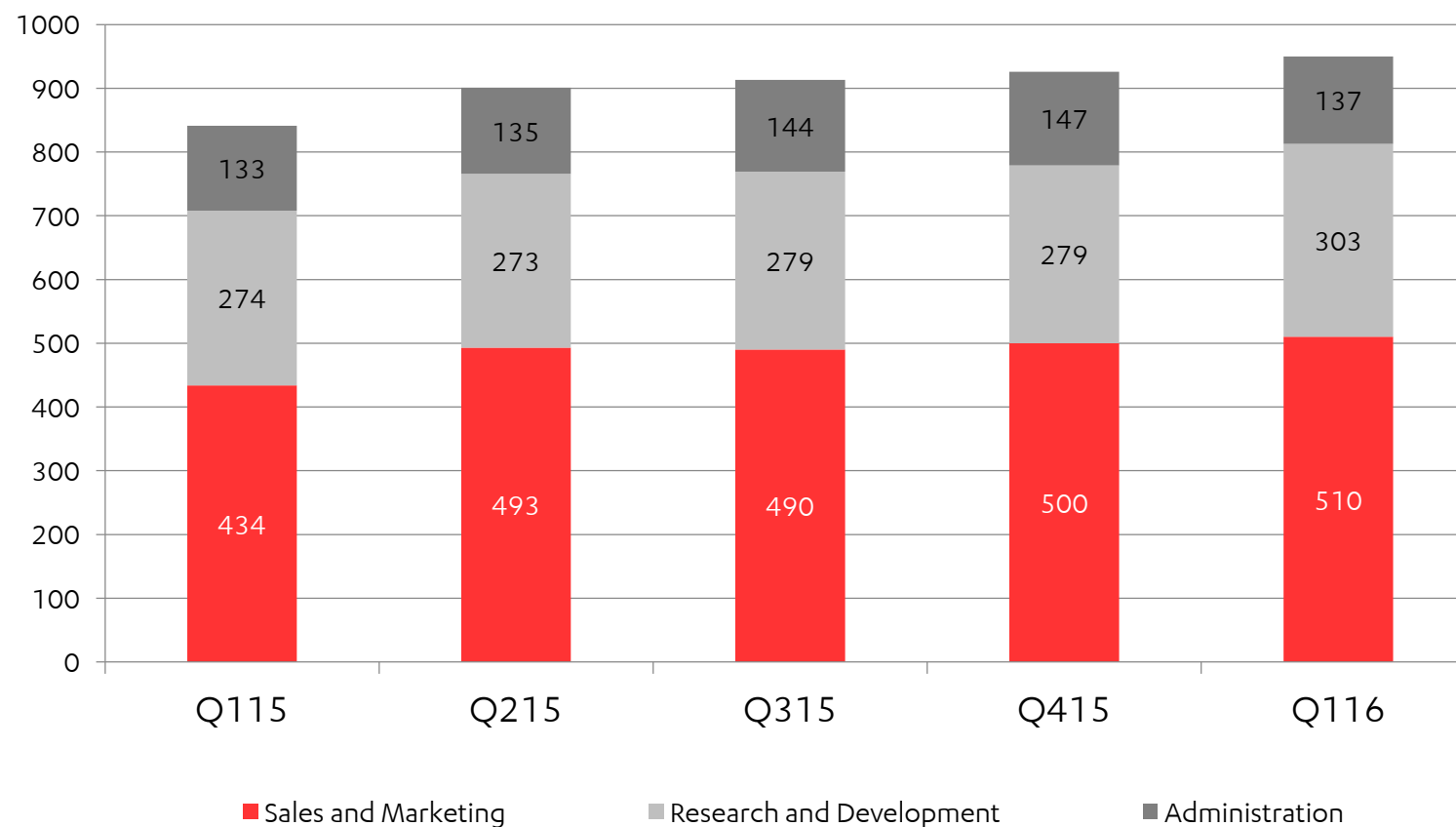
* Including discontinued business

EURm



NUMBER OF PERSONNEL

- Number of personnel 950 (Q415: 926; Q115: 841) at the end of the quarter



REGIONAL REVENUE

EUR million

