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F-SECURE CORPORATION - INTERIM REPORT JANUARY 1 – JUNE 30, 2013

REVENUES AND PROFITABILITY DECLINED, IMPROVED CASHFLOW, CONTENT CLOUD PROGRESSED WELL

Highlights in Q2

- Total revenues were 38.4 million (Q22012: 39.6m)
- EBIT was 4 million representing 11% of revenues (5.8m, 15% of revenues)
- Earnings per share was EUR 0.02 (EUR 0.03)
- Cash flow from operations was 5.7 million positive (6.7m); change in cash 4.6 million positive (3.4m) excluding paid dividend of 9.3million (9.3m) in April

Outlook for 2013 - management's estimation for the year has been revised:

- Revenue is estimated to be at the level of 2012.
- Profitability is estimated to be over 15% of revenues.

The previous guidance was the following: revenue growth of over 5% compared to 2012 and profitability of over 15% of revenues.

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

Key figures	2013	2012	2013	2012	2012
(Eur Million)	4-6	4-6	1-6	1-6	12m
Revenues	38.4	39.6	76.8	77.9	157.2
Operating profit	4.0	5.8	10.0	11.2	20.3
% of revenues	11	15	13	14	13
Profit before taxes	3.8	5.7	9.8	10.9	19.9
Earnings per share (Eur)	0.02	0.03	0.04	0.05	0.09
At the end of period: Deferred revenues	37.8	38.0	37.8	38.0	37.7
Equity ratio, %	74	72	74	72	73
Debt-to-equity ratio, %	-54	-43	-54	-43	-51
Personnel	954	990	954	990	931

President and CEO Christian Fredrikson:

“Our Q2 financial performance was below our expectations. Traditional PC security sales were low in some countries. Our growth in Latin America was also behind the plans. However, it is still our fastest growing security market. Our cash flow improved due to lower operative costs and low capital expenditures though the profitability was weaker than a year ago. Obviously, we are not satisfied with these numbers.

While we are investing in new products and in geographical expansion to achieve future growth, we will be even more prudent on our costs to keep our profitability target. Short term revenue growth is limited which is reflected in the revised guidance for the year.

Our content cloud business has developed well. In addition to AT&T and BT, we have signed two new operators in Q2, two others have been won and several other negotiations are at the final phase. On the security side, our new converged PC and mobile security product, Safe Avenue, is gaining momentum. During the quarter we signed four new Safe Avenue contracts with operators.

The transformation in the industry, shift from PCs to mobile devices, is impacting us. We are focusing on developing new security and cloud services for the post-PC era. As a result we will be launching several new products in 2H 2013 which aim to address both consumers and businesses.”

F-Secure business January – June 2013

Total revenues for the first half of 2013 decreased by 1% at 76.8 million (77.9m). Revenues through the operator channel were practically flat compared to the previous year at 46.9 million (47m). Revenues through the other channels decreased by 3% totaling 29.9 million (30.9m). The growth rate was negatively impacted by the communicated contractual changes and sluggish traditional PC security sales in some countries.

EBIT was 10.0 million (11.2m), representing 13% (14%) of revenues. Earnings per share were EUR 0.04 (EUR 0.05). Cash flow from operations was 13.1 million positive (14.3m positive). The change of net cash was 0.9 million positive (2.8m negative) including paid dividend of 9.3 million (9.3m). Deferred revenues were 37.8 million at the end of June (38m).

Total fixed costs were 64.9 million (63.6m), 2% higher than in the previous year. Depreciations (R&D activations, software, hardware) increased to 4.4 million (3.8m). The capitalized development expenses decreased to 0.3 million (3.6m). The Company continued its sales and marketing investments, especially in geographical expansion in Latin America. Total R&D costs decreased as a result of the closing of French R&D unit at the end of 2012.

At the end of June, the geographical breakdown of revenues was as follows: Finland and Scandinavia 29 % (31%), Rest of Europe 47% (45%), North America 11% (10%) and Rest of the World 13% (14%).

Operator channel in Q2

In Q2, the Company's content cloud business continued its good progress. The ramp up of AT&T and BT continued well showing steady increase in subscriber growth. The overall interest in this business remained at a high level. The Company has signed two new operators – one of them Primacom in Germany – and two others have been won. Several other operator contract negotiations are in the final stage.

During the quarter, traditional PC security sales was sluggish in some countries. Security sales were behind the plans in Latin America. The mobile security business performed as anticipated. The Company signed a mobile security contract with Vodafone Czech. Converged mobile and PC security offering, Safe Avenue, is growing rapidly. During Q2, the Company signed four new Safe Avenue contracts (Elisa/Saunalahti in Finland, Caiway in the Netherlands, and Netia and Inea in Poland). Latin America expansion continued with Telefonica Movistar in Argentina, in Nicaragua and in Guatemala, launching both PC and mobile security services.

In May, F-Secure hosted its seventh annual SPECIES conference for its operator partners. This year, the conference was held in Stockholm and approximately 60 operator partners globally participated in the conference. The main objective of SPECIES is to share best practices in selling and promoting F-Secure Value Added Services, as well as to enable networking among operator partners.

In the second quarter of 2013, sales through operator business partners totaled 23.8 million (24.4m), representing 62% of F-Secure's total revenues (62%). Revenue decreased by 3% compared to the corresponding quarter in 2012 and increased by 3% from the previous quarter. The growth of subscribers continued at a good level.

Corporate and Direct to Consumer channels in Q2

Sales in traditional channels continued as anticipated. Our Security as a Service for Business offer grew at a good rate. Customer satisfaction in security services remained high, which was visible in healthy license and renewal sales; deferred revenues were 37.8 million (Q212: 38m).

During the quarter, revenues in corporate and direct to consumer channels decreased by 3% reaching 14.7 million (15.2 m). These channels represented 38% of F-Secure's total revenues (38%).

Product announcements in Q2

F-Secure develops and sells security and content cloud products that support personal computers, servers and an increasing set of major smartphone, tablet and other mobile device operating systems. Services include a wide range of security products like anti-virus, anti-theft, browsing protection and parental control as well as content cloud products like online backup, synchronization and sharing.

During the quarter the key product announcements were as follows:

In April, the Company launched a completely rebuilt Online Scanner. The free tool now is faster, lighter and more powerful than before, and even cleans up advanced rootkits, the most difficult-to-remove malware. The tool, downsized to a slim 5MB, is easy to use with just a couple of clicks. It cleans without actually installing itself to the PC – so consumers can run it and then forget about it.

With the rollout of DeepGuard 5 in May, the Company reinforced its exploit defenses with enhanced proactive protection. The newest version of F-Secure's behavior-based analysis technology blocks new and emerging threats and is able to detect exploit attempts without needing to know the vulnerability they are exploiting.

With new Client Security Premium launched in early July, F-Secure makes it easier than ever for businesses to plug the software holes that compromise data security – and to provide stronger coverage for newly discovered holes that haven't yet been patched.

Risks and uncertainties

Uncertainty in the economic environment may impact the growth of broadband connections, operators' willingness to invest in new services and may create pricing pressure. These may have a negative impact on F-Secure's security and Content Cloud sales.

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, cost of Content Cloud services), impact of changes in technology, timely and successful commercialization of complex technologies and new products and solutions, the ability to protect 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, compromising stored personal data, service quality related penalties, and risk exposure from increasing contractual liability requirements and forming of the new business areas.

The Content Cloud project completion timelines and related revenues 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.

Events after period-end

The Company has released a stock exchange release about the revised financial guidance for 2013 on July 22, 2013. No other material changes regarding the Company's business or financial position

have materialized after the end of the quarter.

Personnel and organization

F-Secure's personnel totaled 954 at the end of quarter (990).

Currently, the Leadership Team consists of the following persons: **Christian Fredrikson** (President and CEO), **Ari Alakiuttu** (Human Resources & Facilities), **Samu Konttinen** (Customer and Market Operations), **Timo Laaksonen** (Content Cloud Business), **Maria Nordgren** (Consumer Security Business), **Pirkka Palomäki** (Chief Strategy Officer), **Jari Still** (R&D Operations), **Pekka Usva** (Corporate Security Business) and **Taneli Virtanen** (Chief Financial Officer).

Financing and capital structure

Cash flow from operations for the 1H was 13.1 million positive (14.3m positive). The change of net cash was 0.9 million positive (2.8m negative) including paid dividend of 9.3 million (9.3m). Net financial income was slightly negative at 0.1 million (negative 0.3m). Dividends of 9.3m were paid in April.

The market value of the liquid assets of F-Secure at the end of the quarter was 34 million (Q212: 25.3m). Changes in exchange rates, especially JPY and GBP, impacted negatively on sales and positively on costs.

The Company's capital expenditure for the first half was 2.1 million (6.4m). The capitalized development expenses were 0.3 m (3.6m) and have substantially decreased from the 2012 level as anticipated.

F-Secure's financial position remained solid. F-Secure's equity ratio at the end of the quarter was 74% (72%) and gearing ratio was 54% negative (43% negative).

Shares, shareholders' equity, own shares and option programs

The total number of Company shares is currently 158,798,739. The Company's registered shareholders' equity is EUR 1,551,311.18. Currently, the Company holds 3,415,835 own shares and does not have any warrant program.

Corporate Governance

F-Secure complies with the Corporate Governance recommendations for publicly listed companies published 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 its corporate governance statement for 2012 in the Annual Report and on the Company website in March 2013.

Annual General Meeting

The Annual General Meeting of F-Secure Corporation was held on April 3, 2013. The Company released a stock exchange release about the decisions of the AGM on April 3, 2013.

Market view

The long term market opportunities are attractive for F-Secure. Malware threats and targeted attacks to private users and businesses in both PC and mobile operating environments are still evolving.

Security is a growing market. According to Gartner (Jan 2013) the consumer security software market is growing to be about a \$6 billion market by 2016 (\$4.3 billion in 2012) and the mobile security software market is growing almost at 40% per year over the next four years. Tablet computers and smartphones are becoming the most dominant form of devices on the market, according to IDC (March 2013). Tablets grew 78.4 % in units shipped from 2011-2012, while smartphone units grew 46.1 %.

However, the market landscape for security technology will change. By 2015, 10 percent of overall IT security enterprise product capabilities will be delivered in the cloud, according to Gartner (April 2013). The analyst firm expects the cloud-based security services market to reach \$4.2 billion by 2016.

Based on several industry analyst estimates, the Software as a Service (SaaS) business model is expected to continue to grow strongly and to gain more market share over traditional license sales. For Operators the Software as a Service model is a natural expansion of their other service offerings. The SaaS business offers operators the opportunity to replace revenues lost from the provision of commoditized services and to increase loyalty in the face of competitive threats from over-the-top providers and third parties.

F-Secure's survey of 6,000 broadband subscribers in 15 countries from April 2013 shows that consumers want personal cloud services, but they want to know their content is private, safe, and under their control. When storing content on social networking sites and with cloud storage services, 63% of consumers are concerned about the vulnerability of storage providers' technology, and six out of ten are concerned about these providers selling their content.

F-Secure's content cloud has been conceived, built and managed according to strict security and privacy policies with multiple layers of security safeguarding encrypted consumer data. The company's unwavering commitment to data privacy also derives from its roots in Finland, where privacy is a fiercely guarded value. Additionally, F-Secure's emphasis on safe cloud services even extends to protection from malware in the cloud as uploaded and backed up content is scanned for malware.

Long-term objectives and strategy summary for 2012 -14

F-Secure's first priority is to drive growth and market expansion. Based on the Company's strong technology assets in security products, cloud computing and Content Cloud services, F-Secure continues to create new innovative offerings to augment traditional security services, especially in the Content Cloud space.

The Company sells its products globally through three channels; the Direct to Consumer channel (eStore, App Stores, retail), the Corporate channel (reseller network) and the Operator channel (SaaS).

Operators, including Internet service providers, mobile operators and cable operators, are the largest channel for F-Secure services. F-Secure provides, through operators, award-winning security and Content Cloud services and utilizes the local presence and brand of operators to reach millions of consumers in a cost-efficient and scalable way.

F-Secure's competitive advantage derives from existing operator network and relationships built over the years. Key assets include security research, scalable products optimized for the mass market, experience in service provisioning in the operator network environment and the ever growing user base of operators. F-Secure stands out in its ability to combine security with safe Content Cloud services for both computers and mobile devices and its understanding of the Operator channel as a whole.

During the strategy period, the Company is aiming for double-digit revenue growth, driven by the Operator channel and supported by the Corporate and Direct to Consumer channels. The growth is expected to come from the western hemisphere and emerging markets like Latin America and the APAC.

The Company will continue its investments in new services around the Content Cloud and security products with emphasis on end-customer focus. Profitability is targeted to develop towards the 25% level at the end of the strategy period. F-Secure's longer-term profitability level continues to be driven by revenue growth and scalable operations.

Outlook for 2013

The Operator channel is expected to continue to drive the revenue growth powered by security sales and supported by a productized, highly scalable Content Cloud service. The Company also estimates steady progress from the Corporate and Direct to Consumer channels. As stated at the beginning of the year, the short-term revenue growth remains at lower level due to contractual changes and decreased Content Cloud project revenues as the project sizes are smaller.

The actual operational cost increase is fairly limited, and is targeted at driving product portfolio competitiveness and supporting geographical expansion.

Management's estimation for the year has been revised; the annual revenue is estimated to be at the level of 2012. The annual profitability is estimated to be over 15% of revenues.

The previous guidance was the following: revenue growth of over 5% compared to 2012 and profitability of over 15% of revenues.

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. The Company continues to prioritize growth over short-term profitability and plans to invest the majority of the improved earnings in growth opportunities in its core business while aiming at improving profitability.

News conference today at 11 am

A news conference for analysts and press is arranged today, July 26, at 11 am Finnish time at F-Secure's Headquarters, address: Tammasaarenkatu 7, Ruoholahti, Helsinki. At the news conference, President & CEO Christian Fredrikson will present the Q2 financial results. A conference call for international investors and analysts is arranged at 13.00 Finnish time (EEST) (12.00 CEST, 11.00 UK time). To participate in the call, please dial in and register 5-10 minutes prior to the event through the following number: +44 20 7162 0077, password: F-Secure.

The Q2 financial results presentation material, including a video where Christian Fredrikson will present Q2 results, will be available on our Investors web pages at www.f-secure.com under About F-Secure, Investors before the call begins.

Financial calendar for 2013

The quarterly interim report for the third quarter of 2013 will be published on October 25. On the publication date a stock exchange release will be published at 9 am Finnish time on 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.

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 2012.

Key figures (unaudited):						
Euro million						
INCOME STATEMENT	2013	2012	2013	2012	Change	2012
	4-6	4-6	1-6	1-6	%	1-12
Revenues	38.4	39.6	76.8	77.9	-1	157.2
Cost of revenues	1.8	2.1	3.5	3.9	-11	7.4
Gross margin	36.6	37.5	73.3	74.0	-1	149.7
Other operating income	0.7	0.5	1.5	0.8	83	1.8
Sales and marketing	19.8	17.9	38.2	34.9	10	70.9
Research and development	11.1	11.4	21.8	22.9	-5	49.3
Administration	2.4	2.9	4.9	5.9	-18	11.0
Operating result	4.0	5.8	10.0	11.2	-11	20.3
Financial net	-0.2	-0.1	-0.1	-0.3		-0.3
Result before taxes	3.8	5.7	9.8	10.9		19.9
Income taxes	-1.4	-1.7	-3.3	-3.1		-5.8
Result for the period	2.4	4.0	6.5	7.8		14.1

Other comprehensive income:						
Exchange diff. on translating foreign operations	0.1	0.1	0.1	0.1		0.2
Available-for-sale fin. assets	-0.2	-0.1	-0.2	0.1		0.1
Income tax rel. to components of other comprehensive income	0.1	0.0	0.0	0.0		0.0
Total compr. income (owners)	2.3	4.0	6.5	8.0		14.3
Earnings per share. e	0.02	0.03	0.04	0.05		0.09
EPS diluted. e	0.02	0.02	0.04	0.05		0.09

BALANCE SHEET	30/6/2013	30/6/2012	31/12/2012
ASSETS			
Intangible assets	19.2	26.6	20.8
Tangible assets	9.1	9.5	9.8
Goodwill	19.4	19.4	19.4
Other financial assets	4.5	5.1	5.4
Non-current assets total	52.2	60.7	55.4
Inventories	0.2	0.2	0.2
Other receivables	35.9	33.4	38.4
Available-for-sale financial assets	20.3	16.3	16.8
Cash and bank accounts	13.8	9.1	16.5
Current asset total	70.3	59.0	71.9
Total	122.5	119.7	127.3

SHAREHOLDERS' EQUITY AND LIABILITIES	30/6/2013	30/6/2012	31/12/2012
Equity	62.6	58.4	65.1
Other non-current	0.4	1.5	0.4
Provisions	1.0	0.0	0.1
Deferred revenues	8.7	8.1	8.5
Non-current liabilities total	9.1	9.6	9.1
Other current	21.7	21.7	23.9
Deferred revenues	29.1	30.0	29.3
Current liabilities total	50.8	51.7	53.2
Total	122.5	119.7	127.3

CASH FLOW STATEMENT	30/6/2013	30/6/2012	31/12/2012
Cash flow from operations	13.1	14.3	25.6
Cash flow from investments	-2.5	-7.9	-11.1
Cash flow from financing activities 1)	-9.3	-9.3	-9.3
Change in cash	1.3	-2.9	5.2
Cash and bank at 1 Jan	32.9	28.1	27.8
Change in net fair value of Available-for-sale	-0.2	0.1	0.1
Cash and bank at end of period	34.0	25.3	33.1

Statement of changes in shareholders' equity

	Share capital	Share premium fund	Unrestricted equity reserve	Treasury shares	Retained earnings	Assets available for sale	Transl. diff.	Total
Equity on: 31.12.2012	1.6	0.2	5.1	-8.4	66.5	0.2		65.1
Total comprehensive income for the year					6.5	-0.1	0.1	6.5
Dividend					-9.3			-9.3
Cost of share based payments				0.6	-0.3			0.3
Equity on 30.6.2013	1.6	0.2	5.1	-7.8	63.4	0.1	0.1	62.6

NOTES

1) Cash flow from financing

Dividend for year 2012 0.06 euro per share totaling 9.322.974.24 euro was paid on 16th April 2013. In 2012 paid dividend totaled 9.303.980.94 euro.

Key ratios	2013	2012	2012
	6m	6m	12m
Operating result. % of revenues	13.0	14.4	12.9
ROI %	33.4	40.1	34.9

ROE. %	21.2	26.4	22.6
Equity ratio. %	73.9	71.5	72.7
Debt-to-equity ratio. %	-54.3	-43.3	-50.9
Earnings per share (EUR)	0.04	0.05	0.09
Earnings per share diluted	0.04	0.05	0.09
Shareholders' equity per share. e	0.39	0.37	0.41
P/E ratio	25.4	14.3	17.09
Capitalized expenditures (Me)	2.1	6.4	10.3
Contingent liabilities	14.2	17.8	15.6
Personnel. average	944	973	970
Personnel. end of period	954	990	931

Segment information

The Group has only one segment; data security.

Quarterly development	1/12	2/12	3/12	4/12	1/13	2/13
Revenues	38.4	39.6	39.1	40.1	38.4	38.4
Cost of revenues	1.9	2.1	1.7	1.8	1.7	1.8
Gross margin	36.5	37.5	37.4	38.3	36.7	36.6
Other operating income	0.3	0.5	0.6	0.3	0.8	0.7
Sales and marketing	16.9	17.9	16.4	19.6	18.4	19.8
Research and development	11.5	11.4	10.6	15.8	10.7	11.1
Administration	3.0	2.9	2.3	2.7	2.5	2.4
Operating result	5.4	5.8	8.6	0.4	5.9	4.0
Financial net	-0.2	-0.1	-0.1	0.1	0.1	-0.2
Result before taxes	5.2	5.7	8.5	0.5	6.0	3.8

Geographical information

Revenue	4-6/2013	4-6/2012	1-6/2013	1-6/2012
Nordic countries	11.0	11.6	22.3	23.6
Rest of Europe	18.0	18.4	35.8	35.7
North America	4.4	4.0	8.7	7.7
Rest of the world	5.0	5.6	10.0	10.9
Total	38.4	39.6	76.8	77.9