F-Secure Corporation
Interim report Q3 2012
(Unaudited)

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Highlights in Q3

• **Solid revenue growth continued**
  • Total revenues grew by 7% reaching level of 39.1 m (Q311: 36.6 m)
  • Good Internet security sales

• **Revenues from the Operator channel grew by 10% reaching 23.7 million**
  • PC and mobile Internet security sales performed well overall showing double digit user and revenue growth
  • Content Cloud revenue growth has decreased as the business started to ramp up year ago
  • AT&T has launched its content cloud service
  • Several new security related operator partnerships like MTS (India), Play and Vectra (Poland)

• **Profitability at good level**
  • EBIT 8.6 million, 22% of revenues (Q311: 6.9 m, 19%) – following the seasonality
  • Cash flow from operations 3.5 m positive (5.8 m positive)
2. Financial performance in Q3
Q3 Revenues

- **Revenue growth continued driven by the operator channel**
  - Total quarterly revenues 39.1m; growth of 7% (Q311: 36.6m)
  - Operator revenues 23.7 m; growth of 10% (Q311: 21.5 m)
  - Other channels 15.4 m; growth of 2% (Q311: 15.2 m)
Q3 Profitability

- **Profitability at good level**
  - EBIT 8.6 m, 22% of revenues; (Q311: 6.9 m, 19%); growth of 25%
  - Earnings per share EUR 0.04 (EUR 0.03)
Q3 Costs – modest increase in run rate

- **Total costs increased to 29.4 m, +5%; (Q311: 28 m)**
  - Cost level following the seasonality
  - Focus on geographic expansion in Latin America

- **Run rate costs grew modestly from Q2**
  - Cost level was impacted by increased depreciations from past capitalized expenses; Q312: 1.9 m (Q311: 1.7m)
  - Capitalized R&D expenses were 0.6 m (Q311: 2.1m)
Q3 Deferred Revenues

- **Deferred revenues were at 36.3 m (35m)**
  - Healthy renewal license sales in the channel business

- **Deferred revenues accrued in the balance sheet**
  - June 30, 2012 38.0 m
  - Mar. 31, 2012 38.5 m
  - Dec. 31, 2011 38.3 m
Q3 Cash position solid

- **Cash flow from operations** 3.5m (Q311: 5.8 m)

- **Market value of liquid assets** 27m (Q311: 25.9 m)
  - Jun.30, 2012 25.3m
  - Mar.31, 2012 31.2m
  - Dec.31, 2011 28.1m

- **Dividend of EUR 0.06 per share** was paid in April, totally 9.3m
  - Cash position has developed according to the longer term efficient capital management objectives
Q3 Number of personnel

- **At the end of October: 972 (Q212: 990, Q311: 907)**

- Number of personnel decreased in R&D due to attrition
Q3 Regional Revenue Split

1-9/2012

North America; 10 %
Rest of Europe; 45 %
Nordic countries; 31 %

1-9/2011

North America; 12 %
Rest of Europe; 45 %
Nordic countries; 33 %
3. Operator business in Q3
Q3 Operator business – solid growth

- Q3 revenues of 23.6 m (21.5 m), growth of 10% YoY and -3% QoQ
  - Double digit Internet security revenue growth continued
  - Content Cloud subscriber revenues growth continued though at lower rate
  - Project revenues did not contribute to the growth
  - AT&T’s Content Cloud service live in August

- **New operator partnerships**
  - New operator partnerships; MTS – India, Play, Vectra – Poland

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Operator business includes internet service providers, mobile operators and cable operators
safe and convenient

- Your photos, videos and documents stored and synced in the cloud
- Access and share from your phone and computer
- Auto-upload from your Android phone
- 5GB free storage
More than 200 operator partners globally and over 250 m broadband subscribers
4. Products and Services
Launches in Q3

- Flagship PC product F-Secure Internet Security 2013 - We Will Protect You!
  - gives consumers the best protection for their computers and online identity when browsing the web
- F-Secure Mobile Security - We Will Protect You!
  - features universal support for all Android devices including TVs and set-top boxes
Content Anywhere ecosystem

The foundation for a content-centric service ecosystem

Content Cloud

Operator extensions or 3\textsuperscript{rd} Party Services
Same user experience across devices
Mobile Product Demand Picking Up

- Increase in mobile device sales and wider use of mobile applications create demand for F-Secure mobile product portfolio

- Our Safe Anywhere Mobile v8 for Android has a new user interface with built-in modularity enabling new business opportunities and also scale the solution from mobile phones to larger screens

- F-Secure has built together with its Operator Partners attractive business models which has led to promising growth in sales
Our Approach To Device Convergence

- Majority of our 200+ Operator Partners are looking to expand their security offerings beyond PC devices
- This provides a lucrative up sell opportunity for our mobile product range
- We are taking this opportunity with a new integration approach for faster time to market and enhanced customer experience
5. Market review
Market review

Internet

- Internet growth continues globally
- Role of internet security significant for business over the Internet
- New business opportunities

New devices

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

Content Cloud

- Demand for Content Cloud services
- Strong growth expectations
- Operators interest is high
6. Financial targets & Outlook
Financial targets 2012-2014

- Double digit revenue growth
- The Company will continue its investments in Content Cloud business but also in security services
- Profitability is expected to develop towards the 25% level at the end of strategy period
Outlook for 2012 (1/2)

- The Operator channel is expected to continue its revenue growth, driven by Internet security sales and supported by subscriber based content cloud revenues. The project-based content cloud revenues in H2 will be substantially lower than in 2011. The traditional license business is expected remain flat or slightly increase compared to 2011.

- As overall uncertainty in the global economy and financial markets is expected to continue, this may have an impact on Operators’ interest to invest in new services, especially in new content cloud projects.

- F-Secure has several content cloud prospects in the pre-sales phase. However, some tardiness in content cloud contract negotiations and in ramping up subscriber volumes is likely to delay the revenue growth.
Outlook for 2012 (2/2)

• Estimated one-off costs in Q4
  • As the new productized Content Cloud offering is to be finalized, the development of old Content Cloud product will be stopped. This will lead to redundancies of close to 50 people in F-Secure SDC (France) and to one-off costs estimated not to exceed 2m.
  • The Company will analyze and evaluate the remaining value of F-Secure SDC related assets; mainly customer relationships and certain technologies. The value of these assets as of now is approximately 5 million Euros.

• Excluding above mentioned costs the management’s estimation for the year is unchanged
  • Annual revenue growth is estimated to be between 5% and 10% compared to 2011.
  • Annual profitability is estimated to remain around 15% of revenues.

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

**Forward-looking statements:**

Certain statements in this presentation are forward-looking, and the actual outcome could be materially different. Such forward-looking statements are based on F-Secure’s present plans, estimates, assumptions, projections and expectations and are subject to risks and uncertainties. In addition to the factors explicitly discussed, other could have a material effect on the actual outcome. Such factors include, but are not limited to, general economic and political conditions, fluctuations in exchange rates, interest rates, outcome of external research studies, technological issues, interruptions of business, products, actions of courts, regulators, government agencies, competitors, customers, suppliers, employees and all other parties.
Protecting the irrereplaceable