



F-Secure Corporation

Interim report Q2 2012

(Unaudited)

President & CEO
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Highlights in Q2

- **Solid revenue growth continued**

- Total revenues grew by 12% reaching level of 39.6m (Q211: 35.3m)
- Good Internet security sales

- **Revenues from the Operator channel grew by 20 % reaching 24.4 million**

- Internet security sales performed very well in several European countries and in Latin America
- Project revenues (Content Cloud related) were at lower level than a year ago

- **Profitability at satisfactory level**

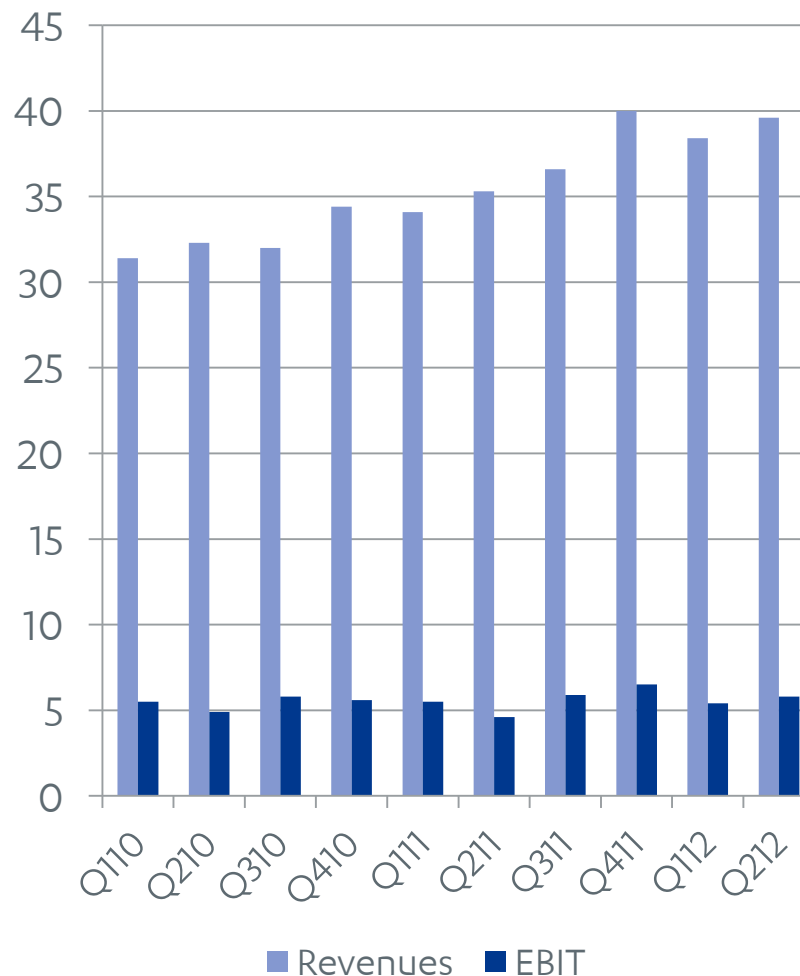
- EBIT 5.8 million, 15% of revenues (Q211: 4.6 m, 13%)
- Cash flow from operations 6.7m positive (0.8m positive)

2. Financial performance in Q2

Q2 Revenues

- **Revenue growth continued driven by the operator channel**
 - Total quarterly revenues 39.6m; growth of 12% (Q211: 35.3m)
 - Operator revenues 24.4m; growth of 20% (Q211: 20.3m)
 - Other channels 15.2m; growth of 1% (Q211:15m)

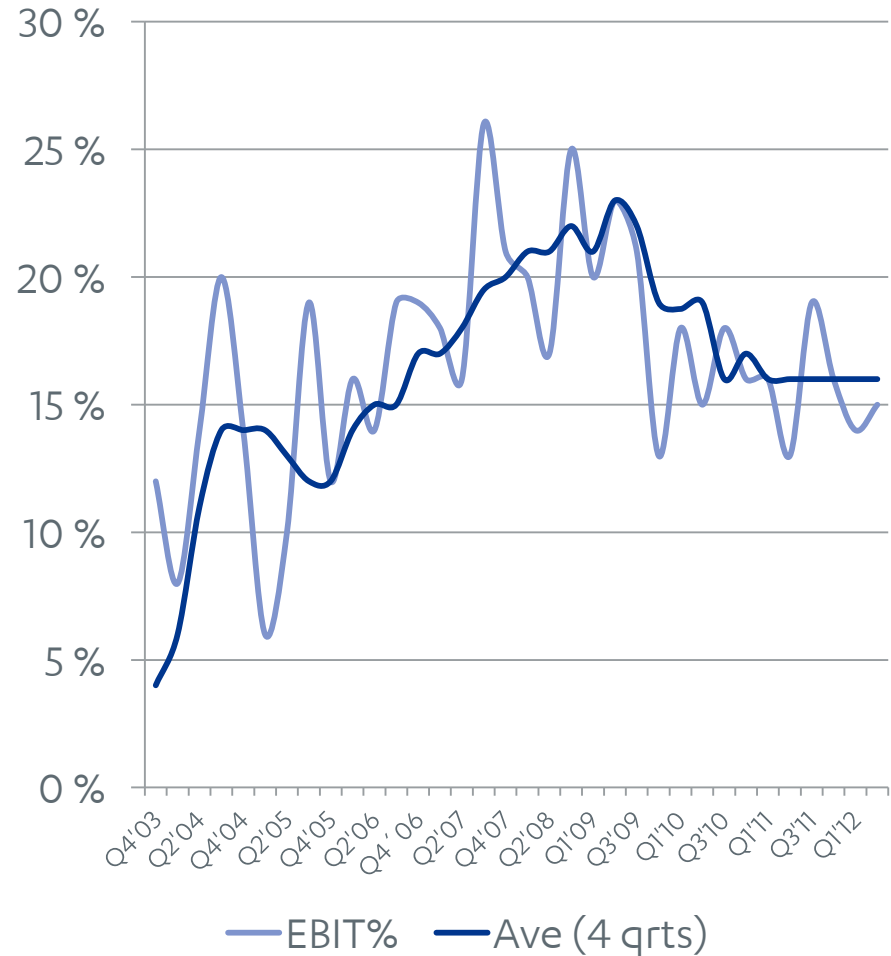
EURm



Q2 Profitability

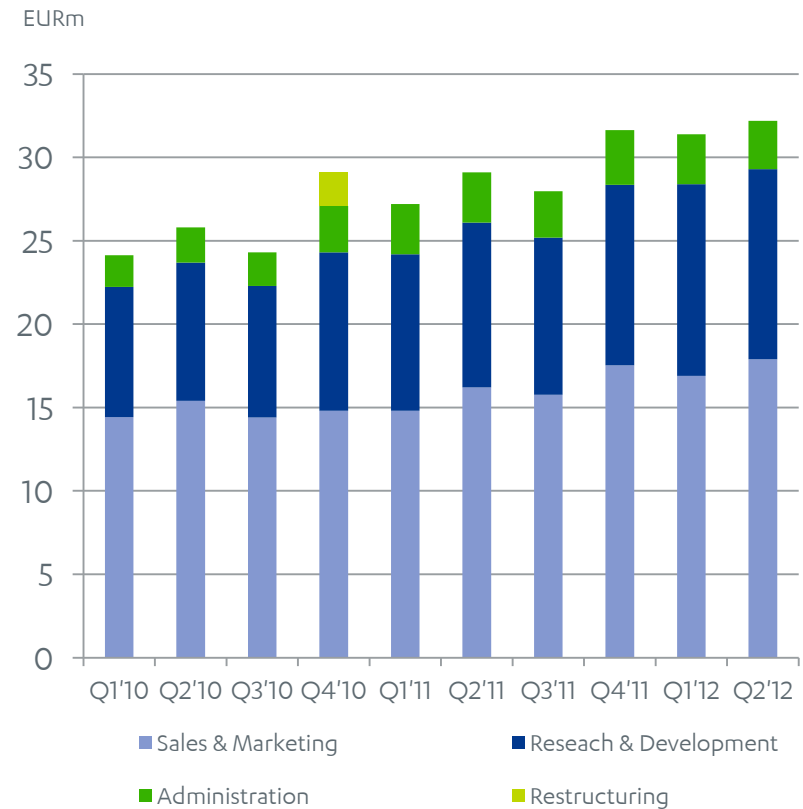
- **Profitability at satisfactory level**

- EBIT 5.8 m, 15% of revenues;
(Q211: 4.6m, 13%); growth of 26%
- Earnings per share EUR 0.03
(EUR 0.02)



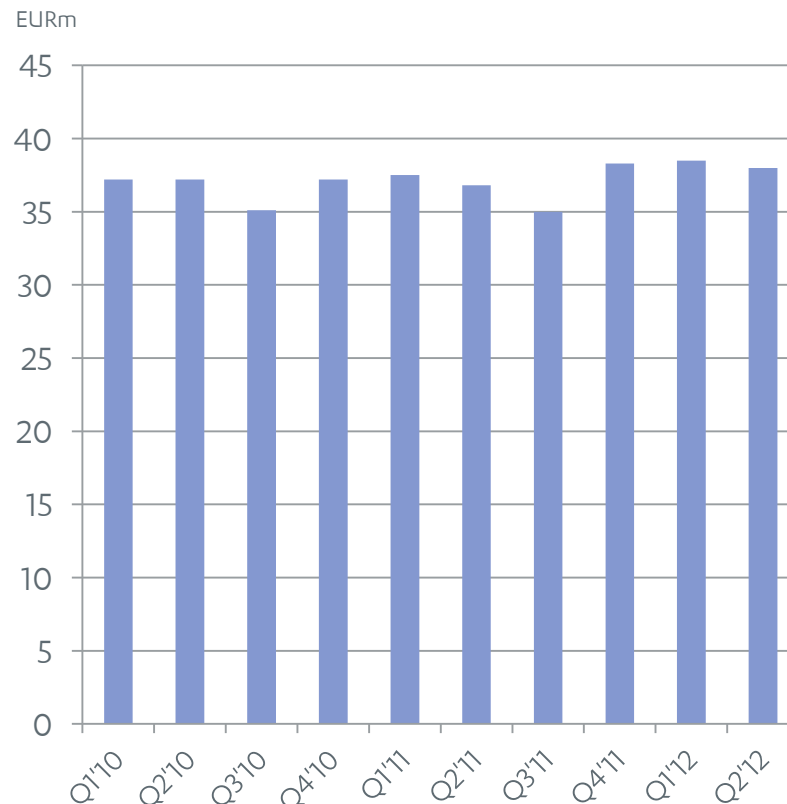
Q2 Costs – modest increase in run rate

- **Total costs increased to 32.2m, +11%; (Q211: 29.1m)**
- Focus on geographic expansion in Latin America and especially in respect to Content Cloud business
- **Run rate costs grew modestly from Q1**
- Cost level was impacted by increased depreciations from past capitalized expenses; Q212: 1.9m (Q211: 1.5 m)
- Capitalized R&D expenses were 1.8m (Q211: 1.6m)
- Write-off of 0.8m of an obsolete sales tool



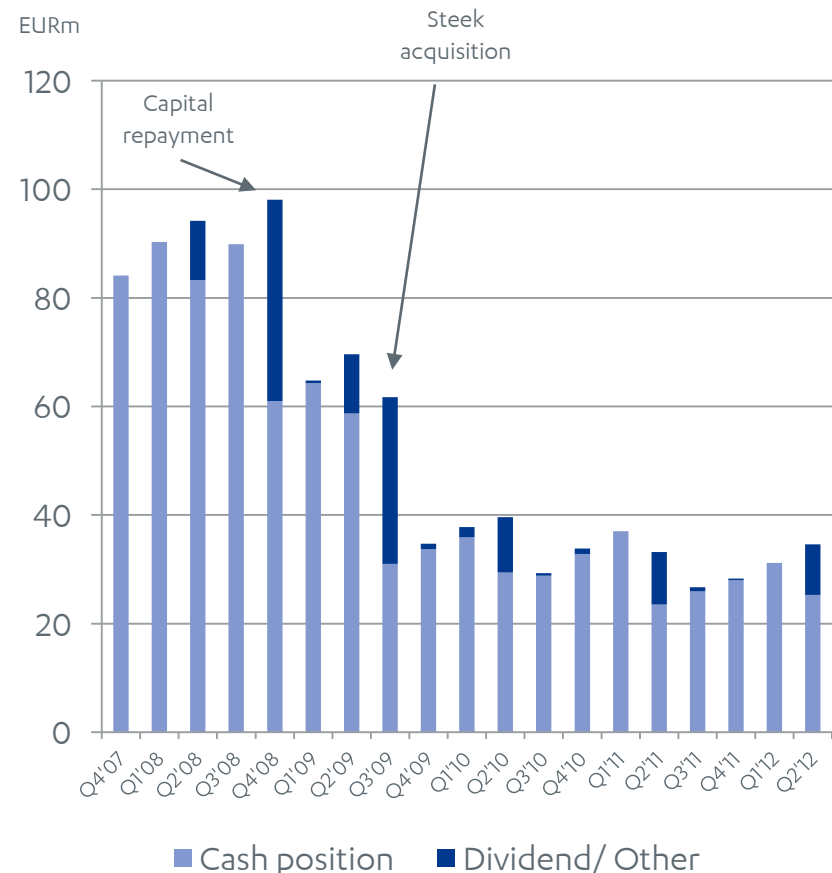
Q2 Deferred Revenues

- **Deferred revenues were at 38.0m (36.8m)**
 - Healthy renewal license sales in the channel business
- **Deferred revenues accrued in the balance sheet**
 - Mar. 31,2012 38.5m
 - Dec. 31,2011 38.3m
 - Jun. 30, 2011 36.8m



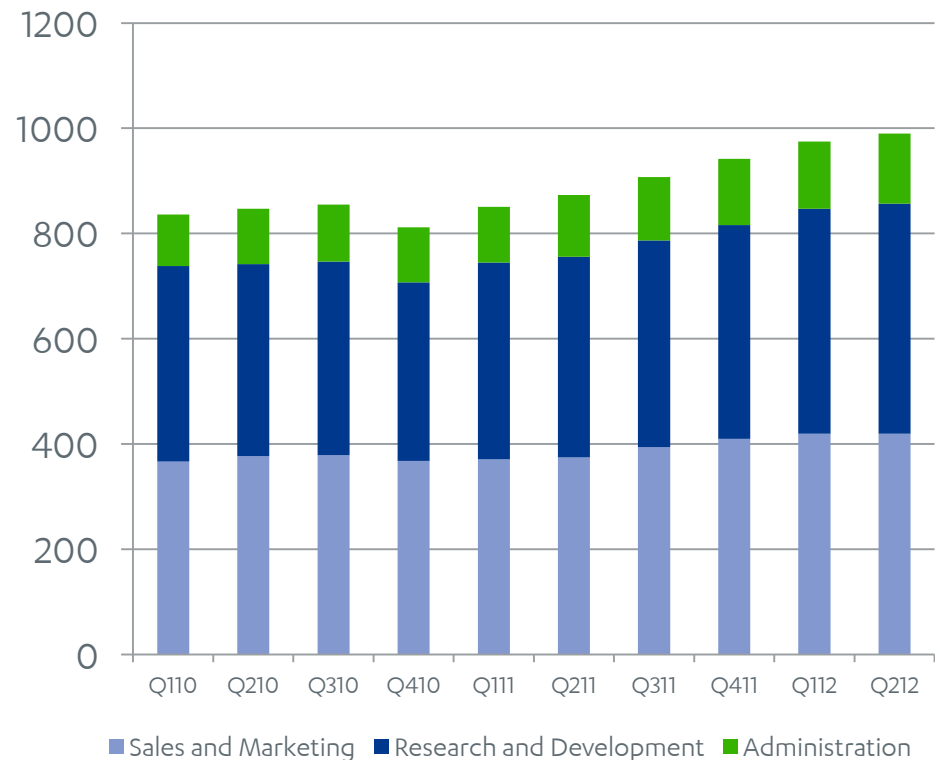
Q2 Cash position solid

- **Cash flow from operations 6.7m (Q211: 0.8m)**
- **Market value of liquid assets on**
 - Jun.30, 2012 25.3m
 - Mar.31, 2012 31.2m
 - Dec.31, 2011 28.1m
 - Jun. 30, 2011 23.5m
- **Dividend of EUR 0.06 per share was paid in April, totally 9.3m**
 - Cash position has developed according to the longer term efficient capital management objectives



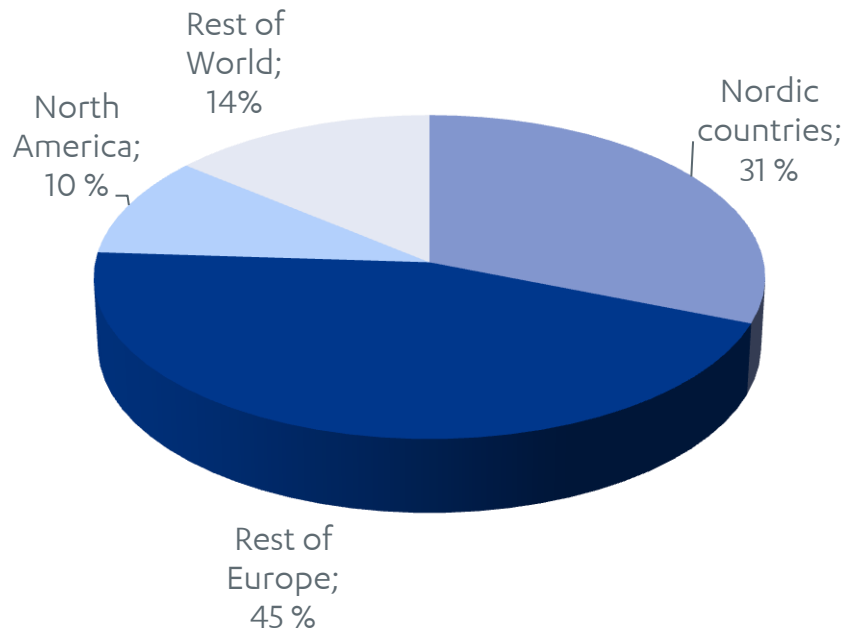
Q2 Number of personnel

- **At the end of June: 990**
(Q112: 975, Q211: 873)
- Number of personnel increased
- New recruitments especially in respect to Content Cloud business

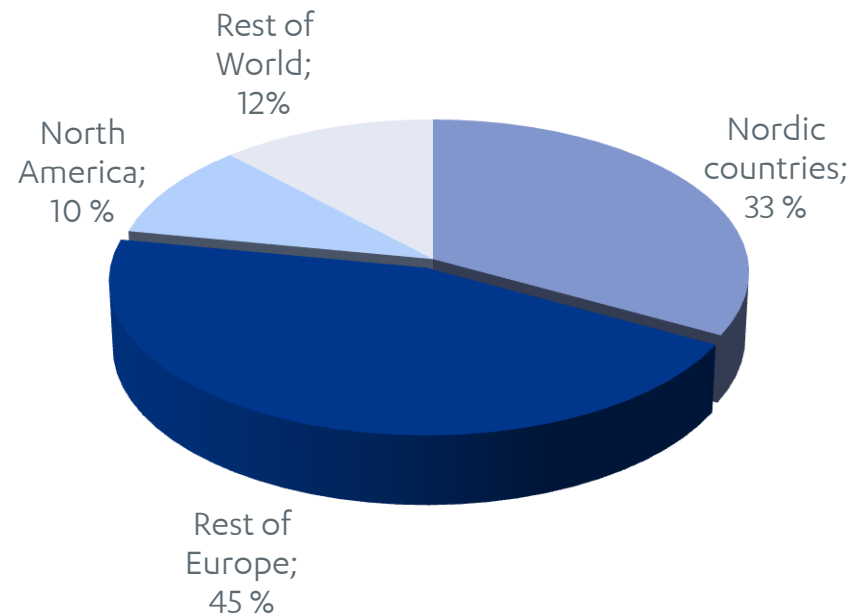


Q2 Regional Revenue Split

1-6/2012



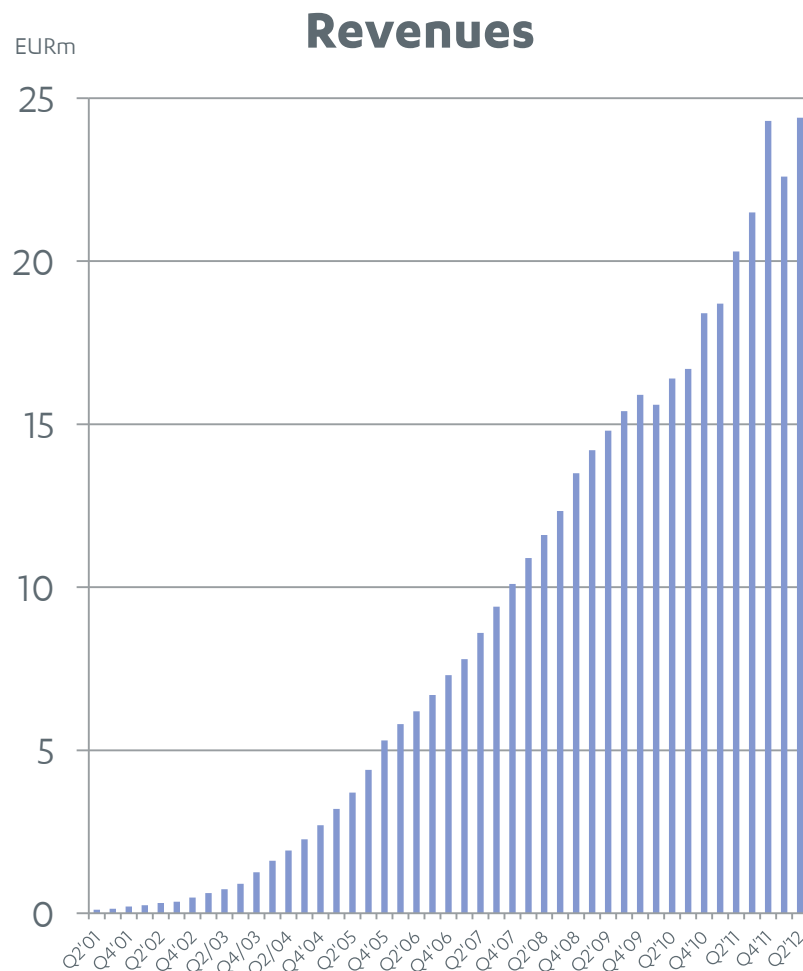
1-6/2011



3. Operator business in Q2

Q2 Operator business – solid growth

- **Q2 revenues of 24.4m (20.3m), growth of 20% YoY and 8% QoQ**
 - Robust double digit security revenue growth continued
 - Content Cloud subscriber revenues growth continued
 - Project revenues lower than in Q22011
- **New operator partnerships**
 - New operator partnerships in Europe; VOO – Belgium, Primacom – Germany
 - Mobile expansion with KPN (Netherlands)
 - New sales offices to be opened in Chile and Colombia to support LatAm expansion



SPECIES

- SPECIES - the worldwide ecosystem conference for F-Secure Operator Partners
- Arranged in Milan on May 22-23, 2012
- Participants consisted of around 60 operator partners worldwide from 25 different countries
- An executive worldwide conference for F-Secure's Service Provider Partners: to enable sharing of best practices in selling, promoting and customer activation of F-Secure Services.



22-23 May
2012
MILAN, ITALY

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



4. Products and Services

Launches in Q2

- An updated version of F-Secure Protection Service for Businesses, which now includes protection for smartphones and tablets.
- Introduction of Email and Server Security solution for Businesses featuring e.g. Browsing Protection, Exploit Shield and F-Secure DeepGuard.



5. Market review

Market review



Internet

- Internet growth continues globally
- Role of internet security significant for business over the Internet
- New business opportunities



New devices

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



Content Cloud

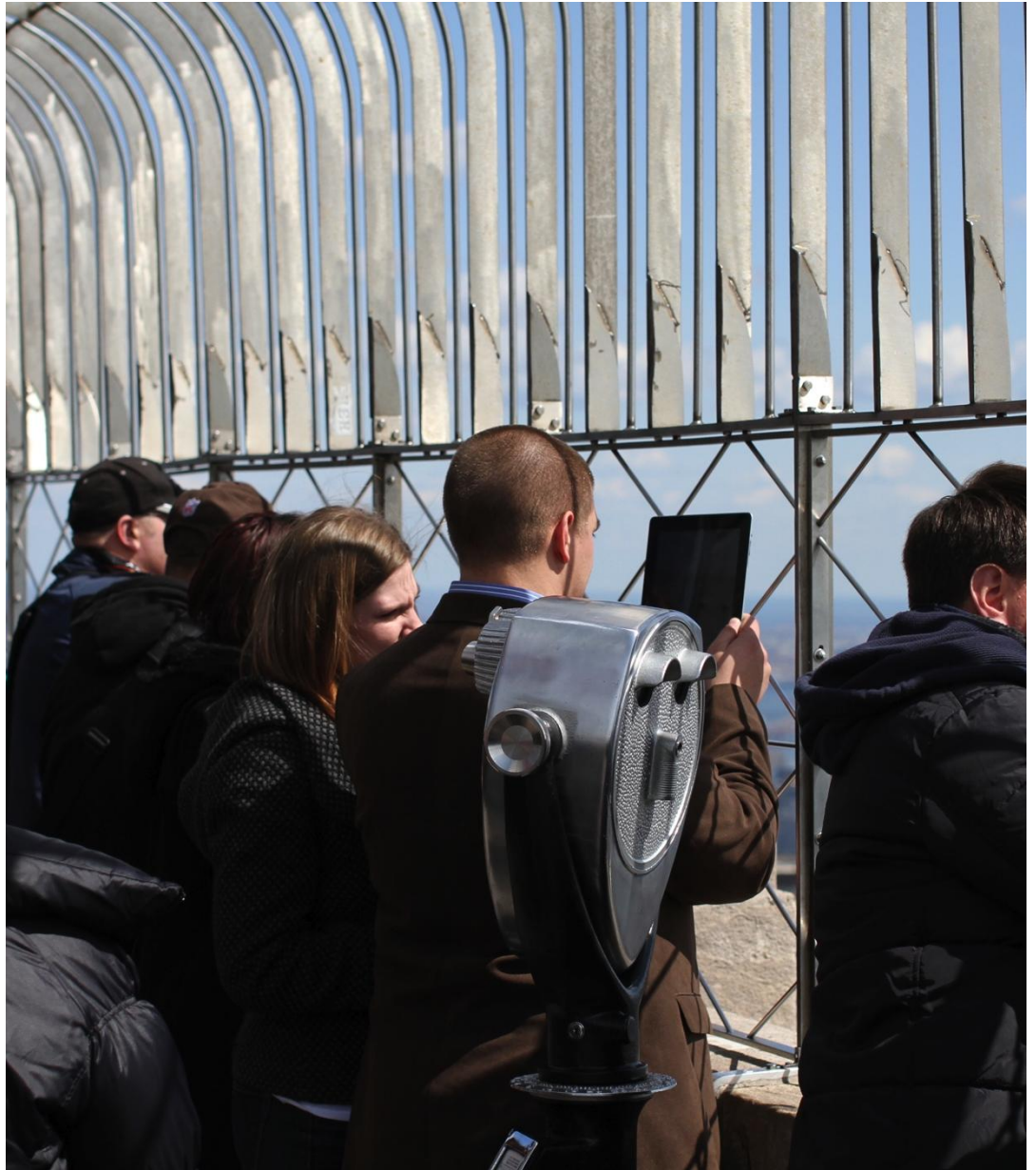
- Demand for Content Cloud services
- Strong growth expectations
- Operators interest is high

6. Financial targets & Outlook



Financial targets 2012-2014

- Double digit revenue growth
- The Company will continue its investments in Content Cloud business but also in security services
- Profitability is expected to develop towards the 25% level at the end of strategy period



Outlook for 2012 (1/2)

- The Operator channel is expected to continue its revenue growth, driven by solid Internet security sales and supported by subscriber based content cloud revenues. The project-based content cloud revenues in H2 will be substantially lower than in 2011. The traditional license business is expected decline slightly, as in 2011.
- As overall uncertainty in the global economy and financial markets is expected to continue, this may have an impact on Operators' interest to invest in new services, especially in new content cloud projects.
- F-Secure has several content cloud prospects in the pre-sales phase. However, some tardiness in content cloud contract negotiations and in ramping up subscriber volumes is likely to delay the revenue growth.

Outlook for 2012 (2/2)

- **The management's estimation for the year is unchanged**
 - Annual revenue growth is estimated to be between 5% and 10% compared to 2011.
 - Annual profitability is estimated to remain around 15% of revenues.
 - The revenue growth is estimated to temporarily slow down in H2 and especially in Q4 primarily due to decreasing project revenues impacting on especially Q4 profitability.
 - The actual operational cost increases are fairly limited.
 - A notable part of the annual cost increase is due to the end of development activations for new platforms and increased depreciations.

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.

Protecting
the
irreplaceable