F-Secure Corporation
Interim report Q2 2009
(Unaudited)
July 28, 2009
Kimmo Alkio, President and CEO
Contents

• Highlights in Q2 2009
• Steek acquisition
• Market review and outlook
Q2 Highlights

- Good growth continued
  - Total revenues 31.7m; growth of 16% (Q208: 27.2m)
  - Service Provider revenues 14.8m, growth of +27% (11.6m)
  - Other channels 16.9m, growth of 8% (15.6m)

- Solid profitability, reaching 23% EBIT margin
  - EBIT 7.2m, 23% of revenues (Q208: 4.7m)
  - EPS EUR 0.04 (EUR 0.03)
  - Cash flow of 5.1m positive excl dividend of 10.9m (Q208: 3.8m positive)
Q2 Costs

• Cost level 22.4m; +9% YoY
  • Capitalization of research and development costs; impact on Q2 ~-0.3m

• Investment into future growth continued
  • Focus on ISP professional services and new service innovation

Sales & Marketing  Research & Development  Administration
Q2 Operating profit

• Solid profitability
  • Q2 EBIT 7.2m (4.7m); 23% of revenues; growth of 17% from Q208

• Equity ratio
  • June 30, 2009 71%
  • Mar 31, 2009 58% / (71%)*
  • Dec 31, 2008 71%
  • Sep 30, 2008 83%

*) If dividend was paid in March
Development of EBIT margin

- Continue to prioritise growth over short term profitability
- Average EBIT has gradually improved
- During the next three years, the Group seeks the EBIT level to be around 25%.

Graph shows the EBIT excluding the non-recurring impairment loss of Network Control in 4Q06 and the gain from the sale of Network control technology in 4Q08.
Q2 Cash position

• Cash flow from operations for Q2 was 5.1m positive when excluding a paid dividend of 10.9m (Q208: 3.8m pos.)
  • Dividends of 10.9m paid in April

• Cash position strong
  • Market value of liquid assets on June 30, 2009: 58.7m (83.3m)
Q2 Deferred Revenues

- Deferred revenues were 36.3m
  - Decrease in deferred revenues due to shorter renewal sales

- Deferred revenues accrued in the balance sheet
  - June 30, 2009  36.3m
  - Mar 31, 2009  37.8m
  - Dec 31, 2008  37.2m
  - Sep 30, 2008  33.7m
Regional Revenue Split

1-6/2009

- Nordic Countries: 36%
- Rest of Europe: 45%
- North America: 9%
- Rest of World: 10%

1-6/2008

- Nordic Countries: 39%
- Rest of Europe: 43%
- North America: 9%
- Rest of World: 9%
Operator* growth

- Q2 revenues: 14.8m (11.6m)
  - Growth of 27% YoY
  - 47% of total Q2 revenues

- The Group’s primary target is to strengthen the co-operation with its existing ISP partners

- Currently over 200 partners in more than 40 countries

- The acquisition of Steek SA strengthens the Group’s portfolio for value added services

*Operator = internet service providers, mobile operators, cable operators
F-Secure’s operator partners, some examples
Q2 Mobile Security Business

• Co-operation with device manufacturers continued

• Smartphone security solution: F-Secure Mobile Security 5 also for Windows mobile from June onwards
  • Anti-theft feature including easy remote locking and wiping of the confidential data if the phone is lost or stolen

• Operator partnerships, co-operation strengthened
  • Operator partnerships with Vodafone UK, KPN, TDC, Netia and CSL.
  • Co-operation with the operators T-Mobile International, TeliaSonera Group, Orange, Swisscom and Elisa continued as planned

• Revenues developing steadily
  • Ca 3% of total Q2 revenues
Recent product announcements

- **F-Secure PSB 4.0**
  - Protection Service for Business (PSB) – a comprehensive Security as a Service solution specially designed for the needs of small and medium-sized companies.
  - PSB 4.0 provides a faster than ever response to emerging new threats, requires less user involvement, and delivers significant performance improvements.

- **F-Secure SAFE**
  - 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.
Number of personnel

- At the end of Q2: 752 (Q109: 728; Q208: 668)
  - During Q2 personnel increase mainly in Sales and Marketing
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F-Secure acquired Steek SA

Key facts of Steek SA

• a leading European software provider for online storage and data management solutions to operators*

• a key player in high growth online storage market

• major operator partners: SFR (France), Virgin Media (UK), TDC (Denmark), Singtel (Singapore) and Terra (Spain)
  • there are more than 2.2 million active users for Steek’s services

• a growth company with revenue growth of over 300% to 2.5 million in 2008
  • improving profitability showing 0.7m loss in 2008

• employees 50 people in Bordeaux, Paris, London and New York

• established 2002 in Bordeaux, France

* Operator = internet service providers, mobile operators, cable operators
Financial impact of the acquisition

Purchase price

• the cash and debt free purchase price is EUR 27.5m
• in addition, F-Secure may pay an additional purchase price of a maximum of EUR 2.5m based on performance of the acquired business; to be paid in 2010
• paid in cash and financed with the company’s liquid assets

Impact on F-Secure on 2H2009 after consolidation

• estimated to improve F-Secure’s operator revenues by 2-3m
• estimated to be slightly EPS dilutive

Impact on F-Secure 2010 and forward

• estimated to accelerate F-Secure’s operator revenue growth significantly
• estimated to be EPS accretive
Online Storage is a great opportunity for operators - US example

In US alone Broadband Service Providers (BSP) will see customer retention and $188 million in subscription revenue in 2012 from storage and backup services.

Online storage and backup services are great customer retention tools and upgrade incentives. “They fit with broadband service providers’ strategic advantages, complementing existing trust and billing relationships, network ownership, and guaranteed quality of service.”

*Parks Associates

Forecast of Annual Revenue of BSP-Provisioned Online Storage Services

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (Millions of dollars)</th>
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</thead>
<tbody>
<tr>
<td>2007</td>
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<td>2011</td>
<td>$96</td>
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<td>2012</td>
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</tbody>
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$ = Millions of dollars

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Growth opportunity building on security

- **ON-LINE STORAGE AND RELATED SERVICES**
  - Access, sharing, social media integration
- **CONTENT PROTECTION**
  - Solutions that keep content safe
- **INTERNET SECURITY**
  - Protecting from Internet threats
Steek and Singtel

- Convergent Fixed and Mobile online storage
- With PC/Mac and Mobile backup
  - Mobile and Computer both store user data files that need to be saved
  - Both need to be accessed at the same place
  - And saved by your convergent operator
Complimentary solutions and partnerships

Security as a service
- PC
- Mobile
- On-line back-up as partnership with Steek

Go-to-market
- 192 ISP partnerships
- Presence in Europe, North American and APAC
- Own direct & channel businesses

On-line storage and related services
- On-line storage platform
- On-line back-up
- Media access via PC and mobile
- Sharing and media management services

Utilization of F-Secure scale to grow

Go-to-market
- Tier 1 ISP partnerships
- Presence in Europe, North American and APAC
The acquisition strengthens F-Secure’s position as the leading SaaS partner

- a natural step in F-Secure’s strategy to broaden Value Added Service (VAS) offerings to consumers
- acquired solutions and operating model is highly complementary to F-Secure’s security solutions
- enables growth opportunities in rapidly growing online storage markets within fixed and mobile broadband services market
- supports F-Secure’s pursuit of driving innovation and growth for internet related services
- brings in major operator partners like SFR (France), Virgin Media (UK), TDC (Denmark), Singtel (Singapore) and Terra (Spain)
In summary, the new F-Secure

- Strongest SaaS solution portfolio for operators and directly
- Leading set of operator relationships across US, Europe and APAC
- Combined teams with industry-leading experience on consumer VAS with major operators
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Security is a good place to be

Global security market is a $10b+ industry

F-Secure is present in the segments making the majority of the vendor revenue

Global security market split, 2009
100% = $11.3B

Source: Gartner, 2008
(SIEM = Security Incident and Event Management)
Long-term objectives

Growth!

- Continue to exceed average market growth
- Scalability through strong operator-network
- Mobile partnerships and pre-installations

Software as a Service

- Expand Software as a Service business model
- Maximise Security as a Service business
- Expansion possibility also through M&A

Financial position and efficiency

- Targeted investments for future growth
- Profitability, cash flow and cost management
- Efficient capital structure
Short-term outlook

• During the year 2009 the Group seeks to continue to exceed the average market growth
• Core businesses anticipated to continue to perform as in previous quarters.

• Q3 2009 outlook including Steek financials ¹)
  • Revenues 31-33m
  • Cost level not to exceed 23m*

* Excluding amortization from STEEK acquisition

¹) The numbers are estimates that are based on the sales pipeline at the time of publishing, existing subscriptions and support contracts, previous experience
BE
SURE.