F-Secure Corporation - Interim report Q1 2011
(Unaudited)

April 27, 2011

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Q1 highlights

• Operator revenue growth accelerated significantly, healthy profitability

• Security subscription growth continues strong; storage business supporting growth

• Major achievements in winning new Operators; market expansion to Latin America with new partnerships

• Exciting future outlook; revenue growth accelerating in 2011
We enable millions of people to safely enjoy the exciting opportunities of their connected lives.

2011: **Leader** in providing value added services to consumers through operators.
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1. Financial performance in Q1 2011
Q1 Revenue and EBIT

- **Revenue growth accelerated in Q1 driven by operator channel**
  - Total quarterly revenues 34.1m; growth of 9% (Q110: 31.4m)
  - Operator revenues (incl. Storage and Digital Content business) 18.7m, growth of 20% compared to Q110 and 2% from Q410 (Q110: 15.6m)
  - Other channels 15.4m, decline of 2% (15.6m)

- **Profitability at a good level**
  - EBIT 5.5m, 16% of revenues; (Q110: 5.5m, 18%)
  - EPS EUR 0.02 (EUR 0.03)
  - Cash flow from operations 7.1m positive (6.9m)

EBIT 2010 excluding restructuring costs

[Bar chart showing revenues and EBIT from Q109 to Q111]
Q1 Costs

- **Total costs 27.2m as anticipated** (Q110: 24.1m)
  - Storage and digital content business investments
  - Capitalization of research & development costs; during Q111 impact ~1.0m (0.7m)
- **Focus further on storage services and portfolio development**
Q1 Operating profit

• Operating profit level at a good level
  • EBIT 5.5m, 16% of revenues (Q110: 5.5m, 18%).

• Equity ratio:
  • Mar. 31, 2011 60%*
  • Dec. 30, 2010 69%
  • Sep. 30, 2010 71%

  *69% if dividend paid in March

EBIT Q410 excluding restructuring costs
Development of EBIT margin

- Prioritising growth over short term profitability, currently investing in Storage business
- Seeking to improve profitability longer term towards 25% EBIT level

The 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

EBIT Q4 10 excluding restructuring costs
Q1 Cash position

• Cash flow from operations was 7.1m positive (Q110: 6.9m)
• Cash position remained at a good level
  • Market value of liquid assets on
    Mar.30, 2011: 37.1m
    Dec.30, 2010: 32.8m
    Sep.30, 2010: 28.8m
    Dec. 31, 2009: 33.7m
• Cash position has developed according to the longer term efficient capital management objectives
• Dividends of EUR 0.06 were paid on April 12, 2011
Q1 Deferred Revenues

- Deferred revenues were at 37.5m (37.2m); healthy renewal license sales in channel business
  - Japan, as one of the key countries for corporate business, impacted by earthquake

- Deferred revenues accrued in the balance sheet
  - Mar. 31, 2011 37.5m
  - Dec. 31, 2010 37.2m
  - Sep. 30, 2010 35.1m
Q1 2011 Regional Revenue Split

1-3/2011
- Nordic Countries: 33%
- Rest of Europe: 45%
- North America: 10%
- Rest of World: 12%

1-12/2010
- Nordic Countries: 33%
- Rest of Europe: 46%
- North America: 10%
- Rest of World: 12%
Number of personnel

- At the end of Q1: 851  
  (Q410: 812; Q110: 836)

- During Q1 new recruitments: supporting growth businesses, mainly in the storage business and R&D
2. Operator business: Strong global partner network
Q1 Operator business

- Q1 revenues of 18.7m (15.6m); growth of +20% YoY; +2% QoQ
  - Healthy security subscriber growth continued; increase in take up rates
  - Project revenues also in Q1

- Increasing number of existing Operators launching combined Security and Storage services as bundles

Operator business includes internet service providers, mobile operators and cable operators.
F-Secure in Latin America

- Long-term regional partnerships with Telefonica and several other operators in Latin America.
- Latin America is one of the fastest growing wireless and mobile broadband subscriber market in the world
- F-Secure offers its standard solutions: internet protection and storage related services for both mobile broadband and mobile devices, including smartphones
- Partnerships are expected to contribute gradually to the revenue growth towards year end
More than 200 operator partners globally and over 100 m broadband subscribers
3. Products and Services
Products, Services and Technologies

• F-Secure develops and sells security and storage related services that support personal computers, servers and an increasing set of major smartphone and tablet operating systems

• F-Secure is increasing the investment to extend the products and services to new major smartphone and tablet operating systems, such as Android, iOS and RIM

• Cloud computing has been in the center of the company’s technology strategy and choices for the past few years
Q1 key product & service announcements

• F-Secure introduced a new **Partner Portal** for its resellers. The portal provides advanced online tools for resellers that help them to react quickly and efficiently to end-customers’ needs, boosting sales and customer service. (March 2011)

• **F-Secure Policy Manager 10** was introduced to the corporate segment. F-Secure Policy Manager 10 delivers a new level of effectiveness by automating daily security operations. (March 2011)

• New version of F-Secure’s **Protection Service for Mobile** (PSM 7) was introduced. The Protection Service for Mobile enables operators to offer comprehensive protection and parental control for their customers’ mobile devices. (February 2011)
F-Secure key consumer products

Full PC protection

Better way for online backup
Internet expansion, new devices and increasing use of social media strengthen the demand for value added services
The number of Internet users increasing - more potential customers

Internet in 2015:
- >500m new users
- >2.5B users altogether
- Mobile Internet > traditional broadband

Source: *eTForecasts, **Morgan Stanley Research, 2010
The number of new devices increasing - more devices to offer services

Source: ITU, Mark Lipacis, Morgan Stanley Research.
Social media increase the use of Internet - protecting identity more and more important
Security is needed in Internet

Estimate of increasing malware

Source: F-Secure
Market trends – summary

**Internet**
- Internet growth continues globally
- Mobile internet driving growth
- Role of internet security significant for business over the Internet

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

**Social media**
- Services in social media increasing
- Operators seeking to be part of this development
5. Long-term objectives & future outlook
Operators drive Internet expansion. Long-term market opportunities are attractive for F-Secure.
Long-term objectives

**Growth**

- Continue to exceed average market growth
- Geographic expansion
- New large operator partnerships

**Software as a Service**

- Highly competitive internet security
- Combined internet security and online backup services aiming for higher number of subscribers
- Room for innovation – benefiting from Internet growth

**Financial efficiency**

- Continuous development of scalable business models
- Investments in strategic growth businesses, especially in the operator channel
Outlook for 2011 is unchanged

• The growth is driven by Software as a Service business; security sales, storage related project deliveries and storage service sales

• The management estimates annual revenue growth to accelerate to around 10%

• Annual profitability is expected to improve from 2010 level at a comparable pace to revenue growth (compared to 2010 EBIT excl. re-structuring)

• Previously estimated revenue growth acceleration materialized already in Q1. Similar revenue growth is estimated to continue in Q2.

• Profitability in Q2 is expected to be slightly down from Q1 due to investments to drive operator growth and due to temporary delays in corporate sales in Japan.

1The estimates are based on the sales pipeline at the time of publishing, existing subscriptions, support contracts and exchange rates previous experience
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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