



F-Secure Corporation - Interim report Q2 2011 **(Unaudited)**

July 27, 2011

Kimmo Alkio, President & CEO

Q2 highlights

- **Operator channel performed strongly showing accelerating revenue growth to 24%, total revenue growth close to 10%**
- **Continue to increase investments to drive future growth and competitiveness of services**
- **Security subscription growth continues strong; storage related business supporting growth – both project deliveries and subscriber based sales**
- **Market expansion in Latin America progressing well; Vivo launched in Brazil**
- **Future outlook promising; no change in annual forecast**

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A woman with dark hair, wearing a purple long-sleeved top and a gold necklace, is focused on her work. She is sitting at a desk, typing on a laptop. A white coffee cup is on the desk next to her. In the foreground, the back of a person's head and shoulder are visible, suggesting a collaborative work environment. The background is slightly blurred, showing other people and office equipment.

1. Financial performance in Q2 2011

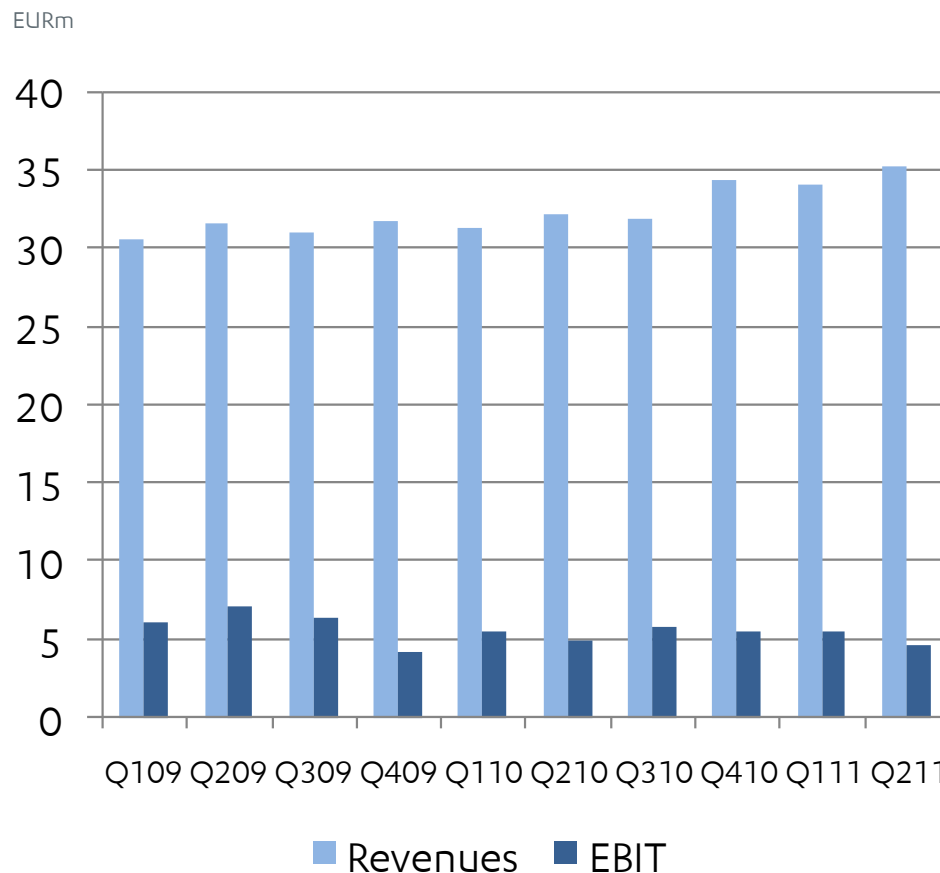
Q2 Revenue and EBIT

- **Revenue growth accelerated in Q2 driven by operator channel**

- Total quarterly revenues 35.3m; growth of 9% (Q210: 32.3m)
- Operator revenues (incl. Storage and Digital Content business) 20.3m, growth of 24% compared to Q210 and 9 % from Q111 (Q110: 15.6m)
- Other channels 15.0m, decline of 6% (15.9m)

- **Profitability at a fair level**

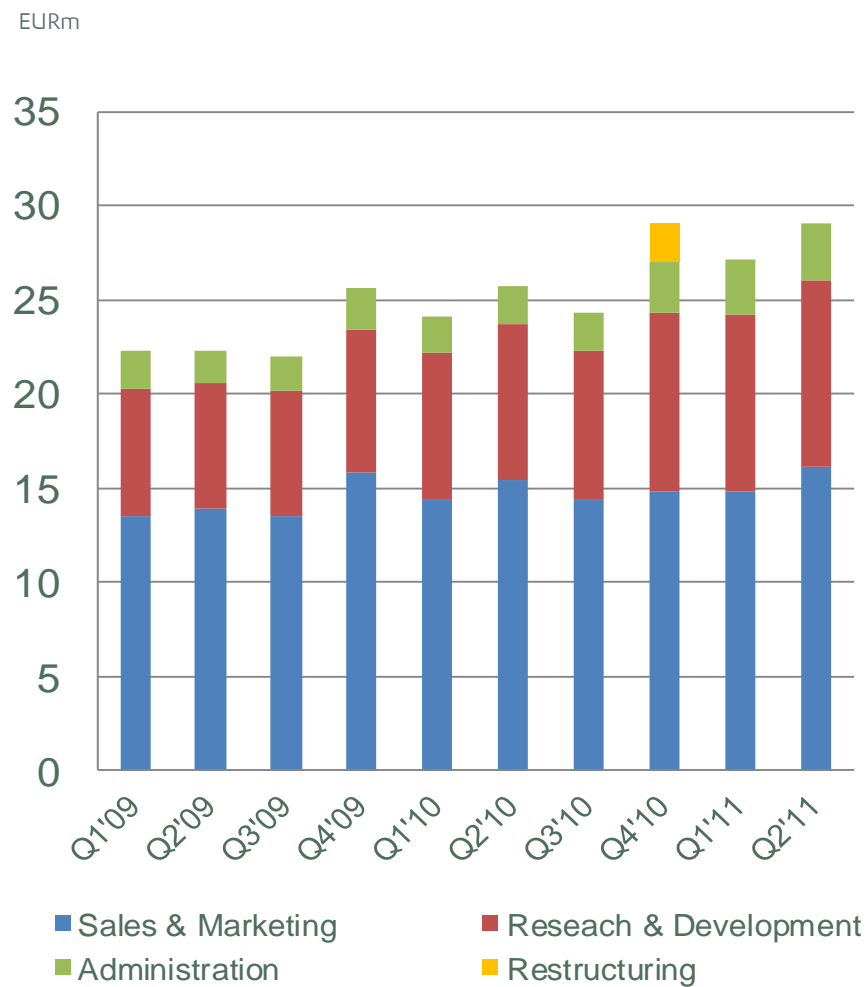
- EBIT 4.6m , 13% of revenues; (Q210: 4.9m, 15%)
- EPS EUR 0.02 (EUR 0.02)
- Cash flow from operations 0.8m positive (5.6m)



EBIT Q4 2010 excluding restructuring costs

Q2 Costs – investing to accelerate operator growth

- Total costs 29.1m +13%; (Q210: 25.8m)
 - Capitalization of research & development costs; during Q211 impact ~1.6m (0.8m)
- Cost increases targeted in
 - Geographical expansion; Latin America
 - R&D resources; portfolio expansion to increase the competitiveness for PC and other devices
 - Storage business; project deliveries to major operators



Q2 Operating profit

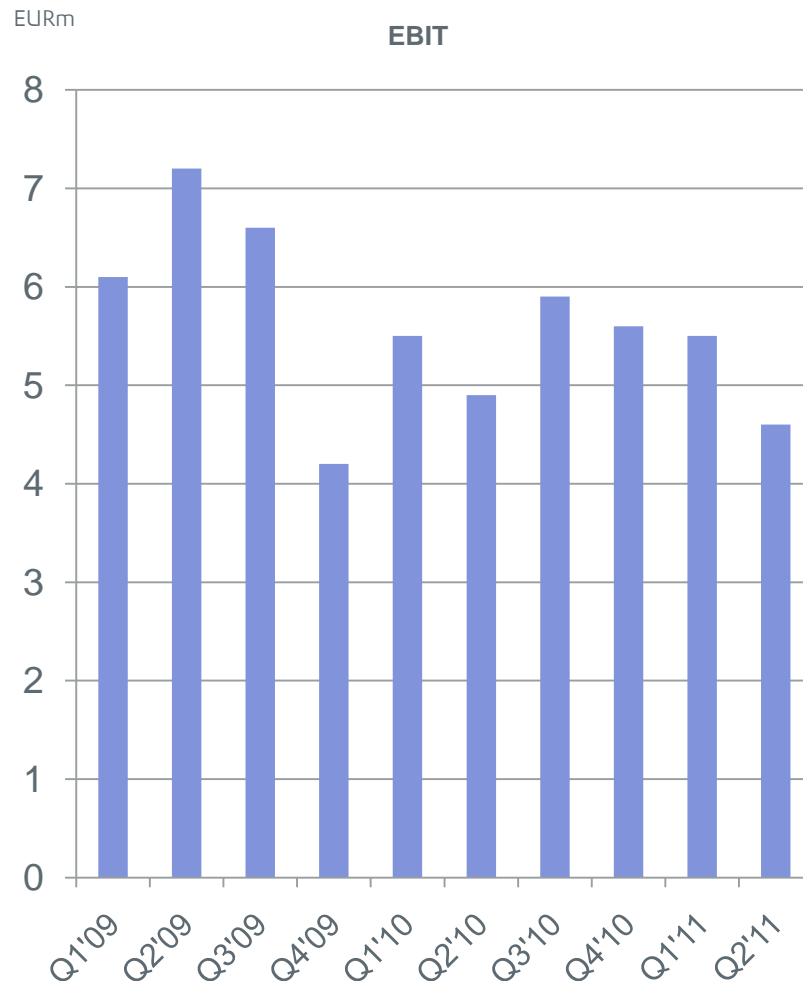
- **Operating profit level at a fair level**

- EBIT 4.6m , 13% of revenues (Q210: 4.9m, 15%).

- **Equity ratio:**

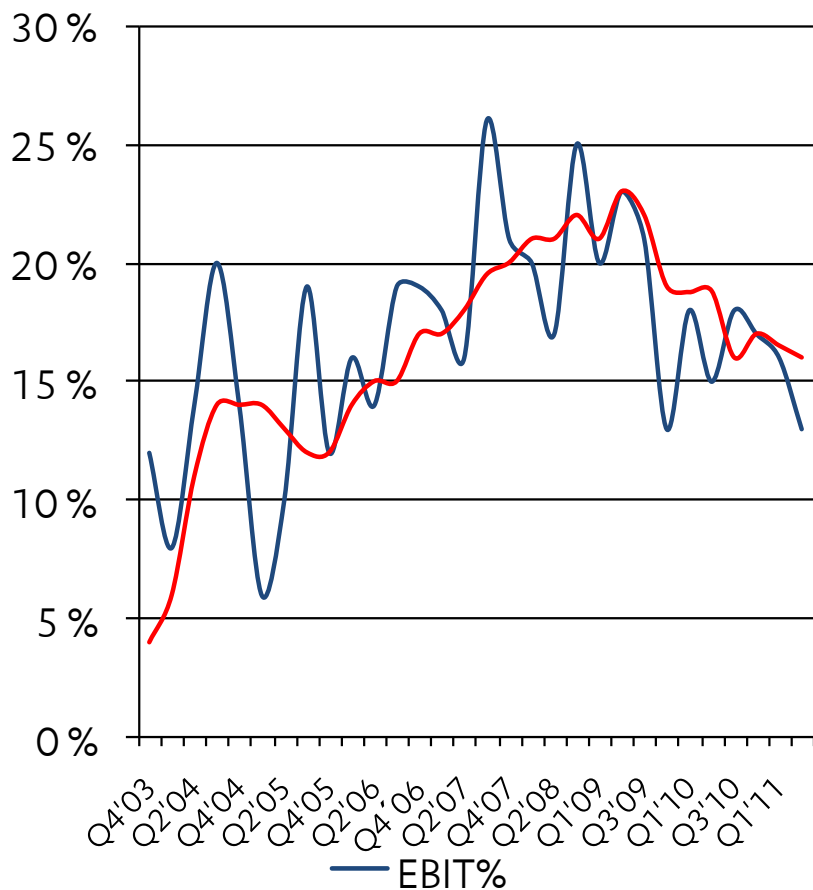
- June 30, 2011 68%
- Mar. 31, 2011 60%*
- Dec. 30, 2010 69%
- Sep. 30, 2010 71%

*69% if dividend paid in March



EBIT Q410 excluding restructuring costs

Development of EBIT margin



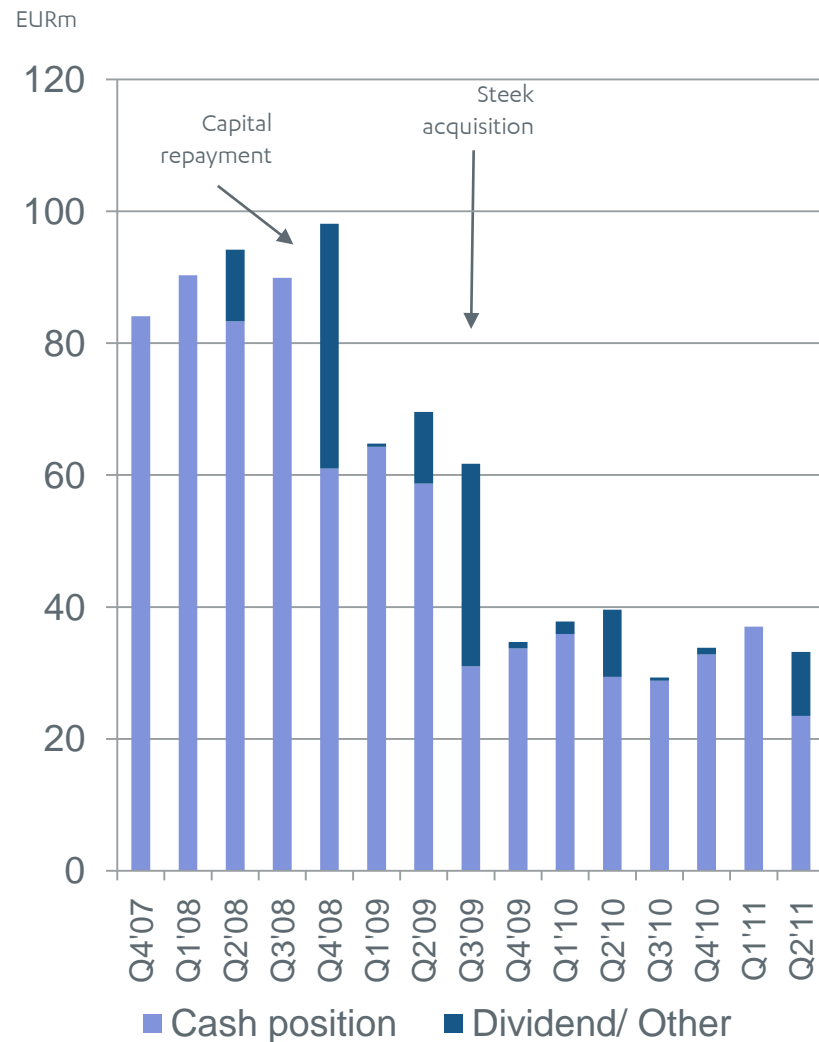
- Prioritising growth over short term profitability, currently investing in Storage business
- Seeking to improve profitability longer term towards 25% EBIT level

The graph shows the EBIT excluding the non-recurring impairment loss of Network Control in 4Q06 and the gain from the sale of Network control technology in 4Q08

EBIT Q4 10 excluding restructuring costs

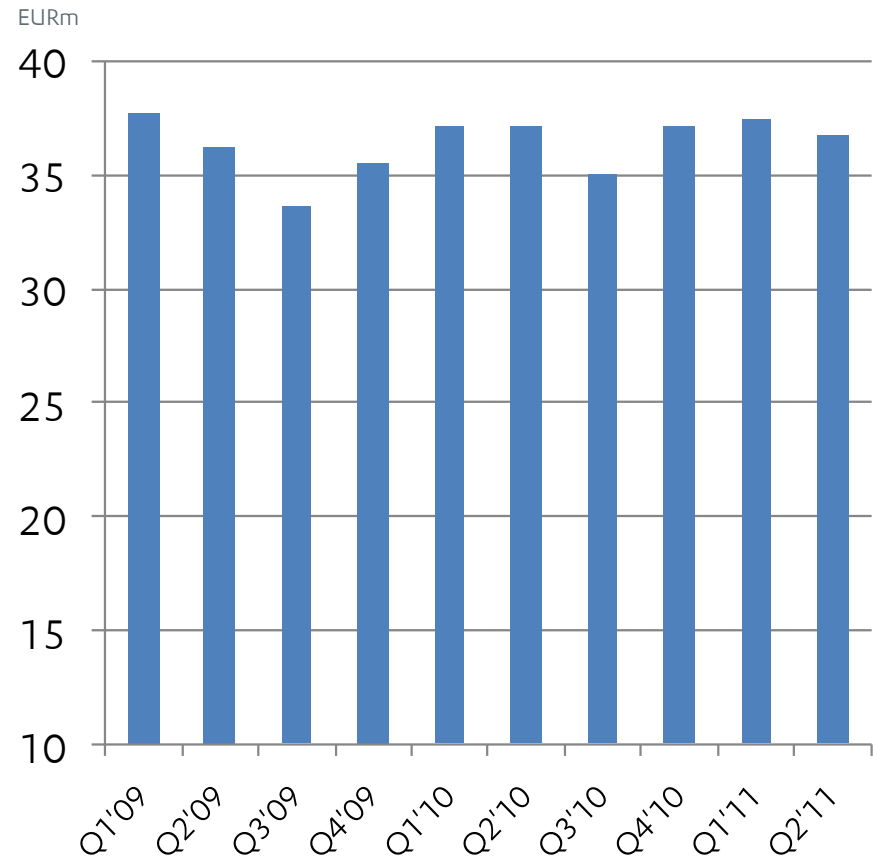
Q2 Cash position

- Cash flow from operations was 0.8m positive (Q210: 5.6m)
 - Increased CAPEX
 - Negatively impacted by change of net working capital (timing of payables and receivables)
 - Cash position remained at a good level
 - Market value of liquid assets on
 - June 30, 2011 23.5m
 - Mar 31, 2011 37.1m
- Cash position has developed according to the longer term efficient capital management objectives
- Dividends of EUR 0.06 were paid on April 12, 2011, totally EUR 9.3m
- Share buy-backs continued in June; totally shares at hand 3.5 millions



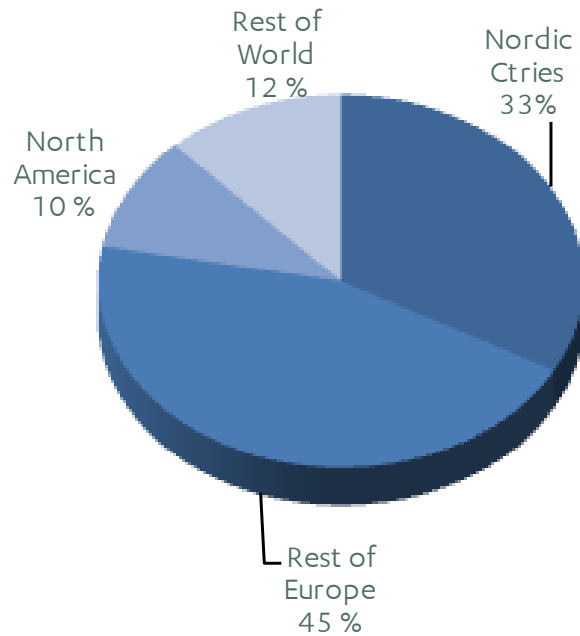
Q2 Deferred Revenues

- Deferred revenues were at 36.8m (37.2m) ; healthy renewal license sales in the channel business
 - Japan, as one of the key countries for corporate business, impacted by earthquake
- Deferred revenues accrued in the balance sheet
 - June 30, 2011 36.8m
 - Mar. 31, 2011 37.5m

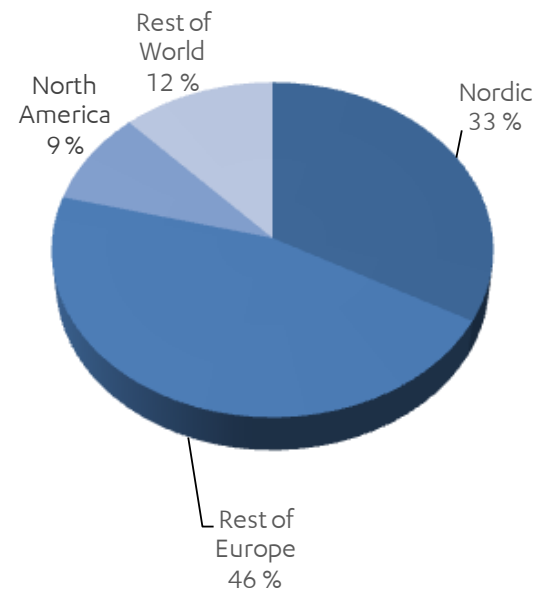


Q2 2011 Regional Revenue Split

1-6/2011

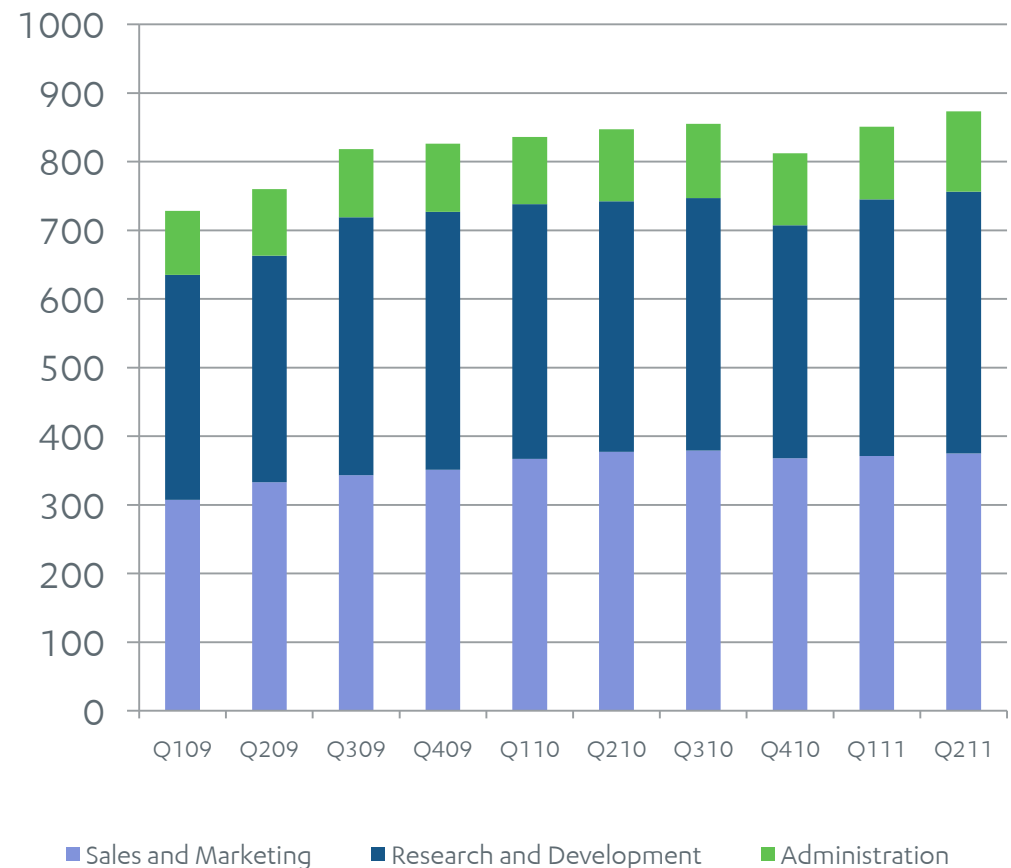


1-12/2010



Number of personnel

- At the end of Q2: 873
(Q111: 851; Q410: 812)
- During Q2 new recruitments:
supporting growth
businesses, mainly in the storage
business and R&D
- Re-skilling on-going; operator
sales roles, Storage related
development, project
management and services roles





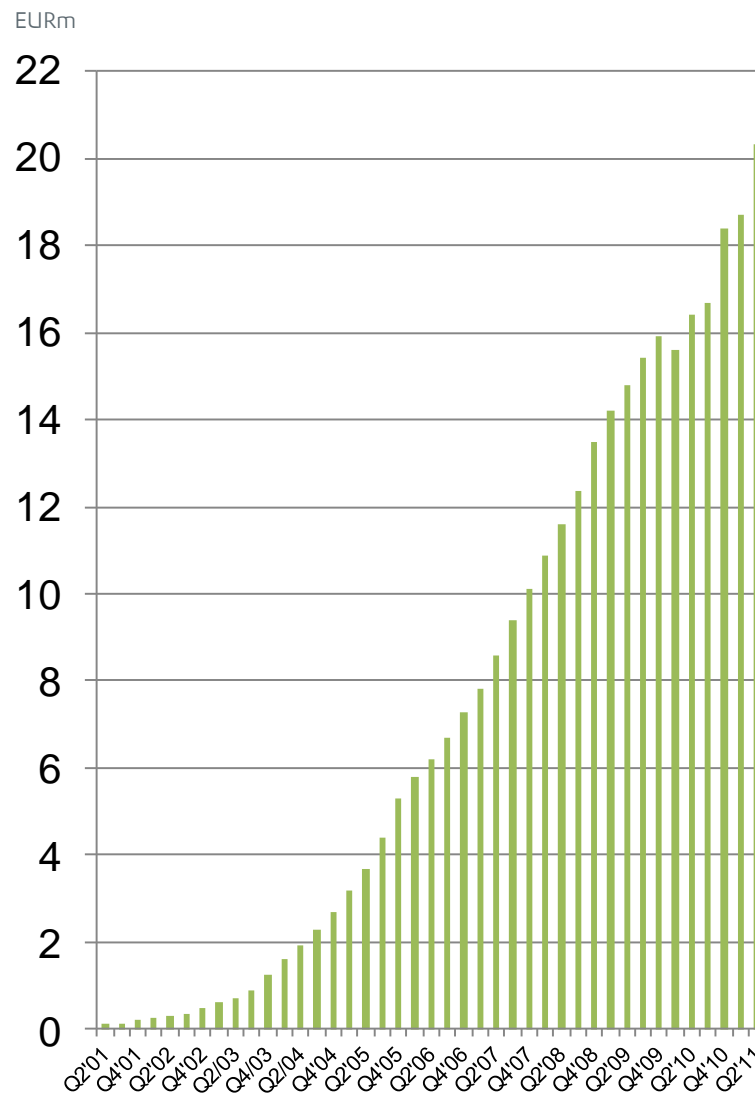
2. Operator business:

Strong global partner network

Q2 Operator business

- **Q2 revenues of 20.3m (16.4m); growth of +24% YoY ; +9% QoQ**
 - Healthy security subscriber growth continued; increase in take up rates
 - Storage related project revenues (i.e. AT&T) and subscriber sales
- **Increasing number of existing Operators launching combined Security and Storage services as bundles**
- **Recent announcements**
 - **Vivo (Brazil)**
 - **Zon (Portugal)**
 - **Optus (Australia)**

Operator business includes internet service providers, mobile operators and cable operators



More than
200 operator
partners globally
and over **250** m
broadband
subscribers





3. Products and Services

Products and services

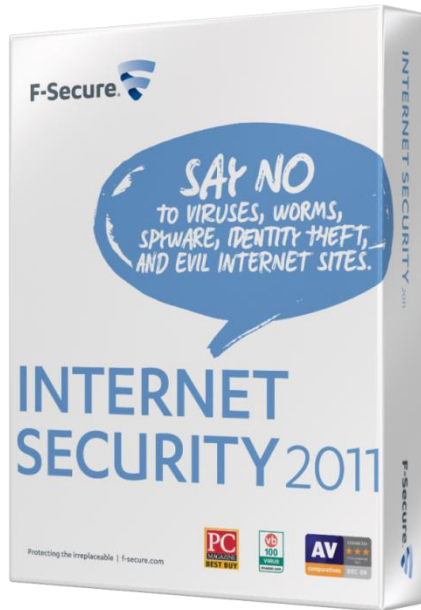
Products, Services and Technologies

- F-Secure develops and sells security and storage related services that support personal computers, servers and an increasing set of major smartphone and tablet operating systems
- F-Secure is increasing the investment to extend the products and services to new mainstream smartphone and tablet operating systems, such as Android, iOS and RIM
- Cloud computing has been in the center of the company's technology strategy and choices for the past few years

Q2 key product & service announcements

- **F-Secure Mobile Security 7.** F-Secure Mobile Security 7 is a complete security solution for smartphones and tablet computers
- **F-Secure Anti-Virus for Mac** for home users and businesses. The product has been designed with performance in mind, making it easy and fast to use
- **F-Secure Protection Service for Email**, which is an effective and hassle-free email security service for small and medium enterprises

F-Secure key consumer products



Full PC protection

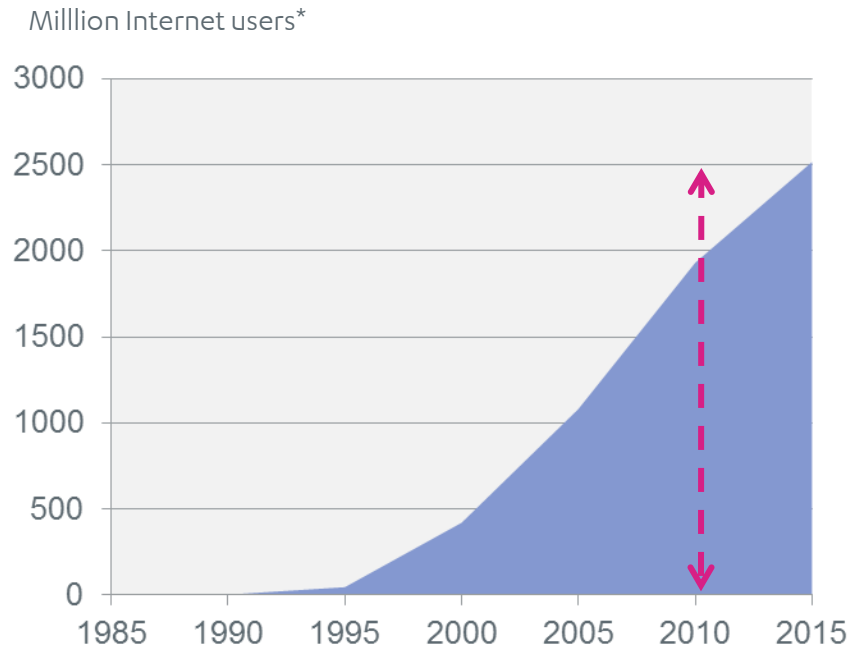


Better way for online backup

4. Market review

Internet expansion, new devices and increasing use of social media strengthen the demand for **value added services**

The number of Internet users increasing - more potential customers

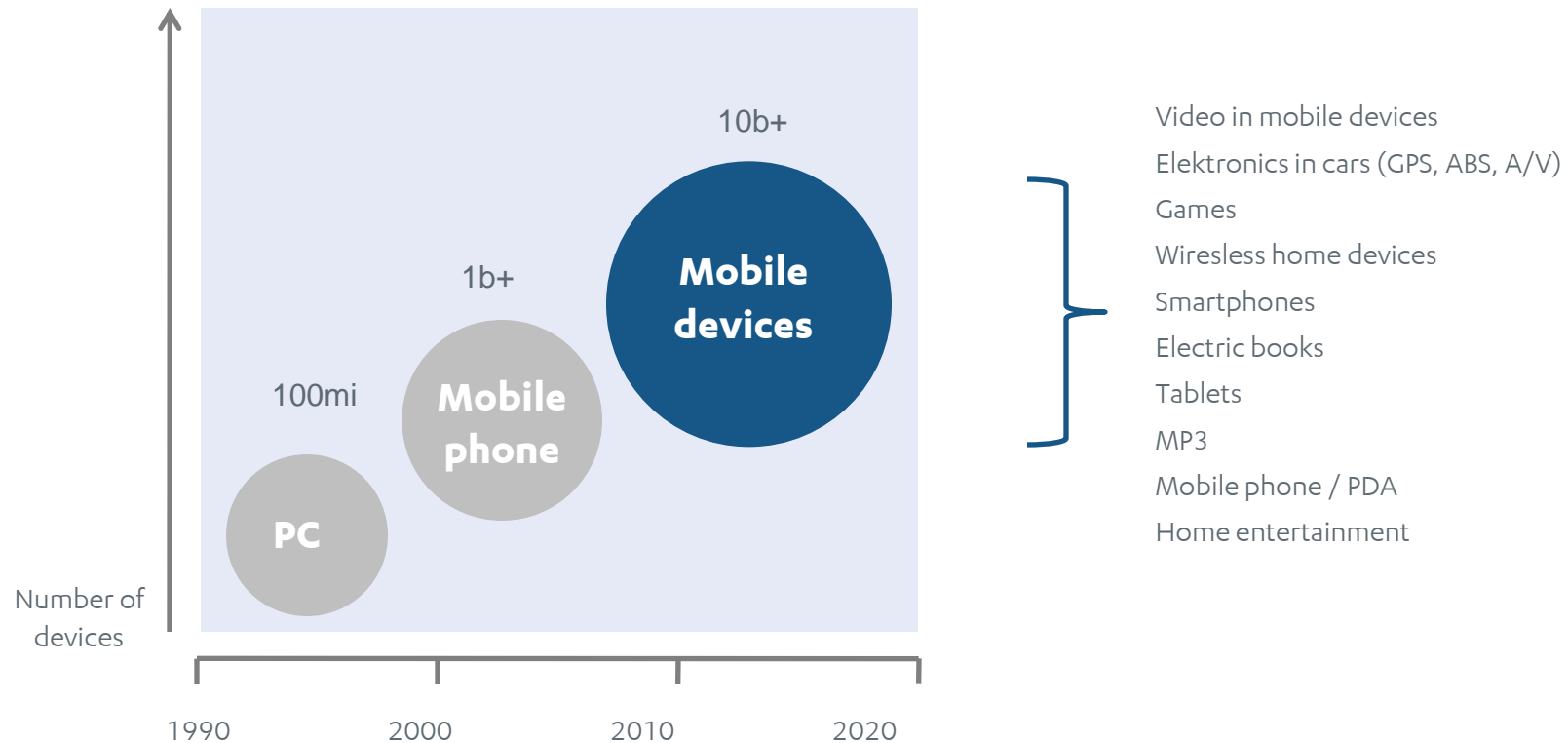


Internet in 2015:

- >500m new users
- >2.5B users altogether
- Mobile Internet > traditional broadband

Source: *eTForecasts, **Morgan Stanley Research, 2010

The number of new devices increasing - more devices to offer services

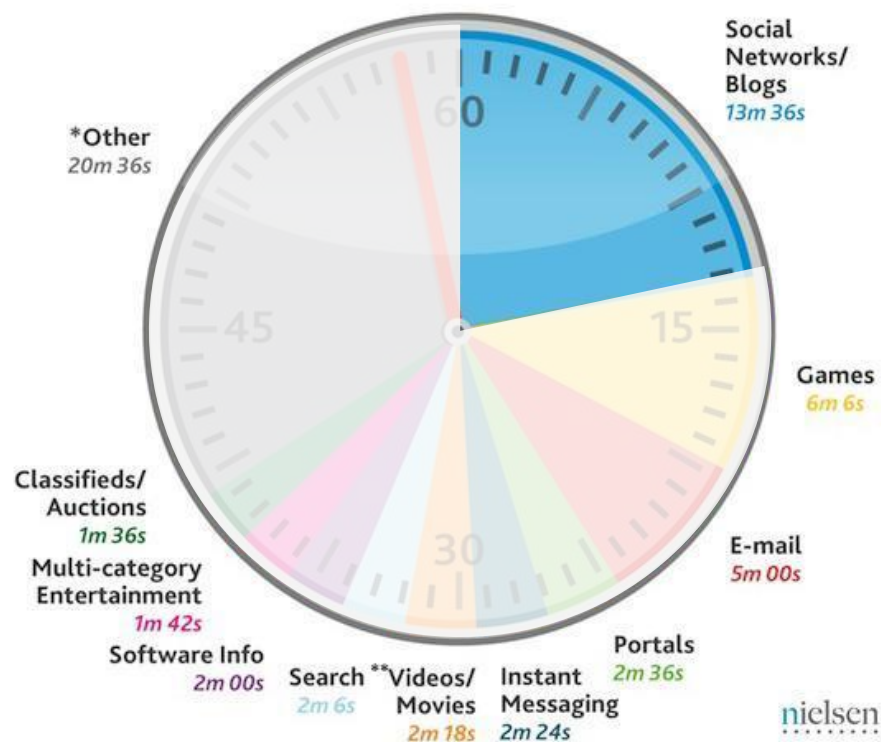


Source: ITU, Mark Lipacis, Morgan Stanley Research.

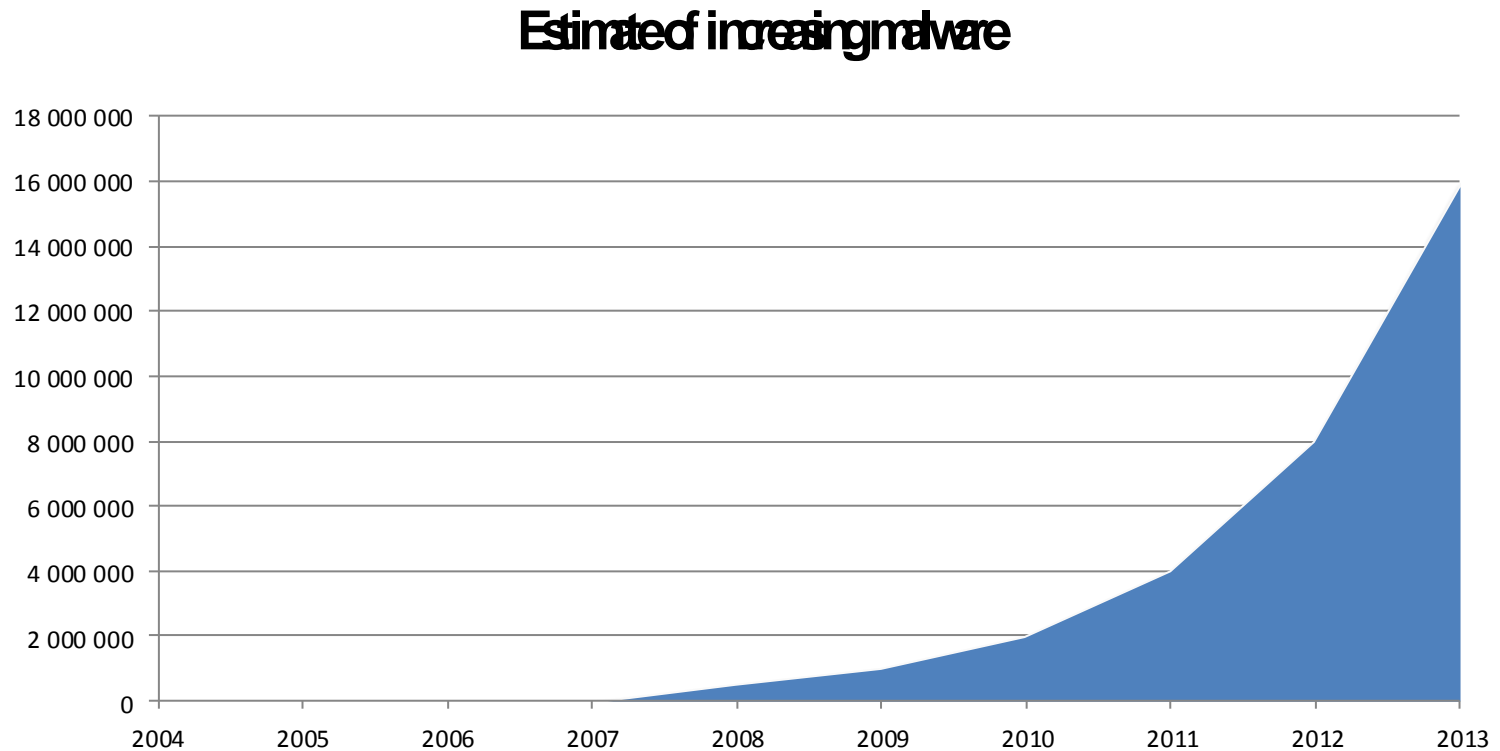
Social media increase the use of Internet

- protecting identity more and more important

If all U.S. Internet time were condensed into one hour, how much time would be spent in the most heavily used sectors?



Security is needed in Internet



Source: F-Secure

Market trends – summary



Internet

- Internet growth continues globally
- Mobile internet driving growth
- Role of internet security significant for business over the Internet



New devices

- Smartphones and tablets growing in number
- New devices connected to the Internet are coming to the markets
- Need for new services; storage of information



Social media

- Services in social media increasing
- Operators seeking to be part of this development

A photograph of a desk setup. In the background, a computer monitor displays a green field. A black keyboard is in front of it. To the left of the keyboard is a white mug. In front of the mug is a silver computer mouse. To the right of the mouse is a green pen. Further right is a stapler and some papers. The desk is light-colored wood.

5. Long-term objectives & future outlook

Operators drive Internet expansion.
Long-term market opportunities are
attractive for F-Secure.

Long-term objectives

Growth

- Continue to exceed average market growth
- Geographic expansion
- New large operator partnerships

Software as a Service

- Highly competitive internet security
- Combined internet security and online backup services aiming for higher number of subscribers
- Room for innovation – benefiting from Internet growth

Financial efficiency

- Continuous development of scalable business models
- Investments in strategic growth businesses, especially in the operator channel

Outlook for 2011 is unchanged

- The growth is driven by Software as a Service business; security sales, storage related project deliveries and storage service sales
- The management estimates annual revenue growth to accelerate to around 10% from 2010
- Annual profitability is expected to improve from 2010 level at a comparable pace to revenue growth (compared to 2010 EBIT excl. re-structuring)

¹The estimates are based on the sales pipeline at the time of publishing, existing subscriptions, support contracts and exchange rates previous experience

CEO transition

F-Secure President and CEO Kimmo Alkio has decided to pursue a leadership opportunity in an adjacent industry sector. He will continue to lead F-Secure until 31 October, 2011.

Search for the new CEO has been initiated and is planned to be completed during the second half of 2011.

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.

Protecting
the
irreplaceable