F-SECURE OYJ

Quarterly report
April 23, 2009 at 9.00

F-Secure Corporation Interim Report January 1 - March 31, 2009

Solid growth and strong profitability continued

Highlights in Q1

-Total revenue growth was 15% reaching revenues of 30.6 million (Q108: 26.6m)
- Revenues from the Internet Service Provider (ISP) business grew by 30% from Q108, reaching revenues of 14.2 million (10.9m)
- EBIT reached 6.1 million; representing 20% of revenues (5.3m)
- Earnings per share was EUR 0.03 (EUR 0.03)
- Cash flow was 3.1 million positive (6.1m positive)

(This report is unaudited. Unless otherwise stated the comparisons refer to the corresponding period a year ago. The currency is euro.)

Key figures	2009	2008	2008
Eur million	3 m	3 m	12 m
Revenues	30.6	26.6	113.0
Operating profit	6.1	5.3	24.3
% of revenues	20%	20%	22%
Profit before taxes	6.5	5.6	26.4
Deferred revenue	37.8	33.7	37.2
Change in cash flow	3.1	6.1	-23.1
Earnings per share (EUR)	0.03	0.03	0.13
ROI, %	53%	37%	52%
ROE, %	39%	26%	36%
Equity ratio, %	58%	71%	71%
Debt-to-equity ratio, %	-184%	-148%	-148%
Personnel, Mar 31	728	602	718

CEO Kimmo Alkio: “The Software as a Service (SaaS) business model continues to deliver great value to our customers and partners. During the first quarter our main businesses delivered good results. Even in this time of economic uncertainty, the Software as a Service business model is gaining further momentum. We are pleased with the continued strength with our global Internet Service Provider partners protecting a large share of the daily Internet users. Over time we anticipate that new services such as online backup will also be attractive under the SaaS business model”.

F-Secure business in Q1

For the first quarter of 2009 the total revenues were 30.6 million (Q108: 26.6m), representing growth of 15%. Growth continued solid in the business through the traditional channels, up 5%, and in the Service Provider business, 30% from Q108. The EBIT was 6.1 million (5.3m), representing 20% of revenues; 14% higher than in Q108. Earnings per share were EUR 0.03 (EUR 0.03). Cash flow from operations was 3.1 million positive (6.1m). The Group deferred revenues increased to 37.8 million at the end of March (37.2 million at the end of 2008).

The Group total costs were 22.3 million (19.5m), 14% higher than in Q12008. The Group also capitalized some of its R&D expenses according to accounting rules, totaling 0.2 million in the first quarter.

The financial results for the first quarter of 2009 were in line with the guidance given in January (revenues 29.5-31.5 million, cost level below 22.5 million).

The geographical breakdown of the revenues remained as follows: Finland and Scandinavia 34% (39%), Rest of Europe 45% (43%), North America 10% (9%) and Rest of the World 11% (9%). Anti-virus and intrusion prevention products represented close to 100% of the total revenues.

Service Provider channel in Q1

The Group's Internet Service Provider (ISP) business continued solid as anticipated. In the first quarter of 2009, the revenues through the ISP business partners totaled 14.2 million (Q108: 10.9m), representing 46% of the total revenues (41%) and a growth of 30% compared to previous year.

The Group's position in the ISP business remained strong with its over 190 partners in more than 40 countries with an addressable market of over 50 million consumer customers. The new service provider partnerships comprise Vodafone Italy and UPC Romania. The Group has not lost any of its existing partnerships, however the number of partners may vary subject to merger activity in the operator market. While the Group is selectively looking for signing new operator agreements, the aggregate number of partnerships is not a primary measure for the business. The most essential revenue drivers of this business are price per subscriber, subscriber base and take-up rate. The subscriber base grows together with the increase of broadband connections and new operators. The main growth driver is the increase of take-up rates within the existing partners. Therefore, the Group has enforced its account management and other resources to help the operators to reach new Security as a Service customers.

In addition to the Security as a Service sales, the Group is looking for other augmenting value added services to consumer customers through ISPs. The expansion of online back-up services, which complement the F-Secure's existing portfolio of data security services continued. The online back-up service has been launched in several countries. However, reaching volumes takes time, as with the traditional security services.

The total number of the Group's ISP partners is significantly larger than that of any other security service vendor. At the end of 2008 the Group's ISP partners held approximately 39% (37%) market share of total broadband consumer connections in Europe, approximately 10% (10%) in North America and approximately 13% (9%) in APAC excluding China (Source: estimates by Dataxis and F-Secure).

Other channels in Q1

The traditional sales channelsas a whole continued to perform well and delivered steady growth as anticipated. Also the renewal rates in the business through the traditional sales channels have remained strong.

During Q1, the revenues through these channels were 16.5 million (15.7 million). This represented 54% of the Group's total revenues (59%), a growth of 5% from the corresponding period in 2008.

Mobile security in Q1

Close co-operation with major handset manufacturers, including Nokia, and operators such as Vodafone Group, TeliaSonera Group, T-Mobile International, Swisscom and Elisacontinued well during Q1. Currently, there are mobile operator partnerships with more than 20 operators worldwide.

The Group's Mobile Security 5 product has been well received among customers and the number of trial users continues to increase. In addition to the antivirus functionality, the new Mobile Security also includes new lock & wipe capabilities for smartphones. The product was launched to the customers in February and it comes preinstalled in several smartphone models including touch-based solutions.

The revenues from the Mobile Security business are included in the above mentioned channels and were about 3% of total Q1 revenues.

Products & Services

In February, F-Secure launched its F-Secure Mobile Security 5, which enables smartphone users to experience the full potential of their devices without fear of mobile threats. F-Secure Mobile Security includes combined real-time antivirus functionality with a firewall, antitheft and antispyware for S60 5th and 3rd Edition smartphones.
In April, F-Secure also launched a new version of its Protection Service for Business (PSB), which is a comprehensive Security as a Service solution specially designed for the needs of small and medium-sized companies.

Market situation

There were no significant changes in the competitive landscape or in the pricing levels during the first quarter. However, there have been occasional signs of increasing price competition in some countries. The Group's competitive position in the ISP channel has remained strong.

Personnel and organization

The Group's personnel totaled 728 at the end of March (Q108: 602, Q408: 718). The Group's number of personnel increased only slightly during Q1. The number of personnel grew mainly in the global Sales and Marketing.

The current Executive Team consists of the following persons: Kimmo Alkio (President and CEO), Ari Alakiuttu (Vice President, Human Resources), Samu Konttinen (Vice President, Mobile Solutions), Pirkka Palomäki, (Chief Technology Officer), Antti Reijonen (Vice President, Consumer Business and Marketing), Seppo Ruotsalainen (Senior Vice President, Sales and Geographical Operations) and Taneli Virtanen (Chief Financial Officer).

Financing and capital structure

The Group's financial position was strong in Q1. The Group's equity ratio at the end of March was 58% (71%) and 71% if the effect of dividend payout in April was taken into account. Gearing ratio was 184% negative (148% negative).

Cash flow for the first quarter of 2009 was 3.1 million positive (6.1m positive), which was influenced by temporary change in working capital. The financial income for Q109 was 0.5 million (0.3m).

The market value of the liquid assets of the Group on March 31, 2009 was 64.3 million (90.3m).

The changes in exchange rates of USD and JPY had some positive impact and changes in GBP and SEK had some negative impact on revenues and results for the first quarter of 2009.

Capital expenditure

The Group's capital expenditure for the Q12009 was 1.2 million (1.0m), consisting mainly of IT hardware and software as well as capitalization of some research and development expenses.

Capital management

The objective of the Group's capital management is to aim at an efficient capital structure that ensures the functioning of business operations and promotes the increase of shareholder value.

The Company has repurchased its own shares through public trading on NASDAQ OMX Helsinki in accordance with its rules and at market price. The number of own shares at the end of Q1 was 1,000,000. The resolutions of the AGM 2009 are explained in this release under Annual General Meeting.

Shares, shareholders' equity, and option programs

In January, a total of 3,333 F-Secure shares were subscribed for with the A3 warrants, total of 171,340 F-Secure shares were subscribed for with the A1/A2 warrants, a total of 162,650 F-Secure shares were subscribed for with the B1/B2/B3 warrants and a total of 355,923 F-Secure shares were subscribed for with the C1/C2/C3 warrants attached to the F-Secure 2002 Warrant Plan. In aggregate the number of shares was increased by 693,246. The corresponding increase in the share capital was registered in the Finnish Trade Register on January 7, 2009. The Group received as a subscription price a total amount of EUR 661,219.02, which was recorded in the fund for the company's distributable equity. As a result of the registering the total number of shares is currently 156,770,407. The entire F-Secure 2002 warrant plan expired December 31, 2008. The corresponding number of shares diluted would be 161,270,407 including all stock option programs.

Corporate Governance

The Group complies with the Corporate Governance recommendations for public listed companies published in October 2008 by the Securities Market Association, a body established by the Confederation of Finnish Industries EK, the Central Chamber of Commerce, and NASDAQ OMX Helsinki Ltd., as explained on the Group's web pages.

IFRS changes

As of January 1, 2009, the Group has applied the following standard: IFRS 8 Operating Segments. According to the standard the segment information represented is based on the management reporting and the accounting principles used in it. The adoption of the new standard will not change the segment reporting in the Group. F-Secure has only one segment: data security. Additional information is given based upon geography as follows: Nordic, Rest of Europe, North America and Rest of World.

IAS 1 Presentation of Financial Statements. The revised Standard has been applied and it has an impact on the Group's financial statements in the period of initial application.

Risks and uncertainties

Despite the current economic conditions, the Group has not seen material changes to the risks and uncertainties during the reporting period. The current situation in the global economy has not had a major impact on F-Secure's businesses during Q12009. However, as the uncertainty in the economic environment has continued, the Group is closely monitoring the development in the economic and financial markets.

The Group's risks and uncertainties are related to, among other things, the competitiveness of the Group's product portfolio, competitive dynamics in the industry, impact of changes in technology, timely and successful commercialization of complex technologies as new products and solutions, the ability to protect own intellectual property (IPR) in the Group's solutions as well as the use of third party technologies on reasonable commercial terms, subcontracting relationships, regional development in new growth markets, sustainability of partner relationships, service quality level requirements and the overall development of value added security solutions in the Service Provider and mobile operator market.

As stated in the previous interim release, F-Secure Inc. the U.S. subsidiary of F-Secure Corporation has been named as a defendant in a patent infringement lawsuit filed in a state court in the U.S in December 2008. F-Secure is investigating the claims and will defend itself accordingly. The Group does not expect any material impact on its financials from this lawsuit.

Annual General Meeting 2009

The Annual General Meeting of F-Secure Corporation was held on March 26, 2009. The Meeting confirmed the financial statements for the financial year 2008. The members of the Board and the President and CEO were granted a discharge from liability. It was decided to distribute a dividend of EUR 0.07 per share to be paid to those shareholders that on the record date of March 31, 2009 were registered with the Register of Shareholders held by Euroclear Finland Ltd. The dividends were paid out on April 7, 2009.

It was decided that the annual compensation for the chairman is EUR 55,000, for the chairmen of Executive and Audit Committee EUR 40,000 and for members EUR 30,000. Approximately 40% of the annual remuneration will be paid as company shares.

It was also decided that the number of Board members will be six. The following members were re-elected: Marko Ahtisaari, Sari Baldauf, Pertti Ervi, Juho Malmberg, Risto Siilasmaa and Alexis Sozonoff. The Board elected in the first meeting Mr. Siilasmaa as the Chairman of the Board. The members of the Audit Committee are Pertti Ervi (Chairman), Juho Malmberg and Marko Ahtisaari. The members of the Executive Committee are Sari Baldauf (Chairman), Risto Siilasmaa and Alexis Sozonoff.

The auditor’s fee will be paid against approved invoice. Ernst & Young Oy was elected the Group’s auditors. APA, Mr. Erkka Talvinko is acting as responsible partner.

It was decided that the Board of Directors may pass a resolution to purchase a maximum of 14.500.000 shares of the Company. The proposed amount represents approximately 9.25% of all the shares issued by the Company. The authorization would be valid for one year. The authorization covers the purchase of shares through public trading on NASDAQ OMX Helsinki Ltd. in accordance with its rules, or through a public tender offer made to the shareholders of the Company. The consideration payable for the shares shall be based on the market price. In purchasing of the Company's own shares derivative, share lending and other contracts customary to the capital markets may be concluded pursuant to law and applicable legal provisions.
The authorization also entitles the Board of Directors to pass a resolution to purchase the shares by deviating from the shareholders’ pre-emptive rights (directed purchase) subject to the provisions of the applicable law. Own shares will be purchased to be used for making acquisitions or implementing other arrangements related to the Company's business, to improve the Company's financial structure, to be used as part of the incentive compensation plan or for the purpose of otherwise assigning or cancelling the shares. The Board of Directors shall have the right to decide on other matters related to the purchase of the Company’s own shares.

It was also decided that the Board of Directors may pass a resolution that the Board of Directors can decide on a transfer of a maximum of 15.500.000 of own shares of the Company either against consideration or without payment. The authorization would be valid for one year. The Board of Directors is authorized to transfer the shares in deviation from the shareholders’ pre-emptive rights (directed transfer) subject to the provisions of the applicable law.

The shares may be transferred as a consideration to finance acquisitions or in other arrangements and used as part of the equity-based incentive plans of the Company as decided by the Board of Directors. The Board of

Directors shall also have the right to sell the shares through public trading on NASDAQ OMX Helsinki Ltd. The Board of Directors shall have the right to decide on other matters related to a transfer of own shares.

The Board was authorized to decide on a directed share issues and its terms. The authorization is valid for a period of 18 months. The maximum cumulative number of issued new shares is 40,000,000.

Long-term objectives

The Security software market as a total is attractive globally. The market is an over $10 billion industry (Source: Gartner, 2008). Longer term security market growth is expected to be around 10% annually between 2007 and 2012 (source: IDC).

The market opportunities for Internet Security and other related services is driven by the expansion of the Internet, with its increasing number of security threats against users and the growing number of Internet broadband connections for both PC's and mobile phones. The global Internet penetration is around 24%; in Asia it is below 20%, in Europe below 50%, and in North America over 70% (Source: Internet World Stats, U.S. Census Bureau). The growing number of smart phones which have internet browser increases the number of mobile internet users (number of smart phones 2009: 200m and 2012 more than 500m; Source: Gartner).

The Security as a Service (SaaS) business has been a strong growth driver for the Group since the year 2000. Based on the company's pioneering role in offering Software as a Service, the Group continues to expand its offering to augment the traditional Security services. The Software as a Service business model continues to gain further market share in the software industry at large (Source: IDC Nov. 2008). Based on the experiences of the SaaS business model, the Group anticipates that both the customer benefits (e.g. lower total cost of ownership) and attractive partner business benefits (e.g. lifetime revenue share) will accelerate the adoption of the SaaS business model compared to traditional Software acquisition as a product. Currently the Group offers both Security as a Service and Online Backup as a Service.

The Group's first priority is to drive strong growth. The core growth driver is the Security as a Service (SaaS) sales through the Service Providers. In the Service Provider channel the Group has a strong foothold globally with over 190 operator partners. The Group's potential customer base, i.e. partners' market share of residential broadband at the end of 2008, was significant in Europe (39% of all European BB subscribers) and good in Asia (13%) and in North America (10%) (Source: Dataxis and F-Secure).

The Group focuses in increasing the penetration within the current operator base and continues to selectively seek partner expansion globally. In addition, the Group is developing its operations in other channels, such as electronic sales, to offer value-added services to consumers and other segments.

The Group's close co-operation with major mobile phone vendors and mobile phone operators provides good opportunities to benefit from the growth of the mobile internet. Over time the Group anticipates synergies across the value-added Services being developed and offered both for PC's and mobile phones.

The Group's target is to be the leader in providing security and related value-added services to consumers through Service Providers. The Group pursues investments in new value added services for both PC and mobile users to augment the existing security services. The Group continues to drive innovation also in the traditional IT security, enabling the secure use of internet.

During the next three years, the Group aims to continue to exceed the average market growth rates in revenues and seeks the EBIT level to be around 25%.

Short-term outlook

During Q1 the Group has not identified major impact from the existing uncertainty of the global economy. However, the Group is closely monitoring the development in the economic and financial markets.

During the year 2009 the Group seeks to continue to exceed average market growth. For 2009 the security market growth is anticipated to be around 8% (source: IDC). During the year 2009 the Group focuses on executing its Security as a Service -strategy to meet long-term objectives.

F-Secure revenues for the second quarter of 2009 are estimated to be between 30 million and 32 million. The costs level is estimated to be below 23 million.

The revenue estimate is based on the sales pipeline at the time of publishing, existing subscriptions and support contracts as well as current exchange rates.

News conference today at 11 am

A news conference for press and analysts will be arranged today, April 23, at 11 am Finnish time at Group headquarters, address: Tammasaarenkatu 7 (Ruoholahti), Helsinki. A conference call for international investors and analysts will be arranged at 15.00 Finnish time (14.00 CET, 1.00 pm UK time). Instructions on how to attend are available on the investor pages of the Group's web site at http://www.f-secure.com/en_EMEA/about-us/investor-relations/.

The interim reports for 2009 will be published on July 28 (Q2) and October 22 (Q3). A Stock Exchange bulletin will be sent at 9 am Finnish time to the Nasdaq OMX Helsinki, a press and analyst conference will be arranged at 11 am Finnish time in Helsinki, and an international conference call will be arranged in the afternoon. Full details will be provided later on the Group's website.

F-Secure Corporation

Additional information:

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This interim report is prepared in accordance with IAS 34 standard and with the accounting principles stated in the annual report 2008. As of January 1, 2009 the group has applied IFRS 8 Operating segments standard and IAS 1 Presentation of Financial Statements standard.

Key figures (unaudited):
Euro million

INCOME STATEMENT	2009 1-3	2008 1-3	Change %	2008 1-12
Revenues	30.6	26.6	15	113.0
Cost of revenues	2.6	2.1	25	10.3
Gross margin	28.0	24.5	14	102.7
Other operating income	0.3	0.3	18	2.6
Sales and marketing	13.5	11.5	18	48.6
Research and development	6.8	6.3	9	25.5
Administration	2.0	1.8	10	6.8
Operating result	6.1	5.3	14	24.3
Financial net	0.5	0.3		2.0
Share of profit of associate	0.0	0.0		0.1
Result before taxes	6.5	5.6		26.4
Incomes taxes	-1.6	-1.4		-6.9
Result for the period (to owners)	4.9	4.1		19.6
Other comprehensive income:				
Exchange diff. on translating foreign operations	0.0	-0.1		-0.3
Available-for-sale fin. assets	0.2	0.1		-0.2
Income tax relating to components of other comprehensive income	0.0	0.0		0.0
Total comprehensive income (to owners)	5.1	4.1		19.1
Earnings per share, e	0.03	0.03		0.13
EPS, diluted, e	0.03	0.03		0.12

BALANCE SHEET	31.3.	31.3.	31.12.
ASSETS	2009	2008	2008
Intangible assets	3.9	3.9	3.5
Tangible assets	3.5	3.4	3.5
Other financial assets	1.1	0.9	1.1
Non-current assets total	8.5	8.3	8.1
Inventories	0.1	0.2	0.1
Other receivables	25.0	20.7	25.5
Available-for-sale financial assets	42.0	78.2	47.1
Cash and bank accounts	22.4	12.2	14.1
Current assets total	89.5	111.3	86.8
Total	98.0	119.5	94.9

	31.3.	31.3.	31.12.
SHAREHOLDER'S EQUITY	2009	2008	2008
AND LIABILITIES			
Equity	34.9	60.9	41.1
Other non-current liabilities	0.0	0.1	0.0
Provisions	0.0	0.0	0.0
Deferred revenues	7.1	5.3	7.5
Non-current liabilities total	7.2	5.4	7.5
Other current	25.3	24.8	16.5
Deferred revenues	30.7	28.4	29.7
Current liabilities total	55.9	53.2	46.2
Total	98.0	119.5	94.9

	31.3.	31.3.	31.12.
Cash flow statement	2009	2008	2008
Cash flow from operations	4.9	8.0	26.3
Cash flow from investments	-1.2	-1.9	-3.2
Cash flow from financing activities 1)	-0.5	0.0	-46.2
Change in cash	3.1	6.1	-23.1
Cash and bank at 1 Jan	61.0	84.1	84.3
Change in net fair value of available-for-sale	0.2	0.1	-0.2
Cash and bank at 31 Mar	64.3	90.3	61.0

Note 1) Cash flow from financing
The company bought own shares by 549.964 euro.

Statement of changes in shareholders' equity

	share capital	share premium fund	unrestricted reserve	treasury shares	retained earn.	available-for-sale ass.	transl. diff.	total
Equity 31.12.2008	1.6	0.2	2.1	-1.5	39.1	-0.1	-0.4	41.1
Total comprehensive income for the year					4.9	0.1	0	5.1
Dividend					-10.9			-10.9
Acquisition of treasury shares				-0.6				-0.6
Cost of share based payments					0.2			0.2
Equity 31.3.2009	1.6	0.2	2.1	-2.0	33.4	0.1	-0.4	34.9

Key ratios	2009 3 m	2008 3 m	2008 12m
Operating result, % of revenues	19.8	20.0	21.5
ROI %	53.1	37.1	51.5
ROE %	38.6	25.6	36.0
Equity ratio, %	58.0	71.0	71.3
Debt-to-equity ratio, %	-184.2	-148.2	-148.5
Earnings per share (EUR)	0.03	0.03	0.13
Earnings per share diluted	0.03	0.03	0.12
Shareholders' equity per share, (EUR)	0.22	0.39	0.26
P/E ratio	16.2	23.8	14.9
Capitalized expenditures (MEUR)	1.2	1.0	3.1
Contingent liabilities (MEUR)	7.1	8.3	7.8
Personnel, average	723	584	652
Personnel, Mar 31	728	602	718

Geographical information

	1-3/2009			1-3/2008		
	revenue	%	assets	revenue	%	assets
Nordic countries	10.5	34.0	86.9	10.5	39.0	111.2
Rest of Europe	13.7	45.0	1.4	11.4	43.0	1.3
North America	3.0	10.0	3.8	2.3	9.0	2.7
Rest of the world	3.4	11.0	5.1	2.4	9.0	3.6
Total	30.6	100.0	97.2	26.6	100.0	118.8

Quarterly development

	1/08	2/08	3/08	4/08	1/09
Revenues	26.6	27.2	28.6	30.6	30.6
Cost of revenues	2.1	2.4	2.6	3.1	2.6
Gross margin	24.5	24.7	26.0	27.4	28.0
Other operating income	0.3	0.6	0.4	1.3	0.3
Sales and marketing	11.5	12.4	11.8	13.0	13.5
Research and development	6.3	6.5	6.1	6.7	6.8
Administration	1.8	1.7	1.4	1.9	2.0
Operating result	5.3	4.7	7.1	7.2	6.1
Financial net	0.3	0.6	0.4	0.7	0.5
Result before taxes	5.6	5.3	7.5	8.0	6.5