



**F-SECURE CORPORATION**

**Quarterly report  
February 3, 2010 at 9.00**

## **F-Secure Corporation - Interim Report January 1 – December 31, 2009**

Performance as anticipated, Software as a Service business continued to drive growth, strong position in operator business globally

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

### **Highlights in Q4**

- Total revenues grew by 4% reaching record revenues of 31.8 million (Q408: 30.6m)
- Revenues from the operator business (ISPs, mobile operators and cable operators) grew by 18% from Q408, reaching revenues of 15.9 million (13.5m)
- EBIT was 4.1 million; representing 13% of revenues (7.2m including the gain from the sale of network control technology of 0.8m in 2008)
- Earnings per share was EUR 0.02 (EUR 0.05)
- Cash flow from operations was 4.6 million positive (8m positive)
- Online backup and storage services live in 4 countries with America Movil, strengthens F-Secure's expansion into Latin America

### **Highlights in 2009**

- Total revenues grew by 11% reaching record revenues of 125.1 million (2008: 113.0m)
- Strong revenue growth of 24% from the operator business (ISPs, mobile operators and cable operators), reaching revenues of 60.2 million (48.4m)
- EBIT was 24 million; representing 19% of revenues (24.3m including the gain from the sale of network control technology of 0.8m in 2008)
- Good profitability level remained though major acquisition realized
- Earnings per share was EUR 0.12 (EUR 0.13)
- Cash flow from operations was 16.4 million positive (26.3m positive)
- Acquisition of Steek SA, storage and digital content business, was announced in July, integration proceeds on schedule, demand from large operators confirms longer term growth opportunities
- Strong position in operator business globally; good progress especially in India and lately in Latin America
- New version of F-Secure's internet security product, F-Secure Internet Security 2010, was successfully launched to the markets in September
- Mobile subscriber growth 80% for the year

Note that signing of the closing and Board's proposals to the AGM and will be informed on February 18, 2010.

## KEY FIGURES

	2009	2008	2009	2008
Eur million	10-12	10-12	12m	12m
Revenues	31.8	30.6	125.1	113.0
Operating profit	4.1	7.2	24.0	24.3
% of revenues	13 %	24 %	19 %	20 %
Profit before taxes	4.4	8.0	25.2	26.4
Earnings per share (EUR)	0.02	0.05	0.12	0.13
At the end of period:				
Deferred revenue	35.6	37.2	35.6	37.2
Equity ratio, %	70%	71%	70%	71%
Debt-to-equity ratio, %	-68%	-148%	-68%	-148%
Personnel	826	718	826	718

**CEO Kimmo Alkio:** "In a challenging financial environment F-Secure delivered a solid year in terms of financial performance and the development of our core businesses. While the short term results are not at the traditional level for F-Secure, we have made important investments for our future competitiveness and growth. Our opportunities as the leading Software as a Service partner for operators globally has strengthened during the latter part of 2009. During this coming year we are confident to be launching new operator partnerships for both the Security and online storage related services. These two businesses combined with our operator centric strategy will be a strong growth driver for the future."

### F-Secure business during 2009 at the Group level

For 2009, the total revenues were 125.1 million (2008: 113m), growth of 11%. Revenue growth continued solid in the operator channel, up by 24% and 60.2m in total, and in business through the traditional channels, up by 1% and 64.9m in total. EBIT was 24 million (24.3m including the gain from the sale of network control technology of 0.8m), representing 19% of revenues; 1% decline from 2008 and 2 % increase when excluding gain from the sale of technology in 2008. The profitability level remained at good level including impact of the major acquisition of Steek SA in July (more details on incremental Q4 cost level below). Earnings per share were EUR 0.12 (EUR 0.13). Cash flow was 27.4 million negative (23.1m negative) including a paid dividend, share buy backs and the acquisition cost. The cash flow from operations was 16.4million positive (26.3m positive). The Group deferred revenue increase to 35.6m at the end of year (33.7m at the end of September 2009) due to healthy renewal sales.

The Group total costs were 92.3 million (81m), representing 14% growth. The cost increase in the second half of the year was especially impacted by the running costs of acquired Steek in July and Q4 extra marketing and promotion activities as explained below. The Group also capitalized some of its R&D expenses according to accounting rules, totaling 1.7 million (0.5m) for 2009. The impact of the acquired Storage and Digital Content business (Steek SA) in 2009 was EPS dilutive as previously informed.

The financial results for the fourth quarter of 2009 were in line with the guidance given in July (revenues 31-33 million, cost level below 26 million); revenues for the fourth quarter were 31.8, showing a growth of 4%. EBIT was 4.1m; 13% of revenues The costs were 25.6m; an increase of 19%, including the Storage and Digital Content business' running costs, amortization and integration activities. Additionally pre-planned, marketing investments for the core Internet Security client solution took place in Q4. These marketing activities were targeted at boosting visibility of the new Internet Security 2010 both for the benefit of the operator channel and the F-Secure direct consumer channel. The impact of additional Q4 marketing costs were about 3 % -points on the company EBIT.

In the fourth quarter of 2009 the geographical breakdown of the revenues split as follows: Finland and Scandinavia 35% (39%), Rest of Europe 46% (43%), North America 8% (9%) and Rest of the World 11% (9%).

## **Operator channel in Q4 and 2009**

The Group's operator (ISPs, mobile operators and cable operators) business continued to perform well. In the fourth quarter of 2009, revenues through the operator business partners totaled 15.9 million (Q408: 13.5m), representing already 50% of the Group total revenues (44%). Revenue growth was 18% compared to the previous year. The annual revenues were 60.2m (48.4m), representing 48% of the total revenues (43%) and a growth of 24% compared to 2008.

The Storage and Digital Content business (Steek SA) performed well while revenues were slightly lower than previously estimated and EPS was dilutive as anticipated. Revenue forecasting in this system integration type of business has more variability than the traditional F-Secure business. In the future, this business is anticipated to be reported as part of the operator channel.

The Group's position in the operator business has remained strong in the traditional Internet security business, while the Storage and Digital Content market entry has further strengthened F-Secure's attractiveness as a long term strategic partner for major operators globally. The company currently has more than 200 partners in over 40 countries with an addressable market of over 70 million broadband consumer customers. 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.

The Group's offering in the Software as a Service business includes PC and mobile security and a broad range of storage based services. The Group sees that the acquired storage related business improves the Group's position in partnering with major operators globally. The operator project pipeline of the Storage and Digital Content business has developed favourably. Several cross-selling opportunities have already materialized, thus strengthening long term growth opportunities. Integration of the Storage and Digital Content business is proceeding well and on schedule. In the long run, the management believes that the acquisition will strongly support F-Secure's strategy to broaden Value Added Service (VAS) offerings to consumers via operators.

During Q4 the Group has enforced its presence especially in Asia and Latin America. For PC security new partnership were announced with Vietnam Telecom (Vietnam), P1 (Malaysia) and CSL (Hong Kong). Online backup and storage services with America Movil have gone live in 4 countries in Latin America. America Movil is the largest mobile operator in Latin America covering 18 countries and more than 180m mobile customers. Additionally, the Group expects to launch several significant operator partnerships during 2010.

The total number of the Group's operator partners is significantly larger than that of any other security service vendor. At the end of 2009 the Group'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 Q4 and 2009**

During Q4, the revenues through traditional channels were 15.9 million (17.1m), showing a decline of 7% from the corresponding period in 2008. These channels represented 50% of the Group's total revenues (56%). The annual revenues were 64.9m (64.6m), representing 48% of the total revenues (57%) and a growth of 1% compared to 2008.

The traditional sales channels continued to perform at the lower end of expectations, affected by the challenging economical environment. The slowdown in new license sales continued. However, the renewal sales were showing some signs of improvement. This is also seen in the growth of deferred revenues in Q4. The launch of the totally renewed Internet Security 2010 product did not yet contribute to Q4 volumes, however it is anticipated to contribute in the upcoming quarters.

## **Mobile security in Q4 and 2009**

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

The investments for mobile security products development continues. The F-Secure Mobile Security product includes anti-virus and malware protection and firewall capabilities as well as an anti-theft feature with remote lock, remote wipe and theft control functionalities. In January 2010 F-Secure announced the availability of its new smartphone solution, F-Secure Anti-Theft for Mobile providing remote lock, remote wipe and theft control.

The revenues from the Mobile Security business are included in the above mentioned channels and were about 3% of the Group's total quarterly and annual revenues. During the year mobile operator subscribers grew by appr. 80%

## **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.

F-Secure launched several new products and services into markets during 2009. The key announcements were both for consumer and business customer segments.

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.

In November, F-Secure launched F-Secure Client Security 9, which provides enhanced malware detection by utilizing the latest in-the-cloud reputation services, fast behavior monitoring and rootkit scanning technologies. The updatable core security technology has been redesigned to provide instant protection for the end-user and the administrator. This means high detection rates against malware, spyware, and phishing, as well as enhanced performance and protection against future threats. Businesses can protect their confidential data, prevent the spread of malware in their networks, and block hostile intrusion attempts more effectively, also on the Windows 7 operating system.

In September, F-Secure launched a new version of its internet security product, F-Secure Internet Security 2010, which is a complete security solution to protect users from threats and to enable the safe use of the Internet. According to performance tests by the independent testing organization AV-Test.org, F-Secure Internet Security 2010 has 80% less overall system impact and 60% faster virus scans than the previous version. The new product also includes a new interface design. In connection with the launch of Internet Security, F-Secure also renewed its brand commitment to "Protecting the irreplaceable", reflecting the importance that security of digital content has in people's lives today.

In September, F-Secure and Nokia announced the extension on their collaboration to include Internet Security on computers. Nokia Booklet 3G mini-laptops have been preinstalled with F-Secure Internet Security 2010, the newest version of F-Secure's flagship solution.

In June, F-Secure Mobile Security and its new advanced anti-theft feature was made available for Windows Mobile phone users. The anti-theft feature includes remote lock, remote wipe and theft control functionalities.

In May, F-Secure launched Online Backup to consumer customers through the F-Secure eStore and retailers in Europe and North America. Online backup has been available through selected Internet Service Provider partners since autumn 2008. In May, F-Secure Safe, a new value added offering that combines both internet security and online backup as a new service, was launched in Germany.

In April, F-Secure 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. PSB 4.0 includes "in-the-cloud" technology to protect desktops and laptops. It also provides comprehensive protection for servers, including rootkit detection. This release also introduces high quality e-mail protection and spam control.

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.

### **Market situation**

Research data shows that the security software and services market in 2009 has grown around 5% (source: Gartner), thus the figure is lower than the prior industry forecasts for the year. This industry segment has likely been impacted by the global economic downturn.

There were no significant changes in the competitive landscape or in the pricing levels during the fourth quarter. However, there have been signs of increasing price competition in some countries. The Group's competitive position in the operator channel has remained strong though the slower growth in sales of fixed broadband connections by operators may have slowed down growth of the Security as a Service business. The broadband market is at the same time 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.

### **Personnel and organization**

The Group's personnel totaled 826 at the end of December (Q408: 718, Q309: 818). The Group's number of personnel increased during the quarter slightly in sales and marketing and in R&D.

The Executive Team currently consists of the following persons: Kimmo Alkio (President and CEO), Ari Alakiuttu (Vice President, Human Resources), Christophe Camborde (Vice President, Storage and Digital Content business unit), Samu Konttinen (Vice President, Sales and Geographical Operations), Pirkka Palomäki, (Chief Technology Officer), Kari Penttilä (Vice President, R&D; joined the company in January 2010), Patrik Sallner (Vice President, Mobile business unit; joined the company in January 2010), Antti Reijonen (Vice President, Consumer Business and Marketing) and Taneli Virtanen (Chief Financial Officer).

### **Financing and capital structure**

The Group's financial position continued strong. The Group's equity ratio at the end of year was 70% (71%). Gearing ratio was 68% negative (148% negative).

Cash flow for 2009 was 27.4 million negative (23.1m negative) including a paid dividend, share buy backs and the acquisition cost. The cash flow from operations was 16.4million positive (26.3m positive). The financial

income for 2009 was 1.2 million (2m). The company's cash position has developed according to the longer term efficient capital management objectives. The market value of the liquid assets of the Group on December 31, 2009 was 33.6 million (61m). The acquisition cost of Steek SA was paid from the Group's liquid funds in July.

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 2009.

### **Capital expenditure**

The Group's capital expenditure in 2009 was 37.2 million (3.1m), consisting mainly of the acquisition cost and in 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 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.

In its meeting on August 26, 2009, F-Secure's Board of Directors decided to start repurchase of its own shares based on the authorization of the Annual General Meeting of 2009. The maximum number of shares to be repurchased is 1.500.000 shares, representing 1% of all the shares issued by the Company.

The shares are purchased through public trading on the NASDAQ OMX Helsinki Ltd. in accordance with its rules and at market price. The 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.

Based on the authorizations by the General meetings, during January-December, F-Secure has bought altogether 841,514 shares corresponding to 0.5% of the company's shares and voting rights. Including all shares bought, the total number of own shares held at the end of December 2009 was 1,549,446 shares, corresponding to 1% of the company's shares and voting rights.

F-Secure has conveyed a total of 9,068 shares to Board members as part of Board compensation as decided by the AGM.

### **Shares, shareholders' equity and option programs**

In December, a total of 644,211 F-Secure shares were subscribed for with the A 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 644,211. The corresponding increase in the share capital was registered in the Finnish Trade Register on December 3, 2009. F-Secure received as subscription price a total amount of EUR 876,126.96, which will be recorded in the fund for company's distributable equity. As a result of the registering the total number of shares is 157,469,243. The holders of the new shares were entitled to all shareholders' rights from the registration day. The Company has submitted an application for the new shares to be listed on the NASDAQ OMX Helsinki Ltd. together with the other Company shares. The trading with the new shares commenced on December 4, 2009. The subscription period for the 2005A warrants began on March 3, 2008. The 2005A warrants expired on November 30, 2009.

In September, a total of 54,625 F-Secure shares were subscribed for with the A 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 54,625. The corresponding increase in the share capital was registered in the Finnish Trade Register on September 2, 2009. F-Secure received as subscription price a total amount of EUR 74,290.00, which was recorded in the fund for company's distributable equity. As a result of the registering the total number of shares is 156,825,032. The trading with the new shares will commence on September 3, 2009. The subscription period for the 2005A warrants began on March 3, 2008.

In January, a total of 3,333 F-Secure shares were subscribed for with the A3 warrants, a 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 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.

The total number of shares is currently 157,469,243. 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**

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.

## **Risks and uncertainties**

Despite the current economic conditions, the Group has not seen material changes to the risks and uncertainties during the reporting period. However, the current situation in the global economy has continued to impact on the traditional license sales. This is seen especially as a slowdown in new license sales. The slower growth in sales of fixed broadband connections by operators may also have impact on security service sales. As the uncertainty in the economic environment has continued, the Group continues to monitor closely 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, 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 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 Internet Service Provider and mobile operator market.

As stated in the previous interim releases, 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 investigates the claims and will defend itself accordingly. The Group does not expect any material impact on its financials from this lawsuit.

## **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 2009: 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, 2009). The longer term security market growth is expected to be around 9% with antivirus growth at around 4% annually between 2008 and 2013 (Source: Gartner). 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 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 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, 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 Software as a Service business model compared to traditional software acquisition as a product.

The Group's first priority is to drive strong growth. The core growth driver has been Security as a Service (SaaS) sales through the operators. In addition, the Group offers Online Backup as a Service and other storage related services that are expected to drive growth. The acquisition of Steek, enables the Group 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.

The Group 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, 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 other related value added services to consumers through operators. 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 traditional IT security, enabling the secure use of internet.

The Group 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. The Group's longer term profitability level continues to be driven extensively by revenue growth and through systematic cost controls. The Group targets its investments in strategic growth businesses, specifically the operator channel with security and storage as a service.

### **Short-term outlook**

Markets for Security as a Service are expected to continue to grow. During the year 2010 the Group seeks to continue to exceed average market growth. For 2010 the antivirus security market growth is anticipated to be around 5% (source: Gartner 2009).

For the first quarter of 2010 the management estimates total revenues to grow at a low single digit rate. This lower growth is driven primarily by the slowdown in the traditional license business. The Software as a Service business is expected to continue to be the growth driver; however, in Q1 the growth rate is expected temporarily to be lower due to contractual changes with some partners. The Group continues to invest in sales and marketing activities to further extend its strong position in the global operator market. However, the management expects the cost level to grow at lower rates than previously – in Q1 marketing costs have been lowered compared to the second half of 2009. This is estimated to improve the profitability from Q4.

F-Secure revenues for the first quarter of 2010 are estimated to be between 30 million and 32 million. Costs are estimated to be around 24 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, on February 3, 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 14.00 Finnish time (13.00 CET, 12.00 am UK time). Instructions on how to attend the conference call are available on the investor pages of the Group'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 2010**

During 2010 F-Secure will publish interim reports on April 28 (Q1), on July 29 (Q2), and on October 27 (Q3). On the publication dates 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. The Annual General Meeting of 2010 is scheduled to be held on March 24, 2010 and the annual report for 2009 will be published in the beginning of March. Full details will be provided at a later date 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 Interim Financial Reporting and with 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	2008	2009	2008	Chge
	10-12	10-12	1-12	1-12	%
Revenues	31.8	30.6	125.1	113.0	11
Cost of revenues	2.1	3.1	9.9	10.3	-3
Gross margin	29.7	27.4	115.2	102.7	12
Other operating income	0.1	1.3	1.1	2.6	-59
Sales and marketing	15.9	13.0	56.9	48.6	17
Research and development	7.5	6.7	28.0	25.5	10
Administration	2.2	1.9	7.5	6.8	9
Operating result	4.1	7.2	24.0	24.3	-1
Financial net	0.3	0.7	1.2	2.0	
Result before taxes	4.4	8.0	25.2	26.4	
Income taxes	-1.1	-2.1	-6.5	-6.9	
Result for the period	3.4	5.9	18.7	19.6	
Other comprehensive income:					
Exchange diff. on translating foreign operations	0.2	-0.3	0.1	-0.3	
Available-for-sale fin. assets	-0.3	-0.5	0.1	-0.2	
Income tax rel. to components of other comprehensive income	0.1	0.1	0.0	0.0	
Total comprehensive Income (owners)	3.3	5.2	18.9	19.1	
Earnings per share, e	0.02	0.05	0.12	0.13	
EPS, diluted, e	0.02	0.05	0.12	0.12	

## BALANCE SHEET

ASSETS	31/12/2009	31/12/2008
Intangible assets 1)	13.5	3.5
Tangible assets	4.6	3.5
Goodwill 1)	19.4	0.0
Other financial assets	2.8	1.1
Non-current assets total	40.4	8.1
Inventories	0.4	0.1
Other receivables	31.3	25.5
Available-for-sale financial assets	17.6	47.1
Cash and bank accounts	16.1	14.1
Current asset total	65.5	86.8
Total	105.9	94.9

## SHAREHOLDERS' EQUITY

AND LIABILITIES	31/12/2009	31/12/2008
Equity	48.8	41.1
Other non-current	2.5	0.0
Deferred revenues	6.7	7.5
Non-current liabilities total	9.2	7.5
Other current	19.0	16.5
Deferred revenues	28.9	29.7
Current liabilities total	47.9	46.2
Total	105.9	94.9

Cash flow statement	31/12/2009	31/12/2008
Cash flow from operations	16.4	26.3
Cash flow from investments 1)	-31.8	-3.2
Cash flow from financing activities 2)	-12.0	-46.2
Change in cash	-27.4	-23.1
Cash and bank at 1 Jan	60.9	84.3
Change in net fair value of Available-for-sale	0.1	-0.2
Cash and bank at 31 Dec	33.6	61.0

	Statement of changes in shareholders' equity								
	share unstricted		equity-		treasury	ret.	assets	Trans.	Total
Equity on:	share	premium	reserve	shares	earnings	f.sale	avail.	diff.	
31.12.2008	capital	fund							
	1.6	0.2	2.1	-1.5	39.1	-0.1		-0.4	41.1
Total									
comprehensive									
income									
for the year					18.7	0.1		0.1	18.9
Dividend					-10.9				-10.9
Excercise of options			1.0						1.0
Treasury shares			0.0	-2.0					-2.0
Cost of									
share based payments					0.8				0.8
Equity on									
31.12.2009	1.6	0.2	3.1	-3.5	47.8	0.0		-0.3	48.8

#### NOTES

##### Note 1) Business combinations (preliminary)

On 10 July 2009, the Group acquired 100% of the voting shares of Steek SA, an unlisted company based in France specializing in providing online storage and data management solutions.

Under the terms of the agreement, the cash and debt free purchase price was 27.5 million euro. An additional contingent purchase price of a maximum of 2.5 million euro is based on the performance of the acquired business in a period ending March 31, 2010. According to the information currently available, the management estimates that the likelihood of the additional contingent purchase price is remote.

Cost	
Purchase price	27.5
Net working capital	3.9
Cost associated with the acquisition	0.4
Acquisition cost	31.8

The preliminary cost of the combination was 31.8 million euro and it comprised a cash payment and costs of 0.4 million euro directly attributable to the combination. The final net working capital will be defined later.

The goodwill recognized below is attributed to the expected sales channel synergies in the existing F-Secure customer base and workforce.

The fair value of the identifiable assets and liabilities of Steek as at the date of acquisition were:

	fair value recognised on acquisition	carrying value
Intangible assets, technology	4.2	0.9
Intangible assets, customers	4.9	
Tangible assets	0.5	0.5
Deferred tax receivable	1.2	
Receivables	1.6	1.6
Cash and equivalents	3.9	3.9
Total	16.4	6.9
Deferred tax liability	-2.4	
Trade payables	-1.3	-1.3
Other payables	-0.3	-0.3
Total	-4.0	-1.6
Fair value of net assets	12.4	5.3
Goodwill arising on acquisition	19.4	
Acquisition costs	31.8	
Cash outflow on acquisition		
Net cash acquired with the subsidiary	3.9	
Cash paid	-30.7	
Net cash outflow	-26.8	
Unpaid net working capital	-1.0	
Net cash outflow	-27.9	

From the date of acquisition, Steek has contributed -1.1 million euro to the net profit of the Group. If the combination had taken place at the beginning of the year, the revenue from continuing operations for the period would have been 126.6 million euro and profit from continuing operations would have been 17.8 million euro.

#### Note 2) Cash flow from financing

The company has bought own shares by 2,055,226 euro. Dividend for year 2008 0.07 euro per share totaling 10,903,928.49 euro was paid on 7th April 2009. In 2008, paid dividend totaled 10,859,178.26 euro and capital repayment 35,719,370.76 euro.

Key ratios	2009	2008
	12 m	12 m
Operating result, % of revenues	19.2	21.5
ROI, %	45.0	51.5
ROE, %	32.2	36.0
Equity ratio, %	69.8	71.3
Debt-to-equity ratio, %	-68.1	-148.5
Earnings per share (EUR)	0.12	0.13
Earnings per share diluted	0.12	0.12
Shareholders' equity per share, e	0.31	0.26
P/E ratio	22.8	14.9
Capitalized expenditures (Me)	37.2	3.1
Contingent liabilities	19.4	7.8
Personnel, average	770	652
Personnel, Dec 31	826	718

#### Segment information

The Group has only one segment; data security.

#### Quarterly development

	1/08	2/08	3/08	4/08	1/09	2/09	3/09	4/09
Revenues	26.6	27.2	28.6	30.6	30.6	31.7	31.1	31.8
Cost of revenues	2.1	2.4	2.6	3.1	2.6	2.5	2.7	2.1
Gross margin	24.5	24.7	26.0	27.4	28.0	29.2	28.4	29.7
Other operating income	0.3	0.6	0.4	1.3	0.3	0.4	0.3	0.1
Sales and marketing	11.5	12.4	11.8	13.0	13.5	13.9	13.6	15.9
Research and development	6.3	6.5	6.1	6.7	6.8	6.7	6.9	7.5
Administration	1.8	1.7	1.4	1.9	2.0	1.7	1.6	2.2
Operating result	5.3	4.7	7.1	7.2	6.1	7.2	6.6	4.1
Financial net	0.3	0.6	0.4	0.7	0.5	0.4	0.1	0.3
Result before taxes	5.6	5.3	7.5	8.0	6.5	7.6	6.7	4.4

Geographical information

	10-12/2009	10-12/2008	1-12/2009	1-12/2008
	Revenue	Revenue	Revenue	Revenue
Nordic countries	11.5	11.4	44.2	43.7
Rest of Europe	14.7	13.6	57.3	49.0
North America	2.3	2.5	10.5	9.8
Rest of the world	3.3	3.1	13.1	10.5
Total	31.8	30.6	125.1	113.0

	12/2009	12/2008
	Assets	Assets
Nordic countries	56.3	85.3
Rest of Europe	38.2	1.3
North America	3.5	3.0
Rest of the world	5.6	4.5
Total	103.6	94.1