

INTERIM REPORT 1 JANUARY – 31 MARCH 2016

CORPORATE SECURITY IN HIGH DEMAND

HIGHLIGHTS IN JANUARY–MARCH

- Revenues from continuing operations increased by 5% year-on-year to EUR 37.8 million (35.9 m)
- Revenues from corporate security increased by 27% totaling EUR 14.6 million (11.6 m); the growth was driven by good progress in reseller channel and increasing contribution by cyber security services
- Revenues from consumer security decreased by 5% totaling EUR 23.2 million (24.4m); the decline was largely attributable to operator business in Latin America and the impact is anticipated to be mainly seen in the first quarter only
- EBIT (IFRS) was EUR 3.2 million, representing 8% (5.0 m, 14%) of revenues and reflecting investments in sales growth and product development
- Earnings per share (EPS) for continuing operations was EUR 0.01 (0.04) and EUR 0.02 (0.11) for the Group including discontinued operations
- F-Secure's full-year guidance on profitability remains unchanged despite the decline in profitability seen in the first quarter
- Deferred revenues increased by 11% and amounted to EUR 49.7 million (44.9m) at the end of the quarter as a result of growth in license and renewal sales
- Cash flow from operations was EUR –1.1 million (4.6 m), reflecting the repayment of foreign tax credits on withholding taxes from 2009–2011 based on debit decisions by the Finnish tax authority; F-Secure has appealed the debit decisions with the Tax Administration's Board of Adjustment

OUTLOOK FOR 2016

The Company's 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).

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The reporting currency is Euro. This interim report is unaudited.

F-Secure acquired nSense in June 2015 and has consolidated it into the F-Secure Group accounts since Q2 2015. F-Secure's personal cloud storage business (younited) was sold to Synchronoss Technologies in February 2015 and is reported as discontinued operations.

KEY FIGURES

(EUR million)	2016	2015	Y-o-Y Change	2015
	1-3	1-3	%	1-12
Revenues	37.8	35.9	+5	147.6
Operating profit (IFRS)	3.2	5.0	-36	20.0
% of revenues (IFRS)	8	14		14
Profit before taxes	2.9	7.1		20.7
Earnings per share (EUR)*	0.02	0.11		0.14
Earnings per share for continuing operations (EUR)*	0.01	0.04		0.08
Depreciation	1.3	1.6		5.9
At the end of period:				
Deferred revenues	49.7	44.9		48.1
Liquid assets, total	93.0	110.2		94.3
ROI%	18.6	56.4		52.1
Equity ratio, %	68.9	73.5		64.1
Debt-to-equity ratio, %	-116.2	-112.4		-122.4
Personnel	950	841		926

*Based on the average adjusted number of shares during the period 155,802,690.

CEO'S MESSAGE



In the first quarter of 2016, F-Secure continued to invest in growth to support the Company's ambition to become the leading European cyber security company. In a market driven by the increasing prevalence of cyber attacks and corporate customers' need for more comprehensive security solutions, F-Secure is well-positioned to take advantage of the rising opportunities. To do this, we are improving our go-to-market capabilities as well as broadening our product and service offering to corporate clients.

F-Secure's revenues in the first quarter grew by 5% compared to the year before, and amounted to EUR 37.8 million. Revenue growth was driven by corporate security owing to strong organic growth in the reseller channel and the rapidly increasing contribution from cyber security services. In organic revenues overall, we saw a flat quarter, but our organic order intake showed a healthy increase.

Within corporate security, I was particularly pleased to see the best ever first quarter revenues from the reseller business, which has now been growing steadily for two years. We are achieving growth across the board in Europe, while Japan continues its solid performance. Our investments in sales are now covering Europe more broadly, and we are expanding our security offering to selected corporate resellers by introducing our vulnerability scanning tool, F-Secure Radar (previously Karhu), into the channel.

Cyber security services are delivering strong double-digit growth, with demand remaining extremely high. We have won several major customers, some of them in new markets, and successfully attracted cyber security experts in a very competitive market. We also continue to invest in product development. By the end of the second quarter, we look forward to launching our new Rapid Detection Service for detecting and responding to advanced threats. As customer pilots have progressed well and we have successfully established our new service center, we are now very close to this exciting launch.

The revenues from consumer security declined in the first quarter due to a decline in the operator business. We anticipate the decline, which is largely attributable to business in Latin America, to be temporary, and we maintain our outlook of operator revenues remaining largely flat in 2016. Meanwhile, our direct-to-consumer revenues continued to grow, with positive contribution from the steadily increasing sales of F-Secure Freedom. We are working together with our operator and retailer partners to further expand our product offering, as well as to increase take-up rates.

Our investments in recruiting and product development as well as the decrease in operator channel revenues had an impact on our first quarter profitability, which declined from last year's level. However, we anticipate the operator business to recover, and I am confident that the stronger consultancy and sales teams along with new products will enable us to reach our stated goals during the remainder of the year.

A handwritten signature in blue ink that reads "Christian Fredrikson". The signature is fluid and cursive, with the first name being more prominent.

Christian Fredrikson

“F-SECURE IS WELL-POSITIONED TO TAKE ADVANTAGE OF THE RISING OPPORTUNITIES.”

FINANCIALS

As of Q4 2015, F-Secure reports its revenue divided into consumer security revenue (including operator and direct-to-consumer businesses) and corporate security revenue (including corporate reseller and cyber security services business).

Some minor re-allocation of revenues between consumer and corporate businesses was made in Q1 2016; comparison figures from Q1 2015 have been restated to reflect this.

January–March

In the first quarter F-Secure's overall revenues grew by 5% year-on-year, totaling EUR 37.8 million (35.9 m). Organic revenues were flat year-on-year, but organic order intake showed promising growth.

Revenues from corporate security increased by 27% totaling EUR 14.6 million (11.6 m) and representing 39% (32%) of F-Secure's total revenues. Growth was driven by the strong growth in sales through the reseller channel. In addition, the acquired cyber security services also contributed significantly to the corporate security growth. Cyber security services revenue was also in strong double-digit growth organically (pro forma) compared to the previous year.

Revenues from consumer security decreased by 5% and amounted to EUR 23.2 million (24.4m), representing 61% (68%) of F-Secure's total revenues. The decrease in the consumer security revenues year-on-year stemmed from the operator channel and was partly a result of the substantial devaluation of the Brazilian Real. The year-on-year comparison was also significantly impacted by the recognition of substantial revenues from a Latin American client still in Q1 2015. Full bad debt provisions for these receivables have been made in Q4 2015, and only limited revenues from said client have been recognized in Q2–Q3 2015. Hence, the impact on the year-on-year comparison is primarily limited to the first quarter of 2016 only. Overall, revenues from the operator channel are anticipated to remain largely flat in 2016 compared to the year before. Direct-to-consumer sales continued to grow faster than the underlying market in January–March, with positive contribution from the steadily increasing sales of F-Secure Freedom.

Deferred revenues increased by 11% and amounted to EUR 49.7 million (44.9m) at the end of the quarter as a result of growth in license and renewal sales.

Total fixed costs were EUR 33.9 million (30.7 m), an increase of 10% from the previous year. The increase is mainly caused by personnel related expenses, external services and costs incurred by the acquired nSense business. Depreciations (capitalized R&D, software, hardware) decreased to EUR 1.3 million (1.6 m). The capitalized development expenses for the quarter were EUR 0.4 million (0.5 m).

EBIT (IFRS) including the allocation of the nSense acquisition related costs (earn-out and deferred payment) was EUR 3.2 million, representing 8% (5.0 m, 14%) of revenues.

Earnings per share (EPS) for continuing operations was EUR 0.01 (0.04) and EUR 0.02 (0.11) for the Group including discontinued operations.

Cash flow from operations was EUR –1.1 million (4.6 m), reflecting the repayment of foreign tax credits on withholding taxes from 2009–2011 based on debit decisions by the Finnish tax authority. F-Secure has appealed the decisions with the Tax Administration's Board of Adjustment

The geographical breakdown of revenues in the first quarter was as follows: Finland and Scandinavia EUR 13.9 million (11.5 m), Rest of Europe EUR 15.4 million (16.2 m), North America EUR 3.6 million (3.0 m) and Rest of the World EUR 4.9 million (5.2 m).

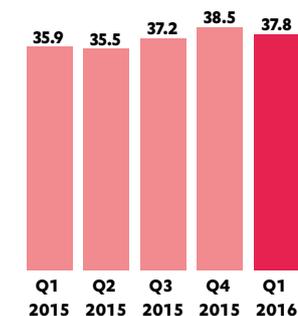
Financing and Capital Structure

On 31 March the market value of F-Secure's liquid assets was EUR 93.0 million (31 December 2015: 94.3 m).

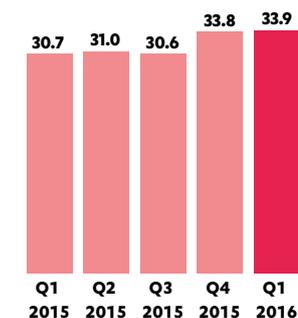
In January–March the Company's capital expenditure amounted to EUR 0.6 million (1.1 m). The capitalized development expenses were EUR 0.4 million (0.5 m).

F-Secure's financial position remained solid. The Company's equity ratio on 31 March was 69% (74%) and its gearing ratio was 116% negative (112% negative).

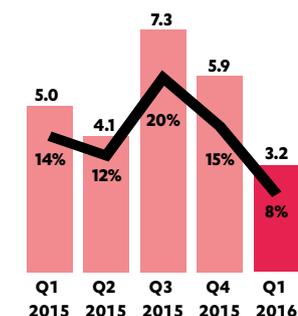
Revenues, MEUR



Costs, MEUR



EBIT (IFRS), MEUR



Shares, Shareholders' Equity, Own Shares

The total number of Company shares is currently 158,798,739. The Company's registered shareholders' equity is EUR 1,551,311.18. The Company currently holds 2,996,049 of its own shares.

Acquisitions and disposals

F-Secure acquired nSense, a privately held Danish company providing security consultation and vulnerability assessment services and products to large enterprises, in June 2015. nSense has been consolidated into F-Secure Group accounts as of the second quarter of 2015. For more information, see Note 3 in the table section.

F-Secure sold its personal cloud storage business to Synchronoss Technologies in February 2015. As of the beginning of 2015, the personal cloud storage business is reported as discontinued operations. For more information, see Note 2 in the table section.

Market overview

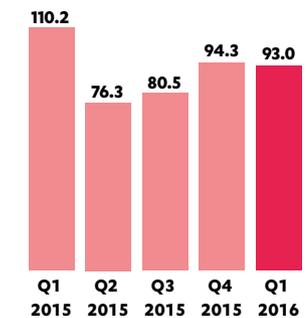
The growing amount and variety of connected devices as well as digital services continues to create security challenges for both businesses and individuals. Combined with the increasing complexity of IT systems, these trends are driving demand for security services.

With regard to businesses and governmental organizations, targeted attacks are becoming more advanced and common. The number of reported security incidents continued to grow 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 consumer security software market continues to be impacted by the changing device landscape. PC sales declined by 9.6% during the first quarter of 2016 (Gartner, March 2016), which is anticipated to be reflected in the market for security products, but there are nonetheless opportunities to capture market share from the competition. At the same time, the amount of connected smart home devices is growing rapidly. It is expected that there are over 1 billion connected things in homes by 2018, which opens opportunities for new innovative security products (Gartner, November 2015).

In 2015, the worldwide security software market was worth USD 22.1 billion (Gartner, March 2016). The consumer security software market was worth USD 4.6 billion in 2015 (Gartner, March 2016), and it is expected to grow by 3.1% annually in 2016–2019 (Gartner, February 2016). The security services market for enterprises was worth USD 50.9 billion, and it is expected to grow 8.1% annually in 2016–2019 (Gartner, February 2016). Within this, the IT outsourcing market including managed security services was worth USD 15.7 billion in 2015 and it is expected to grow by 14.7% annually in 2016–2019 (Gartner, February 2016). All expected growth rates are in constant US dollars.

Cash position, MEUR



Business in January–March

Corporate security

In corporate security, the majority of revenues came from the sales of end-point protection solutions through the reseller channel. Protection Service for Business (PSB) was once again the fastest growing product and brought in almost one third of all reseller revenues. During the first quarter, reseller revenues increased in all significant markets, with several countries seeing double-digit growth. Overall, revenues from the reseller channel reached an all-time high for the first quarter.

F-Secure is currently growing faster than the market in the Company’s chosen focus regions in the Nordics, Central Europe and Japan. F-Secure continues to invest in developing the reseller channel and expanding its regional presence. During the past two years, revenues have increased (year on year) every quarter and new customer acquisition has almost doubled. To enable the Company to grow faster, investments are now covering Europe more broadly.

The demand for cyber security services remained high during the first quarter, and related revenues saw strong growth (pro forma). The Company won several major customers, some of them in new markets, as well as successfully recruited new cyber security experts and continues to actively recruit more. Still, the very competitive recruiting market and limited availability of best talent continues to challenge growth in the cyber security services.

F-Secure continues to develop its cyber security services offering, and is preparing for the second-quarter launch of a new solution (Rapid Detection Service) to detect and respond to advanced threats. To support the new product, the Company has founded a new service center. Customer pilots with the new solution continued successfully during the quarter.

Revenues from the Company’s vulnerability detection and management solution, F-Secure Radar (formerly known as Karhu), developed favorably during the quarter.

After period end, the Company signed a significant contract with Fujitsu Finland to sell and deliver F-Secure Radar as a service to enterprise customers in all Nordic countries. F-Secure Radar is the Company’s first cyber security product to be delivered through the reseller channel.

Consumer security

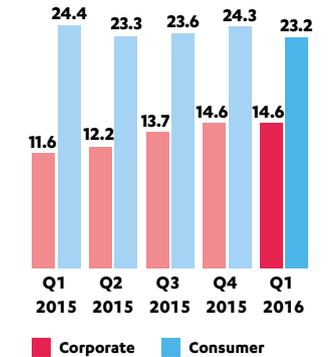
In the operator channel, F-Secure SAFE delivers most of the revenue, but other products (F-Secure KEY, F-Secure Freedome) are becoming an increasingly significant part of the offering with both existing and new operator partners. The roll-out of F-Secure SAFE (multi-device security solution) also continued with operators, including TEO Lithuania (part of TeliaSonera Group) and Telefonica Chile. Overall, F-Secure continues to cooperate closely with operator partners to further expand product sales as well as increase take-up rates and simplify sales processes to end-customers.

In the direct-to-consumer business, revenues continued to outpace the underlying market. The majority of revenues in the direct-to-consumer channel comes from F-Secure SAFE, but F-Secure Freedome’s (a privacy and security product) contribution to revenue growth in the direct-to-consumer business was significant.

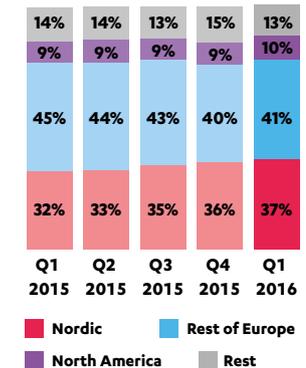
With Freedome showing positive development, the Company continues to improve the product’s commercial availability. During the first quarter, F-Secure introduced new cross-selling features in F-Secure SAFE, which simplified selling Freedome to operator partners. Also, the previously announced new partnerships with significant global device manufacturers (ACER, Alcatel/TCL) have now moved into the execution phase, and the first deliveries of mobile devices with Freedome pre-installed took place during the quarter. The concrete revenue impact of these new initiatives, which is subject to the conversion of the pre-installations to paid subscriptions, will be seen later in the year.

The Company continued to prepare for the first deliveries of F-Secure Sense by further optimizing the software and hardware features of the product and by seeking customer feedback. To date, feedback on the product has been positive and additional go-to-market options for Sense are being evaluated. However, due to the continuing development measures being taken to ensure the high quality and usability of the product, the first commercial deliveries of Sense are being delayed, and are now expected to take place by the end of the year.

Revenue per business, MEUR



Regional revenue split, %



Product and services highlights

During the quarter, F-Secure continued to invest in security excellence, go-to-market activities and product development for both consumer and corporate products.

Updates for corporate products:

- The Company's vulnerability management solution was renamed as **F-Secure Radar** (formerly known as Karhu) as the product was officially added to the F-Secure corporate portfolio. A new contract signed with Fujitsu Finland (after end of period, in April) made it the first cyber security solution to be sold through the corporate reseller channel.
- **Protection Service for Business** support was added for Windows 10 and El Capitan (OS X), along with new features focusing on web security and control. Additionally, the management portal has been completely redesigned to provide faster and more intuitive management experience, which has been warmly received among customers and partners alike.

Updates for consumer products:

- **F-Secure SAFE** (a multi-device security solution) was added with new cross-selling features to allow operators and retail partners to easily sell F-Secure Freedom and F-Secure Key to their customers. A joint initiative brought operator partners together with F-Secure to optimize the product's end-to-end customer journey covering service discovery, purchasing, activation and usage.
- **F-Secure Freedom's** (a privacy and security product) new Tracker Mapper tool was introduced also for mobile devices.
- **F-Secure KEY's** (a password manager) user interface was redesigned for tablets. Fingerprint sensor support was added for Android and iOS devices.

Organization and leadership

F-Secure's personnel has increased by 24 (3%) since December, in line with the Company's aim to hire over a hundred new employees in 2016. The number of personnel totaled 950 at the end of the quarter (926 on 31.12.2015; 841 on 31.3.2015).

At the time of publication of this interim report the composition of the Leadership Team is the following:

Christian Fredrikson (CEO), Mari Heusala (HR & Office Services), Kristian Järnefelt (Consumer Security), Samu Konttinen (Corporate Security), Saira 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).

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 Oy and the Finnish Corporate Governance Code 2015 issued by the Securities Market Association of Finland as explained on the Company website. The code is publicly available at <http://cgfinland.fi/en/>. F-Secure's Corporate Governance Statement for 2015 as well as up-to-date information about the Company's governance are available on the Company website.

Risks and uncertainties

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
- Tax risk relating to changing laws and regulations and interpretations of said regulations by the relevant authorities

Strategy 2016–18

F-Secure aims to capitalize on the next phase of the internet and connected world. The Company's 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 end-point antivirus company to a broader provider of cyber security products and services.

The key driver behind the strategy 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.

F-Secure also 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 selected verticals comprising financial industry, gaming and gambling companies, aviation, defence, law enforcement, and certain global brands. In corporate security the focus is on the reseller channel in Europe and Japan. In consumer security, F-Secure continues with its existing sales channels through operators, e-commerce and retail partners.

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.

The Company has communicated its strategy in the Q4 interim stock exchange release (5 February 2016). Further details of the strategy can be found on the Company's web pages at: http://www.f-secure.com/en/web/corporation_global/company/vision-and-strategy

Outlook for 2016

The Company's 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).

In 2015 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, including Sense for the protection of smart homes and Rapid Detection Service 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.

Events after period end

Annual General Meeting

The Annual General Meeting of F-Secure Corporation was held on 7 April 2016. The Meeting confirmed the financial statements for the financial year 2015. The members of the Board and the President and CEO were granted discharge from liability.

The AGM re-elected the following members to the Board of Directors: Mr. Jussi Arovaara, Mr. Pertti Ervi, Mr. Matti Heikkonen, Ms. Anu Nissinen and Mr. Risto Siilasmaa. Mr. Bruce Oreck and Mr. Janne Pirttilahti were elected as new members of the Board. The Board elected in its organizational meeting Mr. Siilasmaa as the Chairman of the Board. The Board nominated Mr. Siilasmaa as the Chairman of the Executive Committee and Mr. Heikkonen and Ms. Nissinen as members of the Executive Committee. Mr. Ervi was nominated as the Chairman of the Audit Committee and Mr. Arovaara, Mr. Oreck and Mr. Pirttilahti were nominated as members of the Audit Committee.

The Annual General Meeting decided to distribute a dividend of EUR 0.06 per share and an extra dividend of EUR 0.06 per share to be paid to those shareholders that on the record date of 11 April 2016 were registered in the Register of Shareholders held by Euroclear Finland Ltd. The dividend was paid on 19 April 2016.

The AGM approved all proposals made by the Board as described in the Notice to the AGM published on 10 March 2016. The resolutions of the AGM can be found in the Company's stock exchange release of 7 April 2016 and on the Company web site.

ADDITIONAL INFORMATION

News conference and webcast

A news conference for analysts and media will be held (in Finnish) at the Company's headquarters (address: Tammasaarencatu 7, 00180 Helsinki) on Friday 29 April 2016 at 11.00–12.00 a.m. (EEST).

A webcast for international investors and analysts will be held (in English) on the same day at 14.30 p.m. (EEST).

To participate in the online meeting via web, please click on the link: <https://meet.f-secure.com/tapio.pesola/SQKVN74K>

To join via phone, please dial in to +358975110100. The conference ID is **5228027**. The presentation material including live video is only available via the online webcast.

The material will be available at the company's website before the call begins: www.f-secure.com/investors.

Financial calendar

F-Secure Corporation will publish its interim reports during 2016 as follows:

- Q2/2016: 4 August 2016
- Q3/2016: 3 November 2016

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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.

INCOME STATEMENT

Continuing operations	1–3/2016	1–3/2015	Change %	1–12/2015
Revenues	37.8	35.9	5	147.6
Cost of revenues	1.6	1.4	17	5.6
Gross margin	36.2	34.6	5	142.0
Other operating income	0.9	1.1	–19	4.0
Sales and marketing	23.5	20.8	13	86.3
Research and development	7.4	7.4	1	26.9
Administration	3.0	2.5	18	12.7
Operating result	3.2	5.0	–36	20.0
Financial net	–0.3	2.1		0.7
Result before taxes, continuing operations	2.9	7.1		20.7
Income taxes	–0.6	–1.5		–8.6
Result for the period, continuing operations	2.3	5.6		12.1
Discontinued operations	0.2	11.0		10.0
Result for the period	2.5	16.6		22.1
Other comprehensive income:				
Exchange difference on translating foreign operations	–0.1	0.6		0.3
Available-for-sale financial assets	0.4	1.1		–0.2
Income tax related to components of other comprehensive income	–0.1	–0.2		0.0
Total comprehensive income (owners)	2.8	18.1		22.2
Earnings per share	1–3/2016	1–3/2015	Change %	1–12/2015
Earnings per share, EUR	0.02	0.11		0.14
Diluted earnings per share, EUR	0.02	0.11		0.14
Earnings per share, continuing operations, EUR	0.01	0.04		0.08
Diluted earnings per share, continuing operations, EUR	0.01	0.04		0.08

BALANCE SHEET

Assets	31 Mar 2016	31 Mar 2015	31 Dec 2015
Intangible assets	11.6	8.6	12.2
Tangible assets	3.1	0.0	3.4
Goodwill	7.6	6.5	7.6
Other financial assets	1.3	1.6	1.3
Non-current assets total	23.6	16.7	24.5
Inventories	0.5	0.1	0.1
Other receivables	45.3	43.0	42.7
Available-for-sale financial assets	64.9	58.6	64.4
Cash and bank accounts	28.2	51.7	29.9
Current asset total	138.9	153.4	137.2
Discontinued operations	3.2	8.2	6.4
Total	165.7	178.4	168.1
Shareholders' equity and liabilities	31 Mar 2016	31 Mar 2015	31 Dec 2015
Equity	80.0	98.1	77.1
Other non-current	1.0	0.6	0.9
Deferred revenues	11.6	11.3	12.1
Non-current liabilities total	12.6	11.9	13.0
Other current	26.3	23.6	32.4
Deferred revenues	38.2	33.5	36.0
Current liabilities total	64.5	57.1	68.4
Discontinued operations	8.6	11.3	9.6
Total	165.7	178.4	168.1

CASH FLOW STATEMENT

CASH FLOW STATEMENT	31 Mar 2016	31 Mar 2015	31 Dec 2015
Cash flow from operations	-1.1	4.6	28.9
Cash flow from investments ¹⁾	-0.6	42.7	29.1
Cash flow from financing activities ²⁾	0.0	0.0	-24.9
Change in cash	-1.7	47.3	33.1
Cash and bank at 1 Jan	94.3	61.8	61.4
Change in net fair value of Available-for-sale	0.4	1.1	-0.2
Cash and bank at end of period	93.0	110.2	94.3

¹⁾ More information in notes 2 and 3

²⁾ Cash flow from financing

In 2015 paid dividend totaled EUR 24,928,430.40.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share prem. fund	Unrestr. equity reserve	Treasury shares	Retained earnings	Assets avail. f.sale	Transl.diff	Total
Equity on: 31.12.2014	1.6	0.2	5.1	-7.0	79.3	0.5	0.3	79.9
Total comprehensive income for the year					16.6	0.9	0.6	18.1
Cost of share based payments					0.1			0.1
Equity on: 31.3.2015	1.6	0.2	5.1	-7.0	95.9	1.4	0.9	98.1

	Share capital	Share prem. fund	Unrestr. equity reserve	Treasury shares	Retained earnings	Assets avail. f.sale	Transl.diff	Total
Equity on: 31.12.2015	1.6	0.2	5.1	-7.0	76.2	0.4	0.6	77.1
Total comprehensive income for the year					2.5	0.4	-0.1	2.8
Cost of share based payments					0.1			0.1
Equity on: 31.3.2016	1.6	0.2	5.1	-7.0	78.9	0.7	0.6	80.0

1 SEGMENT INFORMATION

The Group has only one segment; data security.

Quarterly development	Q1/2016	Q4/2015	Q3/2015	Q2/2015	Q1/2015
Revenues	37.8	38.9	37.2	35.5	35.9
Cost of revenues	1.6	1.4	1.1	1.8	1.4
Gross margin	36.2	37.6	36.2	33.7	34.6
Other operating income	0.9	1.2	0.4	1.2	1.1
Sales and marketing	23.5	22.6	20.9	22.0	20.8
Research and development	7.4	6.8	6.5	6.2	7.4
Administration	3.0	4.3	3.2	2.8	2.5
Operating result	3.2	5.0	6.0	4.0	5.0
Financial net	-0.3	-0.6	-0.8	-0.1	2.1
Result before taxes	2.9	4.4	5.2	3.9	7.1

Geographical information

Revenue	1-3/2016	1-3/2015	1-12/2015
Nordic countries	13.9	11.5	49.9
Rest of Europe	15.4	16.2	63.7
North America	3.6	3.0	13.1
Rest of the world	4.9	5.2	20.9
Total	37.8	35.9	147.6

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 was 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 period	1-3/2016	1-3/2015	1-12/2015
Revenues	1.5	2.8	8.5
Expenses	-1.2	-2.8	-9.7
Result before taxes	0.3	0.0	-1.2
Taxes	-0.1	0.0	0.2
Result for the period	0.2	0.0	-1.0
Net gain on disposal	0.0	18.6	18.6
Attributable taxes	0.0	-7.6	-7.6
Result after taxes	0.2	11.0	10.0

Earnings per share	1-3/2016	1-3/2015	1-12/2015
Earnings per share discontinued operations, EUR	0.01	0.07	0.06
Diluted earnings per share, discontinued operations, EUR	0.01	0.07	0.06

Cash flow statement	1-3/2016
Cash flow from operations	-2.4
Cash flow from investments	
Change in cash	-2.4

3 ACQUISITION

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, amounting in total to a maximum of EUR 1.8 million in 2015, EUR 3.3 million in 2016, EUR 1.3 million in 2017 and EUR 0.6 million in 2018 will in accordance with IFRS 3 be recognized as expense through the consolidated income statement. The costs are recognized in Administration.

4 FAIR VALUES

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

Assets measured at fair value	Total	Level 1	Level 2	Level 3
Available-for-sale financial assets 31.3.2016	64.9	64.8		0.1
Available-for-sale financial assets 31.3.2015	58.6	58.5		0.1
Available-for-sale financial assets 31.12.2015	64.5	64.4		0.1

5 KEY RATIOS AND OTHER KEY FIGURES

Key ratios have been calculated from result which includes both continuing and discontinued operations. Key ratios calculated from continuing operations have been marked separately.

	2016 3 m	2015 3 m	2015 12 m
Operating result, % of revenues, continuing operations	8.4	13.9	13.6
ROI %	18.6	56.4	52.1
ROE %	12.8	11.8	28.1
Equity ratio, %	68.9	73.5	64.1
Debt-to-equity ratio %	-116.2	-112.4	-122.4
Earnings per share basic, EUR	0.02	0.11	0.14
Earnings per share diluted, EUR	0.02	0.11	0.14
Earnings per share basic, continuing operations, EUR	0.01	0.04	0.08
Earnings per share diluted, continuing operations, EUR	0.01	0.04	0.08
Shareholders' equity per share, EUR	0.50	0.62	0.49
P/E ratio	40.7	25.3	18.2
Capitalized expenditures, MEUR	0.6	1.1	14.6
Contingent liabilities, MEUR	17.2	8.6	8.5
Depreciations	1.3	1.6	5.9
Personnel average	940	895	894
Personnel end of period	950	841	926

CYBER SECURITY LIVES HERE

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