



SWITCH ON FREEDOM

F-SECURE CORPORATION INTERIM REPORT Q2

July 24, 2014
CEO Christian Fredrikson



CONTENT

- **Q2 Highlights**
- **Awareness**
- **Key products**
- **Q2'14 financials**

HIGHLIGHTS Q2

- **Solid profitability and cash flow**
 - Revenues grew by 1% to 38.6 million (Q213: 38.4 m)
 - EBIT 5 million, 13 % of revenues (Q213: 4 m, 11 %)
 - Cash flow from operations 6 million positive (Q213: 5.7 m positive) ; change of cash 3.3 million positive (Q213: 4.6 m positive)
- **The security business is in transition**
 - Disruption of the security market continues - mobility and cloud-based security new focal points.
 - The threat landscape is getting more sophisticated; e.g. Heartbleed and GameOverZeus
- **New wins**
 - Five new younited operator wins; totally approx. 25, a.o. Globe (Philippines), Finecom (Switzerland) and Netia (Poland).
 - New security services with several operators; for example Frontier (USA), Darty (France) and Base (KPN Belgium).
 - New partnerships such as Facebook and Samsung

RE:PUBLICA

re:publica 14

The Company continued to gain traction and build awareness.

At re:publica, one of the biggest European summits for digital natives, the Company launched a corporate responsibility initiative to fight for digital freedom and privacy.

SPECIES

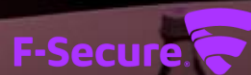
WELCOME TO
#SPECIES014



SWITCH ON
FREEDOM



In May, the Company hosted 8th annual SPECIES conference for operators to enforce the ecosystem.



RUN YOUR SECURITY & CONTENT SERVICES IN THE CLOUD:

CONTENT CLOUD

Cloud storage, sharing and collaboration service that takes privacy and security seriously.

CLOUD BASED MANAGEMENT

Manage all your devices and the security policies with simple and intuitive management user interface (or outsource the management)



SECURITY FROM-THE-CLOUD

Protects you and your business from all cyber threats as a service. Coverage for all of your devices, content and IT infrastructure.

PRIVACY PROTECTION

Keeps your identity and Internet connection safe from prying eyes.



Consumer

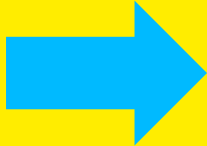


Business

FOCUS BUSINESSES

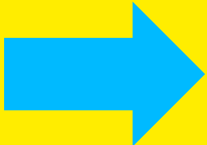
CONSUMERS

MULTIDEVICE
PROTECTION



F-SECURE
SAFE

IDENTITY
MANAGE-
MENT

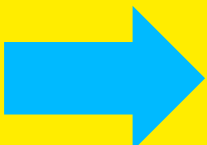


F-SECURE
KEY

PERSONAL CLOUD



PRIVACY



F-SECURE
FREEDOME

BUSINESS



PROTECTION
SERVICE FOR
BUSINESS



F-SECURE
FREEDOME

F-SECURE SAFE

F-Secure **MY SAFE**

SAFE Home Account Details Orders and Payments Logged in as Anna-Maria Smith Log out

WELCOME TO F-SECURE SAFE!

Below you can find the number of devices your subscription can protect.
Start protecting all your devices now.
Your F-Secure SAFE expires on 02/06/2015.

[Buy more](#) [How to use F-Secure SAFE?](#)

Manage your security

Click "Install" to protect a device.
Your F-Secure SAFE expires on 02/06/2015.

Your devices

- Anna-Maria's iPhone
- iMac

[Download on the App Store](#) F-Secure

F-Secure SAFE
Internet Security for PC

This user is protected

- ✓ Harmful web sites are blocked
- ✓ Banking protection is turned on
- Unsuitable content is not blocked
- Browsing time limits are not in use

Help
F-Secure
Contact Support
My subscriptions
About
Settings

F-Secure SAFE
Internet Security for MAC

Your computer is protected

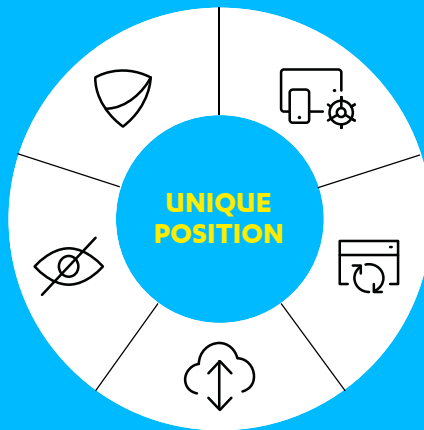
- ✓ All security features are up to date
- ✓ Last successful update check 1/3/2014 4:14PM

Scan Preferences

Windows | Android | OS X | iOS

Protect your life on every device. Multi-device Internet security for your PC, Mac, smartphone and tablet. Protect your devices with one simple solution.

PROTECTION SERVICE FOR BUSINESS

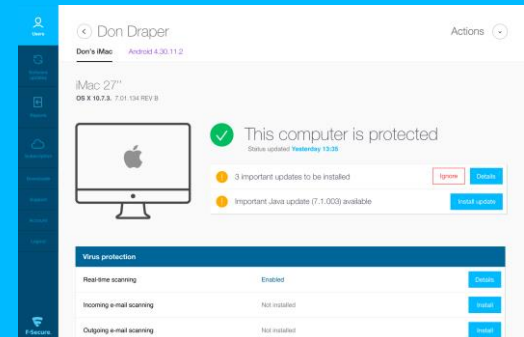


UNIQUE POSITION

- ⊕ Multi-Device Security
- ⊕ Patch Management
- ⊕ Store, Sync, Share
- ⊕ Management & MDM
- ⊕ Privacy & Trust

DEVELOPMENT

Strong on-going evolution
towards the next-generation
cloud security solution.



YOUNITED FOR BUSINESS

THE NEW FACE OF COLLABORATION

Today's way of working online is real time, connected and responsive.

Modern collaboration is all about working together in the cloud.



F-SECURE FREEDOME - ONE BUTTON FOR ALL

INVISIBLE

Surf anonymously.
Protected, private.

WI-FI SECURITY

Connect securely.
Encrypted and invisible.

UNTRACKABLE

Stop advertisers from
tracking you.

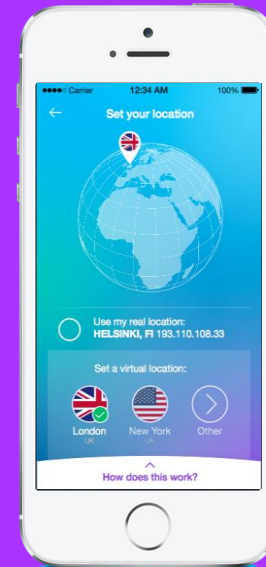
SAFE BROWSING

Block malware, tracking
cookies, and phishing sites.



TELEPORT LOCATION

Change your virtual location
to the other side of the world.



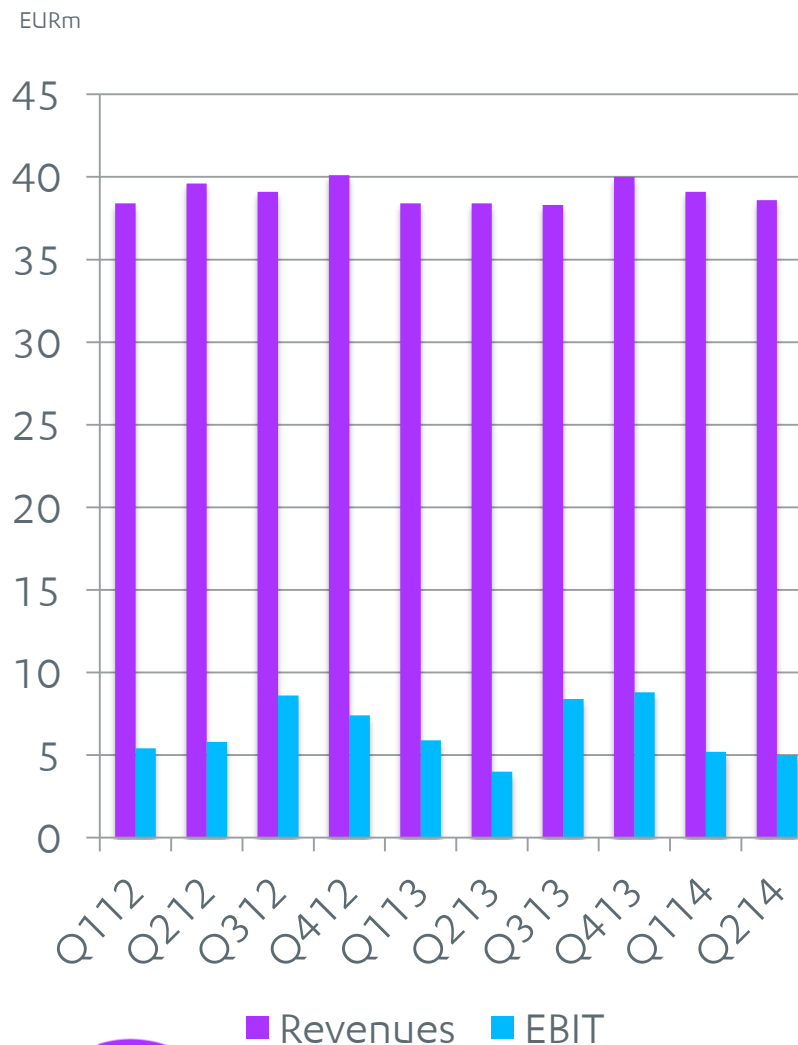
FINANCIALS

Q2 2014

REVENUES

Q2 Revenues grew by 1%

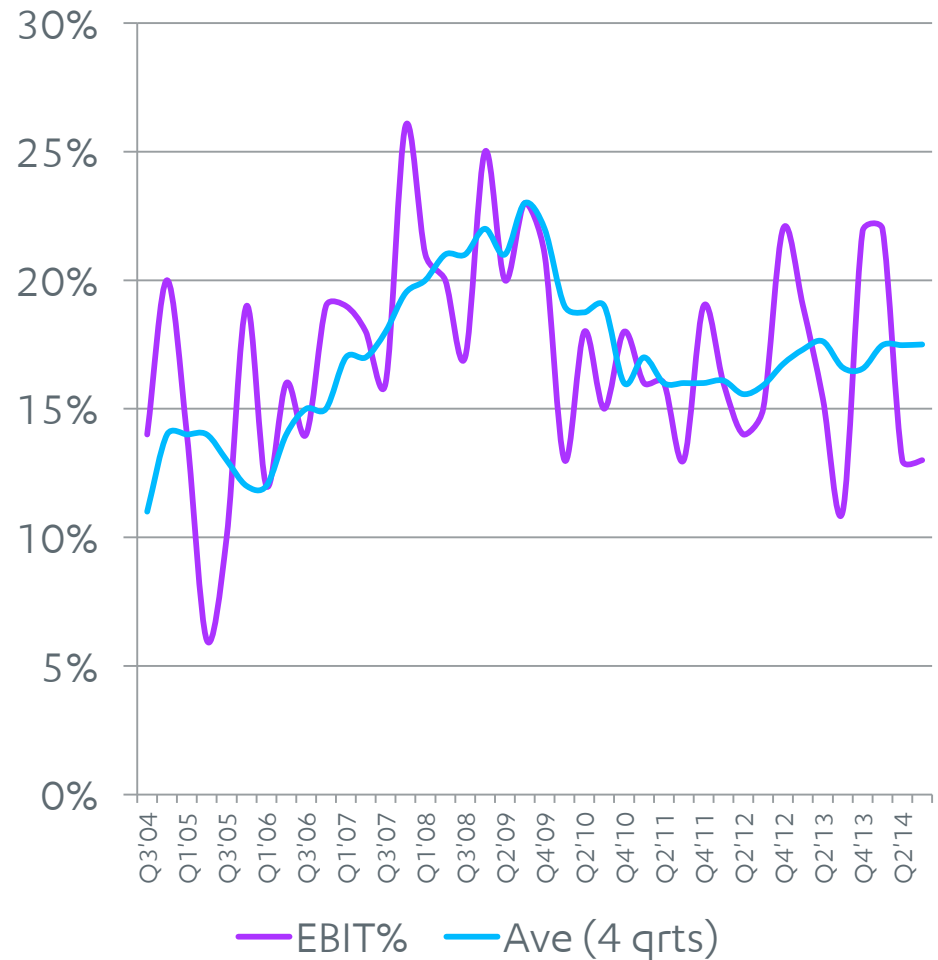
- Total quarterly revenues 38.6m (Q213: 38.4 m)
- Operator revenues declined by 2% to 23.3m; (Q213: 23.8 m) due to the phasing out of legacy content cloud business and traditional PC centric sales
- Other channels grew by 5% to 15.3m (Q213:14.7 m) due good security sales in SMB and direct consumers.



PROFITABILITY

Q2 profitability

- EBIT 5m , 13% (Q213: 4 m, 11%)
- Earnings per share EUR 0.02 (EUR 0.02)

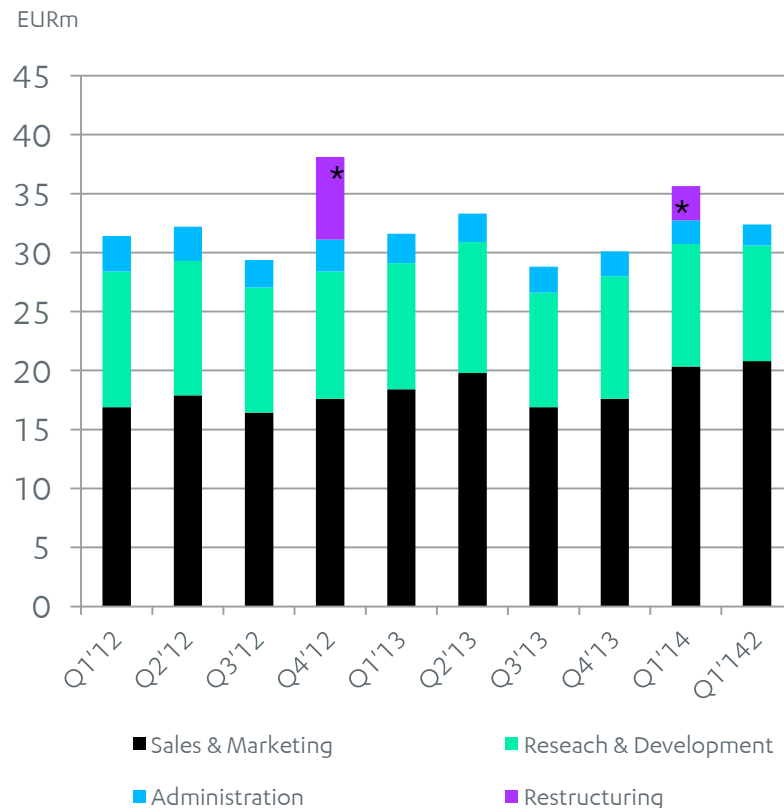


COSTS

Q2 costs decreased by 3%

Costs 32.5m (Q213: 33.3 m)

- Investing in cloud business; R&D and Sales & Marketing activities; i.e. SAFE business, SMB focus in Germany, France and USA, younited and Feedome
- Cost level was impacted by increased depreciations from past capitalized expenses; 2.3 m (Q213: 2.1m)
- Capitalized R&D expenses were 0.6 m (Q213: 0m)



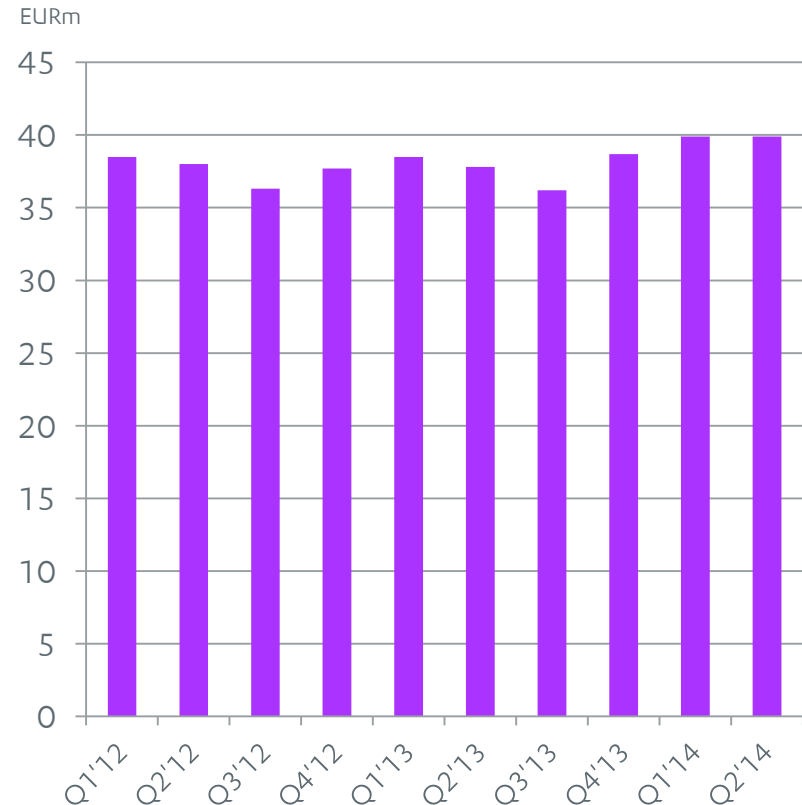
* one-off cost Q412 ~7m & Q114 ~2.9m

DEFERRED REVENUES

Q2 Deferred revenues 39.9m (37.8m)

Deferred revenues accrued in the balance sheet

- Dec 31,2012 37.7 m



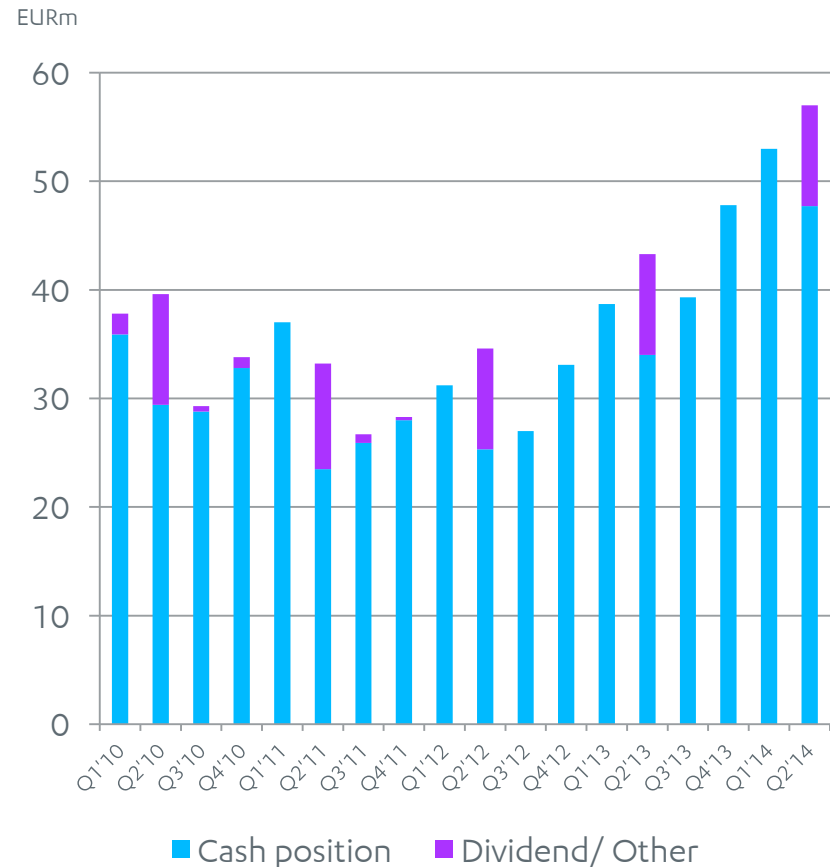
CASH POSITION

Solid Cash flow in Q2

- Cash position remains solid
- From operations 6m (Q213: 5.7m);
- Change in cash 3.3 m positive (Q213: 4,6m positive)
- Dividend of 9.3m paid in April

Market value of liquid assets 47.4m (Q213: 34.1m)

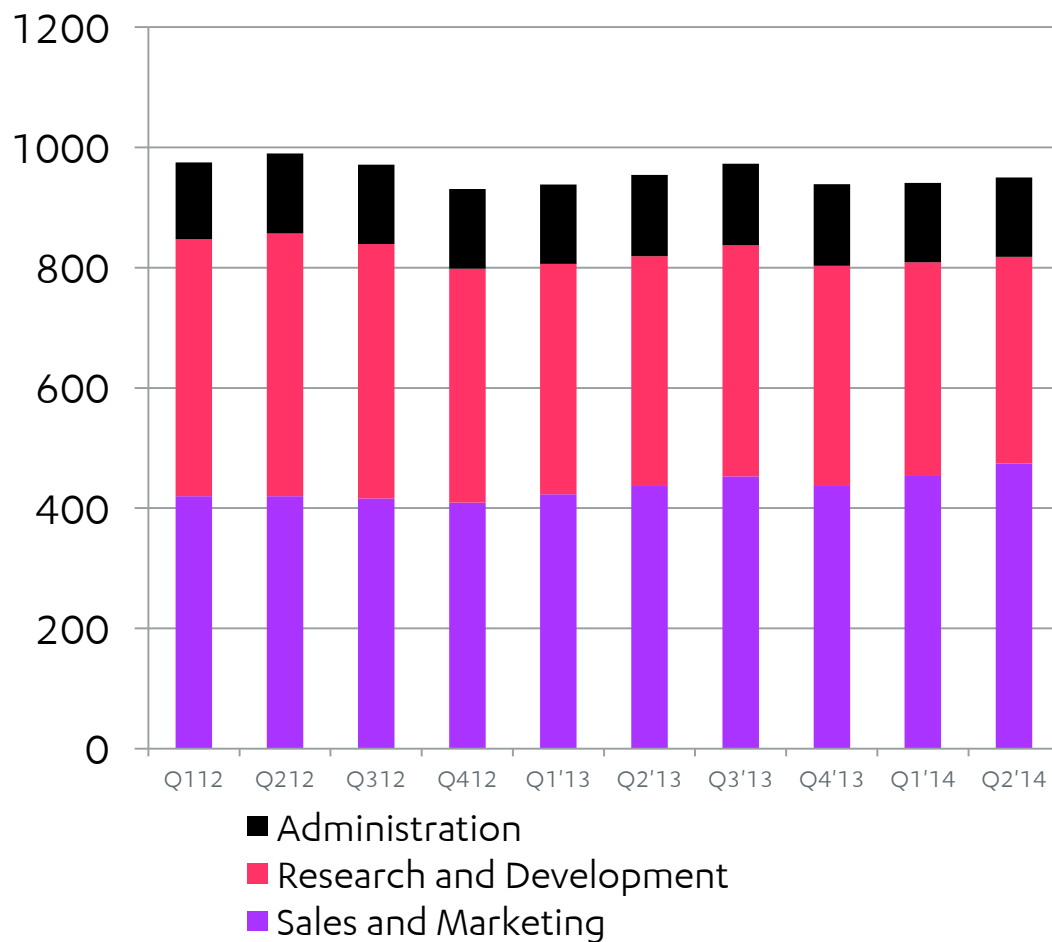
- Dec 31, 2013 47.8m



NUMBER OF PERSONNEL

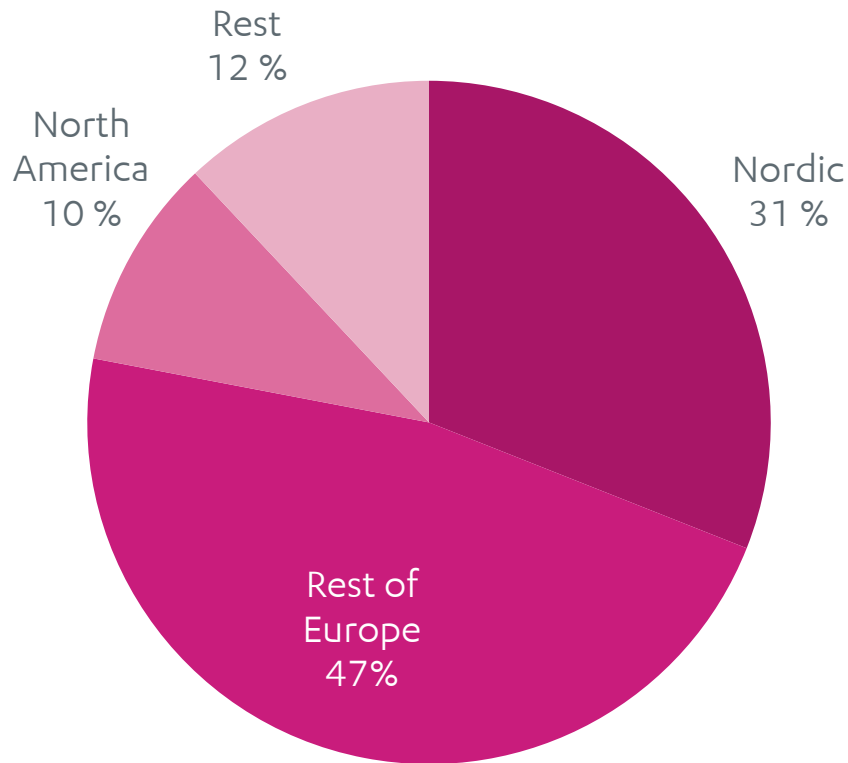
At the end of Quarter:

951 (Q2/13: 954)

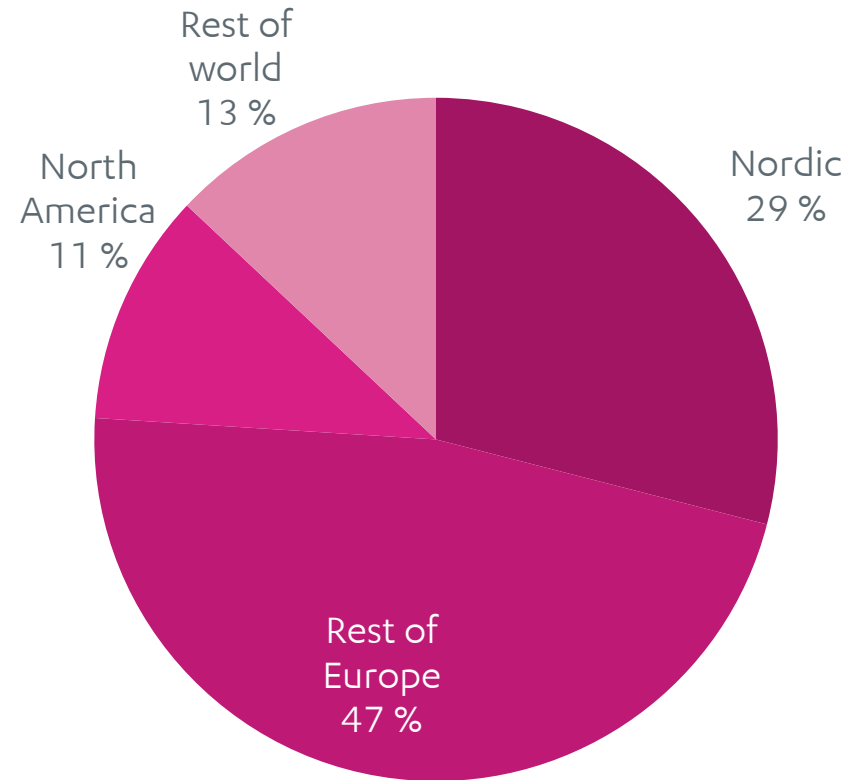


REGIONAL REVENUE

1-6/2014



1-6/2013



OUTLOOK FOR 2014

- The management's estimation for the year is unchanged:
 - The annual revenue is estimated to grow from 2013 with stronger second half.
 - The annual profitability is estimated to be around 15 % of revenues excluding one-off costs.
- The company expects overall one-off costs to be less than 3 million related to efficiency improvements and reorganization in F-Secure SDC (France). The Company has accrued and booked these one-of costs 2.9 million in Q1 financials.

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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