SWITCH ON FREEDOM

F-SECURE CORPORATION
INTERIM REPORT Q4 / 2014

February 4, 2015
CEO Christian Fredrikson
CONTENT

• Q4 Highlights
• Key products
• Revised strategy 2015-17
• Q4’14 financials
Personal Cloud Business sold to Synchronoss
• Sales price is USD 60 million
• Impact on EBIT close to EUR 20 million
• The companies will also establish a partnership to sell security services
Revised strategy for 2015-17

- The sharpened focus is on cloud security. F-Secure protects all connected devices and secures the privacy of people and corporations.
- F-Secure continues to invest in developing and bringing cloud-based privacy and security products to the market.
- The Company will increasingly use the cloud to power existing PC and mobile security products and to develop new products that are fully cloud-based to offer security to the ever-growing variety of connected devices (Internet of Things) in a scalable way.
The Company will focus on consumers and corporate customers by leveraging its current channels.

The growth is expected to come from the western hemisphere and some emerging markets like Latin America.

The Company’s target towards the end of the period 2015-2017 is to grow the overall subscriber base by tens of millions of users while seeking double digit revenue growth.

As the Company invests in growth, the proportional profitability will remain at the current level and longer-term profitability continues to be driven by revenue growth and scalable operations.
HIGHLIGHTS IN Q4 & FULL YEAR 2014

- **Solid** profitability and cash flow, flat annual revenues
- **Security sales** grew driven by **core cloud security** products while traditional PC-centric security continued its decline
- **Operator sales** overall continued to decline as a result of the transition in our content cloud business and traditional PC centric security
- **Corporate security business** driven by Protection Service for Business was performing well
- Multi-device protection offering, **SAFE**, delivering good growth through operators as well as direct sales.
- Cloud based privacy and security products **Freedome** now has close to 2 million downloads

<table>
<thead>
<tr>
<th>Key figures</th>
<th>2014</th>
<th>2013</th>
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<th>2013</th>
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<tbody>
<tr>
<td>(Eur Million)</td>
<td>Q4</td>
<td>Q4</td>
<td>1-12</td>
<td>1-12</td>
</tr>
<tr>
<td>Revenues</td>
<td>38.2</td>
<td>40.0</td>
<td>153.8</td>
<td>155.1</td>
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<tr>
<td>Operating profit*</td>
<td>6.1</td>
<td>8.8</td>
<td>23.1</td>
<td>27.1</td>
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<tr>
<td>% of revenues*</td>
<td>16</td>
<td>22</td>
<td>15</td>
<td>17</td>
</tr>
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<td>Cash flow</td>
<td>11.6</td>
<td>7.8</td>
<td>29.1</td>
<td>28.5</td>
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**Q4 OPERATOR WINS**

- **Younited**: PCCW (Hong Kong) and Claro (Brazil).
- **SAFE**: SFR (France), Telefonica (Peru & Ecuador) and VIVO (Brazil).
THREATS KEEP EVOLVING

- Several security hacks and privacy threats in 2014
- Malware getting increasingly complex, harder to detect and more adept at exploiting weaknesses
- Targeted cyberattacks are compromising individuals’ and companies’ privacy and safety
- Security markets in transition presents great mid- and long-term business opportunities.
WE ARE THE NO 1 CHOICE FOR CONSUMERS AND BUSINESSES WHO VALUE PRIVACY AND SECURITY
OUR CORE BUSINESS

CONSUMERS
- PROTECT ALL DEVICES
- ENSURE PRIVACY
- F-SECURE SAFE
- F-SECURE FREEDOME
- F-SECURE KEY

BUSINESS
- PROTECTION SERVICE FOR BUSINESS
- F-SECURE FREEDOME
F-SECURE SAFE
PROTECT YOUR LIFE ON EVERY DEVICE

ANTI-VIRUS
PARENTAL CONTROL
APPLICATION PRIVACY
BROWSING PROTECTION

SAFE HOME
Account Details
Orders and Payments

Logged in as Anna-Maria Smith
Buy more
FREEDOME
PRIVACY ENSURED ON EVERY DEVICE

PROTECTION ON
20 MB TRAFFIC PROTECTED
11 HARMFUL SITES BLOCKED
153 TRACKING ATTEMPTS BLOCKED

Location: Espoo

TELEPORT LOCATION
BECOME UNTRACKABLE
ANONYMOUS SURFING
WI-FI ENCRYPTION
2 MILLION DOWNLOADS AND COUNTING...

New in Q4:
Freedome for PC
Freedome for Business
PROTECTION SERVICE FOR BUSINESS

SECURE WI-FI

AUTOMATIC SOFTWARE UPDATER

SECURE DATA SHARING & EASY COLLABORATION

CENTRALIZED MANAGEMENT
REVENUES

Q4 Revenues declined by 4%

- Total quarterly revenues 38.2m (Q413: 40 m)
- Operator revenues declined by 9% to 22.4m; (Q413: 24.9 m) due to the phasing out of legacy content cloud business, traditional PC centric sales; partially compensated by SAFE security
- Other channels grew by 4% to 15.7m (Q413:15.2 m) due good security sales in corporate and direct consumers.
PROFITABILITY

Q4 profitability

- EBIT 6.1m*, 16% (Q413: 8.8 m, 22%)
- Earnings per share EUR 0.03 (EUR 0.03)

* Excluding one-offs of 1.4m
**COSTS**

**Q4 costs increased by 3%**

Costs 31.2m* (Q413: 30.1m)

- Sales & Marketing activities; i.e. SAFE business, SMB focus in Germany, France and USA, and Freedome
- Depreciations from past capitalized expenses were 2.3 m (Q413: 2.3m)
- Capitalized R&D expenses were 0.7 m (Q413: 0m)

*excl. one-off costs of 1.4m
 Deferred Revenues

Q4 Deferred revenues grew to 43m (38.7m)

- Strong periodized sales in corporate and DirectBusiness
Solid Cash flow in Q4

- Cash position remains solid
- From operations 11.6m (Q413: 7.8m);
- Change in cash 9.5 m positive (Q413: 8.5m positive)
- Dividend of 9.3m paid in April

Market value of liquid assets 61.3m (Q413: 47.8m)
NUMBER OF PERSONNEL

921 (Q4/13: 939) people at the end of the quarter
REGIONAL REVENUE

1-12/2014

- Nordic 31%
- Rest of Europe 46%
- Rest 13%
- North America 10%

1-12/2013

- Nordic 31%
- North America 12%
- Rest of world 13%
- Rest of Europe 45%
OUTLOOK FOR 2015

- **New guidance:**
  - In 2014, security revenues were 137.4 million in total. In 2015, the management estimates security revenues to grow slightly. Additionally, approximately 6 million euros in revenue is expected related to the transition services due to the sale of the content cloud business.
  - Profitability is estimated to be around 15% of revenues (excluding the profit from the sales of the personal cloud business).

- **The original guidance given in Q4 Interim release was following:**
  - Revenues are estimated to remain at 2014 levels, profitability is estimated to be around 15% of revenues.

*The estimates are based on the sales pipeline at the time of publishing, existing subscriptions, support contracts and exchange rates; previous experience.*
THANK YOU!

Forward-looking statements:

Certain statements in this presentation are forward-looking, and the actual outcome could be materially different. Such forward-looking statements are based on F-Secure’s present plans, estimates, assumptions, projections and expectations and are subject to risks and uncertainties. In addition to the factors explicitly discussed, other could have a material effect on the actual outcome. Such factors include, but are not limited to, general economic and political conditions, fluctuations in exchange rates, interest rates, outcome of external research studies, technological issues, interruptions of business, products, actions of courts, regulators, government agencies, competitors, customers, suppliers, employees and all other parties.
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