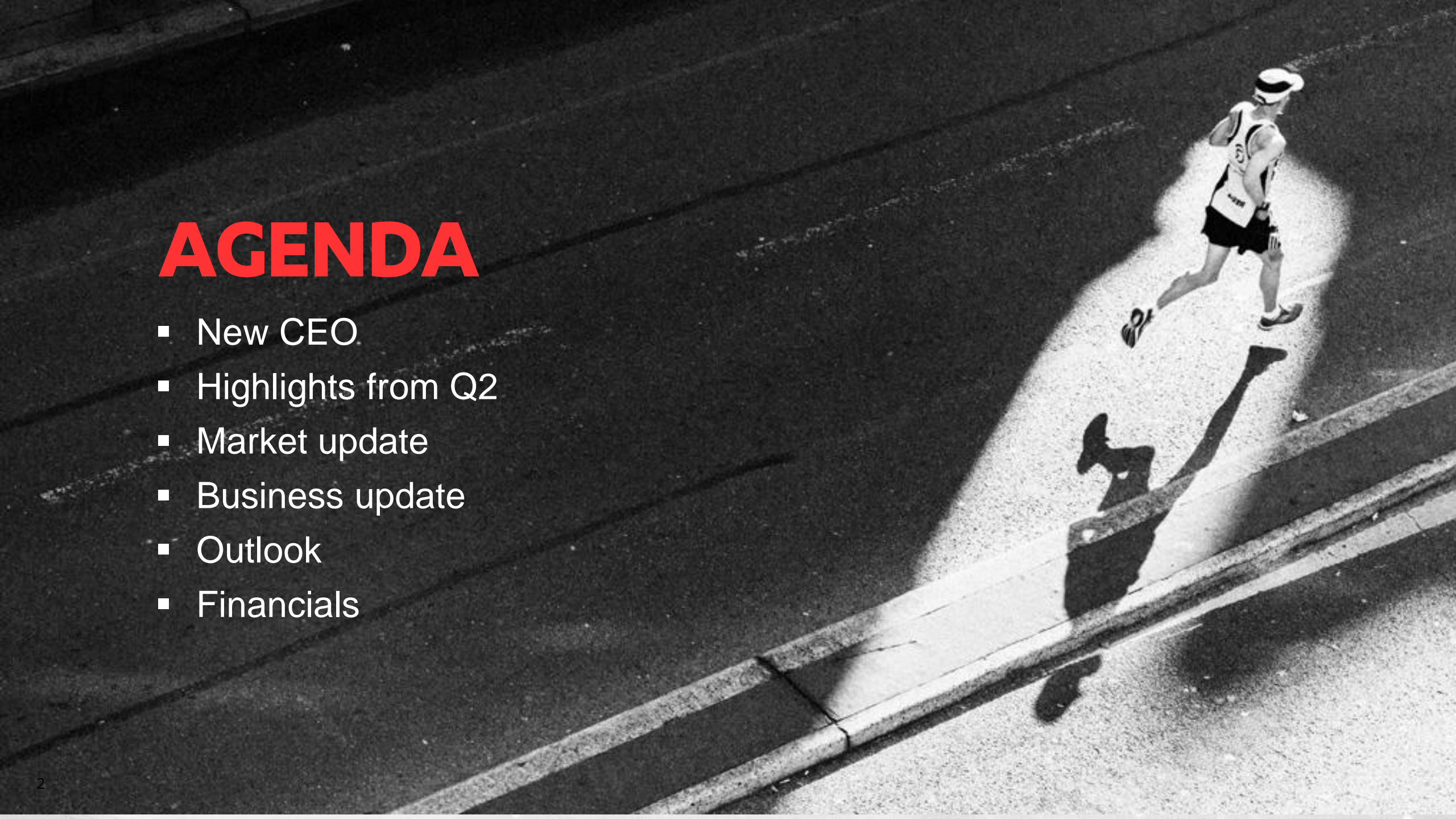


Interim Report Q2/2016
Samu Konttinen, CEO

**SECOND QUARTER REVENUES
INCREASE BY 11% FROM
PREVIOUS YEAR**

AGENDA

- New CEO
- Highlights from Q2
- Market update
- Business update
- Outlook
- Financials



SAMU KONTTINEN STARTS AS THE NEW CEO



The F-Secure Board of Directors has appointed Samu Konttinen as new President and CEO, effective 1 August 2016

- Joined F-Secure in 2005
- Member of the Leadership Team since 2009
- Previous positions held:
 - Executive Vice President Corporate Security Business
 - Executive Vice President of F-Secure's Consumer Business
 - Executive Vice President of Sales and Marketing
- Board membership:
 - Ixonos, member of the board since 2011
 - Mobile Ecosystem Forum, member of the board since 2015

The previous CEO Christian Fredrikson resigned in June to pursue another leadership opportunity outside the Company

FINANCIAL HIGHLIGHTS

April-June (Q2)

- **Total revenues increased by 11% to EUR 39.3 million;**
 - corporate security increased by 26% to EUR 15.4 million
 - consumer security increased by 3% to EUR 23.9 million
- **EBIT (IFRS) was EUR 4.6 million, 12% of revenues (4.0 m; 11%);** reflects investments in sales growth and product development
- **Cash flow from operations was EUR 6.6 million (4.3 m)**
- **Deferred revenues in robust growth (+14%) due to increased new sales**

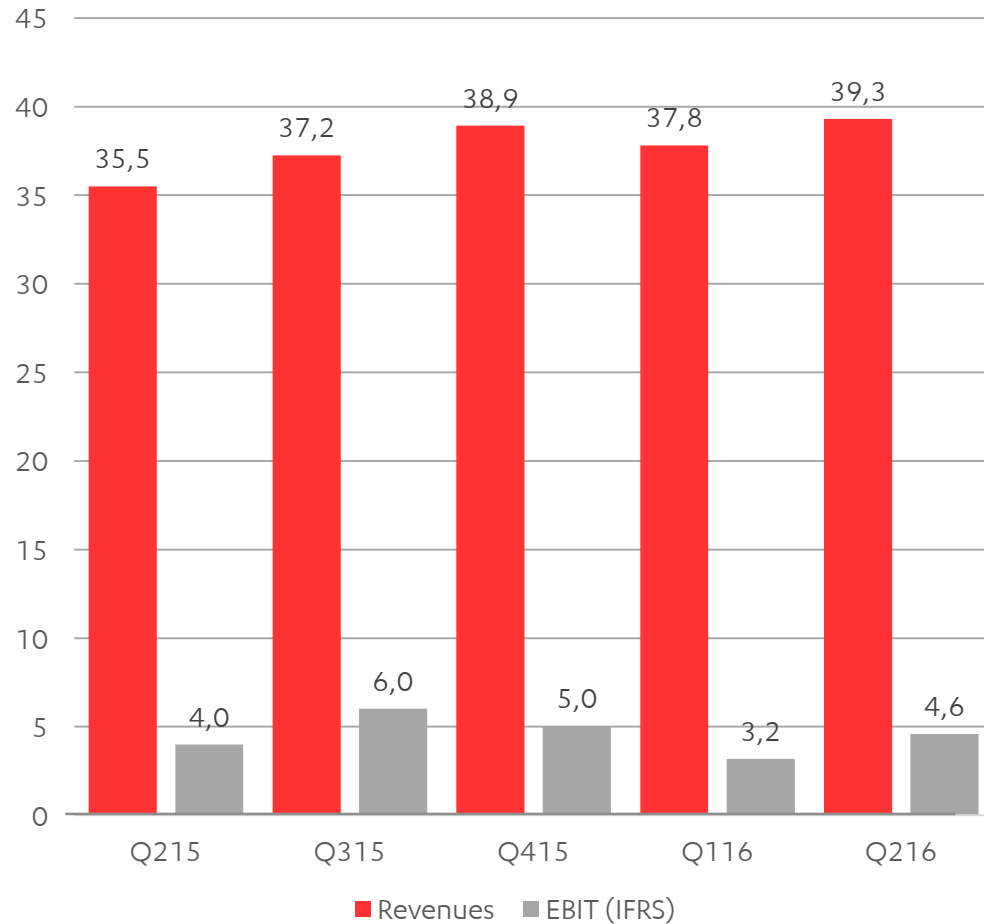
January-June (H1)

- **Total revenues increased by 8% to EUR 77.1 million;**
 - corporate security increased by 26% to EUR 30.0 million
 - consumer security decreased by 1% to EUR 47.1 million
- **EBIT (IFRS) was EUR 7.8 million, 10% of revenues (9.0 m; 13%);** reflects investments in sales growth and product development
- **Cash flow from operations was EUR 5.5 million (8.9 m);**

KEY FIGURES

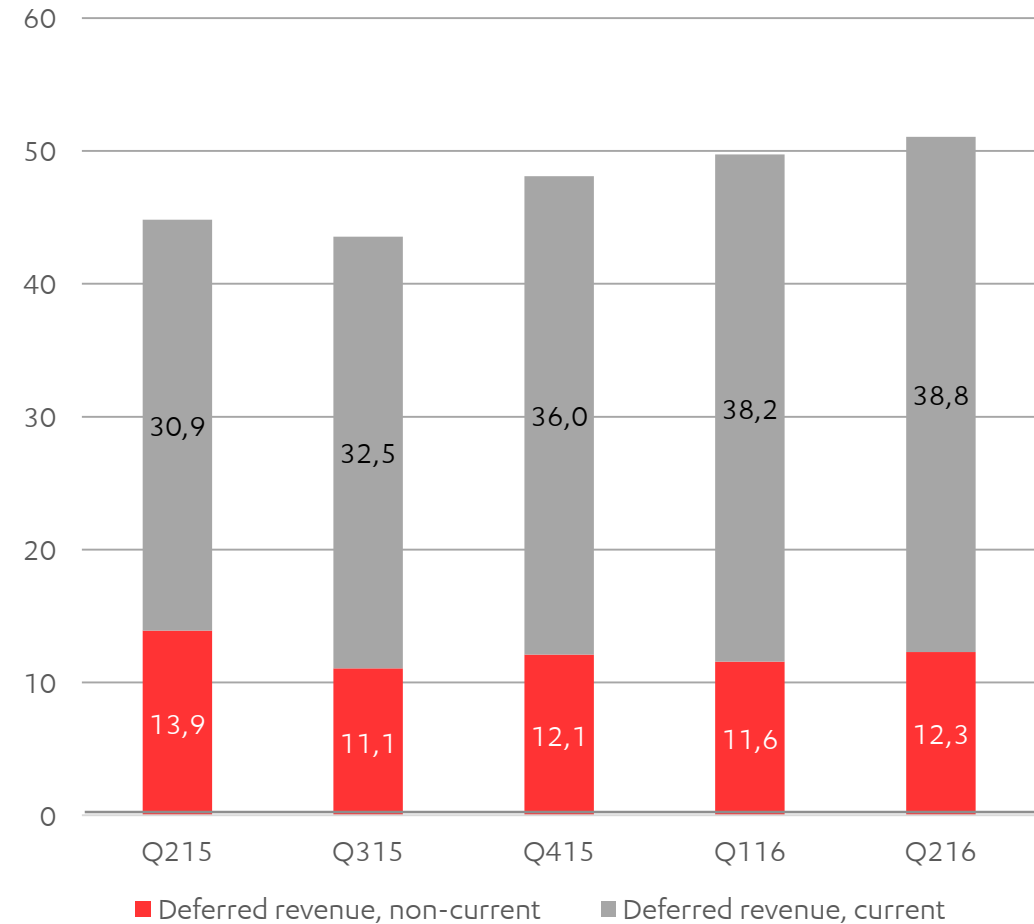
Revenues and EBIT

Eur million

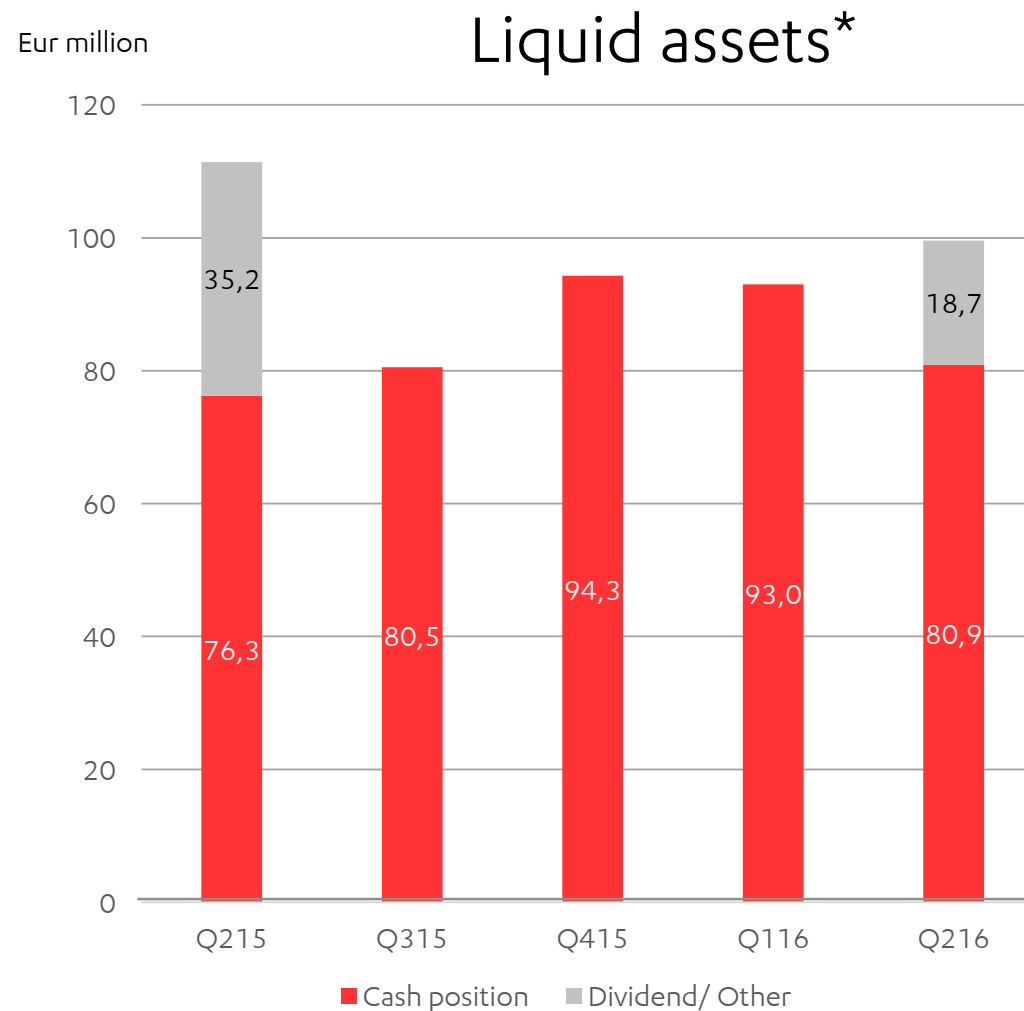
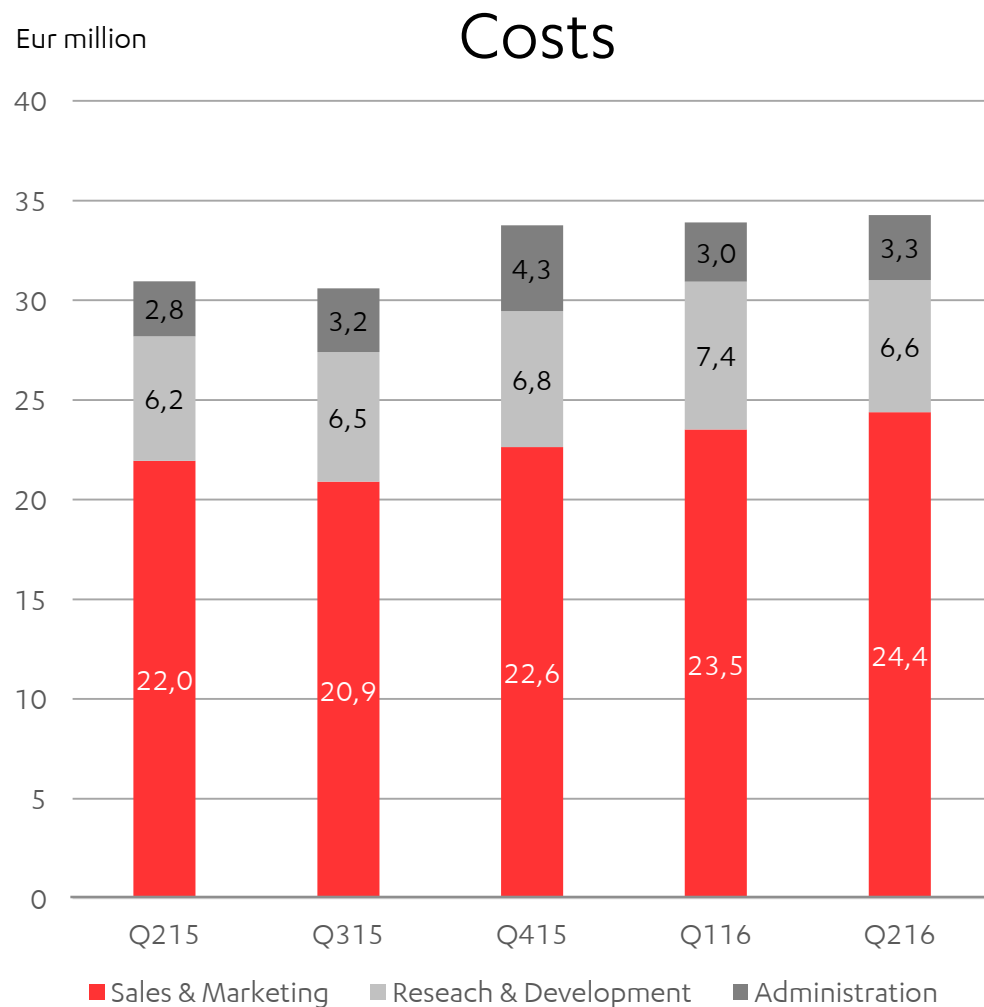


Deferred revenues

Eur million

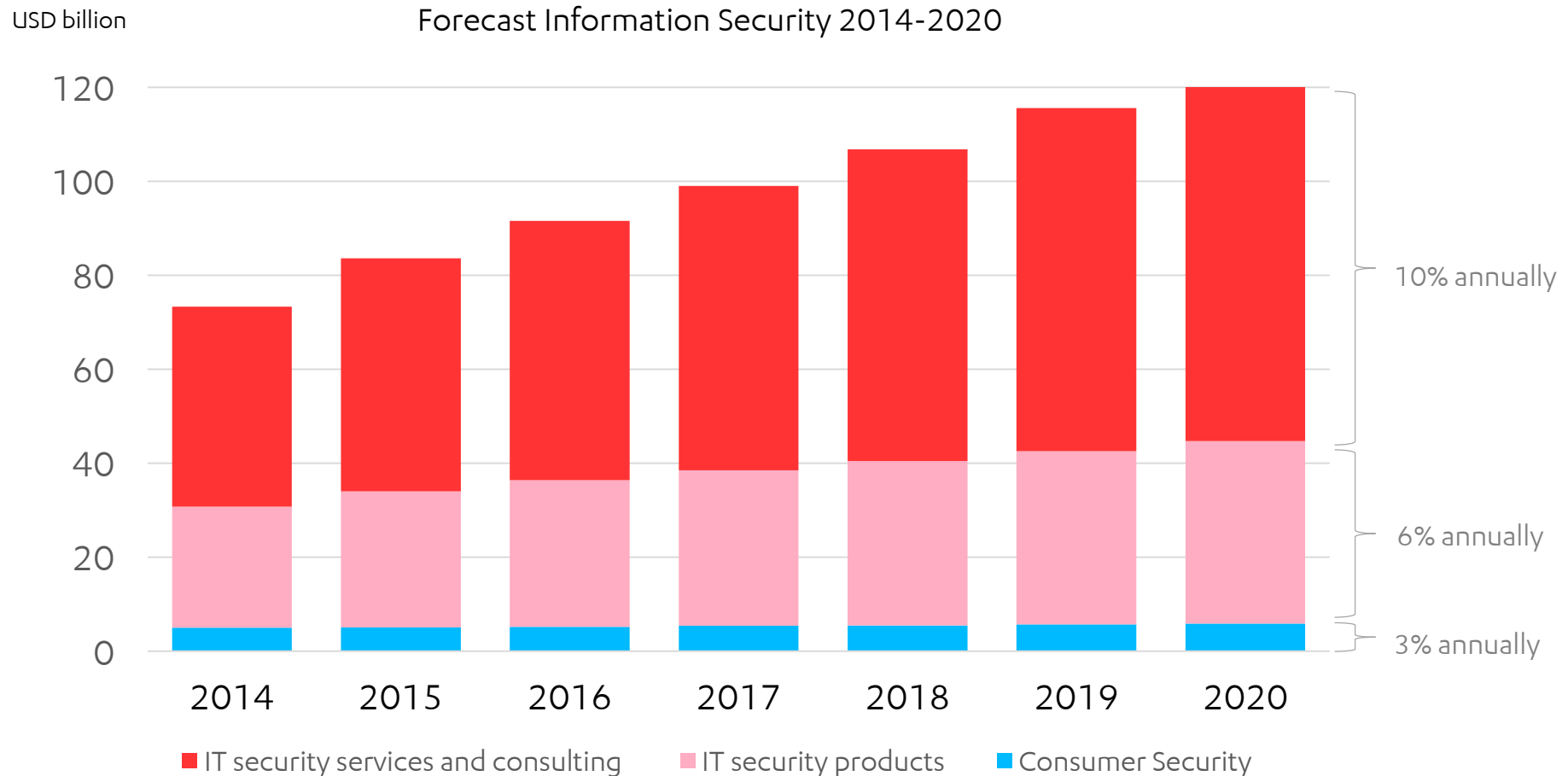


KEY FIGURES



*Liquid assets include cash and cash equivalents and short term investments in interest rate funds classified as Available-for-sale assets

CORPORATE SECURITY THE LARGEST MARKET AND GROWING

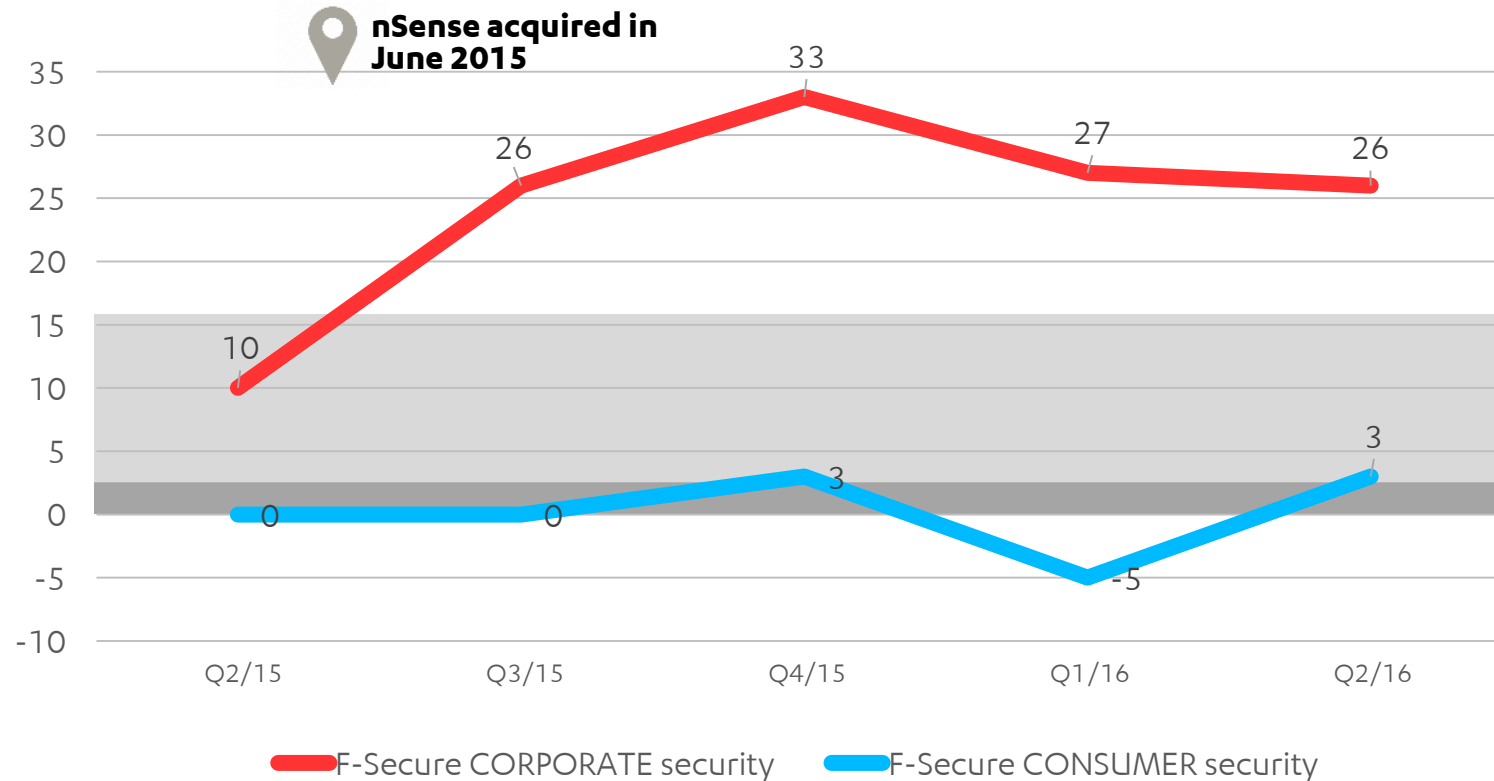


Source: Gartner, May 2016

WE ARE GROWING FASTER THAN THE MARKET

F-Secure vs. Market

% growth y-o-y



**Corporate security
market growth 3-16%**

**Consumer security software
market growth 1-3%**

Source: Gartner May 2016

INVESTMENTS IN GROWTH PRODUCING FIRST RESULTS

Short-term: Increased investments

Long-term: Increased revenues & profitability



**RESEARCH &
DEVELOPMENT**



**SALES &
MARKETING**

**PROFITABLE GROWTH
BY UTILIZING F-SECURE'S
SCALABLE BUSINESS MODEL**

WE ARE EXPANDING OUR PRODUCT & SERVICE OFFERING

ATTACK SURFACE ASSESSMENT

- Threat level assessment
- Attack surface mapping

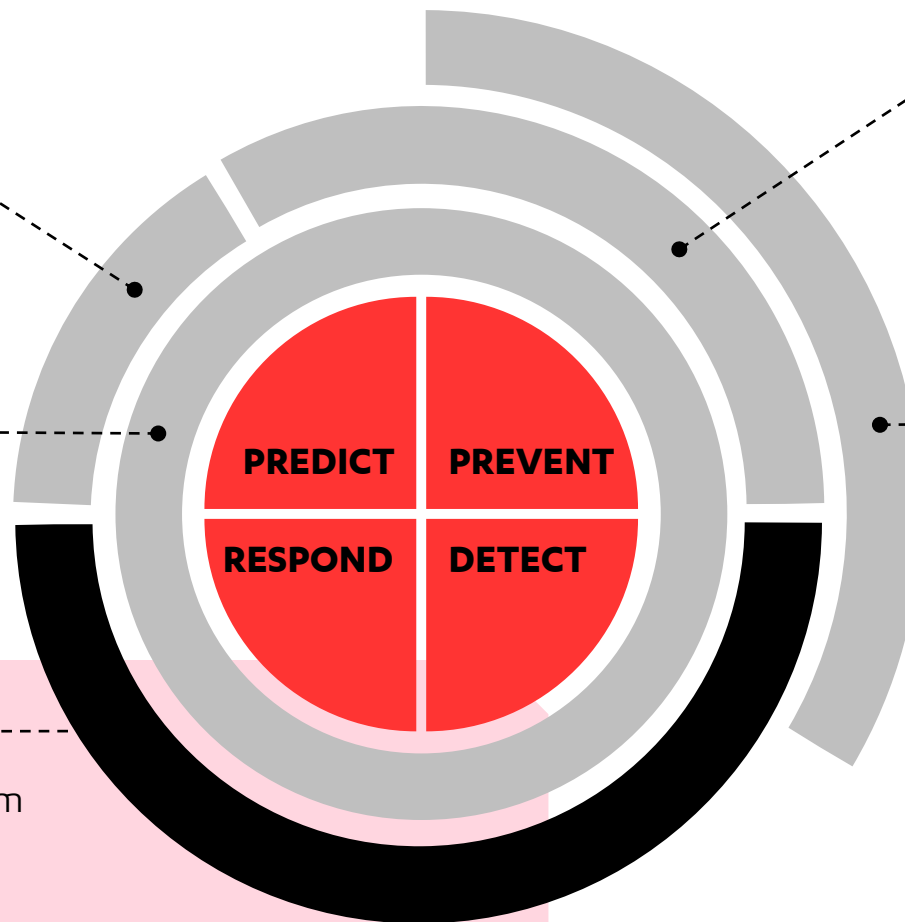
SERVICES

- Professional services
- Consulting & coaching
- For all areas of the security strategy

RAPID DETECTION SERVICE (NEW!)

Incident detection & response service platform

- 24/7 Security monitoring & alerting
- Incident response



VULNERABILITY & PATCH MGMT

- Vulnerability scanning
- Vulnerability management
- Automatic patch management

END-POINT & NETWORK SECURITY SUITES

- Device & server security
- Mobile security
- Virtual Security
- Central management
- As a service or On-premise

SCALABILITY THROUGH STRONG GO-TO-MARKET CHANNELS

TECHNOLOGY:

BEST-IN-CLASS CYBER SECURITY TECHNOLOGY PLATFORM

OFFERING:

CORPORATE SECURITY

CONSUMER SECURITY

GO-TO-MARKET:

**3500+ IT RESELLERS &
SERVICE PARTNERS**

200+ OPERATOR PARTNERS

DIRECT SALES

**ONLINE AND TRADITIONAL
RETAILERS**

CUSTOMERS:

100 000 COMPANIES

TENS OF MILLIONS OF CONSUMERS



CORPORATE SECURITY IN STRONG ABOVE-MARKET GROWTH

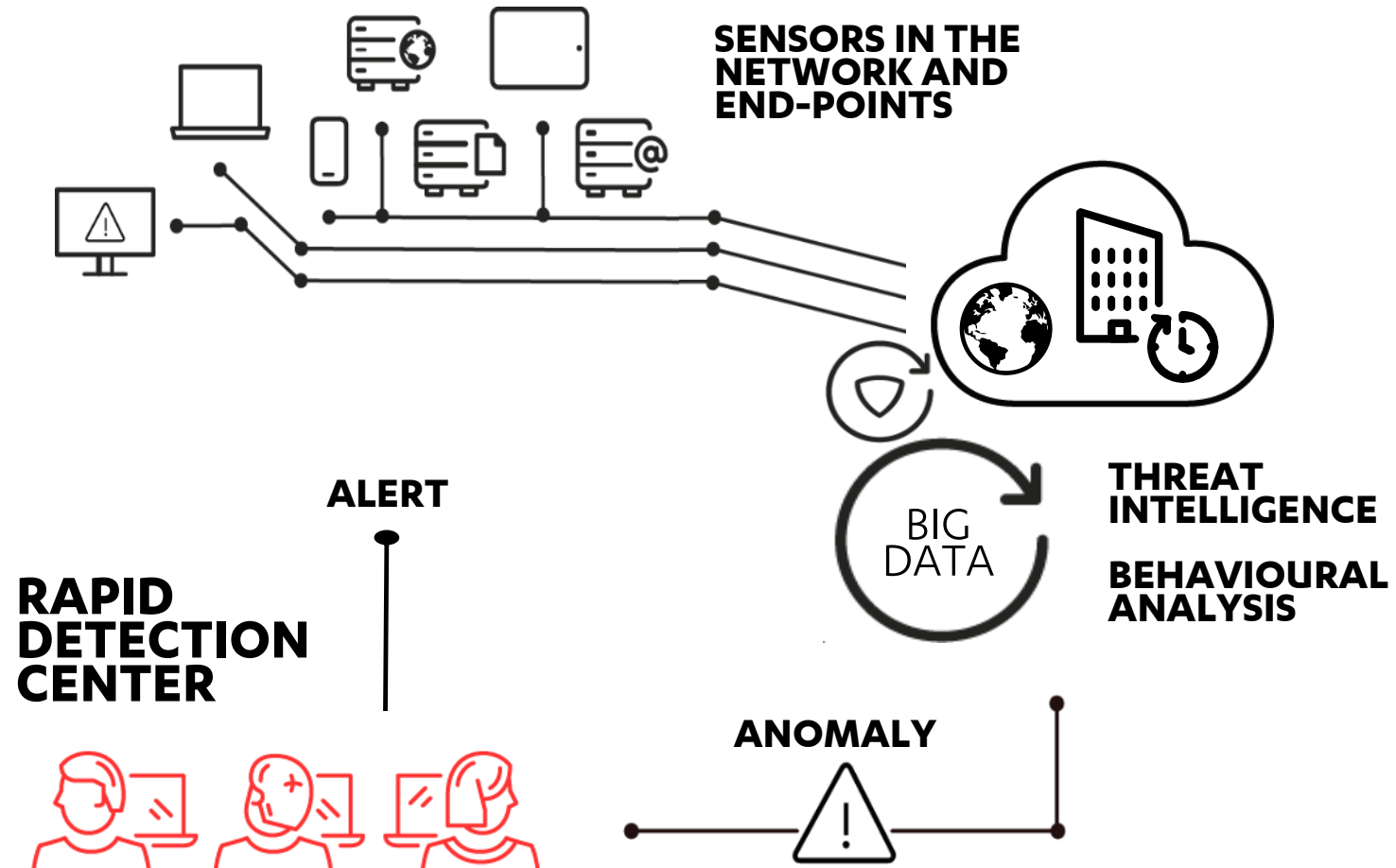
Q2 HIGHLIGHTS

- **End point protection sales showed strong growth, significantly outpacing the market**
 - Especially strong growth in Germany, France and Japan.
 - Good progress in North America and several countries in Europe
- **Cyber security services in very strong double-digit growth**
 - Continued strong demand across different verticals
 - Managed services sales steadily increasing
- **Sales teams strengthened, new products into the reseller channel**
 - 50 new channel sales people to be recruited in 2016
 - F-Secure Radar introduced to the reseller channel in April
- **Rapid Detection Service (RDS) launched in May**
 - First customer contracts signed
 - Continue to look for new service partners

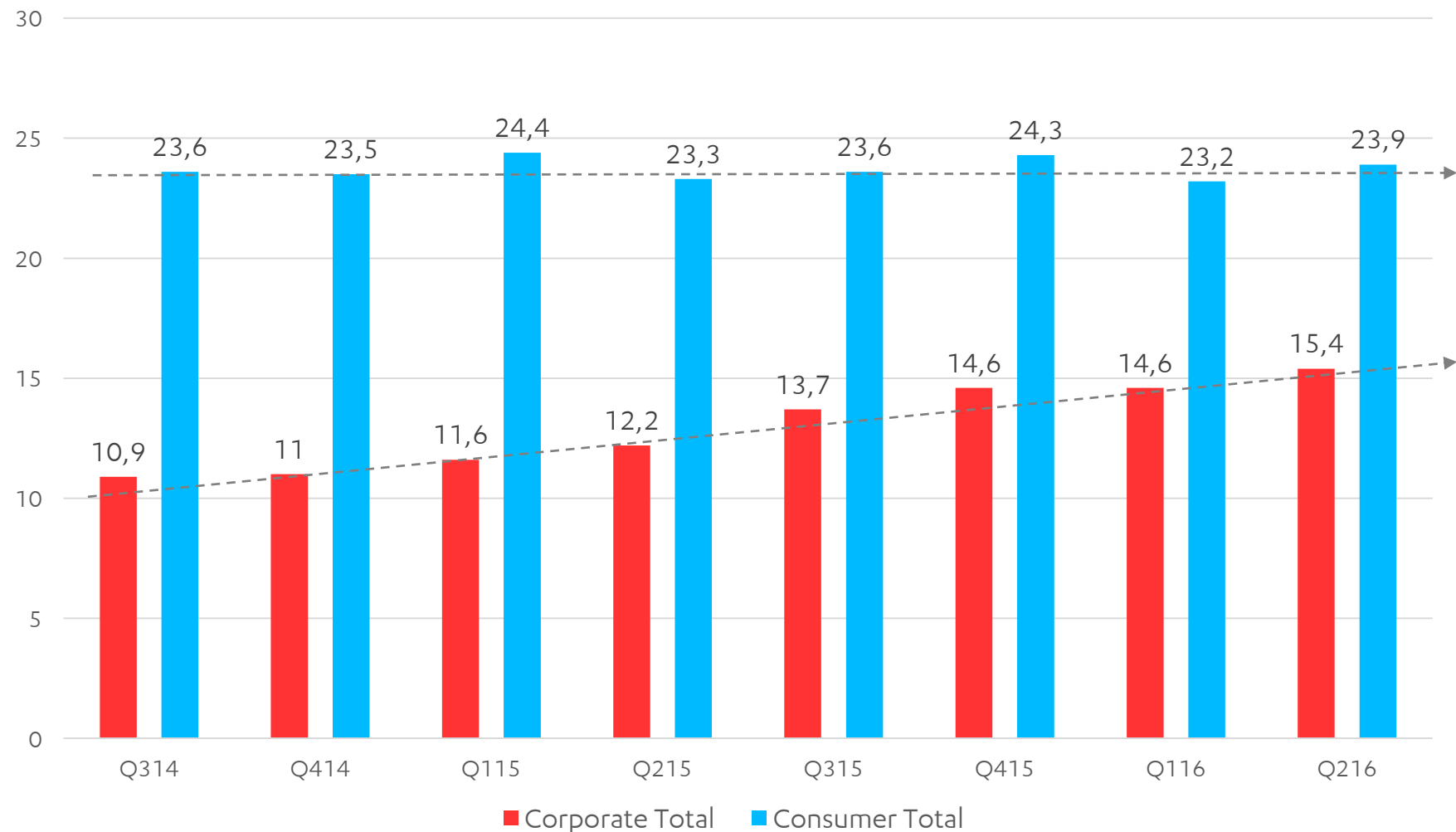


“First Rapid Detection Service contracts were quickly signed following the launch signaling strong demand in the market.”

FIRST RAPID DETECTION SERVICE DEALS SIGNED SOON AFTER LAUNCH



CORPORATE SECURITY'S SHARE OF TOTAL REVENUES INCREASED TO 39%



CONSUMER SECURITY SALES IMPROVED COMPARED TO Q1 IN ALL REGIONS

Q2 HIGHLIGHTS

- **Operator revenues remained at previous year's levels**
 - Sales improved in all regions, especially in North America
- **The roll-out of the F-Secure SAFE continued**
 - Elisa/Appelsin (Finland), XS4ALL (Netherlands) and Voo (Belgium)
 - New partnerships with NetCologne (Germany), Vinaphone (Vietnam)
- **Continued healthy growth in direct-to-consumer sales**
 - Sales growing faster than the overall market
 - Online sales and sales through Nordic retail partnerships made particularly good progress
 - Freedom sales increasing steadily
- **Preparations for F-Secure Sense continued as planned**
 - First deliveries expected by the end of the year



“The growth of our direct-to-consumer business was significantly supported by steadily increasing revenues from Freedom.”



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

Q2 / 2016





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.

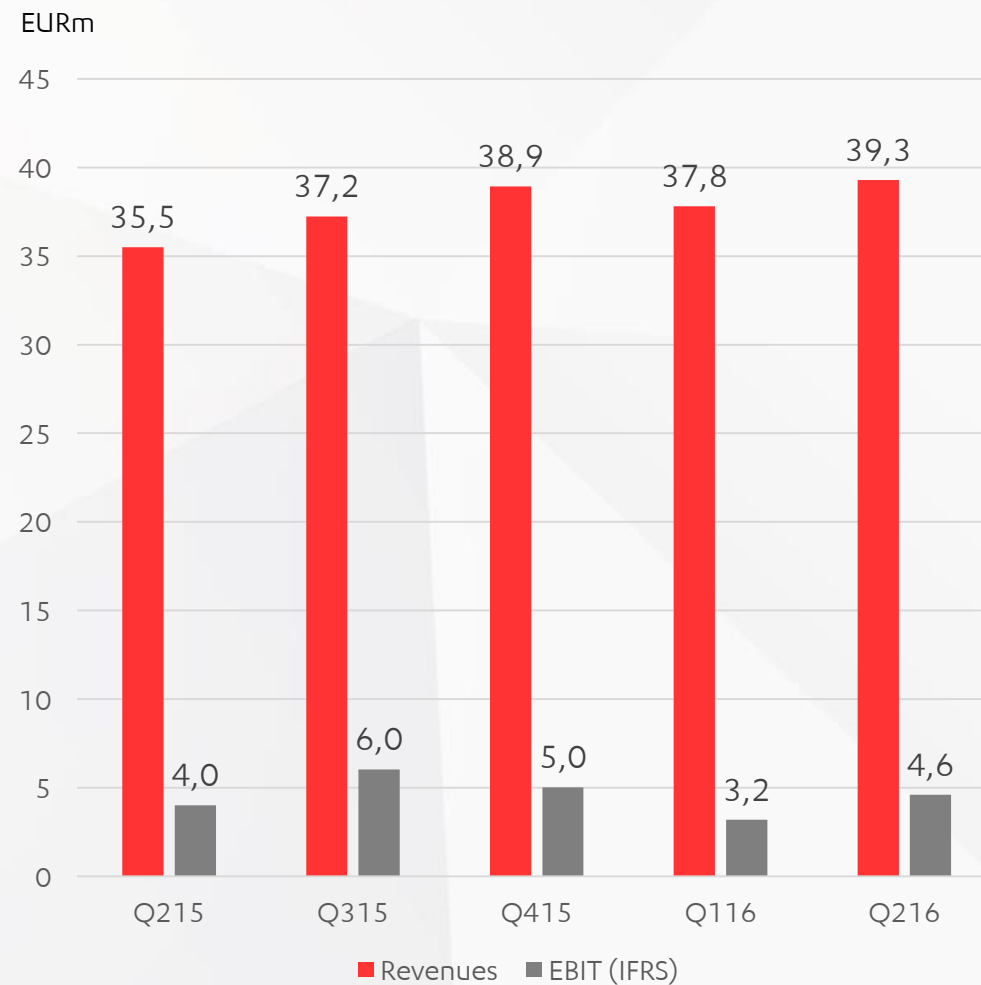
As of the first quarter of 2015, the personal cloud business is reported as discontinued operations. Consequently, comparison figures related to the statement of comprehensive income have been restated. All figures in the following tables are EUR million unless otherwise stated.

REVENUES

Q2 Revenues increased by 11% y-o-y

- Total quarterly revenues 39.3m (Q215: 35.5m)

Organic revenues grew by 7% year-on-year



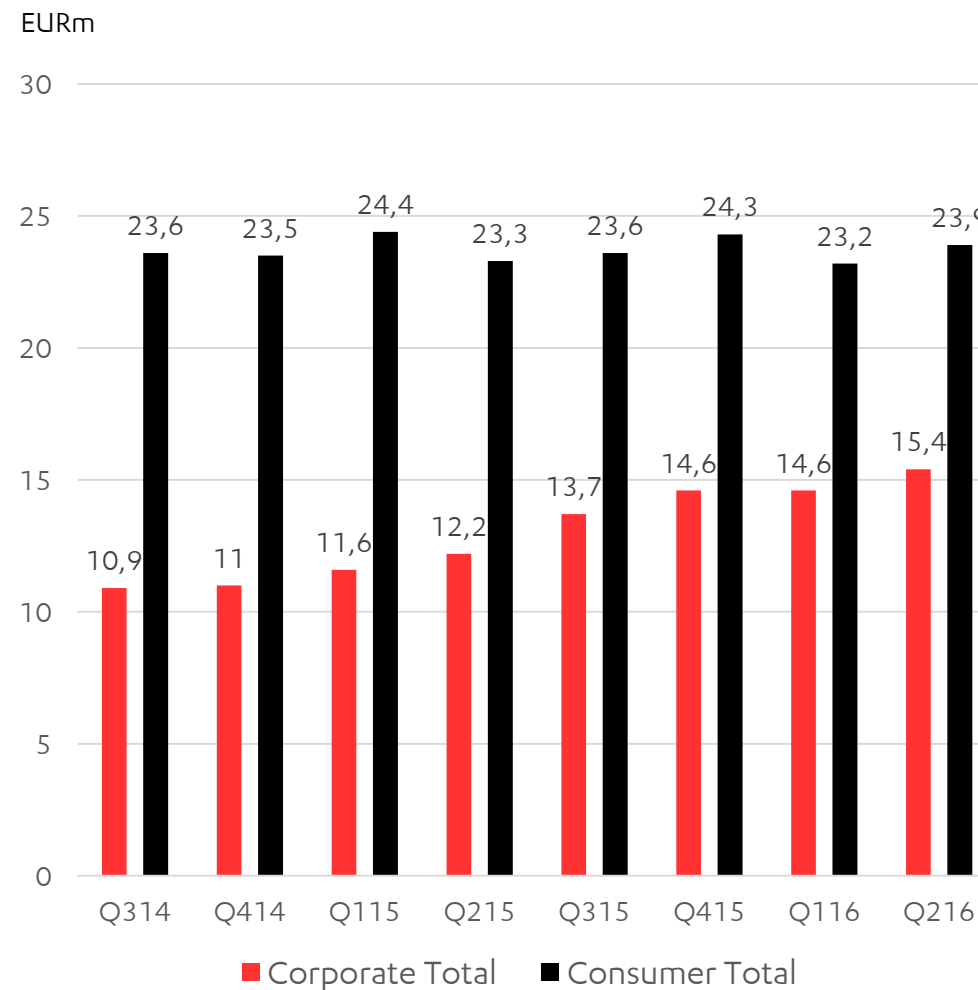
REVENUE SPLIT

Revenues from corporate security increased by 26% totaling EUR 15.4 million (12.2m)

- Corporate security represented 39 % (Q215: 34%) of F-Secure's total revenues

Revenues from consumer security increased by 3% and were EUR 23.9 million (23.3m)

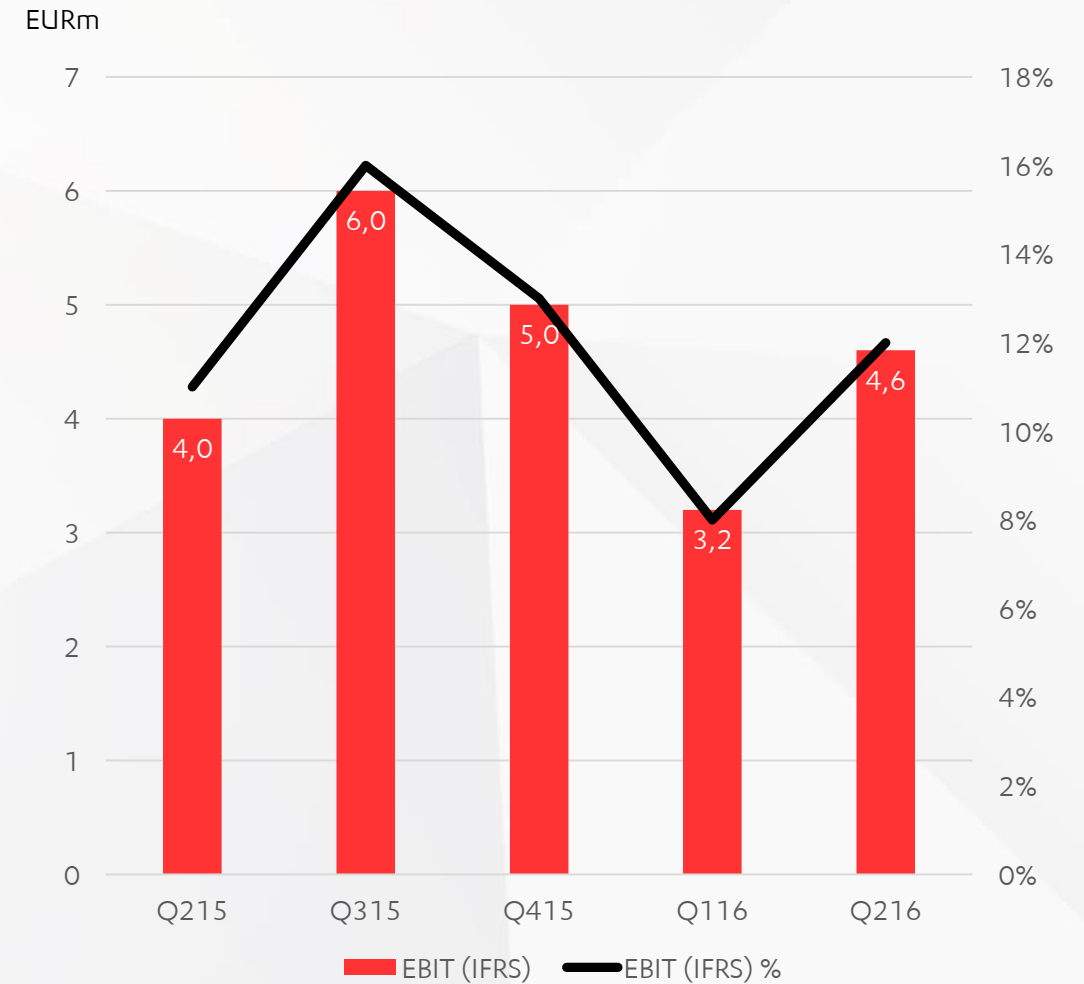
- Consumer security represented 61% (Q215: 66%) of F-Secure's total revenues



PROFITABILITY

Q2 Operating Profit

- EBIT (IFRS) 4.6m, 12% of revenues (Q215: 4.0m, 11%)
- Earnings per share for continuing operations EUR 0.03 (EUR 0.02)
- Earnings per share EUR 0.03 (EUR 0.02)

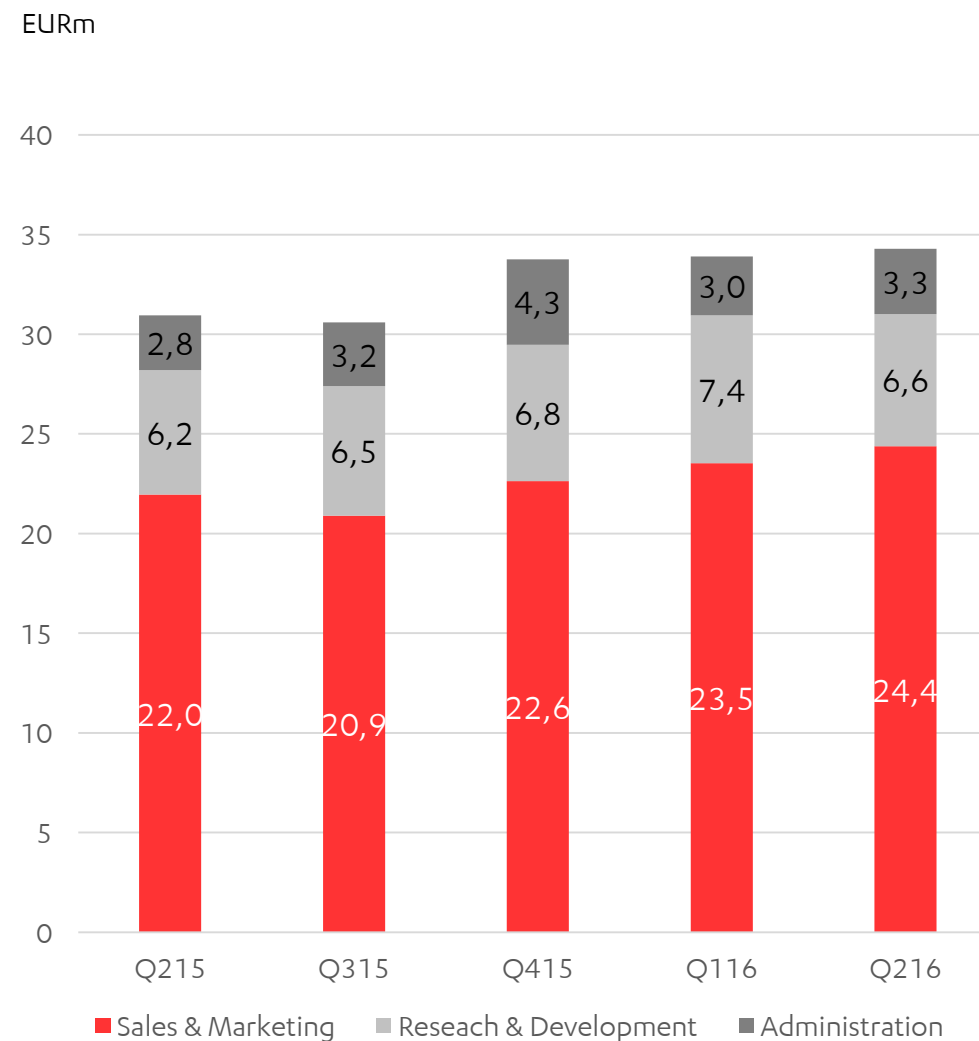


COSTS

Q2 costs

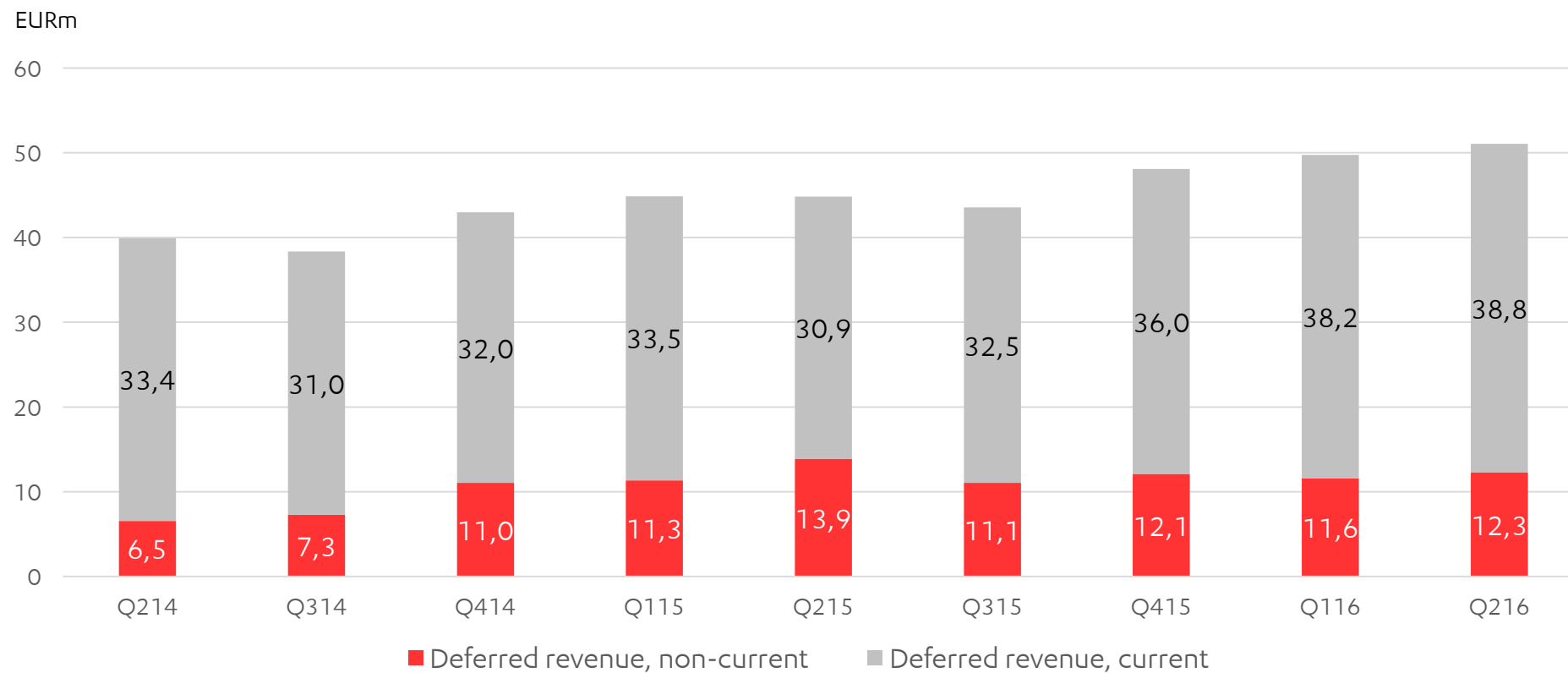
Costs 34.3m (Q215: 31.0m), +11% y-o-y

- The increase largely reflects costs incurred by corporate security as a result of successful recruiting as well as expenses relating to product development and marketing
- In the comparison period, costs relating to cyber security services were only included for the month of June following the acquisition of nSense
- Depreciations from past capitalized expenses decreased to 1.3m (Q215: 1.4m)
- Capitalized R&D expenses were 0.4m (Q215: 0.5m)



DEFERRED REVENUES

Q2 Deferred revenues increased by 14% to 51.1m (44.8m)

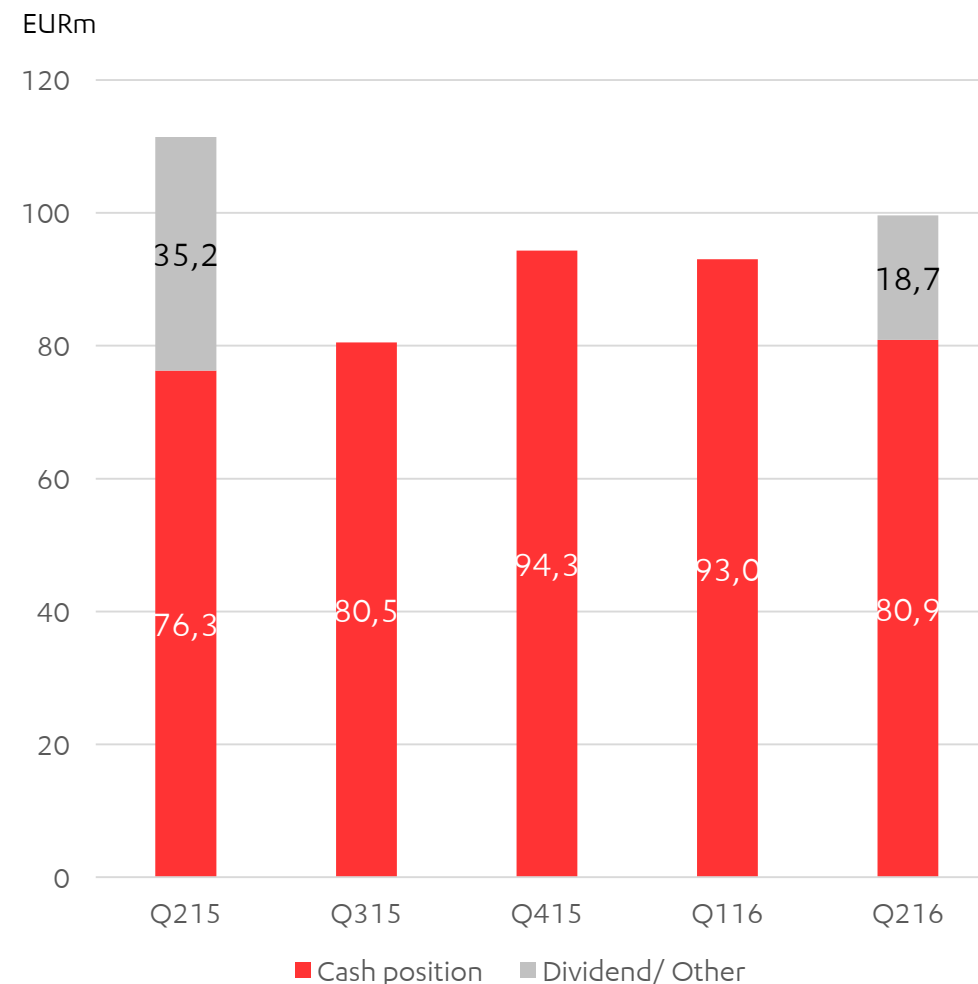


SOLID CASH POSITION

Q2 Cash flow from operations 6.6m* (Q215: 4.3m)

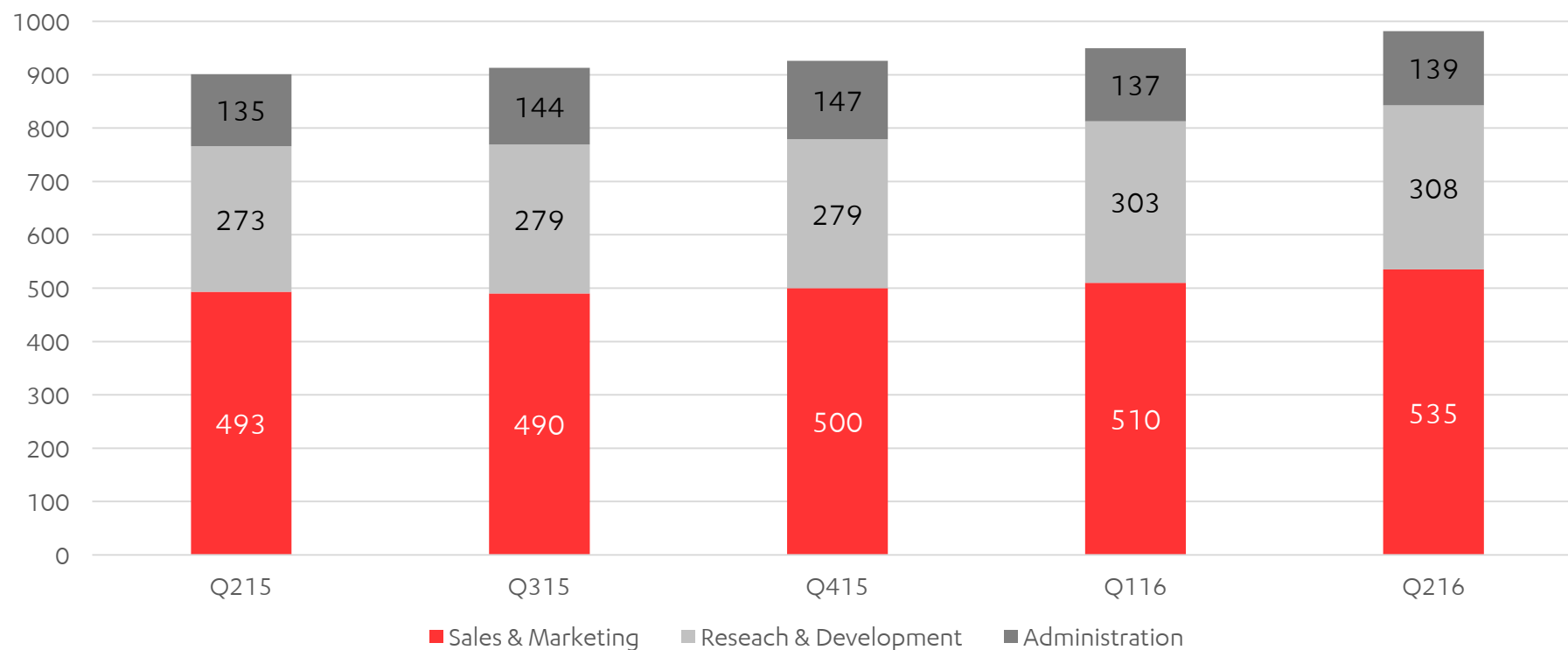
- Cash flow impacted partly by the release of the EUR 4.5 million escrow account relating to the sale of the personal cloud storage business to Synchronoss and the residual tax payment of EUR 6.1 million resulting from the positive net impact of said divestment and the nSense acquisition in 2015
- Market value of liquid assets on 30 June 80.9m (31 Dec 2015: 94.3m)

* Including discontinued business



NUMBER OF PERSONNEL

- F-Secure stated as its target to recruit over a hundred new employees in 2016 to support the Company growth
- Number of personnel 982 (Q116: 950; Q415: 926) at the end of the quarter



REGIONAL REVENUE

EUR million

