

ANNUAL REPORT 2014

SWITCH ON FREEDOM



F-Secure has been protecting the digital lives of consumers and businesses for over 25 years. Our Internet security and privacy services are available through over 200 operators in more than 40 countries, as well as through our reseller partners and direct consumer channels.

In 2014, the company's revenues were EUR 153.8 million and it had over 900 employees in 25 offices worldwide. F-Secure Corporation is listed on the NASDAQ OMX Helsinki.

THERE IS OPPORTUNITY IN THE AIR.

CONTENTS

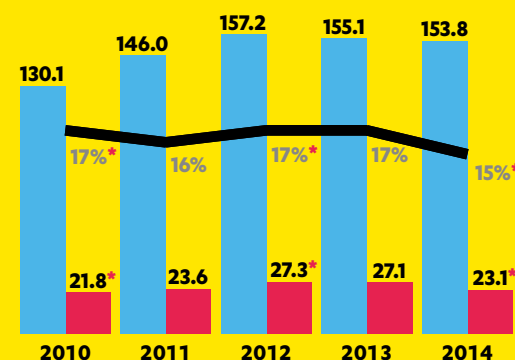
01	Key figures 2014	01
	F-Secure in brief.	02
	CEO letter	04
02	Board of Directors' report 2014.	06
03	FINANCIAL STATEMENTS	
	F-SECURE CONSOLIDATED	12
	Statement of comprehensive income.	12
	Statement of financial position.	13
	Statement of cash flows	14
	Statement of changes in equity	15
	Notes to the financial statements	16
	Calculation of key ratios	34
	F-SECURE CORPORATION.	35
	Income statement	35
	Balance sheet	36
	Cash flow statement	37
	Notes to the financial statements	38
	Auditor's report (translation)	46
04	Corporate Governance statement.	47
	Board of Directors	50
	Leadership Team	52
05	Information for shareholders	53

KEY FIGURES 2014

Revenues MEUR	153.8
Operating profit MEUR	23.1*
Earnings per share EUR	0.10
Dividend per share EUR	0.06
Extra dividend per share EUR	0.10
Cash flow MEUR	29.1
Equity ratio	75%
Personnel	921

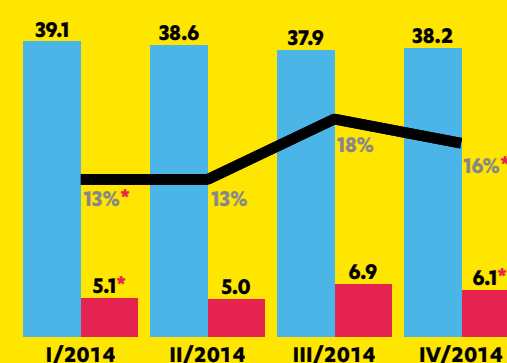
* excluding one-offs

Revenues and operating profit
2010–2014, MEUR



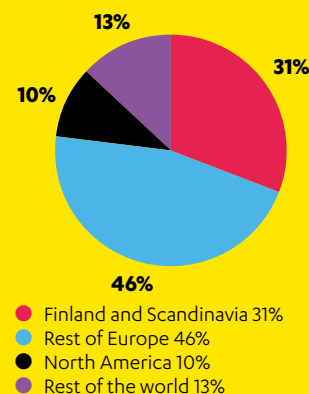
● Revenues ● Operating profit
● Operating profit margin
 * excluding one-offs

Revenues and operating profit by
quarters 2014, MEUR



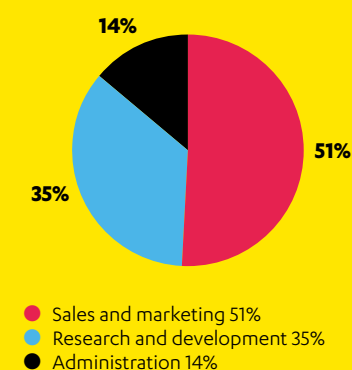
● Revenues ● Operating profit
● Operating profit margin
 * excluding one-offs

Regional revenue split 2014, %



● Finland and Scandinavia 31%
● Rest of Europe 46%
● North America 10%
● Rest of the world 13%

Personnel by function 2014, %



● Sales and marketing 51%
● Research and development 35%
● Administration 14%

A pair of dark green sneakers with white soles sits on a sandy beach. A yellow cord is loosely coiled around the shoes. In the bottom right corner, a person's foot is visible, stepping onto the sand. The background is a mix of sand and small, colorful pebbles.

LOVE PEACE AND SECURITY.

F-SECURE IN BRIEF

Hundreds of millions of people share all kinds of sensitive data while they shop online, gossip with friends, and use their devices to connect with others. When everything is connected all the time it is all too easy to leave yourself open to multiple threats and lose control over your privacy. We give control back to people and companies. This is why for more than 25 years F-Secure has been the preferred choice for consumers and corporations who value security and privacy.

We provide services and solutions for millions of homes and businesses around the globe. Our innovation goes beyond traditional anti-virus products. By delivering protection, privacy and cloud-based security software for every device, F-Secure's solutions enable consumers and business users to get the most out of the digital world. For us, privacy is a cultural value that underlies our creation of the best protection in the world. We switch on freedom.

Customers

We have tens of millions of satisfied customers through our 200 operator partners in more than 40 countries. We serve consumers directly through our e-store and retailers in selected markets, and business customers through our global network of resellers.

Our services help people enjoy their digital lives to the fullest, whether surfing, sharing content, social networking, or working. In the connected world, we create technology that enables our customers' security and privacy.

Products and services

Our products and solutions protect consumers' and businesses' devices and their connections. We've been awarded for providing the best protection in the world multiple times. We continue to innovate new services that meet the changing requirements of our users.

Our users are passionate about keeping their data safe from prying eyes, and we design our products with privacy in mind from the ground up.

**WE WORK
WITH 200+
OPERATORS
AND 6,000+
SERVICE
PARTNERS**

Serving tens of millions of people in 40+ countries.



Strategy

F-Secure will increasingly use the cloud for powering existing PC and mobile security products and develop new products that are fully cloud-based. From the cloud, we can offer security to the ever-growing variety of connected devices (Internet of Things) in a scalable way.

We focus on consumers and corporate customers by leveraging our current channels: our extensive network of operator partners and our global reseller network. To better serve our increasing corporate customer base our reseller network in key markets will be further expanded. Direct business channels will be employed in providing security and privacy products to consumers globally.

We continue to invest in developing and bringing cloud-based privacy and security products to the market. We forecast substantial growth opportunities in cyber and cloud security in the coming years. We are especially looking at new initiatives to expand our offering to provide security for the new generation of connected devices (Internet of Things) and to protect companies against cyber-attacks. Towards the end of our 2015–2017 strategy period we aim to grow the overall subscriber base by tens of millions of users while seeking double-digit growth.

Market overview

The security software business is in transition. The Software-as-a-Service business model and cloud-based delivery are rapidly disrupting the market-place. While PCs continue to play an important part in the device landscape, especially in business use, the majority of the growth in new device sales will come from post-PC mobile devices and Internet of Things.

The growing variety of connected devices and services creates increasing complexity for both business and individuals. The threat landscape is becoming more sophisticated and threats to online security have grown and evolved considerably. Since the Snowden revelations, consumers have become more aware that they may be revealing the most intimate details of their lives through their connected devices. The need for security has never been greater.

Overall, the security market is over \$20 billion in size and growing. According to Gartner (Q3 2014) the consumer security software market is growing to be over a \$6 billion market by 2017 (\$5.1 billion in 2013). F-Secure is in a great position to capture the opportunity in the growing security market, with our extensive security heritage. We will continue to fight for digital freedom.



F-Secure has a solid track-record in protecting both individuals and companies. In February 2015 we won our fourth consecutive “Best Protection” award from AV-TEST.

A photograph of Christian Fredrikson, CEO of F-Secure, standing outdoors with his arms crossed. He is wearing a grey suit jacket over a light blue shirt. The background shows a blurred street scene with a red car and a brick building.

CEO LETTER

Christian Fredrikson

WE CONTINUE TO FIGHT FOR DIGITAL FREEDOM

We have continued to execute our cloud security strategy successfully. Our overall security sales kept growing even though total revenue development did not meet our targets. Our profitability and cash flow remained strong. The SAFE multi-device protection offering delivered good growth, along with our corporate business driven by the Protection Service for Business security suite. F-Secure's newest security and privacy product, Freedom, had a successful first year.

The sale of our younited online storage business simplifies our way of working and will help us sharpen our focus on F-Secure's core business – security. The threat landscape is getting more complex and attacks are becoming harder to detect, which will continue to endanger personal and corporate security and privacy. We believe substantial growth opportunities, especially in the areas of cyber and cloud security, are coming in the years ahead.

"THE THREAT LANDSCAPE IS GETTING MORE COMPLEX. THE MARKET HAS A CONSISTENT NEED FOR NEW SOLUTIONS."

Focus on security

F-Secure has always had a solid track-record in protecting both individuals and companies. In February we won our fourth consecutive "Best Protection" award from AV-TEST. Today's security software technology goes far beyond traditional virus scanning tools. The market has a consistent need for new privacy and security products. Cloud technology gives us a scalable way to provide protection for the expanding fleet of connected devices.

We are re-doubling our focus on security. On the corporate side, our unique Protection Service for Business already offers a turnkey security solution for small and medium companies. Now we are looking at new initiatives to protect companies against targeted attacks and cyber threats. On the consumer side, we are keen to provide security for the new generation of connected devices (Internet of Things).

Customers seek simple solutions as the online world and the threats associated with it continue to become more complex. Freedom is such an easy-to-use solution. It is our newest fully cloud-based security and privacy product that secures people's connections and encrypts their data. Freedom attracted close to 2 million downloads during the first year after launch and is our most rapidly growing product ever.

We fight for digital freedom

The ongoing transition in the security industry presents great growth opportunities. With our strong technology assets, foresight in the security landscape, and global understanding of cyber threats, we will continue to invest in developing and bringing cloud-based privacy and security products to the market. Through our network of operator and reseller partners – along with our direct channels – we already have tens of millions of consumer and thousands of corporate customers. In the next few years, we will drive for double digit revenue growth and seek tens of millions of new customers.

I would like to thank F-Secure personnel for their impressive commitment and hard work, our partners and customers for their valued cooperation, and our shareholders for their continued trust in F-Secure and their belief in our mission. I believe there are great opportunities ahead in the security business as we continue to fight for digital freedom.



Christian Fredrikson
President and CEO

BOARD OF DIRECTORS' REPORT 2014



**PEOPLE
ARE AT THE
HEART OF
EVERYTHING
WE DO.**

In 2014 F-Secure tightened its strategic focus on cloud based security. Overall security sales grew slightly despite the fact that overall revenues slightly declined. Profitability and cash flow also remained strong throughout the year.

Growth was mostly attributed to increasing sales of the multi-device protection product (SAFE), the corporate security offering (Protection Service for Business) and the first truly cloud-based privacy and security product (Freedome). The decline in sales was mostly due to the planned phaseout of the old online backup business, which was not fully compensated for by the adoption of the new younited personal cloud service. After the end of the reporting period, the Company also announced it is divesting from personal cloud storage and had sold the business to Synchronoss Technologies. The sale further strengthened the Company's balance sheet while increasing net cash. The Company is focusing investments in developing new cloud security products.

F-Secure forecasts substantial growth opportunities in cyber and cloud security in the coming years. Going forward, the Company is looking into new initiatives to expand its offering to provide security for the new generation of connected devices (Internet of Things) as well as protecting companies against cyberattacks. During the strategy period of 2015–2017, the Company's goal towards the end of the period is to grow the overall subscriber base by tens of millions of users while seeking double-digit revenue growth.

Financial performance and key figures

Total revenues declined by 1% to 153.8 million (155.1 m). Revenues through the operator channel decreased by 4% from the previous year to 91.9 million (95.3 m), representing 60% (61%) of F-Secure's total revenues. Revenues through resellers and direct to consumer increased by 4% totaling 62 million (59.8 m). These channels represented 40% (39%) of F-Secure's total revenues. Deferred revenues increased to 43 million (38.7 m) at the end of the year as a result of strong license and renewal sales.

EBIT was 18.8 million (27.1 m). This represents 12% (17%) of revenues. Excluding one-offs of 4.3 million related to overall restricting costs in during the first and last quarter EBIT was 23.1 million (27.1 m), representing 15% (17%) of revenues. Earnings per share were EUR 0.10 (EUR 0.11). Cash flow from

operations was 29.1 million positive (28.5 m positive). The change of net cash was 22.4 million positive excluding paid dividends of 9.3 million (24.5 m positive excluding paid dividends of 9.3 m).

Total fixed costs were 130.4 million or 126.1 million (123.7 m) excluding one-offs of 4.3 million related to the Bordeaux re-organization and efficiency gains during the first and last quarter, an increase of 5% or 2% from the previous year. These increases are mainly related to investments in Sales and Marketing activities for core businesses and geographical expansions. Depreciations (R&D activations, software, hardware) increased to 9.3 million (9 m). The capitalized development expenses were 2.3 million (0.3 m).

The 2014 geographical breakdown of revenues was as follows: Finland and Scandinavia 31% (31%), Rest of Europe 46% (45%), North America 10% (11%) and Rest of the World 13% (13%).

F-Secure Business in 2014

Security sales overall grew despite the decline in traditional PC-centric security. The growth was spurred by security sales based on the new cloud security strategy. The Company's core cloud businesses in security consist of SAFE (our multi-device offering for consumers), Protection Service for Business (our corporate offering), and Freedome, our next-generation privacy and security product fully powered by the cloud.

Among operators, F-Secure's security sales continued to gain traction, especially due to SAFE. The Company signed new deals and launched security products with several operators. Among the most significant launches were Netia (Poland), TIM (Italy), Frontier (USA), Darty (France), Polkomtel (Poland), Claro (Brazil), SFR (France), Telefonica (Peru and Ecuador) and VIVO FSVAS (Brazil). F-Secure holds a strong position in over 40 countries through more than 200 operator partners.

The Company's personal cloud business, younited, is very competitive in winning new operator partners. With younited, F-Secure has won about 30 operator partners, over 20 of which are already in production. During the year the company launched e.g. Elisa Saunalahti Pilvilinna (Finland), Virgin Media

Cloud (UK), KPN (Netherlands), TDC (Denmark), Polkomtel (Poland), Globe (Philippines), Netia (Poland), PCCW (Hong Kong) and Claro (Brazil). During Q4 the Company decided to focus the personal cloud business on the operator channel, with direct business serving as only a touch point to end-users. This led to the reorganizing and optimizing of resources in the content cloud business. The Company concluded personnel cooperation negotiations in December to drive efficiencies (see stock exchange release on December 8, 2014).

The Company's overall operator channel revenues continued to decline. The decline was mainly due to the planned phaseout of the legacy online backup business and declining traditional PC-centric sales. Some of the decline was compensated for by the growth of the multi-device offering SAFE and the new younited personal cloud.

The Company's corporate security business performed very well, with sales growth driven by Protection Service for Business. Traditional client security sales among corporate customers grew as well. The Company has successfully focused on Germany, France and the USA, which has led to the growth of our reseller network and increasing sales.

F-Secure's direct to consumer security business had strong growth, driven by the launch of the new 2015 versions of F-Secure SAFE and Internet Security. The next generation privacy and security app, Freedome, continues to perform well with close to two million downloads by the end of the period.

In 2014 revenues from the operator channel declined by 4% to 91.9 million (95.3 m). Revenues to corporate and direct to consumers grew by 4% to 62 million (59.8 m). In total, revenues declined by 1% to 153.8 million (155.1 m).

Geographically, the Company continued its expansion in Latin America with Telefonica and American Moviles. Another investment area focus is corporate sales in Germany, France and the USA. The Company continues to investigate possible new geographical entries in the APAC area.

Product announcements

F-Secure develops and sells security and privacy products that support personal computers, servers and an increasing array of major smartphone, tablet and other mobile device operating systems.

The most significant product announcements in 2014:

- The PC version of **Freedome** was launched after the end of the period in January 2015. The product is now available on all of the most popular platforms (iOS, Android, Windows). The product was also put on offer in selected retail stores.
- During the autumn the 2015 version of **Internet Security** was launched
- In September a new **consumer website** was released. The site is optimized for mobile device visitors with a responsive design. The new web and whole product portfolio was rebranded to match the new brand design and tone of voice. <http://www.f-secure.com>
- During the second quarter, a new version of the F-Secure **Online Scanner** was made available. The scanner enables users to get rid of viruses and spyware even if they already have security software installed on their computers. Online Scanner was also made available to users of the world's largest social network in a recent partnership with Facebook.
- During the spring **younited Events**, for sharing private photos and videos, and **younited for Business**, launched. Also a new feature, Group spaces, was launched for both younited by F-Secure (for consumers) and younited for Business. The feature allows employees and partners to share and collaborate on documents and other media files in a safe way.
- In March **Freedome**, the next generation cloud-based security and online privacy product, was launched in the US and selected countries. Freedome encrypts all traffic

to allow users to be untraceable and invisible while surfing online without collecting any personal data. It also allows users to select their virtual location.

- In February, the **younited** service which had been launched in selected markets earlier was made available in several new markets. Younited allows the user to share photos, videos and other digital content on their mobile phone, computer, or tablet while ensuring the data stays private.
- Earlier, at the beginning of the year **F-Secure Key** was launched in Portuguese and Spanish language versions for the Latin American market. F-Secure Key stores your passwords, user names and other credentials so that you can conveniently access them through one master password.

F-Secure **Client Security** won the **Best Protection 2014** award granted by the independent testing organization AV-TEST. The award is presented to the best product of the year in terms of protection against malware infections caused by current threats such as zero-day attacks from malicious websites and emails.

All of these new and enhanced products have been well received, and they are powered by F-Secure's safe European cloud.

Risks and uncertainties

The most significant risks for F-Secure are related to the following factors: instability in the economic climate, changes in the competitive environment and customer demand affecting the volume of business and price levels, the competitiveness of F-Secure's product portfolio in the changing market situation, the ability to protect the intellectual property (IPR) in F-Secure's solutions, risk exposure from increasing contractual liability requirements, regional development in new growth markets, the sustainability of partner relationships, the development of new business areas, continuous change in the storage and

content cloud services markets, and potential security threats targeted at these services.

Events after period-end

As announced on 4 February, to strengthen the focus on security F-Secure has signed an agreement to sell its personal cloud business operations to Synchronoss Technologies. The sales price is USD 60 million. The transaction's overall impact on F-Secure's operating profit in 2015 is estimated to be close to 20 million euros positive with current exchange rate (see stock exchange release on February 4, 2015). The Company sees substantial growth opportunity in cyber and cloud security businesses.

Personnel and organization

F-Secure's personnel totaled 921 at the end of the year (939).

Currently, the Leadership Team consists of the following people: **Christian Fredrikson** (President and CEO), **Janne Juvonen** (Customer and Market Operations), **Samu Konttinen** (Consumer Security Business), **Timo Laaksonen** (Content Cloud Business), **Johanna Orjatsalo** (Human Resources & Facilities), **Jari Still** (R&D Operations), **Pekka Usva** (Corporate Security Business) and **Taneli Virtanen** (Chief Financial Officer, until 22 Feb 2015) and **Saila Miettinen-Lähde** (Chief Financial Officer, from 23 Feb 2015 onwards).

Financing and capital structure

Cash flow from operations was 29.1 million positive (28.5 m positive). The change of net cash was 13.1 million positive including paid dividends of 9.3 million in April (15.2 m positive including paid dividends of 9.3m). Net financial income was 1.1 million positive (0.7 m negative).

The market value of the liquid assets of F-Secure at the end of the quarter was 61.3 million (47.7 m). Changes in exchange rates had a non-material impact on sales and costs.

The Company's capital expenditure was 5.8 million (3.7 m). The capitalized development expenses were 2.3 million (0.3 m).

F-Secure's financial position remained solid. F-Secure's equity ratio at the end of the quarter was 75% (74%) and gearing ratio was 77% negative (66% negative).

Taxation

In 2013, Finnish tax authorities changed their interpretation of the right to deduct paid withholding tax in some countries. Thus, the Company was obligated to pay previously approved withholding tax from 2012 and could not deduct them in 2013. The Company has managed to collect some of this withholding tax from certain countries. However, the Company is partially double taxed. In 2014, based on the Company's request, the Supreme Administrative Court made a favorable decision on taxation related to the Company's Malaysian subsidiary. As a consequence of these activities, the Group's tax rate in 2014 is 21% (37% in 2013, 29% in 2012).

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. At the end of the year, the Company held 3,004,812 of its own shares. The company has purchased its own shares to be used in the incentive compensation plans, to be used for making acquisitions or implementing other arrangements related to the company's business, to improve the company's financial structure, or to be otherwise assigned or cancelled.

In January 2014, the company assigned a total of 379,591 shares to participants of the F-Secure share-based incentive program as a reward payment. Payments were based on the 2010 earning period (share-based incentive program 2008–2010) and on the 2011 earning period (share-based incentive program 2001–2013). The company currently has a share-based incentive program for key employees for the 2011–2013 earning period and for the 2014–2016 earning period, as well as a synthetic option-based incentive program, for the 2012–2014 earning period.

During 2014 reward payments assigned to Members of the Board also included Company's own shares (31,432 own shares in total).

Corporate Governance

F-Secure's corporate governance practices comply with Finnish laws and regulations, F-Secure's Articles of Association, the rules of NASDAQ OMX Helsinki, and the Finnish Corporate Governance Code issued by the Securities Market Association of Finland in 2010. The code is publicly available at www.cgfinland.com.

F-Secure published its corporate governance statement for 2013 in the Annual Report and on the Company website in March 2014.

Annual General Meeting

The Annual General Meeting of F-Secure Corporation was held on April 3, 2014. The Meeting confirmed the financial statements for the financial year 2013. The members of the Board and the President and CEO were granted a discharge from liability. In addition, the Annual General Meeting made the following decisions:

The Annual General Meeting decided to distribute a dividend of EUR 0.06 per share, which was to be paid to those shareholders that on the record date of April 8, 2014 are registered in the Register of Shareholders held by Euroclear Finland Ltd. The dividend was to be paid on April 15, 2013.

It was decided that the annual compensation remain on the previous year's level; EUR 55,000 for the chairman, EUR 40,000 for the chairmen of the Executive and Audit Committee(s) and EUR 30,000 for members. Approximately 40% of the annual remuneration would be paid as company shares.

It was decided that the number of Board members would be seven (7). The current members that were re-elected: Mr. Jussi Arovaara, Mr. Pertti Ervi, Mr. Juho Malmberg, Ms. Anu Nissinen, Mr. Matti Heikkonen and Mr. Risto Siilasmaa. Mr. Peter Vesterbacka was elected as a new member to the Board of Directors. The Board elected in the first meeting Mr.

Siilasmaa as the Chairman of the Board. The Board nominated Mr. Siilasmaa as the Chairman of the Executive Committee and Mr. Malmberg and Ms. Nissinen as members of the Executive Committee. Mr. Ervi was nominated as the chairman of the Audit Committee and Mr. Arovaara, Mr. Heikkonen and Mr. Peter Vesterbacka were nominated as members of the Audit Committee.

It was decided that the auditor's fee would be paid against the approved invoice. Ernst & Young Oy was elected as the Group's auditors. APA, Mr. Mikko Järventausta is acting as the responsible partner.

It was decided that the Board of Directors may pass a resolution to purchase a maximum of 10,000,000 shares of the Company. The amount represents approximately 6.3% of all the shares issued by the Company. The authorization would be valid for one year. The authorization covers the purchase of shares through public trading on the NASDAQ OMX Helsinki Ltd. in accordance with its rules or through a public tender offer made to the shareholders of the Company. The consideration payable for the shares shall be based on the market price.

In purchasing of the Company's own shares derivative, share lending and other contracts customary to the capital markets may be concluded pursuant to law and applicable legal provisions. The authorization entitles the Board of Directors to pass a resolution to purchase the shares by deviating from the shareholders' pre-emptive rights (directed purchase) subject to the provisions of the applicable law. 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. The Board of Directors shall have the right to decide on other matters related to the purchase of the Company's own shares.

The Annual General Meeting authorized the Board of Directors to decide on a transfer of a maximum of 13,036,244 of its own shares of the Company either against consideration or without payment. The authorization would be valid for

one year. The Board of Directors is authorized to transfer the shares in deviation from the shareholders' pre-emptive rights (directed transfer) subject to the provisions of the applicable law. The shares may be transferred as a consideration to finance acquisitions or in other arrangements and used as part of the equity-based incentive plans of the Company as decided by the Board of Directors. The Board of Directors shall also have the right to sell the shares through public trading on the NASDAQ OMX Helsinki Ltd. The Board of Directors shall have the right to decide on other matters related to a transfer of its own shares

It was decided by the Annual General Meeting that the Board of Directors is authorized to decide on the issuance of shares. The amount of shares to be issued based on this authorization shall not exceed 40,000,000 shares. Board of Directors decides on all the conditions of the issuance of shares. The authorization concerns both the issuance of new shares as well as the transfer of treasury shares. The issuance of shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization is valid for 18 months. In connection with registering this authorization, the authorization by the AGM 2013 for a directed share issue shall be reversed.

The decision made by the Annual General Meeting was to change section 9 of Articles of Association regarding the manner of convocation to be changed as follows: "9 The notice of a General Meeting and right to participate in and vote at the General Meeting The notice of a General Meeting of Shareholders shall be delivered to the shareholders within a period stipulated by the law by publishing the notice on the Company's website. To be entitled to participate in the General Meeting, a shareholder shall notify the Company about his/her intention to participate in the General Meeting no later than on the date indicated in the notice. At a General Meeting of Shareholders, each share has one (1) vote. The voting method shall be decided by the Chairman of the Meeting."

Market Overview

The security software business is in transition. The Software-as-a-Service business model and cloud-based delivery are rapidly disrupting the marketplace. While PCs continue to play an important part in the device landscape, especially in business use, the majority of the growth in new device sales will come from post-PC mobile devices and Internet of Things. These changes continue to transform the security markets, as well. The short-term growth in PC-centric security is challenging. However, there are substantial mid-and-long-term business opportunities due to this ongoing transition.

The growing variety of connected devices and services creates increasing complexity for both business and individuals. The threat landscape is becoming more sophisticated and threats to online security have grown and evolved considerably. Online criminals are following users to social media and mobile devices. In addition to traditional malware, government surveillance, espionage and targeted cyber-attacks are a reality. According to a recent study by the Pew Research Center Internet Project, 91% of adults in the survey agreed that consumers have lost control over how their personal information is collected and used by companies. Since the Snowden revelations, consumers have become more aware that they may be revealing the most intimate details of their lives through their connected devices. The need for security has never been greater.

Overall, the security market is over \$20 billion in size and growing. According to Gartner (Q3 2014) the consumer security software market is growing to be over a \$6 billion market by 2017 (\$5.1 billion in 2013).

Long-term objectives and strategy summary for 2015–17

In 2014 F-Secure updated its strategy, last communicated in February 2014. The sharpened focus is on cloud security. F-Secure protects all connected devices and secures the privacy of people and corporations. The strategy is built on the following trends:

Connected devices. Mobility and the vast variety of connected devices (Internet of Things) are changing the Internet landscape rapidly. The need to protect privacy and reputations, safeguarding the digital freedom of businesses and individuals, has become even more relevant as threats to new types of connected devices emerge.

Cloudification. In the future, most data and services will be in the cloud - or rather, many clouds. This means there will be an opportunity to solve both security and usability problems while delivering products and services (including security) from the cloud.

With the Company's strong technology assets, foresight into the security landscape, and attention to customer insights, F-Secure continues to invest in developing and bringing cloud-based privacy and security products to the market. The Company will increasingly use the cloud to power existing PC and mobile security products and to develop new products that are fully cloud-based. From the cloud, the Company can offer security to the ever-growing variety of connected devices (Internet of Things) in a scalable way. Our position in the market is strengthened by the strong Finnish legal framework for privacy.

The Company will focus on consumers and corporate customers by leveraging its current channels, and will use its operator network to sell personal cloud services as well as traditional and cloud-based security to consumers. Our reseller network in key markets will be further expanded to serve our increasing corporate customer base. The Company will employ its direct business channels in providing security and privacy products to consumers globally.

During the strategy period of 2015–2017, the Company's target towards the end of the period is to grow the overall subscriber base by tens of millions of users while seeking double-digit revenue growth. The growth is expected to come from the western hemisphere and some emerging markets like Latin America. As the Company invests in growth, the proportional profitability will remain at the current level and

longer-term profitability continues to be driven by revenue growth and scalable operations.

Outlook for 2015

The Company's decision to focus on security and sell the personal cloud business will reduce the revenues compared to 2014. In 2014, security revenues were 137.4 million in total. In 2015, the management estimates security revenues to grow slightly. Additionally, approximately 6 million euros in revenue are expected from the transition services due to the sale of the content cloud business. Profitability is estimated to be around 15% of revenues (excluding the profit from discontinued business).

Revenue growth is expected to come from the Company's core cloud security business, consisting of converged PC and mobile security (SAFE), Protection Service for Business, and security from the cloud (Freedom). The Company will also invest in new initiatives to further expand into cyber and cloud security offerings. Traditional PC security sales are expected to continue to slightly decline.

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 within its core business.

Proposal for dividend distribution

The Board of Directors is proposing to the Annual General Meeting, to be held on 8 April, 2015, that a dividend of EUR 0.06 and an extra dividend of EUR 0.10 per share be paid based on the adopted balance sheet for the financial year 2014. The suggested dividend record date is April 13, 2015 and the suggested payment date April 21, 2015. The dividend payout ratio is approximately 60% (excluding the extra dividend). On December 31, 2014, the parent company's distributable equity amounted to a total of EUR 51.6 million.

Events after period-end do not weaken the Company's financial position nor does the proposed dividend pose any risk to the company's financial standing.

Helsinki, February 13, 2015
F-Secure Corporation

Risto Siilasmaa
Jussi Arovaara
Pertti Ervi
Matti Heikkonen
Juho Malmberg
Anu Nissinen
Peter Vesterbacka

President and CEO
Christian Fredrikson





STATEMENT OF COMPREHENSIVE INCOME JAN 1–DEC 31, 2014

EUR 1,000	Note	Consolidated, IFRS 2014	Consolidated, IFRS 2013
NET SALES	(1)	153,842	155,098
Material and service		–7,645	–7,036
GROSS MARGIN		146,197	148,062
Other operating income	(2)	2,991	2,707
Sales and marketing	(3,4)	–84,855	–73,600
Research and development	(3,4)	–38,170	–41,685
Administration	(3,4)	–7,381	–8,410
OPERATING RESULT		18,782	27,074
Financial income	(7)	1,566	1,182
Financial expenses	(7)	–446	–1,896
Share of profit of associate	(11)		–31
PROFIT (LOSS) BEFORE TAXES		19,902	26,329
Income taxes	(8)	–4,130	–9,861
RESULT FOR THE FINANCIAL YEAR		15,772	16,468
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Exchange difference on translation of foreign operations		388	–90
Available-for-sale financial assets	(7)	226	141
Taxes related to components of other comprehensive income	(8)	–45	–15
COMPREHENSIVE INCOME FOR THE YEAR		16,341	16,504
Result of the financial year is attributable to:			
Equity holders of the parent		15,772	16,468
Comprehensive income for the year is attributable to:			
Equity holders of the parent		16,341	16,504
Earnings per share			
– basic	(9)	0.10	0.11
– diluted		0.10	0.11

STATEMENT OF FINANCIAL POSITION DEC 31, 2014

EUR 1,000	Note	Consolidated, IFRS 2014	Consolidated, IFRS 2013
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	(10)	7,242	8,329
Intangible assets	(10)	14,060	16,839
Goodwill	(12)	19,398	19,398
Deferred tax assets	(13)	2,913	4,417
Other financial assets			
Total non-current assets		43,613	48,983
CURRENT ASSETS			
Inventories	(14)	108	270
Trade and other receivables	(15)	42,478	39,227
Income tax receivables	(15)	2,140	260
Available-for-sale financial assets	(16)	40,309	25,685
Cash and bank accounts	(17)	21,067	22,210
Total current assets		106,102	87,653
TOTAL ASSETS		149,715	136,635

EUR 1,000	Note	Consolidated, IFRS 2014	Consolidated, IFRS 2013
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY (18)			
Share capital		1,551	1,551
Share premium		165	165
Treasury shares		-6,989	-7,782
Fair value reserve		502	321
Translation differences		312	-77
Reserve for invested unrestricted equity		5,102	5,051
Retained earnings		79,290	73,531
Equity attributable to equity holders of the parent		79,933	72,760
NON-CURRENT LIABILITIES			
Deferred tax liabilities	(13)	398	372
Other non-current liabilities	(20)	11,027	9,159
Total non-current liabilities		11,425	9,531
CURRENT LIABILITIES (20)			
Trade and other payables		25,614	23,059
Income tax liabilities		784	1,732
Other current liabilities		31,959	29,553
Total current liabilities		58,356	54,344
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		149,715	136,635

STATEMENT OF CASH FLOWS DEC 31, 2014

EUR 1,000	Note	Consolidated, IFRS 2014	Consolidated, IFRS 2013
CASH FLOW FROM OPERATIONS			
Result for the financial year		15,772	16,468
Adjustments	(23)	15,991	20,833
Cash flow from operations before change in working capital		31,763	37,302
Change in net working capital			
Current receivables, increase (–), decrease (+)		–833	–3,507
Inventories, increase (–), decrease (+)		162	–35
Non-interest bearing debt, increase (+), decrease (–)		3,019	640
Provisions, increase (+), decrease (–)			–130
Cash flow from operations before financial items and taxes		34,111	34,269
Interest expenses paid		–8	–58
Interest income received		24	154
Other financial income and expenses		455	–115
Income taxes paid		–5,470	–5,754
Cash flow from operations		29,112	28,496

EUR 1,000	Note	Consolidated, IFRS 2014	Consolidated, IFRS 2013
CASH FLOW FROM INVESTMENTS			
Investments in intangible and tangible assets		–6,685	–3,999
Proceeds from sale of intangible and tangible assets			12
Proceeds from sale of associated companies			15
Proceeds from sale of other investments		19	7
Cash flow from investments		–6,665	–3,965
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		–9,346	–9,323
Cash flow from financing activities		–9,346	–9,323
Change in cash		13,101	15,208
Cash and bank at the beginning of the period		47,748	33,127
Translation difference		231	–728
Change in net fair value of current available-for-sale assets		226	141
Cash and bank at period end		61,306	47,748

STATEMENT OF CHANGES IN EQUITY DEC 31, 2014

Attributable to the equity holders of the parent

EUR 1,000	Share capital	Share premium fund	Treasury shares	Available-for-sale	Translation diff.	Unrestricted equity reserve	Retained earnings	Total equity
Equity Dec 31, 2012	1,551	169	-8,419	195	15	5,050	66,545	65,106
Available-for-sale financial assets, net				126				126
Translation difference					-90			-90
Result of the financial year							16,468	16,468
Total comprehensive income for the year				126	-90		16,468	16,504
Dividends							-9,323	-9,323
Cost of share based payments			637				-163	474
Equity Dec 31, 2013	1,551	169	-7,782	321	-76	5,050	73,527	72,761
Available-for-sale financial assets, net				181				181
Translation difference					388			388
Result of the financial year							15,772	15,772
Total comprehensive income for the year				181	388		15,772	16,340
Dividends							-9,346	-9,346
Cost of share based payments			726			37	-658	104
Other changes			68			14	-7	75
Equity Dec 31, 2014	1,551	169	-6,989	502	312	5,101	79,287	79,934

More information is stated in disclosure 18. Shareholders' equity

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Basic information

F-Secure produces online security and privacy services for consumers and businesses against malware and other threats, as well as cloud storage services enabling storing and sharing of important data.

The Parent Company of the Group is F-Secure Corporation incorporated in Finland and domiciled in Helsinki. Company's registered address is Tammasaarencatu 7, 00180 Helsinki. A copy of consolidated financial statements can be downloaded on www.f-secure.com or can be received from the parent company's registered address.

The consolidated financial statements for 2014 were authorized for issue by the Board of Directors on 13 February 2015. According to the Finnish Companies Act, the Annual General Meeting can confirm or reject the consolidated financial statements after publication. The General Annual Meeting can also decide to change the financial statements.

ACCOUNTING PRINCIPLES

The consolidated financial statements of F-Secure Corporation of 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS), applying the IAS and IFRS standards as well as SIC and IFRIC interpretations that had been approved by the EU by 31 December 2014. The disclosures also comply with the Finnish accounting legislation.

IFRS 12 Disclosure of Interest in Other Entities (effective for financial year beginning on or after 1 January 2014)

IAS 36 Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36 (effective for financial year beginning on or after 1 January 2014) The amendments clarify the disclosure requirements on respect of fair value less costs of disposal.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39 (effective for financial year beginning on or after 1 January 2014) The amendments

provide an exception to the requirements to discontinue hedge accounting in certain circumstances in which there is a change in counterparty to a hedging instrument in order to achieve clearing for that instrument.

IFRIC 21 Levies (effective for financial year beginning on or after 17. 6. 2014) The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs.

Management judgment on significant accounting principles and use of estimates and assumptions

The preparation of the consolidated financial statements requires the use of estimates and assumptions as well as use of judgment when applying accounting principles that affect the reported amount of assets and liabilities, and the reported amounts of revenues and expenses during reporting periods. It is possible that actual results may differ from these estimates.

The estimates are based on management's best knowledge at the reporting date. Estimates and assumptions are based upon past experience, as well as information available relating to the Group's expected development of the economic environment. Possible changes in estimates and assumptions are recognized in the period when they occur.

The key judgments and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk a material adjustment are the following:

- **Revenue recognition:** service based project deliveries are recognized with the percentage of completion method, when the outcome is reliably estimated.
- **Assessment of assets:** at each reporting date, the Group assesses whether there is any indication that an asset may be impaired.
- **Impairment of assets:** the recoverable amount is determined based on value in use calculations. The key variables

used in the calculations are profitability, growth rate and the discount rate. The key assumption used to determine the recoverable amount for goodwill, including sensitivity analysis, are further explained in note 12;

- **Deferred tax assets:** the Group has assessed how much unused tax losses can be utilized in the future. Further details are disclosed in note 13;
- **Development expenditures carried forward:** initial capitalization of cost is based on management's judgment on technological and economical feasibility. The Group has made assumptions regarding the expected future cash generation of the projects. Further details are disclosed in note 10.
- **Recognizing share-based payment transactions:** the cost of share-based payment transactions are based on the fair value at the date at which they were granted. The cost of cash-settled transactions is measured by reference to the fair value at the date of balance sheet. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 19.

Principles of consolidation

Subsidiaries in which F-Secure Corporation's holding exceeds 50 percent are consolidated in the financial statements. Subsidiaries are consolidated from the date on which the Group obtains control on them. The consolidation stops when the control ceases. The Group does not have any holdings in the associated companies.

All intra-group transactions and balances, including unrealized profits arising from intra-group transactions, have been eliminated on consolidation. Where necessary, the accounting policies of subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

Segment reporting

The Group has one segment; data security. Segment reporting is consistent with the internal reporting submitted to the chief operating decision-maker. The Leadership Team has been appointed the chief operating decision-maker, responsible for allocating resources and assessing performance as well as making strategic decisions.

Transactions in foreign currency

The consolidated financial statements of F-Secure Group are presented in Euros, which is the parent company's measurement currency. The balance sheets of Group companies whose reporting currencies are other than Euro are translated into Euros using the exchange rates prevailing on the balance sheet date. The income statements are translated at the average exchange rates for the financial year. The translation difference is recognized in the shareholders' equity and the change in other comprehensive income.

The Consolidated Statement of Cash Flows has been prepared by translating each subsidiary's individual cash flow statements at the average exchange rates for the financial year.

Foreign currencies are translated into the local currency using fixed monthly exchange rates. At the balance sheet date, assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at that date. Exchange rate gains and losses of financial transactions are recognized in the income statement under financial items.

INTANGIBLE ASSETS

Goodwill

Mutual ownership of shares has been accounted using the acquisition method. The cost of an acquisition is measured at the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess cost of acquisition over the fair value of the net assets of the subsidiary acquired is recognized as goodwill. Goodwill represents the excess of purchase cost over the fair value of separately identifiable assets less liabilities of acquired companies. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment

annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Research and development costs

Research expenditure is recognized as an expense at the time it is incurred. Development expenditures incurred on individual projects of totally new products or product versions with significant new features are carried forward when they are technically feasible and their future recoverability can reasonably be regarded as assured. Depreciation is recorded on a straight-line basis over the estimated useful life of an asset. The estimated useful life of these assets is 3 years.

Other intangible assets

Other intangible assets recognized separately from goodwill in acquisitions consist of customer-based intangible assets. The fair value was measured by using Multi-Period Excess Earnings model. Depreciation is recorded on a straight-line basis over the estimated useful life of an asset. The estimated useful life of these assets is 8 years.

Other intangible assets include also intangible rights and software licenses. Assets with finite useful life are recorded at historical cost less accumulated depreciation. Depreciation of intangible rights is recorded on a progressive basis over the estimated useful life of an asset. Depreciation of software licenses is recorded on straight-line basis over the estimated useful life of an asset. The estimated useful lives of other intangible assets are as follows:

Intangible rights	5 years
Other intangible assets	5–10 years

Tangible assets

Other tangible assets include renovation costs of rented office space. Tangible assets are recorded at historical cost less accumulated depreciation. Depreciation is recorded on a straight-line basis over the estimated useful life of an asset. The estimated useful lives of tangible assets are as follows:

Machinery and equipment	3–8 years
Other tangible assets	5–10 years

Ordinary repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the assets' carrying amount when it is probable that the Group

will derive future economic benefits in excess of the originally assessed standard or performance of the existing asset. Any gain or loss arising on unrecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized. Gains or losses on de-recognition are shown in other operating income or expenses.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants which are received as compensation for incurred expenses are recognized as income over the period necessary to match the grant to the costs that it is intended to compensate, on a systematic basis. These grants are recognized as other operating income in the income statement.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined by first-in first-out method. Net realizable value is the estimated selling price that is obtainable, less estimated costs of completion and the estimated costs necessary to make the sale.

Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. The Group has only operating leases. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. The recoverable amount is estimated annually for the following assets regardless of whether any indication of impairment: goodwill, intangible assets with an indefinite useful life and intangible assets. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and written down to its recoverable

amount. The recoverable amount is the fair value of an asset less costs to sell or its value in use, whichever is higher. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The maximum reversal of an impairment loss amounts to no more than the carrying amount of the asset if no impairment loss had been recognized, net of depreciation. Impairment losses relating to Goodwill cannot be reversed in future periods.

Pensions

All of F-Secure Group's pension arrangements are in accordance with local statutory arrangements and defined contribution plans. Contributions to defined contribution plans are recognized in the income statement in the period to which the contributions relate. The Group recognizes disability commitment of Finnish TYEL pension plan when disability appears.

Share-based payment transactions

In the Company's industry it is common practice internationally that incentives are provided to employees in the form of equity-settled share-based instruments. Company has two kinds of incentive programs; a synthetic warrant-based program and a share-based program.

The Company's warrant programs cover key personnel. The synthetic warrant-based program is settled as cash-settled payment. The cost of cash-settled transactions with employees is measured by reference to the fair value at the date of balance sheet. The fair value is determined by using the Binomial model. The cost of transactions is recognized, together with a corresponding entry in liability, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). If the holder of the warrant leaves the company before vesting, the warrant is forfeited. The cumulative expense recognized for transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors of the Group at that date, based on the best available estimate of the number of equity instruments that will ultimately vest.

The share-based incentive program has been established as part of the key employee incentive and retention system inside FSecure Group. Reward will be settled in two phases so that one part is settled as equity-settled payment and one part as cash-settled payment. Cost of equity-settled transactions is measured by reference to the fair value by using market price of F-Secure Corporation share at the date on which they are granted and cost of cash-settled by using market price of F-Secure Corporation on the date of balance sheet. The cost is recognized over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the reward (end of lock-up period). The cost of equity-settle corresponding entry is recognized in equity and cost of cash-settle in liabilities. If relevant employee leaves Company before being fully entitled to the reward, the reward is forfeited. The cumulative expense recognized for share-based incentive program transactions at each reporting date is based on the best available estimate of the number of equity instruments that will ultimately be fulfilled.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Group has no provisions.

Income taxes

Direct current taxes are calculated on the results of all Group companies in accordance with the local tax and accounting rules in each country. Deferred taxes, resulting from temporary differences between the financial statement and the income tax basis of assets and liabilities, use the enacted tax rates in effect in the years in which the differences are expected to reverse. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available.

Revenue recognition

Revenue is primarily derived from monthly software as a service sale, software license agreement sales and operator's system integration and maintenance sales. License agreements consist

of initial license agreements and periodic maintenance agreements covering product updates and customer support. The revenue recognition policy of F-Secure Group recognizes the service revenue at the time of delivery, the license agreement's license fee revenues as the product is delivered, the license agreement's maintenance revenues are recognized over the maintenance period, and service based project deliveries are recognized with the percentage of completion method, when the outcome can be reliably estimated. The degree of completion is determined by relation of project costs incurred for work performed to date bear the estimated total project costs. If total project costs will exceed total project revenue, the expected loss is recognized as an expense immediately. Indirect taxes, discounts granted and exchange rate differences are excluded from net sales.

Other operating income

Other operating income includes profits from the sales of fixed assets, rental revenue, and government grants received for research and development projects.

Presentation of expenses

Classification of the functionally presented expenses has been made as follows: various types of expenses in different geographical locations have been allocated to the various functions by allocating directly allocable expenses to the respective function, and other operating expenses have been allocated to functions on the basis of the average headcount in each location.

Operating results

IAS 1 Presentation of Financial Statements standard does not define the concept of operating result. The Group has defined it as follows: operating result is the net amount, which consists of the net sales and other operating income less cost of purchase which is adjusted for changes in inventories, and reduced employee benefit costs, depreciation, possible impairment losses and other operating expenses.

Non-recurring items

One-off items include mainly income and expenses related to restructurings, non-current impairment of assets and other non-recurring items which are not based on the Group's

normal activities and which distort the comparability of the groups underlying profitability.

Treasury shares

Parent company has acquired treasury shares in years 2008–2011. The cost of acquisition is recognized as a deduction in the shareholders' equity.

Financial assets

According to IAS 39 standard, financial assets have been classified into financial assets at fair value through profit or loss, held-to-maturity, loans and receivables originated by the enterprise and available-for-sale financial assets. The classification is dependent on the purpose for which the assets were acquired. Purchases and sales of financial assets are recognized on the trade date i.e. the date that the Group commits to purchase the asset. The cost of purchase includes transaction costs. Financial assets are currently classified as loans and receivables and available-for-sale financial asset.

Loans and receivables originated by the enterprise are measured at amortized cost. Trade receivables are carried at the original invoice amount to customers less an estimate made for doubtful receivables. The Group assesses, at each reporting date, whether there is objective evidence that trade receivables are impaired. Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, probability of bankruptcy or non-payments and delay of payment more than 90 days. Outstanding receivables are reviewed periodically and bad debts are written off when identified.

Available-for-sale financial assets consist of interest-bearing debt securities and shares in mutual funds invested in similar instruments. For assets that are actively traded in organized financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. Assets, the fair value of which cannot be measured reliably, are recognized at cost less impairment. The fair value changes of available-for-sale financial assets are recognized in shareholders' equity under fair value reserve. When financial assets recognized as available-for-sale is sold, the accumulated fair value changes are released from equity and recognized in the income statement.

Cash and cash equivalents in the Consolidated Statement of Financial position comprise cash at bank and in hand and other highly liquid short-term investments.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Financial liabilities

According to IAS 39 standard, financial liabilities have been classified into financial liabilities at fair value through profit or loss, loans and liabilities originated by the enterprise.

Financial liabilities are initially recognized at fair value. The Group's financial liabilities consist of short-term trade payables.

Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently recognized at fair value. Any gains and losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to net profit or loss for the year. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The gains and losses arising from the changes of fair values are booked to profit and loss account because the Group does not include the derivative contracts in hedge accounting.

Adoption of new and revised IFRS standards

Annual Improvements to IFRSs 2010–2012 and 2011–2013 (effective mainly for financial year beginning on or after 1.7.2014) as well as 2012–2014 (effective for financial year beginning on or after 1 January 2016). The improvements include small changes.

IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (effective for financial year beginning on or after 1 January 2016). The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through

use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate the property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The Group expects that the revised standards will have an effect on the Group's financial statements.

IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2017). The standard outlines the principles an entity must apply to measure and recognize revenue. The core principle is that an entity will recognize revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. The Group is currently assessing the impact of IFRS 15 on the consolidated financial statements.

IFRS 9 Financial Instruments (effective for annual periods on or after 1 January 2018). IFRS 9 replaces the IAS 9 standard. It includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. The Group is currently assessing the impact of IFRS 9 on the consolidated financial statements.

1. SEGMENT INFORMATION

The Group has one business segment; data and content security. The chief operating decision maker i.e. the Leadership Team gets financial information on a monthly basis of the revenue of the sales channels. The revenues of different geographical areas are presented by the location of the customers and the long-term assets by the location of the assets.

Sales channels

Consolidated Dec 31, 2014	Operator Channel	Other Channels	Group
Revenue from external customers	91,892	61,950	153,842

Consolidated Dec 31, 2013	Operator Channel	Other Channels	Group
Revenue from external customers	95,310	59,788	155,098

Geographical information

Consolidated Dec 31, 2014	Finland and Scandinavia	Rest of Europe	North America	Rest of the world	Group
Revenue from external customers	48,344	70,430	15,583	19,485	153,842
Segment long-term assets	17,696	20,718	1,687	599	40,700

Consolidated Dec 31, 2013	Finland and Scandinavia	Rest of Europe	North America	Rest of the world	Group
Revenue from external customers	47,398	70,091	17,844	19,765	155,098
Segment long-term assets	20,119	23,043	573	831	44,566

2. OTHER OPERATING INCOME

EUR 1,000	Consolidated 2014	Consolidated 2013
Rental revenue	153	149
Government grants	2,704	2,513
Other	133	45
Total	2,991	2,707

3. DEPRECIATION

EUR 1,000	Consolidated 2014	Consolidated 2013
Depreciation from non-current assets		
Other intangible assets	-2,415	-2,185
Capitalized development	-2,706	-2,606
Intangible assets	-5,122	-4,791
Machinery and equipment	-3,858	-3,799
Other tangible assets	-279	-373
Tangible assets	-4,138	-4,172
Total	-9,259	-8,963
Depreciations by function		
Sales and marketing	-4,902	-3,944
Research and development	-4,147	-4,831
Administration	-210	-188
Total	-9,259	-8,963

4. PERSONNEL EXPENSES

EUR 1,000	Consolidated 2014	Consolidated 2013
Personnel expenses		
Wages and salaries	-57,414	-54,052
Pension expenses – defined contribution plan	-7,807	-7,157
Share-based payments	-670	-1,264
Other social expenses	-4,771	-4,837
Total	-70,663	-67,309

Employee benefits of Management are stated in disclosure 26. Related party transactions
Share-based payments are stated in disclosure 19. Share-based payment transactions

Average number of personnel	937	949
Personnel by function Dec 31		
Sales and marketing	469	437
Research and development	325	366
Administration	127	136
Total	921	939

5. NON-RECURRING ITEMS

EUR 1,000	Consolidated 2014	Consolidated 2013
Restructuring of content cloud business		
Personnel expenses	-3,509	
Other operating expenses	-798	
Total	-4,308	
Non-recurring items by function		
Sales and marketing	-3,236	
Research and development	-409	
Administration	-663	
Total	-4,308	

6. AUDIT FEES

EUR 1,000	Consolidated 2014	Consolidated 2013
Group auditor		
Audit fees	-146	-138
Tax consulting	-103	-34
Other consulting	-84	-110
Total	-333	-283
Others		
Audit fees	-19	-19
Tax consulting	-20	-29
Total	-39	-48

7. FINANCIAL INCOME AND EXPENSES

EUR 1,000	Consolidated 2014	Consolidated 2013
Financial income		
Dividends from Available-for-sale financial assets	5	2
Other income from Available-for-sale financial assets	827	103
Interest income from loans and receivables	25	155
Exchange gains	683	913
Other financial income	27	9
Total	1,566	1,182
Financial expenses		
Interest expense from loans and other liabilities	-7	-56
Exchange losses	-397	-1,697
Other financial expenses	-42	-142
Total	-446	-1,896
Components of other comprehensive income		
Available-for-sale financial assets		
Gains/(losses) arising during the year	565	201
Reclassification adjustments included in the income statement	-339	-60
Total	226	141

8. INCOME TAXES

EUR 1,000	Consolidated 2014	Consolidated 2013
Income taxes of the business activity	-4,581	-8,088
Income taxes from previous years	1,936	-1,245
Deferred tax	-1,485	-528
Total	-4,130	-9,861
Components of other comprehensive income		
Available-for-sale financial assets	-45	-15

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Groups' effective income tax rate for the years ended 31 December 2014 and 2013 is as follows:

Result before taxes	19,902	26,329
Income taxes at statutory rate of 20%/24,5%	-3,980	-6,451
Taxes on foreign subsidiaries' net income in excess of income taxes at statutory rates	-70	-35
The change in tax rates		-474
Non-deductible expenses/tax-exempt revenues	-746	259
Unrecognised tax losses		45
Income taxes from previous years	1,936	-1,245
Other	-1,270	-1,960
Total	-4,130	-9,861

In year 2013 Finnish tax authorities changed their interpretation of the right to deduct paid withholding tax in some countries. Thus, the Parent Company was obligated to pay previously approved withholding tax from 2012. This applied also to the financial year 2013. During the period Parent Company has recovered back withholding tax from years 2012 and 2013 totaling 1.5 million euros.

9. EARNINGS PER SHARE

EUR 1,000	Consolidated 2014	Consolidated 2013
Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year adjusted for the effects of dilutive options.		
Net profit attributable to equity holders from continuing operations	15,772	16,468
Weighted average number of ordinary shares (1,000)	155,757	155,374
Effect of dilution: share options		9
Adjusted weighted average number of ordinary shares for diluted earning per share	155,757	155,383
Basic earnings per share (EUR/share)	0.10	0.11
Diluted earnings per share (EUR/share)	0.10	0.11

The weighted average number of shares take into account the effect of change in treasury shares.

10. NON-CURRENT ASSETS

	INTANGIBLE ASSETS				TANGIBLE ASSETS		
	Other Intangible	Capitalized development	Goodwill	Total	Machinery & equipment	Other Tangible	Total
Acquisition cost Jan 1, 2013	24,586	18,382	19,398	62,366	26,709	3,994	30,703
Translation difference	-60			-60	-269	-214	-483
Additions	498	344		842	2,947		2,947
Disposals					-405	-137	-542
Acquisition cost Dec 31, 2013	25,024	18,726	19,398	63,148	28,983	3,643	32,625
Translation difference	26			26	285	83	369
Additions	79	2,261		2,340	4,284	69	4,353
Disposals	-58			-58	-3,827	-237	-4,064
Acquisition cost Dec 31, 2014	25,072	20,987	19,398	65,457	29,725	3,558	33,283
Acc. depreciations Jan 1, 2013	-17,735	-4,388		-22,122	-18,139	-2,797	-20,936
Translation difference	-3			-3	224	159	383
Depreciation of the financial year	-2,179	-2,606		-4,785	-3,787	-338	-4,125
Depreciation of disposals					371	10	381
Acc. depreciations Dec 31, 2013	-19,918	-6,994		-26,910	-21,332	-2,966	-24,297
Translation difference	-23			-23	-246	-67	-312
Depreciation of the financial year	-2,417	-2,706		-5,123	-3,858	-279	-4,137
Depreciation of disposals	58			58	2,578	127	2,705
Acc. depreciations Dec 31, 2014	-22,299	-9,700		-31,998	-22,857	-3,185	-26,042
Book value as at Dec 31, 2013	5,107	11,732	19,398	36,238	7,651	677	8,328
Book value as at Dec 31, 2014	2,772	11,287	19,398	33,458	6,868	373	7,241

11. INVESTMENTS IN ASSOCIATE

EUR 1,000	Consolidated 2014	Consolidated 2013
Book value as at Jan 1		94
Share of associated companies' results		-94
Book value as at Dec 31		

12. IMPAIRMENT TESTING OF GOODWILL

In impairment testing the Group's assets are tested against the Group's total generated cash flow.

The cash flow estimates have been reviewed by the management and cover the next five years. The estimates are based on 2015 planning and after that revenue growth of 5% during 2015–2018, and after that terminal growth of 1%. The CAGR of 5% growth is based on Gartner's estimation of revenues for the consumer and enterprise antivirus business globally. (source: Gartner). The profitability is based on past years' profitability level, 2015 planning and longer term communicated profitability target level. The used discount rate is 12.2% before taxes. The impairment test, based on these assumptions, show no need to impair assets and/or goodwill.

Sensitivity to changes in assumptions

The main parameters in the calculations are profitability, growth rate and discount rate. If the revenue growth was as calculated and the profitability would decline below 7%, or if the profitability level remained the same, and the revenue would decline by 20% compared to previous year (year after year) in 2015–2019, the discounted amount would meet the book value. Test is not practically sensitive to discount rate.

13. DEFERRED TAX

EUR 1,000	Consolidated 2014	Consolidated 2013
Deferred tax assets		
Other temporary differences	2,913	3,905
Losses carried forward		512
Total	2,913	4,417
Deferred tax assets, changes in year		
Recognized in profit or loss	-1,504	-618
Deferred tax liability		
Other temporary differences	228	230
Fair value adjustments on acquisition	44	62
Change in fair value, available-for-sale	125	80
Total	398	372
Deferred tax liabilities, changes in year		
Recognized in profit or loss	-19	-89
Recognized in other comprehensive income	45	15

At December 31, 2014 the Group had 5.8 million euro losses carried forward that are available indefinitely for offset against future taxable profits in the companies in which the losses arose.

14. INVENTORIES

EUR 1,000	Consolidated 2014	Consolidated 2013
Other inventories	108	270

No impairment was recognized from inventories in years 2014 and 2013.

15. RECEIVABLES

EUR 1,000	Consolidated 2014	Consolidated 2013
Current receivables		
Trade receivables	34,306	32,737
Loan receivables	11	15
Other receivables	2,099	1,178
Prepaid expenses and accrued income	6,062	5,297
Accrued income tax	2,140	260
Total	44,619	39,487

Trade receivables

As at 31 December 2014, trade receivables at nominal value of 964 thousand EUR (2013: 863 thousand EUR) were impaired and fully provided for.

Book value as at Jan 1	863	1,135
Charge for the year	204	-65
Utilised	-103	-207
Book value as at Dec 31	964	863

Ageing analysis of trade receivables	total	not due	past due < 90 days	> 90 days
As at 31 Dec, 2014	34,306	26,457	6,718	1,131
As at 31 Dec, 2013	32,737	25,018	7,373	346

Material items included in prepaid expenses and accrued income

Prepaid expenses	3,913	3,361
Prepaid expenses, royalty	2,149	1,936
Total	6,062	5,297

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets consist of interest-bearing debt securities and shares in funds invested in similar instruments. For assets that are actively traded in organized financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. Assets, for which fair value cannot be measured reliably, are recognized at cost less impairment. The fair value changes of available-for-sale financial assets are recognized in shareholders' equity under fair value reserve.

EUR 1,000	Consolidated 2014	Consolidated 2013
Fair value as at Jan 1	25,685	16,792
Additions/deductions, net	13,997	8,493
Change in fair value	627	401
Fair value as at Dec 31	40,309	25,685
Shares – unlisted	70	147
Maturity date less than 3 months	40,239	25,538
Fair value as at Dec 31	40,309	25,685
Acquisition value as at Dec 31	39,682	25,284

17. CASH AND SHORT-TERM DEPOSITS

EUR 1,000	Consolidated 2014	Consolidated 2013
Cash at bank and in hand	21,067	22,210

Available-for-sale financial assets are recognized as liquid short-term investments and are held as part of the Group's ongoing cash management activities. See note 22. Financial risk management objectives and policies.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents comprise the following at December 31:

Cash at bank and in hand	21,067	22,210
Available-for-sale	40,239	25,538
Total	61,306	47,748

18. SHAREHOLDERS' EQUITY

Issued and fully paid

EUR 1,000	Number of shares	Share capital	Share premium fund	Unrestricted equity reserve	Treasury shares
Dec 31, 2012	155,066,349	1,551	169	5,051	-8,418
Exercise of share based incentive	316,555				636
Dec 31, 2013	155,382,904	1,551	169	5,051	-7,782
Board compensation	31,432			14	68
Exercise of share based incentive	379,591			37	726
Dec 31, 2014	155,793,927	1,551	169	5,101	-6,989

The share capital amounted to 1,551,311 euro and the number of shares was 158,798,739 (including own shares 3,004,812) at the end of the year 2014. A share has no nominal value. Accountable par value is EUR 0.01.

Share premium fund

Proceeds from exercised warrants were recognized under the share capital and share premium fund until March 26, 2008.

Unrestricted equity reserve

On March 20, 2007, the shareholders' meeting decided to decrease the share premium fund. The decreased amount of 33,582 thousand euro was transferred to unrestricted equity reserve. On March 26, 2008, the shareholders' meeting decided that the total amount of the subscription prices paid for new shares issued after the date of the meeting, based on stock options under the F-Secure Stock Option Plan 2005, be recorded in company's unrestricted equity reserve. Any excess after settling treasury shares as share based incentive and as board compensation is recorded in unrestricted equity reserve.

Translation differences

The translation difference is used to record exchange difference arising from the translation of the financial statements of foreign subsidiaries.

Dividends proposed and paid

Proposed for approval at AGM for year 2014 0.16 euro per share.

Final dividend for year 2013 0.06 euro per share, paid during the year 2014: 9,345,749.70 euro

Final dividend for year 2012 0.06 euro per share, paid during the year 2013: 9,322,974.24 euro

Treasury shares

The cost of acquisition is recognised as a deduction in the shareholders' equity. The shares were acquired through public trading on NASDAQ OMX Helsinki in accordance with its rules and at market price. The parent company has not acquired treasury shares during the period. The parent company's treasury shares were exercised during the period as share based incentive and as board compensation.

The total number of acquired treasury shares was 3,004,812 at the end of the year 2014. This represent 1.89 percent of the company's voting power on December 31, 2014.

Fair value reserve

The reserve is used to record increments and decrements in the fair value of available-for-sale financial assets.

EUR 1,000	FAIR VALUE, AVAILABLE-FOR-SALE			Total
	Before tax	Tax	After tax	
Equity Dec 31, 2012	259	-65	195	195
Available-for-sale, net	282	-30	252	252
Fair value gains/losses to PL	-141	15	-126	-126
Equity Dec 31, 2013	400	-80	321	321
Available-for-sale, net	452	-90	362	362
Fair value gains/losses to PL	-226	45	-181	-181
Equity Dec 31, 2014	626	-125	502	502

19. SHARE-BASED PAYMENT TRANSACTIONS

During the period the Group have had three different incentive plans which cover the key personnel.

Synthetic option-based incentive programs

The synthetic option-based incentive program have been established on November 2012 as part of the key employee incentive and retention system within F-Secure Group. The program offer for the participants a possibility to receive synthetic options of F-Secure Corporation as a long-term incentive compensation. No reward can be given to any participating employee, whose employment has terminated before the end of the vesting period.

The synthetic option-based incentive program will last five years. The program comprises three granting periods and subsequent vesting period of two years after each granting year. The program 2012-2014 ends on December 31, 2016. Within the framework of each program, the aggregate number of options to be given as reward cannot exceed 5 million. The actual compensation is the difference of subscription price and the vesting price, and will be paid to the participating employees as a cash-settled payment.

The subscription price of the synthetic option is the weighted average share price in the period of October to December prior to the granting year. The vesting price is the weighted average share price in period of September to November prior to the payment month. The

subscription price for the granting period of 2012 is 1.85 by Board decision on November 22, 2012. The subscription price for the granting period of 2013 is 1.57. The subscription price for the granting period of 2014 is 1.88.

Options outstanding

EUR 1,000	Jan 1–Dec 31, 2014	Jan 1–Dec 31, 2013
Outstanding Jan 01	1,805,000	1,845,000
Granted	900,000	965,000
Forfeited	170,000	230,000
Exercised	825,000	
Expired		775,000
Outstanding Dec 31	1,710,000	1,805,000

Expense arising from share-based payment transactions during the period was 504 thousand euro (88 thousand euro in year 2013). The carrying amount of liability at December 31, 2014 was 420 thousand euro.

The fair value of options granted during the period was determined by using the Binomial model.

Used arguments:

	Synthetic option program	
	2014	2013
Weighted average share price €	2.29	1.92
Weighted average exercise price €	–	–
Expected volatility	29.00%	29.92%
Option life in years	2.0	2.0
Risk-free interest rate	0.55%	0.53%
Expected dividends	–	–

Expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. Based on previous years, the company has estimated that 2–3% of granted options will be forfeited.

Share-based incentive programs

During the period the Group had two share-based incentive programs. The share-based incentive program has been established as part of the key employee incentive and retention system within F-Secure Group. The programs will offer for the participants a possibility to receive shares of F-Secure Corporation as an incentive reward if the Company's financial targets set for the earning period have been achieved. No reward can be given to any participating employee, whose employment has terminated before the end of the lock-up period.

The share-based incentive program 2011–2013 has been established in March 2011. The program will last five years. It comprises three earning and lock-up periods. The program ends on December 31, 2015. The rewards will be settled in two phases so that one part is settled as equity-settled payment and one part as cash-settled payment. The participants in the share-based incentive program are recommended not to sell more than 50% of the received shares and to cumulate the shares received from the share program equals the annual gross base salary of the employee. On the basis of the program maximum total of 2,500,000 shares and a cash payment corresponding the registration date value of the shares shall be given as reward.

The share-based incentive program 2014–2016 has been established in March 2014. The program will last five years. It comprises three earning periods. Each earning period lasts three years. The program ends on December 31, 2018. The rewards will be settled in two phases so that one part is settled as equity-settled payment and one part as cash-settled payment. On the basis of the program maximum total of 10,000,000 shares and a cash payment corresponding to the registration date value of the shares shall be given as reward. The Board approves the metrics, targets and participants on annual basis for each earning period.

The participating employee shall be entitled to the shareholder rights of to the reward shares from the moment the shares have been entered into the participating employee's book-entry account.

Expense arising from the share-based payment transactions during the period was 166 thousand euro (1,190 thousand euro in year 2013). During the period F-Secure has assigned a total of 379,591 shares and cash payment payment corresponding the registration measured by reference to the fair value of the F-Secure Corporation share at the date on which they are granted. The costs of cash-settled transactions are measured by reference to the fair value of the F-Secure Corporation share on the date of balance sheet. The Group has estimated the number of equity instruments that will ultimately fulfill.

20. LIABILITIES

EUR 1,000	Consolidated 2014	Consolidated 2013
Non-current liabilities		
Deferred revenues	11,028	9,159
Total	11,028	9,159
Current liabilities		
Deferred revenues	31,959	29,553
Trade payables	6,941	5,194
Other liabilities	2,491	2,006
Accrued expenses	16,181	15,859
Income tax liabilities	784	1,732
Total	58,356	54,344
Material amounts shown under accruals and deferred income		
Accrued personnel expenses	11,930	11,476
Deferred royalty	1,160	958
Accrued expenses	3,092	3,425
Total	16,181	15,859

21. FINANCIAL ASSETS AND LIABILITIES

EUR 1,000	Consolidated 2014	Consolidated 2013
Loans and other receivables	11	15
Trade receivables	34,306	32,737
Available-for-sale financial assets	40,309	25,685
Cash and bank accounts	21,067	22,210
Trade payables	-6,941	-5,194
Total	88,752	75,453

The carrying amounts of the Group's financial instruments are equivalent to fair values.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique

Level 1: quoted prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

Assets measured at fair value	Total	Level 1	Level 2	Level 3
Available-for-sale financial assets Dec 31, 2014	40,309	40,239	–	70
Available-for-sale financial assets Dec 31, 2013	25,685	25,538	–	147

During the reporting period ending 31 December 2014, there were no transfers between levels.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

General

The goal of risk management is to identify risks that may hinder the group from achieving its business objectives. The responsibility for the company's risk management lies with CEO, the management and finally with the Board of Directors. The risks related to the Group's financial instruments are mainly related to credit risks and foreign currency fluctuations. The Group's available-for-sale assets are also exposed to interest rate fluctuations.

Credit risk

The Group trades only with recognized, creditworthy third parties. Receivable balances are monitored and collected on an ongoing basis. The maximum exposure to credit risk at the reporting date is the carrying value of financial assets. There are no significant concentrations of credit risk within the Group. See notes 15. Receivables and 21. Financial assets and liabilities.

Liquidity risk

Despite of the economic downturn the Group's liquidity remained good. At the end of the year the market value of the liquid funds was 61.3 million euros (47.7 million euros in 2013) of which 40.3 million of were available-for-sale and the rest were cash and bank reserves. The Group's financial management makes regularly cash flow forecasts to ensure the financial needs of the business operations. The management has not identified any significant concentrations of liquidity risks in the financial assets or in sources of finance.

Foreign currency risk

The Group invoices mainly in Euros. However, there are some transactional currency exposures that arise from sales or purchasing in other currencies. The other main measurement currencies are USD, JPY, SEK, GBP and BRL. In order to minimize the impact of the fluctuation of the exchange rates, the goal is to use forward currency contracts to eliminate the currency exposure of the estimated cash flow of these currencies for a period of six months.

Derivatives**Currency instruments – Currency forward contract**

EUR 1,000	Consolidated 2014	Consolidated 2013
Nominal value	1,979	2,785
Fair value	55	122

F-Secure Corporation has hedged receivables denominated in JPY, GBP and SEK with forward rate contracts. The forward rate contracts expires on January 22, 2015. The company does not have other derivatives.

F-Secure Corporation does not hedge investments made in its subsidiaries because the impact of changes of exchange rates would not be relevant in the Group's balance sheet.

Sales in different currencies	%	%
EUR	67	65
SEK, GBP	11	12
USD, JPY	17	18
Other currencies	5	5
	100	100

The risk involved in the sales in foreign currency is notably diminished by the operational expenses in subsidiaries that use the same currency.

Financial assets and liabilities in different currencies

	%	%
EUR	73	71
SEK, GBP	6	8
USD, JPY	14	13
Other currencies	7	8
	100	100

The table below demonstrates how sensitive the Group's profit before taxes is to reasonably possible changes in the USD, JPY, SEK, GBP and BRL exchange rate, assuming that all other variables are held constant. The analysis is based +/-10% exchange rate change on trade receivables and includes forward currency contracts.

USD, JPY	+444/-444	+373/-373
GBP, SEK	+284/-284	+286/-286
BRL	+180/-180	+237/-237

Interest rate risk

The Group does not have any interest bearing liabilities. Based on the Group's conservative investment policy, it invests its cash mainly in short term and low risk funds. Investments are made in creditworthy funds. These available-for-sale investments are exposed to market risk for changes in interest risks.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and available-for-sale financial assets. See note 16.

Capital management

The Group's shareholders' equity is managed as capital. There are no external capital requirements related to the equity. The objective of the Group's capital management is to maintain an efficient capital structure that ensures the functioning of business operations and promotes the shareholder value. The Group's capital structure is reviewed as a part of financial performance monitoring.

The capital structure can be adjusted among other things by distribution of dividends, share repurchase or capital repayment. The dividend policy of F-Secure Corporation is to pay approximately half of its annual profit as dividend. Subject to circumstances, the Company may deviate from its policy.

23. NOTES TO CASH FLOW STATEMENT

EUR 1,000	Consolidated 2014	Consolidated 2013
Adjustments		
Deferred income	4,549	2,101
Depreciation and amortization	9,259	8,963
Profit / loss on sale of fixed assets	308	27
Other adjustments	-1,136	-833
Financial income and expenses	-1,120	714
Income taxes	4,130	9,861
Total	15,991	20,833

24. OPERATING LEASE COMMITMENTS

The Group has entered into commercial leases on office space and on motor vehicles. Motor vehicle leases have an average life of three years and office space between two and five years with renewal terms included in the contracts.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows

As lessee

EUR 1,000	Consolidated 2014	Consolidated 2013
Within one year	5,572	5,724
After one year but not more than five years	4,537	6,452
Total	10,109	12,176
Rents during the period	5,299	5,274

25. CONTINGENT LIABILITIES

EUR 1,000	Consolidated 2014	Consolidated 2013
Other liabilities		
Others	40	40

F-Secure is a party in some disputes and is defending itself accordingly. Currently the Company is not able to assess the likelihood or amount of possible damages.

26. RELATED PARTY DISCLOSURES

The Group's related parties include Parent Company and subsidiaries, as well as members of the Board, Managing Director and members of the Leadership Team.

Compensation of the key management personnel of the Group

EUR 1,000	Consolidated 2014	Consolidated 2013
Wages and other short-term employee benefits	2,230	2,575
Share-based payments	332	430
Total	2,562	3,005

Wages and other short-term employee benefits

EUR 1,000	Consolidated 2014	Consolidated 2013
Managing Director	396	420
Members of the Board of Directors	245	240

Board of Directors 2014 and Managing Director

EUR 1,000	Wages	Fees	Incentive reward	Other compensations
Christian Fredrikson, Managing Director	396	–	293	–
Risto Siilasmaa, Chairman of the Board	–	55	–	–
Jussi Arovaara	–	30	–	–
Sari Baldauf	–	8	–	–
Pertti Ervi	–	40	–	–
Matti Heikkonen	–	30	–	–
Juho Malmberg	–	30	–	–
Anu Nissinen	–	30	–	–
Peter Vesterbacka	–	23	–	–
Total	396	245	293	–

Incentive reward granted to Managing Director is measured as following; the equity-settled part to the fair value of the F-Secure Corporation share at the date which it was granted and cash-settled part to the fair value of the share on the date of balance sheet. The cost is recognized over the period in which the performance conditions are fulfilled 23. 4. 2014–31. 12. 2016.

The Managing Director's retirement age and the determination of his pension conform to the standard rules specified by Finland's Employee Pension Act (TYEL). The pension cost of the

Managing Director over the period was 73 thousand euro (77 thousand euro in year 2013). The period of notice for the Managing Director is six (6) months both ways and Managing Director is entitled to severance payment equivalent of six (6) months' salary.

The consolidated financial statements include the financial statements of corporations listed in the following table.

Name	Country of incorporation	Group (%)
Parent F-Secure Corporation, Helsinki	Finland	
DF-Data Oy, Helsinki	Finland	100
F-Secure Inc., San Jose	United States	100
F-Secure (UK) Ltd, London	Great Britain	100
F-Secure KK, Tokyo	Japan	100
F-Secure GmbH, München	Germany	100
F-Secure eStore GmbH, München	Germany	100
F-Secure SARL, Maisons-Laffitte	France	100
F-Secure SDC SAS, Bordeaux	France	100
F-Secure France SARL, Maisons-Laffitte	France	100
F-Secure BVBA, Heverlee-Leuven	Belgium	100
F-Secure AB, Stockholm	Sweden	100
F-Secure Srl, Milano	Italy	100
F-Secure SP z.o.o., Warsaw	Poland	100
F-Secure Corporation (M) Sdn Bhd, Kuala Lumpur	Malaysia	100
F-Secure Pvt Ltd, New Delhi	India	100
F-Secure Pte Ltd, Singapore	Singapore	100
F-Secure B.V., Utrecht	The Netherlands	100
F-Secure Limited, Hong Kong	Hong Kong	100
F-Secure Pty Limited, Sydney	Australia	100
F-Secure Iberia SL, Barcelona	Spain	100
F-Secure do Brasil Tecnol.da Informacao Ltda, São Paulo	Brazil	100
F-Secure Chile Limitada, Santiago	Chile	100
F-Secure Colombia SAS, Bogota D.C.	Colombia	100
F-Secure Informatica S de RL de CV, Mexico City	Mexico	100
F-Secure Software (Shanghai) Co Ltd, Shanghai	China	100

27. SHARES AND SHAREHOLDERS, DECEMBER 31, 2014

Shares and share ownership distribution, December 31, 2014

Shares	Number of shareholders	Percentage of shareholders	Total shares	Percentage of shares
1–100	3,270	14.80%	204,144	0.13%
101–1,000	14,127	63.92%	5,272,937	3.32%
1,001–50,000	4,632	20.96%	19,259,786	12.13%
50,001–100,000	31	0.14%	2,164,199	1.36%
100,001–	42	0.19%	131,897,673	83.06%
Total	22,102	100.00%	158,798,739	100.00%

Shareholder category, December 31, 2014	Total shares	Percentage of shares
Corporations	7,136,014	4.49%
Financial and insurance institutions	32,426,069	20.42%
General government	22,039,986	13.88%
Non-profit organizations	953,097	0.60%
Households	95,245,389	59.98%
Other countries and international organizations	998,184	0.63%
Total	158,798,739	100.00%

Largest shareholders and administrative register

Owner	Shares	% shares	% votes
Risto Siilasmaa	63,120,972	39.75%	40.52%
Varma Mutual Pension Insurance Company	8,210,660	5.17%	5.27%
Elo Mutual Pension Insurance Company	7,770,000	4.89%	4.99%
Mandatum Life Insurance Company	6,674,081	4.20%	4.28%
Nordea Nordic Small Cap Fund	4,932,966	3.11%	3.17%
Ari Hyppönen	3,843,332	2.42%	2.47%
The State Pension Fund	3,500,000	2.20%	2.25%
Ismo Bergroth	3,000,000	1.89%	1.93%
Ilmarinen Mutual Pension Insurance Company	2,329,829	1.47%	1.50%
Kaleva Mutual Insurance Company	2,036,000	1.28%	1.31%

Administrative register

Nordea Pankki Suomi Oyj	9,097,127	5.73%	5.84%
Skandinaviska Enskilda Banken	5,802,493	3.65%	3.72%
Clearstream Banking S.A.	497,494	0.31%	0.32%
Other registers	312,171	0.20%	0.20%

Other shareholders	34,666,802	21.83%	22.25%
Total	155,793,927		100.00%

Own shares F-Secure Corporation	3,004,812	1.89%	
Total	158,798,739	100.00%	

Ownership of management

Board of Directors	Shares	% shares
Risto Siilasmaa	63,120,972	39.75%
Jussi Arovaara	28,554	0.02%
Pertti Ervi	32,910	0.02%
Matti Heikkonen	9,972	0.01%
Juho Malmberg	48,185	0.03%
Anu Nissinen	28,554	0.02%
Peter Vesterbacka	3,849	0.00%
Total	63,269,147	39.84%

Executive Team

	Shares	% shares
Samu Konttinen	67,103	0.04%
Timo Laaksonen	9,039	0.01%
Jari Still	100,657	0.06%
Taneli Virtanen	50,149	0.03%
Total	226,948	0.14%

Ownership of management

The Board of Directors owned a total of 63,269,147 shares on December 31, 2014. This represents 39.8 percent of the Company's shares and 40.6 percent of votes.

28. KEY RATIOS

Economic indicators	IFRS 2014	IFRS 2013	IFRS 2012	IFRS 2011	IFRS 2010	Key ratios	IFRS 2014	IFRS 2013	IFRS 2012	IFRS 2011	IFRS 2010
Net sales (MEUR)	153.8	155.1	157.2	146.0	130.1	Earnings / share (EUR)	0.10	0.11	0.09	0.11	0.10
Net sales growth %	-1%	-1%	8%	12%	4%	Earnings / share diluted	0.10	0.11	0.09	0.10	0.10
Operating result (MEUR)	18.8	27.1	20.3	23.6	19.8	Shareholders' equity per share	0.50	0.46	0.41	0.38	0.33
% of net sales	12.2%	17.5%	12.9%	16.2%	15.2%	Dividend per share *	0.16	0.06	0.06	0.06	0.06
Result before taxes	19.9	26.3	19.9	23.5	19.9	Dividend per earnings (%)	160.0%	54.5%	66.7%	54.5%	60.0%
% of net sales	12.9%	17.0%	12.7%	16.1%	15.3%	Effective dividends (%)	7.1%	3.2%	3.9%	3.0%	3.0%
ROE (%)	20.7%	24.9%	22.6%	29.5%	30.3%	P/E ratio	22.2	17.6	17.1	19.0	23.1
ROI (%)	26.7%	40.9%	34.9%	44.3%	42.5%	Share price, lowest (EUR)	1.78	1.55	1.32	1.88	1.97
Equity ratio (%)	74.9%	74.3%	72.7%	68.1%	69.1%	Share price, highest (EUR)	2.90	2.15	2.14	2.66	2.93
Investments (MEUR)	5.8	3.7	10.3	18.7	10.4	Mean share price (EUR)	2.03	1.81	1.79	2.26	2.27
% of net sales	3.8%	2.4%	6.6%	12.8%	8.0%	Share price Dec 31	2.25	1.87	1.55	2.01	2.00
R&D costs (MEUR)	38.2	41.7	49.3	39.3	34.5	Market capitalization (MEUR)	357.3	297.0	246.1	319.2	315.1
% of net sales	24.8%	26.9%	31.4%	26.9%	26.5%	Trading volume (millions)	44.3	31.8	23.0	42.6	65.9
Capitalized development (MEUR)	2.3	0.3	4.9	7.8	2.3	Trading volume (%)	28.4%	20.5%	14.9%	27.6%	42.5%
Gearing %	-76.6%	-65.6%	-50.9%	-47.1%	-63.2%						
Wages and salaries (MEUR)	57.4	54.1	56.1	48.3	45.9						
Personnel on average	937	949	970	878	835						
Personnel on Dec 31	921	939	931	942	812						

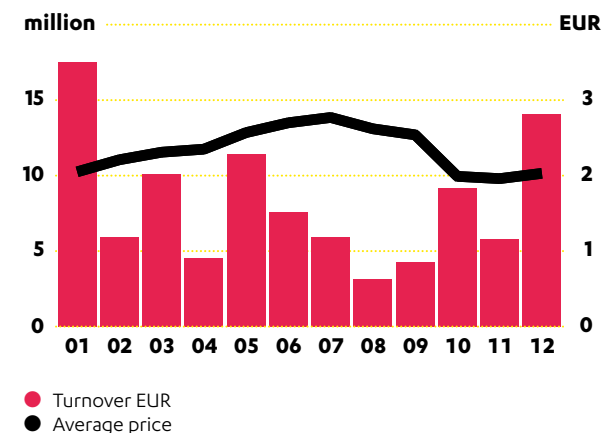
* Board proposal

Adjusted number of shares	IFRS 2014	IFRS 2013	IFRS 2012	IFRS 2011	IFRS 2010
Average during the period	155,756,751	155,374,231	155,056,557	154,432,955	154,967,615
Average during the period, diluted	155,756,751	155,382,904	156,774,495	157,499,090	158,893,701
Dec 31	158,798,739	158,798,739	158,798,739	158,798,739	157,539,243
Dec 31, diluted	158,798,739	159,178,330	159,115,294	160,940,348	160,990,852

29. EVENTS AFTER THE REPORTING PERIOD

On 4 February 2015 F-Secure Corporation has signed an agreement to sell its personal cloud business operations to Synchronoss Technologies Inc (NASDAQ: SNCR). Sold personal cloud business consists of F-Secure's younited, a cloud storage services for consumers and companies to securely store and share photos, movies, documents and other stuff online. The value of the transaction is USD 60 million in cash. Closing of the transaction is expected by the end of February 2015. The transaction's overall impact on F-secure's discontinued business operating profit in 2015 is estimated be close to EUR 20 million positive with current exchange rate. F-Secure will further increase its focus on developing new cloud-based privacy and security products. F-Secure sees substantial growth opportunities in cyber and cloud security business.

Turnover and average share price per month 2014



CALCULATION OF KEY RATIOS

Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest}}{\text{Balance total} - \text{received advance payments}} \times 100$
ROI, %	$\frac{\text{Result before taxes} + \text{financial expenses}}{\text{Balance total} - \text{non-interest bearing liabilities (average)}} \times 100$
ROE, %	$\frac{\text{Result before taxes} - \text{taxes}}{\text{Shareholders' equity} + \text{minority items (average)}} \times 100$
Gearing, %	$\frac{\text{Interest bearing liabilities} - \text{cash and bank accounts, liquid financial assets}}{\text{Shareholders' equity} + \text{minority items}} \times 100$
Earnings per share, euro	$\frac{\text{Result before taxes} - \text{taxes} + / - \text{minority interest}}{\text{Adjusted number of shares (average)}}$
Shareholders' equity per share, euro	$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares, Dec 31}}$
P/E ratio	$\frac{\text{Share price closing, Dec 31}}{\text{Earnings per share}}$
Dividend per earnings, %	$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$
Effective dividends, %	$\frac{\text{Dividend per share}}{\text{Share price closing, Dec 31}} \times 100$

INCOME STATEMENT

JAN 1–DEC 31, 2014

EUR 1,000		FAS 2014	FAS 2013
NET SALES	(1)	134,942	133,345
Material and service		–7,501	–7,225
GROSS MARGIN		127,441	126,121
Other operating income	(2)	4,851	4,341
Sales and marketing	(3, 4)	–72,006	–58,032
Research and development	(3, 4)	–37,309	–41,224
Administration	(3, 4)	–7,275	–8,350
OPERATING RESULT		15,701	22,856
Financial income and expenses	(6)	–4,134	1,909
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES		11,567	24,765
Change in depreciation reserve		1	–1
Income taxes	(7)	–2,085	–8,510
RESULT FOR THE FINANCIAL YEAR		9,483	16,254



**COMPLEX
THREATS
DEMAND
SIMPLE
SOLUTIONS.**

BALANCE SHEET DEC 31, 2014

EUR 1,000	FAS 2014	FAS 2013	EUR 1,000	FAS 2014	FAS 2013
ASSETS			SHAREHOLDERS' EQUITY AND LIABILITIES		
NON-CURRENT ASSETS			SHAREHOLDERS' EQUITY (15, 16)		
Intangible assets (8)	20,768	24,948	Share capital	1,551	1,551
Tangible assets (8)	3,864	3,668	Share premium	165	165
Investments in group companies (9)	595	5,926	Treasury shares	-6,989	-7,782
Total non-current assets	25,227	34,543	Fair value reserve	502	321
CURRENT ASSETS			Reserve for invested unrestricted equity	5,102	5,051
Inventories (11)	108	270	Retained earnings	44,003	37,865
Long-term receivables (12)	682	3,023	Profit for the financial year	9,483	16,254
Short-term receivables (12)	45,518	37,972	Total shareholders' equity	53,817	53,424
Short-term investments (13)	40,309	25,685	APPROPRIATIONS		
Cash and bank accounts (14)	13,686	15,739	Depreciation reserve	1,140	1,140
Total current assets	100,303	82,689	LIABILITIES		
TOTAL ASSETS	125,530	117,232	Deferred tax liabilities (10)	125	80
			Long-term liabilities (18)	9,388	7,185
			Short-term liabilities (18)	61,059	55,403
			Total liabilities	70,573	62,668
			TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	125,530	117,232

CASH FLOW STATEMENT DEC 31, 2014

EUR 1,000	FAS 2014	FAS 2013	EUR 1,000	FAS 2014	FAS 2013
CASH FLOW FROM OPERATIONS			CASH FLOW FROM INVESTMENTS		
Result for the financial year	9,483	16,254	Investments in intangible and tangible assets	-4,974	-2,527
Adjustments (20)	16,474	15,743	Investments in subsidiary shares		-11
Cash flow from operations before change in working capital	25,958	31,997	Proceeds from sale of intangible and tangible assets	133	12
CHANGE IN NET WORKING CAPITAL			Proceeds from sale of associated companies	6	36
Current receivables, increase (-), decrease (+)	-1,249	-451	Proceeds from sale of other investments	9	5
Inventories, increase (-), decrease (+)	162	-35	Dividends received	5	2,487
Non-interest bearing debt, increase (+), decrease (-)	6,177	-986	Cash flow from investments	-4,822	2
Cash flow from operations before financial items and taxes	31,049	30,525	CASH FLOW FROM FINANCING ACTIVITIES		
Interest expenses paid	-2	-202	Dividends paid	-9,346	-9,323
Interest income received	16	6	Cash flow from financing activities	-9,343	-9,323
Other financial income and expenses	519		Change in cash	12,422	16,433
Income taxes paid	-4,993	-4,574	Cash and bank at the beginning of the period	41,277	24,658
Cash flow from operations	26,589	25,755	Change in net fair value of current available-for-sale assets	226	186
			Cash and bank at period end	53,926	41,277

NOTES TO THE FINANCIAL STATEMENTS

Basic information

F-Secure produces online security and privacy services for consumers and businesses against malware and other threats, as well as cloud storage services enabling storing and sharing of important data.

The Parent Company of the Group is F-Secure Corporation incorporated in Finland and domiciled in Helsinki. Company's registered address is Tammasaarencatu 7, 00180 Helsinki. Copy of consolidated financial statements can be downloaded from www.f-secure.com or can be received from the Parent Company's registered address.

ACCOUNTING PRINCIPLES

The financial statement of F-Secure Corporation has been prepared in accordance with Finnish Accounting Standards (FAS).

Foreign currency translation

Foreign currencies are translated into the local currency using fixed monthly exchange rates. At the balance sheet date, assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at that date. Exchange rate gains and losses of financial transactions are recognized in the income statement under financial items. Forward rate contracts for hedging purposes are recognized using the exchange rate prevailing at the balance sheet date.

Tangible and intangible assets

Intangible assets include intangible rights and software licenses. Intangible assets recognized on merger consist of technology-based intangible assets. Tangible and intangible assets are recorded at historical cost less accumulated depreciation. Depreciation of intangible rights is recorded on a progressive basis over the estimated useful life of an asset. Other depreciation is recorded on a straight-line basis over the estimated useful life of an asset. The estimated useful lives of tangible and intangible assets are as follows:

Machinery and equipment	3–8 years
Capitalized development costs	3 years
Intangible rights	5 years
Intangible assets	5–10 years

Ordinary repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the assets' carrying amount when it is probable that the Company will derive future economic benefits in excess of the originally assessed standard or performance of the existing asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

Research and development costs

Research expenditure is recognized as an expense at the time it is incurred. Development expenditures incurred on individual projects of totally new products or product versions with significant new features are carried forward when they are technically feasible and their future recoverability can reasonably be regarded as assured.

Inventories

Inventories are valued either by cost or net realizable value, whichever is lower. Cost is determined by first-in first-out method. Net realizable value is the estimated selling price that is obtainable, less estimated costs of completion and the estimated costs necessary to make the sale.

Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. The Company has only operating leases. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

Pensions

Pension arrangement is of local statutory arrangement and defined contribution plans. Contributions to defined contribution plans are recognized in income statement in the period to which the contributions relate. The Company recognizes the disability commitment of TYEL pension plan when disability appears.

Share-based payment transactions

In the Company's industry it is common practice internationally that incentives are provided to employees in the form of equity-settled share-based instruments. The Company has two kinds of incentive programs; a synthetic warrant-based program and a share-based program.

The Company's warrant programs cover key personnel. The synthetic warrant-based program is settled as cash-settled payment. The cost of cash-settled transactions with employees is measured by reference to the fair value at the date of balance sheet. The fair value is determined by using the Binomial model. The cost of transactions is recognized, together with a corresponding entry in liability, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). If the holder of the warrant leaves the company before vesting, the warrant is forfeited. The cumulative expense recognized for transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors of the Group at that date, based on the best available estimate of the number of equity instruments that will ultimately be fulfilled.

The share-based incentive program has been established as part of the key employee incentive and retention system inside F-Secure. Reward will be settled in two phases so that one part is settled as equity-settled payment and one part as cash-settled payment. Cost of cash-settled transactions is measured by reference to the fair value by using market price of F-Secure Corporation share on the date of balance sheet.

The cost is recognized over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the reward (end of lock-up period). The cost of cash-settle corresponding entry is recognized in liabilities. If relevant employee leaves company before being fully entitled to the reward, the reward is forfeited. The cumulative expense recognized for share-based incentive program transactions at each reporting date is based on the best available estimate of the number of equity instruments that will ultimately be fulfilled.

Income taxes

Direct current taxes are calculated in accordance with the local tax and accounting rules. Deferred taxes, resulting from temporary differences between the financial statement and the income tax basis of assets and liabilities, use the enacted tax rates in effect in the years in which the differences are expected to reverse.

Revenue recognition

Revenue is primarily derived from monthly software as a service sale, software license agreement sales and operator's system integration and maintenance sales. License agreements consist of initial license agreements and periodic maintenance agreements covering product updates and customer support. The revenue recognition policy of F-Secure Group recognizes the service revenue at the time of delivery, the license agreement's license fee revenues as the product is delivered, the license agreement's maintenance revenues are recognized over the maintenance period, and service based project deliveries are recognized with the percentage of completion method, when the outcome can be reliably estimated. The degree of completion is determined by relation of project costs incurred for work performed to date bear the estimated total project costs. If total project costs will exceed total project revenue, the expected loss is recognized as an expense immediately. Indirect taxes, discounts granted and exchange rate differences are excluded from net sales.

Other operating income

Other operating income includes profits from the sales of fixed assets, rental revenue, and government grants received for research and development projects.

Presentation of expenses

Classification of the functionally presented expenses has been made as follows: various types of expenses in different geographical locations have been allocated to the various functions by allocating directly to allocable expenses to the respective function, and other operating expenses have been allocated to functions on the basis of the average headcount in each location.

Treasury shares

Company has acquired treasury shares in years 2008–2011. The cost of acquisition is recognized as a deduction in the shareholders' equity.

Financial assets

Short-term investments are measured at fair value. Short-term investments consist of interest-bearing debt securities and shares in mutual funds invested in similar instruments. For assets that are actively traded in organized financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. Assets, the fair value of which cannot be measured reliably, are recognized at cost less impairment. The fair value changes of short-term investments are recognized in shareholders' equity under fair value reserve. When financial assets recognized as available-for-sale are sold, the accumulated fair value changes are released from equity and recognized in the income statement.

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and other highly liquid short-term investments.

1. NET SALES

EUR 1,000	FAS 2014	FAS 2013
Geographical information		
Finland and Scandinavia	45,667	44,273
Rest of Europe	67,114	64,375
North America	7,753	10,359
Rest of the world	14,408	14,338
Total	134,942	133,345

2. OTHER OPERATING INCOME

EUR 1,000	FAS 2014	FAS 2013
Rental revenue	47	45
Government grants	2,717	2,394
Other	2,087	1,902
Total	4,851	4,341

3. DEPRECIATION

EUR 1,000	FAS 2014	FAS 2013
Depreciations from non-current assets		
Other intangible assets	-3,798	-3,516
Capitalized development	-2,706	-2,606
Intangible assets	-6,505	-6,122
Machinery and equipment	-2,058	-2,102
Tangible assets	-2,058	-2,102
Total	-8,563	-8,224
Depreciation by function		
Sales and marketing	-4,344	-3,817
Research and development	-4,117	-4,309
Administration	-102	-98
Total	-8,563	-8,224

4. PERSONNEL EXPENSES

EUR 1,000	FAS 2014	FAS 2013
Personnel expenses		
Wages and salaries	-36,114	-34,094
Pension expenses	-6,270	-5,639
Other social expenses	-1,910	-1,761
Total	-44,294	-41,494
Compensation of key management personnel		
Wages and other short-term employee benefits	-2,024	-2,217
Wages and other short-term employee benefits		
Managing Director	-396	-420
Members of the Board of Directors	-245	-240

Wages and other short-term employee benefits of the Board of Directors and Managing Director: see group disclosure 26. Related party disclosure

The Managing Director's retirement age and the determination of his pension conform to the standard rules specified by Finland's Employee Pension Act (TYEL). The pension cost of the Managing Director over the period was 73 thousand euro (77 thousand euro in year 2013). The period of notice for the managing director is six (6) months both ways and Managing Director is entitled to severance payment equivalent of six (6) months' salary.

	FAS 2014	FAS 2013
Average number of personnel	540	504
Personnel by function Dec 31		
Sales and marketing	211	193
Research and development	295	288
Administration	37	39
Total	543	520

5. AUDIT FEES

EUR 1,000	FAS 2014	FAS 2013
Audit fees	-124	-112
Tax consulting	-103	-34
Other consulting	-84	-110
Total	-311	-256

6. FINANCIAL INCOME AND EXPENSES

EUR 1,000	FAS 2014	FAS 2013
Interest income	90	176
Interest expense	-35	-238
Other financial income	828	64
Dividends	5	2,487
Exchange gains and losses	271	-516
Impairment of non-current investments	-5,331	
Other financial expenses	37	-63
Total	-4,134	1,909

7. INCOME TAXES

EUR 1,000	FAS 2014	FAS 2013
Income taxes of the business activity	-4,018	-7,342
Income taxes from previous years	1,933	-1,168
Total	-2,085	-8,510
Result before taxes	11,567	24,765
Income taxes at statutory rate of 20.0%/24.5%	-2,313	-6,067
Tax-exempt income	22	609
Non-deductible expenses	-886	-150
Income taxes from previous years	1,933	-1,168
Other	-841	-1,733
Total	-2,085	-8,510

In year 2013 Finnish tax authorities changed their interpretation of the right to deduct paid withholding tax in some countries. Thus, the Parent Company was obligated to pay previously approved withholding tax from 2012. This applied also to the financial year 2013. During the period Parent Company has recovered back withholding tax from years 2012 and 2013 totaling 1.5 million euros.

8. NON-CURRENT ASSETS

	INTANGIBLE ASSETS			TANGIBLE ASSETS		
	Other Intangible	Capitalized development	Total	Machinery & equipment	Other Tangible	Total
Acquisition cost Jan 1, 2013	30,013	17,071	47,084	17,309	5	17,314
Additions	207	344	551	1,650		1,650
Disposals				-279		-279
Acquisition cost Dec 31, 2013	30,220	17,415	47,635	18,680	5	18,685
Additions	63	2,261	2,324	2,383		2,383
Disposals				-138		-138
Acquisition cost Dec 31, 2014	30,283	19,676	49,959	20,925	5	20,930
Acc. depreciations Jan 1, 2013	-13,413	-3,152	-16,566	-13,195		-13,195
Depreciation of the financial year	-3,516	-2,606	-6,122	-2,102		-2,102
Acc. depreciations of disposals				279		279
Acc. depreciations Dec 31, 2013	-16,929	-5,759	-22,687	-15,017		-15,017
Depreciation of the financial year	-3,798	-2,706	-6,505	-2,058		-2,058
Acc. depreciations of disposals				9		9
Acc. depreciations Dec 31, 2014	-20,727	-8,465	-29,192	-17,067		-17,067
Book value as at Dec 31, 2013	13,291	11,657	24,948	3,663	5	3,668
Book value as at Dec 31, 2014	9,557	11,211	20,768	3,859	5	3,864

9. INVESTMENTS

EUR 1,000	Group comp. shares	Total
Book value as at Jan 1	5,926	5,926
Reductions	-5,331	-5,331
Book value as at Dec 31	595	595

Name	Country of incorporation	Share of ownership (%)
Parent F-Secure Corporation, Helsinki	Finland	
DF-Data Oy, Helsinki	Finland	100
F-Secure Inc., San Jose	United States	100
F-Secure (UK) Ltd, London	Great Britain	100
F-Secure KK, Tokyo	Japan	100
F-Secure GmbH, München	Germany	100
F-Secure eStore GmbH, München	Germany	100
F-Secure SARL, Maisons-Laffitte	France	98
F-Secure France SARL, Maisons-Laffitte	France	100
F-Secure BVBA, Heverlee-Leuven	Belgium	100
F-Secure AB, Stockholm	Sweden	100
F-Secure Srl, Milano	Italy	100
F-Secure SP z.o.o., Warsaw	Poland	100
F-Secure Corporation (M) Sdn Bhd, Kuala Lumpur	Malaysia	100
F-Secure Pvt Ltd, New Delhi	India	100
F-Secure Pte Ltd, Singapore	Singapore	100
F-Secure B.V., Utrecht	The Netherlands	100
F-Secure Limited, Hong Kong	Hong Kong	100
F-Secure Pty Limited, Sydney	Australia	100
F-Secure Iberia SL, Barcelona	Spain	100
F-Secure Chile Limitada, Santiago	Chile	99
F-Secure Colombia SAS, Bogota D.C.	Colombia	100
F-Secure Informática S. de R.L. de C.V, Mexico City	Mexico	100

10. DEFERRED TAX

EUR 1,000	FAS 2014	FAS 2013
Deferred tax liability		
Tax charged to shareholders' equity		
Change in fair value, available-for-sale	125	80
Total	125	80

11. INVENTORIES

EUR 1,000	FAS 2014	FAS 2013
Other inventories	108	270

12. RECEIVABLES

EUR 1,000	FAS 2014	FAS 2013
Receivables from group companies		2,300
Other receivables	682	723
Total	682	3,023
Current receivables		
Trade receivables	26,198	22,571
Loan receivables	11	15
Other receivables	187	107
Prepaid expenses and accrued income	7,520	5,032
Total	33,916	27,725
Receivables from group companies		
Trade receivables	11,602	10,147
Other receivables		100
Total	11,602	10,247
Current receivables total	45,518	37,972
Material items included in prepaid expenses and accrued income		
Prepaid expenses	3,403	3,096
Prepaid expenses, royalty	2,149	1,936
Accrued tax	1,968	
Total	7,520	5,032

13. SHORT-TERM INVESTMENTS

Short-term investments consist of interest-bearing debt securities and shares in funds invested in similar instruments. For assets that are actively traded in organized financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. Assets, of which fair value cannot be measured reliably, are recognized at cost less impairment. The fair value changes of short-term investments are recognized in shareholders' equity under fair value reserve.

EUR 1,000	FAS 2014	FAS 2013
Fair value as at Jan 1	25,685	15,447
Additions/deductions, net	13,997	9,837
Change in fair value	627	401
Fair value as at Dec 31	40,309	25,685
Shares – unlisted	70	147
Maturity date less than 3 months	40,239	25,538
Fair value as at Dec 31	40,309	25,685
Book value as at Dec 31	39,683	25,284

14. CASH AND SHORT-TERM DEPOSITS

For the purposes of the cash flow statement, cash and cash equivalents comprise the following as at December 31:

EUR 1,000	FAS 2014	FAS 2013
Cash at bank and in hand	13,686	15,739
Available-for-sale	40,239	25,538
Total	53,926	41,277

15. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR 1,000	Share capital	Share premium fund	Treasury shares	Fair value reserve	Unrestricted equity reserve	Retained earnings	Total equity
Equity Dec 31, 2012	1,551	165	-8,419	163	5,051	47,271	45,780
Available-for-sale financial assets, net				159			159
Result of the financial year						16,254	16,254
Dividend						-9,323	-9,323
Cost of share based payments			637			-83	554
Equity Dec 31, 2013	1,551	165	-7,782	321	5,051	54,119	53,424
Available-for-sale financial assets, net				181			181
Result of the financial year						9,483	9,483
Dividend						-9,346	-9,346
Cost of share based payments			726		37	-763	
Other change			68		14	-7	75
Equity Dec 31, 2014	1,551	165	-6,989	502	5,102	53,487	53,817

16. SHAREHOLDERS' EQUITY

The Company's share capital amounted to 1,551,311 euro and the number of shares was 158,798,739 at the end of the year 2014. See group disclosure 18. Shareholders' Equity

Treasury shares

See group disclosure 18. Shareholders' Equity

Distributable shareholders' equity on December 31, 2014

EUR 1,000	
Unrestricted equity reserve	5,102
Retained earnings	37,022
Result of the financial year	9,483
Distributable shareholders' equity on December 31, 2014	51,608

17. SHARE-BASED PAYMENT TRANSACTIONS

See group disclosure 19. Share-based payment transactions

18. LIABILITIES

EUR 1,000	FAS 2014	FAS 2013
Non-current liabilities		
Deferred revenues	9,388	7,185
Deferred tax liabilities	125	80
Total	9,514	7,265
Current liabilities		
Deferred revenues	26,364	24,707
Trade payables	5,839	4,527
Other liabilities	1,527	1,122
Accrued expenses	12,906	13,447
Total	46,635	43,804
Liabilities to the group companies		
Advance payments	3,617	3,410
Trade payables	8,347	5,577
Other liabilities	2,460	2,612
Total	14,424	11,599
Total current liabilities	61,059	55,403
Material amounts shown under accruals and deferred income		
Accrued personnel expenses	8,767	8,044
Deferred royalty	1,160	958
Accrued expenses	2,375	2,900
Accrued tax	604	1,545
Total	12,906	13,447

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

See Group disclosure 22. Financial risk management objectives and policies

20. NOTES TO CASH FLOW STATEMENT

EUR 1,000	FAS 2014	FAS 2013
Adjustments		
Deferred income	3,667	1,650
Depreciation and amortization	8,563	8,224
Profit / loss on sale of fixed asset	-4	-12
Other adjustments	-1,970	-720
Financial income and expenses	4,134	-1,908
Income taxes	2,085	8,510
Total	16,474	15,743

21. OPERATING LEASE COMMITMENTS

The Group has entered into commercial leases on office space and on motor vehicles. Motor vehicle leases have an average life of three years and office space between two and five years with renewal terms included in the contracts.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

As lessee	FAS 2014	FAS 2013
EUR 1,000		
Within one year	3,763	3,461
After one year but not more than five years	3,204	4,533
Total	6,967	7,994

22. CONTINGENT LIABILITIES

EUR 1,000	FAS 2014	FAS 2013
Guarantees for other group companies	40	40

Derivatives see Group disclosure 22. Financial risk management objectives and policies

23. SHARES AND SHAREHOLDERS

See Group disclosure 27. Shares and shareholders

24. KEY RATIOS

See Group disclosure 28. Key ratios

AUDITOR'S REPORT (TRANSLATION)

To the Annual General Meeting of F-Secure Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of F-Secure Corporation for the year ended 31 December, 2014. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the

report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the

consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

In Helsinki on February 13, 2015

Ernst & Young Oy
Authorized Public Accountant Firm

Mikko Järventausta
Authorized Public Accountant

CORPORATE GOVERNANCE STATEMENT

General principles

F-Secure's corporate governance practices comply with Finnish laws and regulations, F-Secure's Articles of Association, the rules of NASDAQ OMX Helsinki and the Finnish Corporate Governance Code issued by the Securities Market Association of Finland in 2010. The code is publicly available at www.cgfinland.com.

The key elements of the Corporate Governance practices of F-Secure Corporation are described here in brief. The descriptions also include the most essential tasks and responsibilities of the Board of Directors, Board Committees and other main governing bodies in 2014. This statement also describes the main features of internal control and risk management pertaining to the financial reporting process. Further information on the corporate governance practices of the company is available on the F-Secure Corporation website.

Annual General Meeting of Shareholders (AGM)

The highest governing body of the corporation is the General Meeting of Shareholders. The AGM's tasks are defined in detail by the Finnish Companies Act and the Articles of Association of F-Secure Corporation. The AGM shall decide on the number of members of the Board of Directors, confirm remunerations to the Board members and auditors, appoint Board members, approve financial statements, determine dividends, select auditors, and determine other issues defined by the Articles of Association and the Finnish Companies Act. The AGM shall be held after the end of the financial year within a period determined by the Board of Directors and as defined by the Companies Act. F-Secure Corporation has only one class of shares and thus all shares have equal voting power at the General Meetings of Shareholders.

In 2014, the Annual General Meeting was held in Helsinki, at HTC Ruoholahti on April 3. The decisions made by the AGM 2014 are presented in detail in the Board of Directors' report for 2014.

The main tasks of the Board of Directors

The objective of the Board of Directors is to direct the company with the aim of achieving the best possible return on invested capital for shareholders in the long term. The Board of Directors represents all shareholders and shall always aim to achieve the best advantage for the company and all of its shareholders.

The Board of Directors is responsible for making sure that supervision of the company's accounting and financial management is duly organized. The meetings of the Board shall regularly discuss reports presented by the CEO of the company on the financial status and operations of the company. Furthermore, it is the duty of the Board to prepare the matters to be handled by the shareholders' meeting, to decide on the convening of the shareholders' meeting, and to make sure that the decisions made at the shareholders' meeting are executed.

Any matters that are significant or of long-term impact from the company's point of view shall be dealt with by the Board. These include strategic outlines, approval of budgets and operating plans and supervision of how these are put into effect, acquisitions and corporate structure, any major investments with regard to the operation of the company, organization of the supervision of accounting and financial management, internal control systems and risk management as well as personnel policies and reward systems.

The duties and responsibilities of the Board are defined by the Articles of Association of the company, the Finnish Companies Act, and other applicable laws and regulations. The Articles of Association and the charter of the Board, including a more detailed list of its main duties and tasks and its committees, are presented on the company's website.

According to the Articles of Association, the Board shall have a minimum of three and a maximum of seven ordinary members, whose term ends at the end of the next AGM following the election of the members. The Annual General Meeting of Shareholders shall decide the number of Board members according to the Articles of Association, and elect the Board members. The Board shall elect the Chairman of the

Board from among its members. The Board shall also elect a secretary, who may be a non-member of the Board. The term of each Board member is one year. The majority of the Board members shall be independent of the company. More detailed information about other terms of Board membership can be found in the Articles of Association.

The Board of Directors shall convene at least five times during its term. The Board shall conduct an annual self-assessment of its operations.

Board of Directors in 2014

According to the decision of the Annual General Meeting 2014, the Board had seven (7) members. The re-elected members of the Board were **Risto Siilasmaa, Jussi Arovaara, Matti Heikkonen, Pertti Ervi, Juho Malmberg** and **Anu Nissinen**. **Peter Vesterbacka** was elected to the Board of Directors as a new member. The board elected Risto Siilasmaa as the Chairman of the Board.

The aforementioned members of F-Secure Corporation's Board of Directors, with the exception of Risto Siilasmaa, have no dependence either on the company or its significant shareholders. The Chairman of the Board, Risto Siilasmaa, is a major shareholder of the company.

In 2014 the Board of Directors held 12 meetings with an attendance rate of close to 100%. The Board of Directors focused, in addition to their ongoing duties, on the preparation and approval of the Company's revised strategy, new cloud based initiatives and long term value creation opportunities. The Board was also following closely the restructuring of the content cloud business. According to the strategy, F-Secure will focus on producing cloud-based security solutions to protect people and devices in a fast-evolving digital world. The main objectives during the strategy period 2015–2017 are to expand the user base by tens of millions of people and to drive accelerating revenue growth. The strategy is described in more detail in the Board of Directors' report for 2014.

Other significant tasks and responsibilities of the Board comprised a general overview of the company's financials,

budget approval, setting performance targets for the executive level, and deciding on the incentive program for the Leadership team and other key employees.

Board committees

The Board has two committees; Audit Committee and Executive Committee (nomination and remuneration issues).

The Chairman of the Audit Committee is **Pertti Ervi** and the members are **Jussi Arovaara**, **Matti Heikkonen**, and **Peter Vesterbacka**. The Chairman of the Executive Committee is **Risto Siilasmaa** and the members are **Juho Malmberg** and **Anu Nissinen**.

The charters of both Committees are available on the Company's website under About F-Secure > Investors > Governance.

Audit Committee

The Audit Committee prepares, instructs and evaluates the Corporation's risk management, internal control systems, IT strategy and practices, external and internal auditing of the accounts, and financial reporting. In 2014 the Audit Committee held five meetings with an attendance rate of close to 100%.

In 2014, the Audit Committee focused on several aspects of internal and external IT (hosting), as outlined in the Committee's charter. The Committee also assessed the efficiency of internal control systems and risk management processes and practices, including financial and legal risks. The Committee commented the renewed cash investment policy, taxation topics and also reviewed the interim reports before their publication.

Executive Committee

The Executive Committee prepares material and provides instructions on issues related to the composition and compensation of the Board of Directors and the remuneration of executive management. The Executive Committee held four meetings in 2014 with an attendance rate of 100%.

In 2014, the Executive Committee focused on remuneration issues, including both long-term and short-term incentive programs for the top management and other key personnel, as well as on succession planning regarding key roles. The Committee also prepared proposals for the Board composition

and remuneration for the Annual General Meeting of Shareholders.

President and CEO

The President and CEO is responsible for the day-to-day management of the company. The CEO's duties include managing the business according to the instructions issued by the Board of Directors, presenting the matters to be handled in the Board of Directors' meetings, implementing the decisions made by the Board of Directors, and other duties determined in the Companies Act. The Board of Directors shall appoint the CEO and decide upon his/her remuneration and other benefits.

The President and CEO of the company is **Christian Fredrikson**.

Leadership Team

The Leadership Team supports the CEO in the daily operative management and development of the company. The CEO appoints the Leadership Team members and decides upon the terms and conditions of their employment. The Board of Directors approves the compensation for the Leadership Team. Bonuses and stock options are granted on the basis of individual performance and the performance of the company. The Leadership Team meets regularly once a month and holds additional meetings as needed.

The composition of the Leadership Team at the beginning of 2015 is as follows: **Christian Fredrikson** (President and CEO), **Janne Juvonen** (Customer and Market Operations), **Samu Konttinen** (Consumer Security Business), **Timo Laaksonen** (Content Cloud Business, until 28 Feb 2015), **Johanna Orjatsalo** (Human Resources & Facilities), **Jari Still** (R&D Operations), **Pekka Usva** (Corporate Security Business) and **Taneli Virtanen** (Chief Financial Officer, until 22 Feb 2015) and **Saila Miettinen-Lähde** (Chief Financial Officer, from 23 Feb 2015 onwards).

Remuneration

The remuneration paid to the Board of Directors and the Leadership Team as well as their holdings of F-Secure shares and options are described in notes 26 and 27 of the financial statements. The general principles of remuneration for the President and CEO are described in note 26 of the financial statements. More details on the remuneration and option programs are also available in the Remuneration Statement

from 2014 published on the Company's investor web pages under Corporate Governance. The CEO and Leadership Team are presented later as part of this report.

Auditors

The auditor is elected by the Annual General Meeting for one year's term of service. The auditor is responsible for auditing the consolidated and parent company's financial statements and accounting. The auditor will report to the Board of Directors or the Audit Committee at least once a year.

For 2014, F-Secure Corporation's auditor was Ernst & Young Oy, an auditing company of Authorized Public Accountants authorized by the Central Chamber of Commerce. APA Mikko Järventausta acts as the responsible partner for the direction and coordination of the audit work. In 2014 the Company paid a total of EUR 164,448 (2013: EUR 157,518) for auditing services and EUR 84,265 (2013: EUR 109,954) for other services. Ernst & Young Oy has been F-Secure Corporation's auditor since 1999.

DESCRIPTION OF THE MAIN FEATURES OF INTERNAL CONTROL AND RISK MANAGEMENT PERTAINING TO THE FINANCIAL REPORTING PROCESS

Internal Control

The purpose of Internal Control is to ensure that operations are effective and aligned with the strategy, and that financial reporting and management information is reliable and in compliance with applicable regulations and operating principles.

Internal control consists of all the guidelines, policies, processes, practices and relevant information about organizational structure that help ensure that the business conduct is in compliance with all applicable regulations, and that all financial reporting is correct. The purpose of guidelines and instructions is to ensure that accounting and financial information provides a true and accurate reflection of the activities and financial situation of the company. Actual performance is monitored against sales and cost targets by operative reporting systems on a daily, weekly, or monthly basis.

The company constantly monitors its cost efficiency and profitability as well as incoming and outgoing payment

transactions. If any inconsistencies appear, the issues are handled without delay. The company's controlling function works in close cooperation with the CFO and business units, providing relevant data for business planning purposes and sales estimates. Estimates and revenue recognition are constantly monitored through various follow-up methods. The company's controlling team is responsible for the consistency and reliability of internal control methods. The controlling team meets with business management and key personnel in order to assess the reliability of estimates on a continuous basis.

Internal audit

The principles of the internal audit are embedded in written guidelines and policies concerning accounting, risk management, internal control and operations in all departments of the company. These guidelines and policies are coordinated by the company's Finance department. The company guidelines cover accounting, reporting, documentation, authorization, and other relevant issues. F Secure has no separate internal audit function, and this has been taken into account when defining the scope of the external audit. The financial management team meets with the auditors several times a year. The company has taken into use a direct line for all employees to notify the Board of any unethical activity or abuse. The audit committee meets with auditors and head of legal counsel from time to time to discuss related matters of their areas of responsibility.

Risk management

Risk management is an integral part of F-Secure's governance and management. The purpose of risk management is to help the company reach its objectives and to support the continuity of the company's operations by ensuring that the company:

- has a comprehensive understanding of major risks, opportunities, and threats
- proactively manages opportunities and threats
- has systematic methods to identify, analyze, evaluate, and control risks
- has a clear understanding of roles and responsibilities regarding risk management

- has systematic methods to collect, analyze, and learn from occurred risks

The foundation for risk management is defined in the Company's Risk Management Policy. It expresses the mandate and commitment for F-Secure Risk Management and the processes and practices that are in place to identify, report and manage material risks across the company. The policy also defines responsibilities related to Risk Management.

The Board of Directors is responsible for the approval of the Risk Management Policy and determines the company's overall attitude towards risks. The Board of Directors and its Audit Committee are responsible for monitoring the company's key risks and related controls and the effective implementation of the policy. The Audit Committee annually conducts a key risk review and evaluates the effectiveness of the risk management system.

The CEO and Leadership Team are accountable to the Board for approving the Company's risk management standards and ensuring that they are applied in a consistent manner across the organization.

The Corporate Risk Management function provides and maintains a process to identify, analyze, evaluate, and treat risks. Risk assessments are conducted twice a year as a part of the company operational planning. The Leadership Team conducts a company-level risk review biannually as part of the operational planning and approves the company-level risk profile. The Board of Directors and its committees approve and monitor the reporting procedures, as well as the adequacy, appropriateness, and effectiveness of the company's business and administrative processes.

Weekly and monthly financial reporting that covers the entire company is used to monitor how well financial targets are being met. The reports include actual figures, plans and up-to-date forecasts. The company has sought to manage the risks relating to its business operations by developing its operating processes and control systems. The Board has set certain appropriate authorization limits to the management, and if these limits are exceeded, the decisions shall be handled by the Board of Directors.

Invoicing is mainly handled in euros. In order to minimize the impact of fluctuation in exchange rates, the goal is to hedge the estimated cash flow of affected currencies. The

company does not provide financing outside the industry's standard payment terms.

The company's investment policy for cash reserves was renewed in 2014. The Company's financial assets can be categorized in two groups: a) cash in bank accounts to ensure the everyday transactions /"working capital" and b) "excess cash" that is a strategic reserve for larger one-off cash needs like M&A cases. The Company's target is to keep "working capital cash" in banks as low as reasonable from the operational point of view. The excess cash is invested to reach higher return than money markets and therefore investments can stand more volatility. However, the main purpose is to ensure the value of investment, thus to support the shareholder value.

The most significant risks for F-Secure are related to the following factors: instability in the economic climate, changes in the competitive environment and customer demand affecting the volume of business and price levels, competitiveness of F-Secure's product portfolio in the changing market situation, the ability to protect the intellectual property (IPR) in F-Secure's solutions, risk exposure from increasing contractual liability requirements, regional development in new growth markets, sustainability of partner relationships, development of new business areas, continuous change in the storage and content cloud services markets, and potential security threats targeted at these services.

OTHER GOVERNANCE ISSUES

Management of insider issues

The company follows the insider regulations of the NASDAQ OMX Helsinki Ltd. Insiders are divided into three categories: (1) permanent public insiders including the members of the Board, the auditors, and the Leadership Team of the company, (2) permanent company-specific, non-public insiders, including persons who by virtue of their position or tasks learn inside information on a regular basis, and (3) project-based insiders. The company maintains its public insider registers in the Euroclear Finland Ltd's SIRE system. The trading of F-Secure shares and options of permanent public insiders is public.

Permanent public insiders and permanent company-specific insiders or their interest parties as defined in the Finnish Securities Markets Act are not entitled to trade shares,

options, or other securities 21 days prior to the publication of interim financial statements or company accounts. Project-based insiders are not entitled to trade shares, options, or other securities until the termination of the project. Up-to-date information on the holdings of F-Secure's permanent insiders who have a duty to declare can be found on the company's website.

F-Secure's IR-function is in charge of the company's insider issues.

Silent period

The company observes a silent period of 21 days before each quarterly report announcement. During the silent period, the company will arrange neither meetings nor conference calls with the investor community.

Communications

The aim of the Company's communications is to support the correct valuation of the company by providing the markets with sufficient information on F-Secure's financial position, strategy, and objectives. The Board of Directors has approved the disclosure policy that defines the guidelines in communications to financial markets and other parties. F-Secure's website contains all information that has been made public according to the disclosure requirements for listed companies.

BOARD OF DIRECTORS

RISTO SIILASMAA

Chairman of the Board of Directors since 2006

Board member since 1988

b. 1966, M.Sc. (Engineering)

Main employment history:

Currently Chairman of the Board, F-Secure Corporation

Founder, F-Secure Corporation

President and CEO, F-Secure Corporation, 1988–2006

Main board memberships and public duties:

Chairman of the Board of Directors of Nokia Corporation

Member of the Board of Directors of Mendor Oy

Vice Chairman of the Board of Federation of Finnish Technology Industries

Member of the Board of Directors of Confederation of Finnish Industries, EK

Member the Tsinghua SEM Advisory Board, Tsinghua University

Member of ERT European Roundtable of Industrialists

Holdings: number of shares 63,120,972 holding 39.75%

JUSSI AROVAARA

Board member since 2010

b. 1966

Main employment history:

Currently Vice President, Global Sales in Corel Corporation (UK)

Vice President, Global Operations, Corel Corporation (UK),

2010–2012

Senior Director, International Sales and Marketing Operations, Corel Corporation (UK), 2005–2009

Director, International Product Marketing, Corel Corporation (UK), 2004–2005

Vice President, EMEA Sales, Corel Corporation (UK), 2002–2004

Vice President, Sales Operations, Corel Corporation (Canada), 1999–2001

Before 1996 worked in several sales and marketing positions in computer wholesaling.

Holdings: number of shares 28,554

PERTTI ERVI

Board member since 2003, Chairman of the Audit Committee
b. 1957, B.Sc. (Electronics)

Main employment history:

Currently an independent management consultant
Co-CEO, Member of the Executive Board, Computer 2000 AG,
1995–2000

Co-founder, Managing Director, Computer 2000 Finland Oy,
1983–1995

Has worked at international management level with major IT
vendors such as Cisco, IBM, Intel, HP and Microsoft.

Main Board Memberships and public duties:

Chairman of the Board of Directors Nevtor Oy

Chairman of the Board of Directors Efecte Corporation

Chairman of the Board of Directors Ixonos Plc

Chairman of the Board of Directors Comptel Corporation

Member of the Board of Directors of Teleste Corporation

Holdings: number of shares 32,910

MATTI HEIKKONEN

Board member since 2013

b. 1976, M.Sc. (Eng.)

Main employment history:

Currently SEVP, Global Operations and partner of QuestBack
Group

Entrepreneur and CEO, Digium Ltd, 2007–2010

Head of Nokia-Cisco Systems global alliance in Nokia
Corporation, 2004–2007

Entrepreneur, Triple Check Ltd, researcher of Aalto University
of Finland, 2002–2004

Group marketing Director and Partner, Done Solutions Corp,
2000–2002

Entrepreneur and CEO, Identia Ltd, 1998–2000

Main board memberships and public duties:

Member of the Board of Directors of Ixonos Plc

Chairman of the Board of Directors of Finnish Software

Entrepreneurs Association

Holdings: number of shares 9,972

JUHO MALMBERG

Board member since 2008

b. 1962, M.Sc. (Computer Science)

Main employment history:

CEO, ZenRobotics Ltd. 2012–2014

Executive Vice President, Development and a Member of
Executive Board of KONE Corporation 2006–2012

Managing Director of Accenture Finland 2002–2005

Director, Nordic Outsourcing of Accenture, 2005

Deputy Managing Director of Accenture 1999–2002

Technology Director of Accenture 1992–1999

Main Board Memberships and public duties:

Member of the Board of Kemppi Oy

Senior advisor, ZenRobotics Ltd.

Holdings: number of shares 48,185

ANU NISSINEN

Board member since 2010

b. 1963, M.Sc. (Economics)

Main employment history:

Era Content Oy, Founding partner and CEO 2014–

CEO of Sanoma Media Finland Ltd and a Member of the
Executive Management Group of Sanoma, 2011–2013

President of Sanoma Entertainment Ltd, 2008–2011, and
Member of the Executive Management Group of Sanoma,

2008–2010

President of SW Television Ltd / Welho, 2004–2008

Marketing Director of Helsinki Televisio Ltd, 2001–2004

Marketing Manager of Oy Sinebrychoff Ab, 1998–2000

Main Board Memberships and public duties:

Member of the Board, DNA Oy

Member of the Board, Siili Solutions Oyj

Holdings: number of shares 28,554

PETER VESTERBACKA

Board member since 2014.

b. 1968

Main employment history:

Rovio Entertainment, Mighty Eagle, 2010–

Hewlett Packard, Founder, HP Bazaar, 1992–2006

Some Bazaar, Founder, 2006–2010

Main Board Memberships and public duties:

Member of the Board, American Chamber of Commerce in
Finland

Member of the Board, Bluegiga Technologies

Member of the Board, Startup Foundation

Member of the Board, Slush

Member of the Board, Filmkompaniet

Member of the Board, Goo Technologies

Holdings: number of shares 3,849

LEADERSHIP TEAM

CHRISTIAN FREDRIKSON

President and CEO

b. 1964, M.Sc. (Engineering)

F-Secure CEO since 2012

Mr. Fredrikson joined F-Secure in 2012. He was previously responsible for global sales for of Network Systems business unit at Nokia Siemens Networks. Past positions at Nokia Siemens Networks include Head of Asia Pacific Region at Nokia Siemens Networks and Head of OBS Business Unit (Operations and Business Software), including R&D and sales.

Mr. Fredrikson joined Nokia in 1994, and has held several executive level positions in the company, including R&D and sales. He is a member of the Communications Administration Committee of Ministry of Transport and Communications in Finland as well as a member of the Steering Board of the European Cloud Partnership under the European Commission.

Main Board Memberships taken: member of the Board in Remedy Entertainment Ltd, member of the Board in DIGI.FI and in Åbo Akademi Stiftelse.

Holdings: –

JANNE JUVONEN

Executive Vice President, CMO

b.1966 eMBA

Member of the Leadership Team since 2014

Mr. Juvonen joined F-Secure in 2014. Previously he worked for Rovio Entertainment Ltd. and prior to that he has held positions in sales and management in several domestic and international companies, such as Rautakirja Oy, Carlsberg Baltics, Carlsberg Singapore and Carlsberg Asia. He has also worked for Oy Sinebrychoff Ab, Coca Cola Juomat Oy, Anttila Oy and Masterfoods Oy.

Holdings: -

SAMU KONTTINEN

Executive Vice President, Consumer Security

b. 1973

Member of the Leadership Team since 2009

Mr. Konttinen joined F-Secure in 2005. Previously he has served as Executive Vice President, Sales and Marketing, Vice President of Sales and Geographical Operations as well as Vice President of Mobile Business Unit. Prior to that, he worked in sales and channel management, including as Director of Regional Operations, covering operations in EMEA. Before joining F-Secure Mr. Konttinen held a Vice President position at Valimo Wireless Ltd 2001–2005.

Main Board Memberships taken: member of the Board in Ixonos Plc.

Holdings: number of shares: 67,103

TIMO LAAKSONEN

Vice President, Content Cloud (until 28 Feb 2015)

b. 1961, M.Sc. (Economics)

Member of the Leadership Team since 2012

Prior to joining F-Secure in 2012, Mr. Laaksonen worked as Chief Commercial Officer in Tecnotree Corporation. He started his career in enterprise IT sales and marketing management in Nokia Data and Teamware Group (Fujitsu), then moved on to drive and manage a number of international growth business ventures in the telecom, internet and mobile arena, as Executive VP in Sonera SmartTrust and as CEO of First Hop and Xtract.

Holdings: 9,039

JOHANNA ORJATSALO

Vice President, Human Resources and Office services

b. 1973, M. Sc. (Economics)

Member of the Leadership Team since 2014

Mrs. Orjatsalo joined F-Secure in January 2011. Previously she has been responsible for organizational and talent development, especially in sales and marketing. Prior to joining F-Secure Orjatsalo has worked in sales and as a managing consultant at Accenture in 2006–2010. Prior to that she worked for Capgemini (2001–2006) McKinsey & Company (2000–2001) and Gemini Consulting (1998–2000).

Holdings: -

JARI STILL

Vice President, Research & Development Operations

b. 1965, B.Sc

Member of the Leadership Team since 2012

Mr Still joined F-Secure in 2000. Previously he has worked as the Head of research and development of Mobile Business Unit. Prior to joining F-Secure he worked as co-founder and Chief Executive Officer in Modera Point Oy and in its subsidiary in San Jose, CA. Earlier in his career Mr. Still has worked for Finnish telecommunication and software companies in product development and management positions. He also has several positions of trust in software and business forums. Still is e.g. a member of the VTT ICT and Electronics Advisory Board.

Holdings: number of shares: 100,657

PEKKA USVA

Vice President, Corporate Security

b. 1969, Datanome

Member of the Leadership Team since 2012.

Mr. Usva joined F-Secure in 1995 and has served in various positions including a Director in Corporate Business Solutions, a Director of Product Management and Development in Corporate Business and a Director of Solution Management in Corporate Business.

Holdings: –

INFORMATION FOR SHAREHOLDERS

TANELI VIRTANEN

Chief Financial Officer (until 22 Feb 2015)

b. 1965, M.Sc. (Economics)

Member of the Leadership Team since 2002.

Prior to joining F Secure in 1999, Mr. Virtanen worked for Santasalo-JOT Group as Group Controller.

Holdings: number of shares: 50,149

SAILA MIETTINEN-LÄHDE

Chief Financial Officer (as of 23 Feb 2015)

s. 1962 M.Sc. (Engineering)

Member of the Leadership Team since 2015

Prior to joining F-Secure she worked as Deputy CEO and CFO of Talvivaara where her area of responsibility covered the Group's financial management, investor relations, treasury, risk management and communications. Her other previous employers include SIDOS Partners Ltd (2004), D. Carnegie AB (2000–2003), Orion Pharma (2000), Finnish National Fund for Research and Development (1998–1999) and various positions at Leiras Oy.

Holdings: number of shares: –

The main goal of F-Secure's investor communications is to make available correct, up-to-date information about F-Secure and its operations – impartially and simultaneously to all interest groups. All published investor information including annual reports, interim reports, as well as stock exchange and press releases are available on the Group's website www.f-secure.com/investors. All investor information is published in English and in Finnish. Subscriptions for the emailing list for stock exchange releases can be made by sending your contact details to investor-relations@f-secure.com.

F-Secure publishes a financial statement bulletin and three interim reports during 2015, and arranges news conferences for media and analysts at the time of publishing the quarterly reports. F-Secure observes a three-week silent period before the publishing of each quarterly report. During this time, F-Secure neither arranges meetings nor phone conferences with investors or analysts.

Annual General Meeting

The Annual General Meeting of F-Secure Corporation is scheduled to be held on Wednesday, April 8, 2015 at 3.30 p.m. (Finnish time) at F-Secure Corporation, Tammasaarenkatu 7, 00180 Helsinki. More information on how to attend as well as the documents for the meeting are available on the Group's webpage www.f-secure.com/investors.

Financial calendar for 2015

Financial Statements Bulletin	February 4
Annual Report	Latest week 12 in March
Q1 Interim Report	April 23
Q2 Interim Report	July 23
Q3 Interim Report	October 22

F-Secure share facts

Listing since (1999)	NASDAQ OMX Helsinki Ltd.
Trading symbol	FSC1V
Number of shares	158,798,739

IR Contacts

For any inquiries on F-Secure as an investment target, please contact: investor-relations@f-secure.com

F-Secure Corporation

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JOIN THE MOVEMENT

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