

October 27, 2010 at 9.00

## F-SECURE CORPORATION - INTERIM REPORT JANUARY 1 – SEPTEMBER 30, 2010

STEADY FINANCIAL PERFORMANCE, SECURITY REVENUE GROWTH IN OPERATOR CHANNEL ACCELERATED, REORGANIZING OF OPERATIONS TO DRIVE GROWTH INITIATED

### Highlights in Q3

- Total revenues grew by 3% to 32.0 million (Q32009: 31.1 m)
- Revenues from the operator channel (ISPs, mobile operators and cable operators) grew by 9%, reaching revenues of 16.7 million (15.4m). Security revenue growth in the operator channel accelerated from Q2. Storage business related revenues were still low and did not contribute to growth.
- Storage business related commercial negotiations have progressed well with new operator customers and the company has successfully completed major delivery milestones with existing operator partners.
- EBIT was 5.9 million; representing 18% of revenues (6.6m, 21%)
- Earnings per share was EUR 0.03 (EUR 0.03)
- Cash flow from operations was 3.5 million positive (0.6m)
- Investments in the storage business's project deliveries continued, which raised the cost level in the quarter, contribution to growth expected as of 2011.
- Reorganizing of operations, as announced on October 4, currently ongoing in the company to drive growth.
- Outlook for Q4/2010: Revenues are estimated to be between 32 and 35 million. Costs are estimated to be around 27 million and in addition restructuring related costs up to 3 million.

(This report is unaudited. Unless otherwise stated the comparisons refer to the corresponding period a year ago. The currency is euro. Storage and Digital Content business unit is included in the operator channel figures.)

Key figures	2010	2009	2009	2010
Eur million	7-9	7-9	12m	4-6
Revenues	32,0	31,1	125,1	32,3
Operating profit	5,9	6,6	24,0	4,9
% of revenues	18 %	21 %	19 %	15 %
Profit before taxes	5,5	6,7	25,2	5,2
Earnings per share (EUR)	0,03	0,03	0,12	0,02
At the end of period:				
Deferred revenue	35,1	33,7	35,6	37,2
Equity ratio, %	71%	70%	70%	67%
Debt-to-equity ratio, %	-58%	-67%	-68%	-64%
Personnel	855	818	826	847

**President and CEO Kimmo Alkio:** “Our operator security business continued to perform well showing accelerating growth in revenues. Despite prolonged deliveries we continued to see increase in operator demand for storage related services. During the past quarter we have made substantial progress in the storage business both in terms of new commercial negotiations and in project deliveries.

The recent developments in our businesses provide a good foundation for future growth. To drive significantly higher growth and to improve profitability we have announced in October our plans to reorganize the company. The growth opportunity for value added services with over 200 operator partners in over 40 countries with an addressable market of over 70 million broadband customers is remarkable in the mid and long term.”

#### **F-Secure business at the Group level during January-September 2010**

For the first nine months of 2010, the total revenues were 95.7 million (Jan.-Sep. 2009: 93.4m), growth of 3%. Revenue growth continued through the operator channel, up 10% from the corresponding period in 2009 and totaled 48.7million (44.3m). Revenue through the traditional channels was down by 4%, totaling 47.0 million (49.1m), as anticipated. EBIT was 16.3 million (19.8m), representing 17% of revenues. Earnings per share were EUR 0.08 (EUR 0.10). Cash flow from operations was 16.0 million positive (11.8m positive). F-Secure’s deferred revenues were 35.1m at the end of September (33.7m).

F-Secure’s total fixed costs for Jan.-Sep. 2010 were 74.1 million (66.7m), 11% higher than in the corresponding period of 2009. The costs increased mainly in the storage and digital content business unit and in R&D. F-Secure capitalized some of its R&D expenses according to accounting rules, totaling 1.8 million (0.9m) for Jan.-Sep. 2010.

F-Secure security business and Security as a Service business particularly (excluding the acquired Storage business) has continued to perform well with good scale and enhanced profitability.

The financial performance for the third quarter of 2010 was within the given guidance (revenues 31-33 million, cost level around 25 million); revenues for the third quarter were 32.0 million. The costs were 24.2 million. EBIT was 5.9 million; 18% of revenues. P&L was impacted by the seasonal effect as in previous third quarters; increasing revenues due to deferred revenues and decreasing costs due to the vacation period. As anticipated, the targeted cost increases in the storage business continued and were mainly non-permanent in nature (e.g. subcontracting) and related to the unit's transformation program and customer deliveries.

For the first nine months of 2010 the geographical breakdown of the revenues split as follows: Finland and Scandinavia 33% (35%), Rest of Europe 46% (46%), North America 9% (9%) and Rest of the World 12% (10%).

### **Operator channel in Q3**

F-Secure's offering in the Software as a Service business includes PC and mobile security and a broad range of storage based services. F-Secure's operator channel (including ISPs, mobile operators and cable operators) continued to perform well. In the third quarter of 2010, revenues through the operator business partners totaled 16.7 million (Q309:15.4m), representing 52% of F-Secure's total revenues (49%). Revenue growth was 9% compared to the corresponding quarter in 2009 and 2% to the previous quarter. The revenue growth of operator security business (excluding storage) further accelerated from Q2. The impact of contractual changes with some operators at the beginning of the year (as informed in the previous releases) has approximately 6% negative impact on YoY growth.

F-Secure's position in the operator channel has remained strong in the traditional Internet security business. The competitiveness of Security as a Services business continues to gain market share to the benefit of both operators and end customers.

During the quarter the number of internet security subscribers in the operator business has continued to show healthy growth. The growth was mainly driven by the increase in subscriber take-up rates within the existing operator base both in western and emerging markets. F-Secure has also been successful in its activities with mobile broadband operators to support the operator business growth in the future.

As stated in the previous interim releases, the Storage and Digital Content (SDC) market entry has further strengthened F-Secure's attractiveness as a long term strategic partner, as already experienced with several major operators globally. The SDC business extends F-Secure's value added service portfolio and strengthens the Security as a Service business. Integration of the SDC operations to the high F-Secure quality standards has been more challenging than originally anticipated. Currently the storage business incurs investments both for the transformation and increasing number of customer projects. However, the transformation related costs are temporary in nature and return on the investments is expected to be seen gradually as of 2011.

During the third quarter storage related revenues have remained at a low level and this has slowed down the growth of operator channel when compared to the previous year. During Q3 the storage related commercial negotiations have progressed well with a few new large operator customers. The company has also successfully completed major delivery milestones with existing operator partners, which are expected to contribute to growth as of 2011.

The company currently has more than 200 partners in over 40 countries with an addressable market of over 70 million broadband consumer customers. F-Secure has not lost any of its existing

partnerships; however, the number of partners may vary subject to merger activity in the operator market.

During the quarter, F-Secure signed new operator partnerships with 3 (Sweden), VF Portugal, VF Spain and iiNet (Australia).

The total number of F-Secure's operator partners is significantly larger than that of any other security service vendor. At the end of 2009 F-Secure's operator partners held approximately 39% (39%) market share of total broadband consumer connections in Europe, approximately 10% (10%) in North America and in the APAC region F-Secure has quickly become one of the leading vendors with more than 11m potential addressable subscribers (Source: estimates by Dataxis and F-Secure).

### **Other channels in Q3**

During the third quarter, revenues through traditional channels were 15.3 million (15.7m), showing a decline of 3% from the corresponding period in 2009. These traditional channels represented 48% of F-Secure's total revenues (51%).

The sales in traditional channels continued as expected. The license renewal rates during the third quarter have remained healthy and the decrease in deferred revenues follows the annual pattern.

### **Mobile security in Q3**

Co-operation with major handset manufacturers, including Nokia and SonyEricsson, and operators such as Vodafone Group, TeliaSonera Group, T-Mobile International, Swisscom and Elisa continued well. Currently, there are mobile operator partnerships with more than 20 operators worldwide.

The Anti-Theft freemium offering through Nokia Ovi-store has been widely popular with over 1.4m downloads during Q3.

In October, F-Secure announced that its Mobile Security and Anti-Theft for Mobile solutions are now available for mobile devices on the Symbian3 platform. F-Secure Anti-Theft for mobile has been selected by Nokia as a pre-installed 3rd party app for its new Symbian3 models, such as the Nokia N8. F-Secure Anti-Theft for Mobile is available as a free stand-alone product, and as part of F-Secure Mobile Security 6 which offers a complete security package. The anti-virus, firewall and anti-spyware features included in the solution protect against all mobile viruses, spying tools, worms and trojans. Browsing Protection, the latest feature in F-Secure Mobile Security, identifies which websites are safe to enter and blocks harmful sites that try to spread malware or steal confidential information, such as banking details.

During the quarter mobile security services were made available for the tablet market on Android operating system in addition to Android smart phones.

The revenues from the Mobile Security business have remained at same level as before and are included in the above mentioned channels.

### **Products, Services and Technologies**

F-Secure has been a pioneer in both Software as a Service and cloud computing. Nearly ten years ago, F-Secure innovated and launched to the market a new business model by offering security as a subscription service via operators (SaaS). Cloud computing has been in the center of the company's technology strategy and choices for the past few years. An example of cloud computing at F-Secure is the real-time protection network which provides reputations of files, sites and URLs to F-Secure's solutions. It is implemented as an in-the-cloud reputation service, capable of supporting several types of solutions now and in the future.

The real-time protection network moves the PC processing and memory intensive functions to the cloud making the client software one of the fastest in the industry. Furthermore, by harnessing the collective intelligence of client systems, the real-time protection network is able to detect and react to new emerging threats a magnitude faster. This is important in today's dramatically changed threat situation where the Internet is facing a deluge of new malware and variants that make traditional heuristics or signature-based solutions inefficient and slow. This technology has been utilized for e.g. in F-Secure Internet Security 2010, and in F-Secure Client Security 9, in their anti-virus, browsing protection and parental control features.

During January-September 2010 the key product announcements were the following:

In October, F-Secure announced that its Mobile Security and Anti-Theft for Mobile solutions are now available for mobile devices on the Symbian3 platform. F-Secure Anti-Theft for mobile has been selected by Nokia as a pre-installed 3rd party app for its new Symbian3 models, such as the Nokia N8. F-Secure Anti-Theft for Mobile is available as a free stand-alone product, and as part of F-Secure Mobile Security 6, which offers a complete security package.

In September, F-Secure announced a new version of its flagship internet security service, F-Secure Internet Security™ 2011. F-Secure Internet Security™ 2011 offers extraordinary ease-of-use, with multi-layered protection and fast performance for computers. The main features of the F-Secure Internet Security™ 2011 include protection against viruses and spyware, firewall to prevent hacker attacks, browsing protection that identifies unsafe web sites, protection against identity theft, blocking of spam and phishing e-mails as well as parental control to protect children online. The intensive research into computer users' needs has produced security software that is easy to use and sophisticated in its technological capabilities to fight malware. The service is cloud-based and has minimal system impact.

In August, F-Secure published a new version of the F-Secure Online Backup. With F-Secure Online Backup your backed-up files can be easily accessed over the Internet. In addition to the sharing feature, the new version of F-Secure Online Backup includes modified default settings to enable faster backup, as well as an enhanced web interface for ease of use.

In June, F-Secure offered enhanced mobile protection for Android platforms. F-Secure Mobile Security 6 is available for consumers and businesses for mobile phones on the Android, Symbian and Windows platforms.

In May, F-Secure introduced F-Secure Share available for operators globally. F-Secure Share is a fully hosted and secure service solution available to Internet operators. It provides an easy to use online storage and sharing solution for the operators' end customers, ideal for sharing for example personal photos, videos and office documents. F-Secure Share works as a virtual drive for all the end user's digital content, which can be easily accessed from the web interface of their home PC, office computer or mobile.

In February, F-Secure launched F-Secure Mobile Security 6, a new version of its leading smartphone security solution, introducing Premium Anti-theft with Locator features and Browsing Protection, the company's first in-the-cloud service for mobile devices, which make smartphone Internet use and financial transactions safer than ever. F-Secure Mobile Security 6 provides smartphone security, safeguarding personal and confidential data in the event the phone is lost, stolen, infected by mobile malware or even spied on.

In January 2010, F-Secure launched the availability of its new smartphone solution, F-Secure Anti-Theft for Mobile. The solution provides three useful security features to protect your phone: remote lock, remote wipe and theft control and is available for Symbian and Windows Phone platforms.

## **Market situation**

There were no significant changes in the competitive landscape or in the pricing levels during the quarter. However, there are usual signs of price competition in some countries. F-Secure's competitive position in the operator channel has remained strong. At the same time the broadband market is experiencing a shift from fixed to mobile broadband access. The combined broadband business is anticipated to continue as a healthy growth driver for Security as a Service in the operator channel.

## **Reorganization of operations to drive growth**

F-Secure's first priority is to drive growth and market expansion. The core growth driver has been Software as a Service (SaaS) sales through the operators. However, to drive faster growth F-Secure has started the reorganization of its operations to further emphasize and increase activities in the operator channel to take advantage of the market opportunity for value added services. F-Secure seeks to streamline its organization to a functional structure and to eliminate overlapping roles. The

objective is to drive growth, speed and innovation. The planned structural changes and related efficiency gains are intended to also fund future growth investments for the Software as a Service business globally.

As announced on October 4, 2010 F-Secure has initiated employee negotiations with the employee representatives in Finland to plan the organizational changes. The management estimates that the employee negotiations may lead to reduction of 80 employees out of which up to 50 in Finland. The scope of the employee negotiations cover all employee groups and functions in F-Secure. The negotiations are expected to be concluded by mid-November.

### **Personnel and organization**

F-Secure's personnel totaled 855 at the end of September (Q22010: 847, Q309: 818). F-Secure's number of personnel has continued to increase slightly during January-September especially in the storage business, support, and sales functions.

The current Executive Team consists of the following persons : Kimmo Alkio (President and CEO), Ari Alakiuttu (Vice President, Human Resources), Tuomas Hyryläinen (Vice President, Strategy and M&A), Samu Konttinen (Vice President, Sales and Geographical Operations), Maria Nordgren (Vice President, Corporate Business), Pirkka Palomäki, (Chief Technology Officer), Kari Penttilä (Vice President, R&D), Patrik Sallner (Vice President, Mobile business unit and Vice President, Storage and Digital Content business unit), Antti Reijonen (Vice President, Consumer Business and Marketing) and Taneli Virtanen (Chief Financial Officer).

### **Financing and capital structure**

F-Secure's financial position continued strong. F-Secure's equity ratio at the end of September was 71% (70%) and gearing ratio was 58% negative (68% negative).

Cash flow from the operations for the first nine months of 2010 was 16.0 million positive (11.8m positive). Total cash flow including investments, share buy-backs and dividend payment was 5.6 million negative (30.3m negative including acquisition cost). The net financial income for the first nine months was 0.2 million negative impacted by low interest income and changes of exchange rates losses (0.9m positive).

The company's cash position has developed according to the longer term efficient capital management objectives. The market value of the liquid assets of F-Secure on September 30, 2010 was 28.8 million (31m).

Changes in exchange rates, EUR against USD, JPY, GBP, SEK and MYR, have slightly increased revenues and costs for the first nine months of 2010.

## Capital expenditure

F-Secure's capital expenditure in the first nine months was 8 million (35.3m), consisting mainly of the acquisition cost and additionally of IT hardware and software as well as capitalization of some research and development expenses.

## Capital management and repurchase of own shares

The objective of F-Secure'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.

In the third quarter, F-Secure has continued its share buy back program based on the authorization by the Annual General Meeting 2010. During the quarter, F-Secure has bought altogether 308,857 own shares. During the first nine months, F-Secure has bought in total 1,261,252 own shares. Including all shares bought, the total number of own shares held at the end of September 2010 was 2,810,698 shares, corresponding to approximately 1.8% of the company's shares and voting rights. The shares were purchased through public trading on the NASDAQ OMX Helsinki Ltd. in accordance with its rules and at market price.

The own shares are purchased to be used to improve the Company's financial structure, to be used as part of the incentive compensation plan, for making acquisitions or implementing other arrangements related to the Company's business or for the purpose of otherwise assigning or cancelling the shares.

## Shares, shareholders' equity and option programs

During the quarter, there were no share subscriptions based on F-Secure's warrant plans.

In May, a total of 20,000 F-Secure shares were subscribed for with the 2005C warrants attached to the F-Secure 2005 Warrant Plan. The issue of the 2005 Warrant Plan was approved by the Annual General Meeting on March 23, 2005. In aggregate the number of shares was increased by 20,000. The corresponding increase in the share capital was registered in the Finnish Trade Register on May 26, 2010. F-Secure received as subscription price a total amount of EUR 30,800.00, which will be recorded in the fund for company's distributable equity. The subscription period for the 2005 C warrants began on March 1, 2010.

In March, the trading of 2005 B- and C-warrants of F-Secure Corporation commenced on the Nasdaq OMX Helsinki Ltd. Each 2005 B-warrant entitles holders to subscribe for one F-Secure share at a price of EUR 2,72. Each 2005 C-warrant entitles holders to subscribe for one F-Secure share at a price of EUR 1,54. The subscription price of the stock options shall, as per the dividend record date, be reduced by the amount of dividend per share. The subscription time for 2005 B-warrants began on March 2, 2009 and will end on November 30, 2010. The subscription time for 2005 C-warrants will begin on March 1, 2010 and will end on November 30, 2011. In aggregate the 2005 B- and C-warrants

entitle holders to subscribe for 1,613,760 shares. The terms of the option program were published in a stock exchange release on February 26, 2010.

The total number of company's shares is currently 157,489,243. The corresponding number of shares diluted would be 161.269.612 including all stock option programs. The company's registered shareholders' equity is EUR 1.551.311,18.

### **Corporate Governance**

F-Secure 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 F-Secure's web pages. F-Secure published a corporate governance statement for 2009 in the annual report and on the company website in March. The remuneration statement is published on the company website corporate governance pages as of October 1, 2010.

### **Risks and uncertainties**

F-Secure has not seen material changes in the risks and uncertainties during the reporting period. However, the current situation in the global economy may have an impact on the traditional license sales. This could be seen as a slowdown in new license sales. The slower growth in sales of fixed broadband connections by operators may also have an impact on security service sales. As the uncertainty in the economic environment has continued, F-Secure continues to monitor closely the development in the economic and financial markets.

F-Secure's risks and uncertainties are related to, among other things, the competitiveness of F-Secure's product portfolio, competitive dynamics in the industry, pricing models (e.g. free services), 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 F-Secure'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 Internet Service Provider and mobile operator market.

Due to the longevity and complexity of project deliveries in the storage and digital content business, the project completion timelines are more unpredictable, by nature, than in the traditional security services business. This may cause risks for delivery delay penalties and may cause more variability in revenue forecasts.

## Long-term objectives

The market opportunities for Internet security and other related services are driven by the expansion of the Internet. The global Internet penetration is around 26%; in Asia it is below 20%, in Europe over 50%, and in North America over 70% (Source: Internet World Stats, U.S. Census Bureau). The growing number of smart phones, which have an Internet browser increases the number of mobile internet users (number of smart phones 2010: 200m and 2012 more than 500m; Source: Gartner).

This will lead to an increasing number of internet users globally requiring security services. The Security software market as a total is attractive globally. The market is an over \$13 billion industry (Source: Gartner, 2010). The updated analyst forecasts imply the total security market growth to accelerate to around 10% annually. Consumer security software growth is expected to show CAGR of 6.5% 2007-2014 (source: Gartner). However, publicly listed security companies have announced recent (Q2) growth rates of below 5%, which reflect slower market momentum than the analyst forecasts. The volume of user generated digital content is expected to increase rapidly during coming years driven by digital photos and music. The market for emerging online storage is expected to show strong growth and to reach \$715m by 2011 showing a CAGR of 33% 2006-2011 (Source: IDC/Networkworld).

The Security as a Service (SaaS) business has been a strong growth driver for F-Secure since the year 2000. Based on the company's pioneering role in offering Software as a Service, F-Secure continues to expand its offering to augment 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 experience of the Software as a Service business model, F-Secure 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 Software as a Service business model compared to traditional software acquisition as a product.

F-Secure's first priority is to drive growth and market expansion. The core growth driver has been Security as a Service (SaaS) sales through the operators. In addition, F-Secure offers Online Backup as a Service and other storage related services that are expected to drive growth. The combined portfolio of storage and security services enables F-Secure to develop more comprehensive and innovative Value Added Services to consumers to be sold through its large operator network of over 200 operator partners in over 40 countries with an addressable market of over 70 million broadband customers.

F-Secure is focusing on increasing the penetration within the current operator base with security and storage related services and continues to selectively seek partner expansion globally. In addition, F-Secure is developing its operations in other channels, such as electronic sales, to offer value-added services to consumers and other segments.

F-Secure'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, F-Secure anticipates synergies across the value added Services being developed and offered both for PC's and mobile phones.

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

F-Secure aims to continue to exceed the average market growth rates in revenues and seeks to improve its profitability sustainably towards an EBIT level of 25% over time. F-Secure's longer term profitability level continues to be driven extensively by revenue growth and through systematic cost controls. F-Secure targets its investments in strategic growth businesses, specifically the operator channel with security and storage as a service.

### **Short-term outlook**

Markets for Security Services are expected to continue to grow. F-Secure has earlier stated to seek to exceed in 2H2010 the average antivirus market growth, which has been forecasted to grow around 5%.

The operator security business has experienced accelerating growth during the year and current pace is anticipated to continue. The traditional license business related revenues are estimated not to contribute to Q4 revenue growth. Storage related services are anticipated to contribute to company level accelerating revenue growth during 2011.

F-Secure revenues for the fourth quarter of 2010 are estimated to be between 32 million and 35 million. Costs are estimated to be around 27 million and in addition restructuring related costs up to 3 million.

The majority of operational cost increases compared to the previous year are targeted to support the long term scalability of the storage services business and key security related R&D programs.

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 analysts and press is arranged today, on October 27, at 11 am Finnish time at the Group's Headquarters, address: Tammasaarenkatu 7 (Ruoholahti), Helsinki. A conference call for international investors and analysts is arranged at 14.00 Finnish time (13.00 CET, 12.00 pm UK time). Instructions on how to attend the conference call are available on the investor pages of F-Secure's web site at [http://www.f-secure.com/en\\_EMEA/about-us/investor-relations/](http://www.f-secure.com/en_EMEA/about-us/investor-relations/).

### **Financial calendar for 2011**

F-Secure will publish the interim report for the fourth quarter on February 2, 2011. During 2011, the quarterly interim reports will be published on April 27 (Q1), July 27 (Q2) and October 26 (Q3). On the publication date a stock exchange release will be sent at 9 am Finnish time to the NASDAQ OMX Helsinki Ltd., 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 how to attend conference call will be provided on F-Secure's website prior to the publishing of each interim report. The Annual General Meeting is scheduled to be held on March 30, 2011 and the annual report will be published on week 10.

### **F-Secure Corporation**

#### **Additional information**

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This interim report is prepared in accordance with IAS 34 standard Interim Financial Reporting and with accounting principles stated in the annual report 2009.

Key figures (unaudited):

Euro million

INCOME STATEMENT	2010	2009	2010	2009	Chge	2009
	7-9	7-9	1-9	1-9	%	
Revenues	32.0	31.1	95.7	93.4	3	125.1
Cost of revenues	2.2	2.7	6.1	7.8	-22	9.9
Gross margin	29.9	28.4	89.7	85.5	5	115.2
Other operating income	0.2	0.3	0.7	1.0	-26	1.1
Sales and marketing	13.9	13.6	43.7	41.0	7	56.9
Research and development	8.2	6.9	24.3	20.4	19	28.0
Administration	2.1	1.6	6.1	5.3	16	7.5
Operating result	5.9	6.6	16.3	19.8	-18	24.0
Financial net	-0.4	0.1	-0.2	0.9		1.2
Result before taxes	5.5	6.7	16.1	20.8		25.2
Income taxes	-1.4	-1.7	-4.2	-5.4		-6.5
Result for the period	4.2	5.0	12.0	15.4		18.7

Other comprehensive income:

Exchange diff. on translating foreign operations	-0.1	-0.1	0.1	-0.1		0.1
Available-for-sale fin.assets	0.2	-0.1	0.2	0.4		0.1
Income tax rel. to components of other comprehensive income	-0.1	0.0	-0.1	-0.1		0.0
Total comprehensive Income (owners)	4.2	4.8	12.2	15.6		18.9
Earnings per share, e	0.03	0.03	0.08	0.10		0.12
EPS, diluted, e	0.03	0.03	0.07	0.10		0.12

BALANCE SHEET

ASSETS	30/9/2010	30/9/2009	31/12/2009
Intangible assets	15.4	13.1	13.5
Tangible assets	7.1	4.4	4.6
Goodwill	19.4	19.4	19.4
Other financial assets	4.9	2.3	2.8
Non-current assets total	46.8	39.2	40.4
Inventories	0.4	0.3	0.4
Other receivables	28.1	28.6	31.3
Available-for-sale financial assets	16.8	15.0	17.6
Cash and bank accounts	12.1	16.1	16.1
Current asset total	57.5	60.0	65.5
Total	104.3	99.2	105.9

SHAREHOLDERS' EQUITY

AND LIABILITIES	30/9/2010	30/9/2009	31/12/2009
Equity	49.0	45.4	48.8
Other non-current	2.3	2.6	2.5
Deferred revenues	7.3	6.2	6.7
Non-current liabilities total	9.6	8.9	9.2
Other current	17.8	17.4	19.0
Deferred revenues	27.9	27.5	28.9
Current liabilities total	45.6	44.9	47.9
Total	104.3	99.2	105.9

Cash flow statement	30/9/2010	30/9/2009	31/12/2009
Cash flow from operations	16.0	11.8	16.4
Cash flow from investments 1)	-9.3	-30.2	-31.8
Cash flow from financing activities 2)	-12.3	-11.9	-12.0
Change in cash	-5.6	-30.3	-27.4
Cash and bank at 1 Jan	34.1	60.9	60.9
Change in net fair value of Available-for-sale	0.2	0.4	0.1
Cash and bank at end of period	28.8	31.0	33.6

Statement of changes in shareholders' equity

	share unstricted			assets				
Equity on:	share capital	premium fund	equity- reserve	treasury shares	ret. earnings	avail. f.sale	Trans. diff.	Total
31.12.2009	1.6	0.2	3.1	-3.5	47.8	0.0	-0.3	48.8
Total comprehensive income for the year					12.0	0.1	0.0	12.2
Dividend					-9.3			-9.3
Other change					-0.1			-0.1
Exercise of options			0.0					0.0
Treasury shares				-3.0				-3.0
Cost of share based payments					0.4			0.4
Equity on 30.9.2010	1.6	0.2	3.1	-6.5	50.7	0.1	-0.2	49.0

Note

1) Cash flow from investments

The final working capital regarding the acquisition of Steek S.A. was defined and the amount was 1.1 million euros.

2) Cash flow from financing

The company has bought own shares by 2,983,307 euro. Dividend for year 2009 0.06 euro per share totaling 9,310,086.12 euro was paid on 8<sup>th</sup> April 2010.

In 2009, paid dividend totaled 10,903,928.26 euro.

Key ratios	2010	2009	2009
	9 m	9 m	12 m
Operating result, % of revenues	17.0	21.3	19.2
ROI, %	47.3	50.9	45.0
ROE, %	32.5	36.3	32.2
Equity ratio, %	71.2	69.8	69.8
Debt-to-equity ratio, %	-58.0	-67.4	-68.1
Earnings per share (EUR)	0.08	0.10	0.12
Earnings per share diluted	0.07	0.10	0.12
Shareholders' equity per share, e	0.31	0.29	0.31
P/E ratio	22.1	22.1	22.8
Capitalized expenditures (Me)	8.0	35.3	37.2
Contingent liabilities	19.1	19.9	19.4
Personnel, average	841	756	770
Personnel, end of period	855	818	826

#### Segment information

The Group has only one segment; data security.

#### Quarterly development

	1/09	2/09	3/09	4/09	1/10	2/10	3/10
Revenues	30.6	31.7	31.1	31.8	31.4	32.3	32.0
Cost of revenues	2.6	2.5	2.7	2.1	2.0	1.9	2.2
Gross margin	28.0	29.2	28.4	29.7	29.4	30.4	29.9
Other operating income	0.3	0.4	0.3	0.1	0.3	0.2	0.2
Sales and marketing	13.5	13.9	13.6	15.9	14.4	15.4	13.9
Research and development	6.8	6.7	6.9	7.5	7.8	8.3	8.2
Administration	2.0	1.7	1.6	2.2	1.9	2.1	2.1
Operating result	6.1	7.2	6.6	4.1	5.5	4.9	5.9
Financial net	0.5	0.4	0.1	0.3	-0.1	0.2	-0.4
Result before taxes	6.5	7.6	6.7	4.4	5.5	5.2	5.5

Geographical information

	7-9/2010	7-9/2009	1-9/2010	1-9/2009
	Revenue	Revenue	Revenue	Revenue
Nordic countries	10.5	10.7	31.7	32.7
Rest of Europe	14.6	14.7	44.2	42.6
North America	2.8	2.6	8.3	8.3
Rest of the world	4.1	3.1	11.5	9.8
Total	32.0	31.1	95.7	93.4

	9/2010	9/2009
	Assets	Assets
Nordic countries	53.6	48.5
Rest of Europe	35.2	40.4
North America	4.0	3.2
Rest of the world	7.0	6.3
Total	99.8	98.4