

ANNUAL REPORT 2013

SWITCH ON FREEDOM



THERE IS OPPORTUNITY IN THE AIR.

F-Secure has been protecting the digital lives of consumers and businesses for 25 years. Our Internet security and content cloud services are available through reseller partners, through over 200 operators in more than 40 countries and directly to consumers.

In 2013, the company's revenues were EUR 155 million and it has over 900 employees in more than 20 offices worldwide. F-Secure Corporation is listed on the NASDAQ OMX Helsinki.

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KEY FIGURES 2013

Revenues MEUR **155.1**

Operating Profit MEUR **27.1**

Earnings per share EUR **0.11**

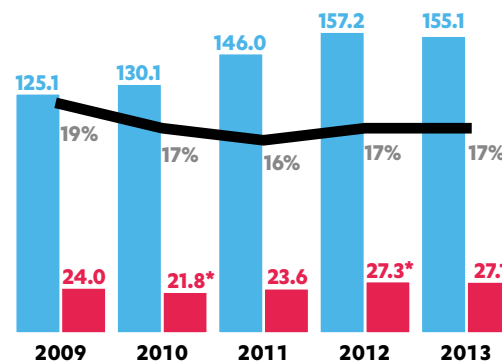
Dividend per share EUR **0.06**

Cash flow MEUR **28.5**

Equity ratio **74%**

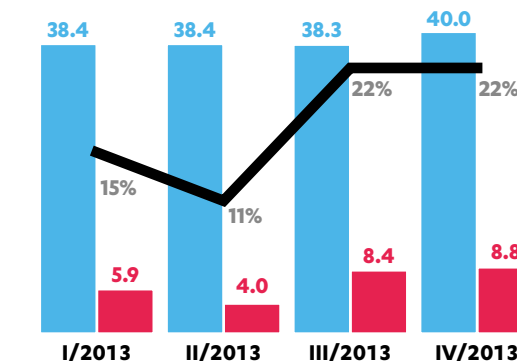
Personnel **939**

Revenues and operating profit
2009–2013, MEUR



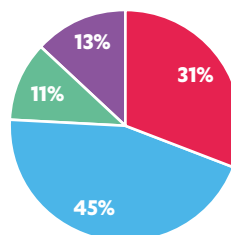
● Revenues ● Operating profit
● Operating profit margin
*excluding one-offs

Revenues and operating profit by
quarters 2013, MEUR



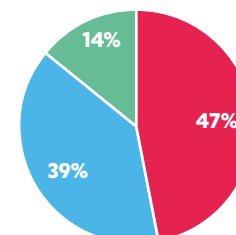
● Revenues ● Operating profit
● Operating profit margin

Regional revenue split
2013, %



● Nordic countries 31%
● Rest of Europe 45%
● North America 11%
● Rest of the world 13%

Personnel by function
2013, %



● Sales & Marketing 47%
● Research & Development 39%
● Administration 14%

WE ARE ABOUT DIGITAL FREEDOM.

F-SECURE IN BRIEF

People use multiple devices with multiple connections, and leave themselves open to multiple threats. F-Secure has been providing solutions for millions of homes and businesses to enhance their digital environment for more than 25 years. But our innovation goes beyond traditional anti-virus products. By delivering protection, privacy and cloud software no matter the device, our solutions enable consumers and business users to get out the most of the digital, mobile world without limits. For F-Secure, privacy is a cultural value that underlies our creation of the best protection in the world. We switch on freedom.

Customers

Through our 200 operator partners in more than 40 countries there are currently millions of users. We also serve consumers directly through our e-store and retailers in select markets, and business customers through our global network of resellers. Our services help people enjoy their digital lifestyles to the fullest, whether surfing, sharing content, social networking or at work. In the connected world, we create technology that enables our customers' security and privacy.

Products and services

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

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

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, so we can secure the ever-growing variety of devices of the post-PC era. We will focus primarily on small and medium size businesses and consumers by leveraging our current channels: operator channel, reseller network and direct touch.

We will increase our investments in sales and marketing activities to enforce our brand and expand our geographical presence. We aim to grow the overall subscriber base by tens of millions of users and seek to accelerate revenue growth. Growth is expected to come from the western hemisphere and emerging markets like Latin America and the APAC. As we invest in growth, the relative profitability remains at its current level and longer-term profitability continues to be driven by revenue growth and scalable operations.

Market Overview

The software business continues to be in transition. The Software-as-a-Service business model and cloud-based delivery are rapidly disrupting the traditional way of doing business. Everything will go to the cloud. Gartner predicts that the reign of the personal computer as the sole corporate access device is coming to a close, and by 2014, the personal cloud will replace the personal computer at the center of users' digital lives.

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. Post-Snowden revelations, people and corporations are more security and privacy sensitive and the need for security is even more pronounced.

Overall, the security software market is about \$20 billion and growing. The consumer security software market will grow to around \$6 billion by 2016 (\$4.3 billion in 2012), and the mobile security software market is growing at almost 40% per year over the next four years (Gartner, Jan 2013). F-Secure is in a great position to capture the opportunity in the growing security and personal cloud market, with our extensive security heritage over the past 25 years. Our strong commitment to data privacy also derives from our roots in Finland, where privacy is protected by law.

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

Serving tens of millions of people in 40+ countries.





CEO LETTER

Christian Fredrikson

SECURITY INDUSTRY IN TRANSITION

2013 was a year of major changes both for the security industry, and for the world as a whole. Edward Snowden's revelations of how the NSA has turned the Internet and modern technology into spying tools have shown that nothing, especially privacy, can be taken for granted. For over 25 years F-Secure has fought an ever-changing malware scene, but 2013 revealed a new kind of threat – that of mass government surveillance. We also continued to witness another dramatic change, the ongoing decline of the PC era as the majority of the growth in new device sales comes from post-PC mobile devices. The boom in devices spurs on the rush to the cloud, which will replace the personal computer at the center of users' digital lives. The Software-as-a-Service business model and cloud-based delivery are rapidly disrupting the traditional way of doing business – and eventually will redefine the security market.

The end of the security industry as we knew it?

For the past few years hardware suppliers have experienced a massive decline in traditional PC sales, compensated by growing smartphone and tablet device sales. We in turn have seen declining traditional PC security sales. Obviously, the changes in people's device usage reflect a change in the mentality of using the Internet. People are connected no matter when or where, not bound to a PC or laptop. Cloud technology is at the center of this change, making everything available at the tip of your fingers no matter where you are. What hasn't yet gone to the cloud, will go there. The impact of this change can not be overstated: the security market will be redistributed. Only those who can adapt rapidly will survive.

The interest in privacy issues sparked by the Snowden revelations is creating new opportunities for our industry. Consumers and businesses are much more interested in where their data is stored and what it is being used for than they were even a year ago. They are paying attention to the security and privacy aspects of software they use. It is becoming clearer to the public that online security is not just about protecting from malware. It is also about protecting your communications and your digital content from prying eyes. It's about using the best technology you can find, from the most trustworthy source.

People and businesses are wondering who they can trust, and F-Secure is well-positioned to be the one. There has never been a better time to be a Finnish company, with security, integrity and privacy written into our DNA. We have the backing of strong European and Finnish privacy laws. We have the Finnish reputation for stability and honesty and for valuing individual rights. In providing cloud-based software, these qualities are extremely important – they are what people are looking for.

Transform or get left behind

Over the past year we brought timely new products to the market and we improved our operations, resulting in good financial performance.

I am proud to say that F-Secure launched more new products in 2013 than any year before, many of them with the base in our cloud technology and our safe European cloud. We rolled out a secure, fully encrypted personal content cloud service, younited by F-Secure, which combines content from various cloud services and devices in one place. With our prelaunch of Freedom in November, we entered a new era of security from the cloud. We debuted a secure password manager, F-Secure Key, with password synchronization via a safe European cloud. These and other innovative products, such as App Permissions, aptly address people's very real security concerns. They received a lot of media attention as well as traction from early adopters.

We also continued improving our flagship products. Our business endpoint security product, Client Security, received the Best Protection 2013 award from AV-TEST in February 2014. We have now won this trophy for the third year in a row.

We also celebrated our 25th anniversary last year – 25 years of providing the best protection in the world. We are proud to have achieved this milestone, however, we are just getting started.

**“WHAT
HASN'T YET
GONE TO
THE CLOUD,
WILL GO
THERE.”**

We will fight for your freedom

In 2014 we are continuing to ride the three trends we see changing the market – mobility, cloudification and consumerization. These trends mark a significant change for us. We will enforce our brand awareness and go-to market activities to attract tens of millions new users and to turn the revenues back to growth. We will continue to expand our use of the cloud for powering existing PC and mobile security products, as well as develop new innovative products that are fully cloud-based. From the cloud, F-Secure can in a scalable way secure the ever-growing variety of Internet-connected devices, as well as provide other cloud-based services for use both at home and at the office.

With everything we do, we will be doing it securely, responsibly, with utmost respect for the privacy of people and their data. We will stand out from the crowd with products that not only delight the user, but also give them a solid assurance that with F-Secure, they remain in control of their data, their privacy. We will be there, fighting for people's digital freedom. We are in a great position to adapt to the changing requirements and to capture our share of the market redistribution.

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 could not be more excited about the prospects and opportunities for the new year. We have protected our customers for the last 25 years, and we will continue fighting for freedom in the future. Just like our new brand promise – let's 'Switch on freedom'.

Christian Fredrikson
President and CEO

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

BOARD OF DIRECTORS' REPORT 2013

F-Secure's financial performance was solid in 2013. Due to improved operational efficiency, the overall performance and cash flow were significantly stronger than in the previous year. The increased efficiency was also reflected by an unprecedented number of product launches throughout the year. The software industry is going through a transitional period, and the Software as a Service (SaaS) model and cloud-based distribution will reshape traditional business models. In F-Secure's revised strategy for 2014–2016, the main focus is on investing in the development and market entry of new cloud-based products. The key objectives during the strategy period are to expand the user base by tens of millions of people and to drive financial growth.

Financial performance and key figures

Total revenues for 2013 decreased by 1% at 155.1 million (2012: 157.2m; 2011: 146m). Revenues through the operator channel grew slightly from the previous year to 95.3 million (2012: 95.2m; 2011: 84.8m). Revenues through other channels decreased by 3%, to a total of 59.8 million (2012: 61.9m; 2011: 61.2m). The growth rate was negatively impacted by the contractual changes communicated at the beginning of the year, slower sales of traditional PC security in several countries, and changes in exchange rates.

EBIT was 27.1 million (2012: 20.3m including 7m in one-offs from restructuring the business in IV/2012; 2011: 23.6m), representing 17% (2012: 13%; 2011: 16%) of revenues. Earnings per share were EUR 0.11 (2012: EUR 0.09; 2011: EUR 0.11). Cash flow from operations was 28.5 million positive (2012: 25.6m positive; 2011: 20.8m positive). The change in net cash was 15.2 million positive (2012: 5.2m positive; 2011: 5m negative) including paid dividends of 9.3 million (2012: 9.3m; 2011: 9.3m). Deferred revenues were 38.7 million at the end of year (2012: 37.7m; 2011: 38.3m).

Total fixed costs were 123.7 million (2012: 131.2m; 2011: 115.9m), a decrease of 6% from the previous year. Depreciations (R&D activations, software, hardware) increased to 9 million (2012: 7.9m; 2011: 6.5m). The capitalized development expenses decreased to 0.3 million (2012: 4.9 m; 2011: 7.8m). The company continues its sales and marketing investments, especially in

the geographical expansion in Latin America. Total R&D costs decreased as a result of increased operational efficiency and the closing of the R&D unit in F-Secure SDC (France) at the end of 2012, which resulted in 7m of restructuring one-offs. The financial performance was in line with the guidance, as revised during the second quarter: revenue growth at the same level as in 2012 and a profitability of approximately 15% of revenues. The original guidance for 2013 was as follows: revenue growth over 5% from 2012 and a profitability of approximately 15% of revenues.

The annual geographical breakdown of revenues was as follows: Finland and Scandinavia 31% (2012: 31%; 2011: 32%), the rest of Europe 45% (2012: 45%; 2011: 45%), North America 11% (2012: 10%; 2011: 11%) and the rest of the world 13% (2012: 14%; 2011: 12%).

Operator channel

The Operator channel produced nearly two thirds of F-Secure's total revenue in 2013. F-Secure has more than 200 partners in over 40 countries, with an addressable market of over 250 million broadband customers. The total number of F-Secure's operator partners is significantly larger than that of any other security service vendor. F-Secure provides various Internet security and content cloud products for consumers and business customers through the Operator channel.

During the latter part of 2013, F-Secure developed and pre-launched **younited**, a new, safe and easy-to-use content cloud service. An increasing number of operator partners are using the service under the "younited by F-Secure" brand instead of their own customized service name. The new service strengthens the company's competitive position in the growing private cloud market.

F-Secure signed over ten new content cloud contracts in 2013. The service was also launched by several operators, including BT (UK), Belgacom (Belgium), Tango (Luxemburg), Eastlink (Canada) and SFR (France). AT&T's content cloud service, released already in 2012, continued its solid subscriber growth throughout the year.

Traditional PC security sales were slow in several countries. F-Secure's new business concept converging mobile and PC security, Safe Avenue, continued to grow very well, balancing the weaker sales of PC security. The company signed several new Safe Avenue contracts in 2013 with new partners such as Ono (Spain), Virgin Media (UK), Toya (Poland), Tiscali (Italy), Elisa (Finland), Caiway (The Netherlands) and Netia (Poland). Security as a Service solutions for small and medium-sized businesses also gained success in the Operator channel. New partnerships signed in 2013 included Telenor Group and Comcast, the largest cable operator in the United States.

The partnership with Telefonica in Latin America progressed well. Telefonica expanded their Internet security offering by launching services in Brazil as well as several other countries, such as Colombia, Nicaragua, Argentina, Guatemala and Costa Rica. At the end of the year, American Movil, the world's fifth largest operator group, selected F-Secure as their multi-device security provider. Latin America is a key growth area for F-Secure.

Annual revenues were 95.3 million (95.2m) and 62% (61%) of total revenues.

Corporate and Direct to Consumer channels

Corporate and Direct to Consumer channels mainly provide new license and renewal sales for a wide range of Internet security and content cloud services for PC and mobile devices. The share of the Security as a Service (SaaS) concept in corporate sales is growing at an increasing pace. The Corporate channel serves customers globally, mainly through the reseller and Managed Services Partner network. The Consumer channel works globally through F-Secure eStore, AppStore, Google Play and retailers in selected markets.

F-Secure was awarded the top rating in the strategy category in an independent evaluation of top enterprise client endpoint security vendors (The Forrester Wave™, January 2013). In their report, Forrester Research Inc. cited F-Secure's business model that closely aligns with the climate change in enterprise IT, in which organizations are procuring services rather than

products. F-Secure's score was among the highest also in the antimalware category, which is yet another indication of the competitiveness of the company's security product portfolio.

Customer satisfaction in security services remained at a healthy level. This is visible in increasing deferred revenues of 38.7 million (37.7m). Annual revenues decreased by 3% to 59.8 million (61.9m) and 38% (39%) of total revenues.

Product announcements

F-Secure develops and sells security and content cloud products that support personal computers, servers and an increasing set of major smartphone, tablet and other mobile device operating systems. The company's services include a wide range of Internet security products, such as anti-virus, anti-theft, browsing protection and parental control, and content cloud services for backing up, synchronizing and sharing content.

In 2013, the key product announcements were as follows:

- F-Secure pre-launched **Freedome**, a new cloud-based security and online privacy product, in selected European countries and the US. The Freedome release underscores a major shift in digital lives and services – security and content are moving to the cloud, making it possible for software and content to be always up to date and protected. More information: <http://freedom.f-secure.com/>
- F-Secure **Key** was launched in November. The solution simplifies the complexity that consumers face in creating and managing their passwords, user names and other credentials. F-Secure Key is available for all consumer devices and it is updated in real time via our private, Europe-based cloud. Users will be immediately notified if someone tries to log into their account or change their credentials.
- F-Secure also launched **App Permissions** in November. App Permissions is a next-generation application that helps users control the private data that they share with third parties.

- In October, the company pre-launched **younited** for consumers, gaining intense interest among both users and the media with the new solution. With younited, users can protect their music, pictures, videos and other digital content on their mobile phone, computer, or tablet. The solution synchronizes and backs up their files to one safe place, and users can easily view, share, and organize all their content from any device. Younited will be launched later this year for SMB customers. More information: <http://www.younited.com>
- In August, when the school year began in Finland, the company launched F-Secure **Lokki**, a personal and private location sharing and messaging application for families and close friends. Lokki is a free application available for consumers via mobile application stores. More information: <http://www.lokki.fi>
- The new **Client Security Premium** was launched for businesses in early July. The solution lets businesses prevent exploits of known software vulnerabilities and provides protection against newly discovered vulnerabilities that have not been patched yet.
- In May, F-Secure rolled out **DeepGuard 5** technology, which proactively prevents exploits of software vulnerabilities. It detects exploit attempts by monitoring the processes of commonly targeted programs and blocks any suspicious or malicious behavior that indicates an exploit attempt.
- In April, the company launched the completely rebuilt **Online Scanner**. This free tool automatically cleans up malicious rootkits that are difficult to find, and it is easy to use with just a couple of clicks. Online Scanner does not install itself on the user's PC, so the user can simply run the tool without having to worry about it later.
- In February, F-Secure launched the new **Safe Avenue** product, which combines award-winning best protection technologies, allowing consumers to easily manage the

security of all their devices. With Safe Avenue, consumers purchase a certain number of security licenses from their operator, and then can apply those licenses to any of their devices, switching to any combination of computers, tablets, and smartphones. Safe Avenue supports PC, Mac and Android, with support for iOS coming soon.

- In February, F-Secure launched F-Secure **Antibot**, a new product that fights botnets by cleaning infected PCs and devices on operators' networks. It guides the users through a self-cleaning process, cutting out the need to call the operator helpdesk, resulting in considerable savings for operators. F-Secure Antibot works across platforms, supporting Windows and Android, and later this year Mac OSX.
- In February, the new version of **Client Security** (version 10) was launched with a number of new and improved features like Windows 8 support and DeepGuard 4 technology, which protects workstations and servers from zero-day attacks.
- F-Secure **Client Security** won the **Best Protection 2013** 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 the new and enhanced products have been well received by the audience, and they are powered by F-Secure's safe European cloud.

Risks and uncertainties

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

F-Secure's risks and uncertainties are related to, among other things, the competitiveness of F-Secure's product

portfolio, competitive dynamics in the industry, pricing models (e.g. free services, cost of content cloud services), impact of changes in technology, market fluctuations, timely and successful commercialization of complex technologies and new products and solutions, the ability to protect intellectual property (IPR) in F-Secure's solutions as well as the use of third-party technologies on reasonable commercial terms, subcontracting relationships, regional development in new growth markets, sustainability of partner relationships, compromising stored personal data, penalties related to service quality, and risk exposure from increasing contractual liability requirements and from the development of new business areas.

Events after period-end

In January 2014, the company started consultation procedures at F-Secure SDC (France). The legacy online backup product will reach its end of life as planned, and the next generation of content cloud products requires less resources for delivery and maintenance. This leads to reorganization of operations in F-Secure SDC (France) and may impact up to 22 positions.

Personnel and organization

F-Secure's personnel amounted to a total of 939 at the end of the year (931).

The composition of the Leadership Team at the beginning of 2014 is as follows: **Christian Fredrikson** (President and CEO), **Samu Konttinen** (Consumer Security Business and interim Customer and Market Operations), **Timo Laaksonen** (Content Cloud Business), **Johanna Orjatsalo** (Human Resources & Facilities), **Pirkka Palomäki** (Chief Strategy Officer), **Jari Still** (R&D Operations), **Pekka Usva** (Corporate Security Business) and **Taneli Virtanen** (Chief Financial Officer).

Financing and capital structure

Cash flow from operations for the year was 28.5 million positive (25.6m positive). The change of net cash was 15.2 million

positive (5.2m positive) including paid dividends of 9.3 million (9.3m) in April. Net financial income was 0.7 million negative (0.3m negative).

The market value of the liquid assets of F-Secure at the end of the quarter was 47.7 million (33.1m). Changes in exchange rates, especially USD, JPY and BRL, had a negative impact on revenues and profitability, and a positive impact on costs.

The company's capital expenditure for the year was 3.7 million (10.3m). Capitalized development expenses were 0.3m (4.9m).

F-Secure's financial position remained solid. F-Secure's equity ratio at the end of the year was 74% (73%) and the gearing ratio was 66% negative (51% negative).

The objective of F-Secure's capital management is to achieve an efficient capital structure that ensures the functioning of business operations and promotes the increase of shareholder value.

Taxation

Finnish tax authorities have changed their interpretation of the right to deduct paid withholding tax in some countries. Thus, the company has been obligated to pay previously approved withholding tax from 2012. This also applies to the financial year 2013. The company is reviewing opportunities to avoid double taxation. In addition, the reduction to the corporate tax rate in Finland increased booked tax in 2013 while reducing calculative tax receivables. As a consequence, the company booked extra tax amounting to 3.7 million, resulting in a tax rate of 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 2013, the company held 3,415,835 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 2013, the company assigned a total of 316,555 shares to 19 participants of the F-Secure share-based incentive program as a reward payment based on the 2009 earning period (share-based incentive program 2008–2010). In January 2014, the company assigned a total of 379,591 shares as a reward payment based on the 2010 earning period (share-based incentive program 2008–2010) and the 2011 earning period (share-based incentive program 2011–2014). After these transfers, F-Secure Corporation holds a total of 3,036,244 of its own shares. The company currently has a share-based incentive program, for the 2011–2013 earning period, for its key employees and a synthetic option-based incentive program, for the 2012–2014 earning period.

Corporate Governance

F-Secure complies with the Corporate Governance recommendations for publicly listed companies published by the Securities Market Association, a body established by the Confederation of Finnish Industries EK, the Central Chamber of Commerce, and NASDAQ OMX Helsinki Ltd. F-Secure published its corporate governance statement for 2012 in the Annual Report and on the company web site in March 2013.

Annual General Meeting

The Annual General Meeting of F-Secure Corporation was held on April 3, 2013. The Meeting confirmed the financial statements for the financial year 2012. The members of the Board and the President and CEO were granted a discharge from liability. The Annual General Meeting also made the following decisions:

The Annual General Meeting decided to distribute a dividend of EUR 0.06 per share, according to the recommendation of the Board of Directors. The dividend was paid to those shareholders who were registered on the record date of April 8, 2013 in the Register of Shareholders held by Euroclear Finland Ltd. The dividend was paid on April 16, 2013.

The Annual General Meeting decided that the annual compensation for the Chairman of the Board will remain at the previous year's level of EUR 55,000. The compensation for the chairmen of Executive and Audit Committees will be EUR 40,000 and for members EUR 30,000. Approximately 40% of the annual remuneration will be paid in company shares.

The Annual General Meeting decided that the Board of Directors will consist of seven (7) members. The following members were re-elected: Jussi Arovaara, Sari Baldauf, Pertti Ervi, Juho Malmberg, Anu Nissinen and Risto Siilasmaa. Matti Heikkonen was elected to the Board of Directors as a new member. In their initial meeting, the Board elected Mr. Siilasmaa as the Chairman of the Board. The Board nominated Mr. Siilasmaa as the Chairman of the Executive Committee and Ms. Baldauf 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. Malmberg were nominated as members of the Audit Committee.

The auditors' fee will be paid against an approved invoice. Ernst & Young Oy was re-elected as the auditor, with APA Erkkä Talvinko acting as the responsible partner.

The Board of Directors was authorized to pass a resolution to purchase a maximum of 10,000,000 company shares. The amount represents approximately 6.3% of all shares issued by the company. The authorization is valid for one (1) year. The authorization covers the purchase of shares through public trading on 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.

Derivative, share lending, and other contracts customary to the capital markets may be concluded, pursuant to law and applicable legal provisions, in the purchase of the company's own shares. 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 company will

purchase its own shares for use in the incentive compensation plans, 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. 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 13,415,835 own shares of the company either against consideration or without payment. The authorization is valid for one (1) year. The authorization entitles the Board of Directors 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 is also authorized to sell the shares through public trading on NASDAQ OMX Helsinki Oy. The Board of Directors shall have the right to decide on other matters related to the transfer of the company's own shares.

The Annual General Meeting authorized the Board of Directors 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. The Board of Directors decides on all conditions regarding 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 2012 for a directed share issue was reversed.

Market overview

The software business is in transition. The Software as a Service business model and cloud-based delivery are rapidly changing the traditional business models. The changes are also visible

in the device market. While PCs continue to play an important role in the device landscape, especially in business use, the majority of the growth in new device sales will come from post-PC mobile devices; i.e. tablets, smartphones and other Internet-connected devices. The use of private and personal clouds to store and share data is now growing quickly. Gartner predicts that the reign of the personal computer as the sole corporate access device is coming to a close, and by 2014, the personal cloud will replace the personal computer at the center of users' digital lives.

Worldwide PC shipments have decreased over seven consecutive quarters. Consumers' shift from PCs to mobile devices for daily content consumption has continued to decrease the installed base of PCs in both mature and emerging markets. Tablet computers and smartphones are becoming the most dominant form of devices on the market, although the highest growth has passed, according to IDC (December 2013).

The growing variety of connected devices and services create increasing complexity for both businesses and individuals. The threat landscape is becoming more sophisticated and threats to online security have grown and evolved considerably. Social media and mobile devices are making users' security and privacy more vulnerable. And in addition to traditional malware, governmental surveillance and espionage is a reality. After Snowden's revelations, consumers and corporations have become much more conscious about the need for security.

The overall size of the security software market is about \$20 billion and growing. The consumer security software market will grow to approximately \$6 billion by 2016 (\$4.3 billion in 2012), and the mobile security software market is growing almost at 40% per year over the next four years (Gartner, Jan 2013). The market landscape for security software technology will change. Based on several industry analyst estimates, the Security as a Service (SaaS) business model is expected to see continued strong growth and to increase its market share over traditional license sales. By 2015, 10 percent of overall IT security enterprise product capabilities will be delivered in

the cloud, according to Gartner (April 2013). The analyst firm expects the cloud-based security services market to reach \$4.2 billion by 2016. In today's world, consumers and companies are looking for products that are simple to use and engaging, while keeping their data safe. The personal cloud business opportunity is emerging. In 2011, Forrester already estimated that this market would reach \$12 billion by 2016, based on subscriber growth and new business models.

F-Secure is in a great position to capture the opportunity in the growing security and personal cloud market, with its extensive security heritage developed over the past 25 years. The company's strong commitment to data privacy also derives from the fact that its roots are in Finland, where privacy is protected by law.

Long-term objectives and strategy summary for 2014–16

F-Secure has revised its strategy for a new strategy period. The company is focusing on cloud-based initiatives to protect people's identity, data and devices in the post-PC era and multi-device environment. The new strategy is built on the following three trends that are changing the security market:

Mobility and new devices. The vast growth of post-PC devices is changing the traditional way of using the Internet. In this new world, protecting the irreplaceable, in the form of digital memories, privacy, reputation, and time, is even more relevant than protecting just physical devices.

Cloudification. In the future, most of the data and services will be in the cloud – or rather, in many clouds. This means that there will be an opportunity to solve both the security and usability challenges that people and businesses have while using many clouds, as well as to deliver products and services, including security, from the cloud.

Consumerization and BYOD. Software products and apps that consumers adopt and love are finding their way to the corporate stage, and products made for corporate use are expected to exhibit the same user-friendliness and simplicity that people have come to expect from consumer products.

The needs and desires for both hardware and software are often the same, regardless of whether the use is personal or professional in nature.

Based on the company's strong technology assets, foresight on the security landscape and customer insights, F-Secure is continuing to create new innovative products and business models. The company will increasingly use the cloud for powering existing PC and mobile security products and develop new products that are fully cloud-based. The cloud is a scalable way to provide security for the ever-growing range of devices. In 2013, F-Secure launched a new cloud-based security product, Freedom, as well as a personal cloud product, younited, that put users in control of their digital lives.

The company will focus primarily on small and medium-sized businesses and consumers by leveraging its current channels. F-Secure has a strong relationship and solid track record of doing business with over 200 operator partners that serve hundreds of millions consumers and businesses in over 40 countries. The company also has thousands of resellers providing services to businesses. F-Secure has built direct-to-consumer capabilities to drive revenues, to get customer insight directly from consumers and to build brand awareness globally.

The company will increase its investments in sales and marketing activities to enforce its brand and expand its geographical presence. The investments in direct business, social media, viral marketing and sales will strengthen the brand and product awareness and support the expansion in the SMB business segment. F-Secure will also expand its partner network.

During the strategy period 2014–2016, the company aims to grow the overall subscriber base by tens of millions of users and seeks accelerating revenue growth. The subscriber growth will contribute to both brand recognition and revenues. The growth is expected to come from the western hemisphere and certain emerging markets, such as Latin America and the APAC region. As the company invests in growth, the relative profitability remains at its current level and longer-term

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

Outlook for 2014

Investments in 2014 will focus on sales and marketing activities and on bringing new cloud-based initiatives successfully to the market to achieve significant growth in the subscriber base. Traditional PC security sales through operator partners is expected to improve slightly, driven by Safe Avenue. Geographically, Latin America is expected to continue as a growth driver. New cloud-based products are expected to contribute to growth towards the end of the year. Content cloud sales in the form of F-Secure's younited product are expected to develop favorably through operators, and especially through small and medium-sized businesses. Next-generation security products, such as the recently launched Freedom for consumers, will soon be launched also for small and medium-sized business, and they are expected to change the security market.

Significant growth is expected especially from annual subscriptions of security and content cloud products for consumers as well as small and medium-sized businesses. As a consequence, estimated sales growth is higher than revenue growth in 2014, and this will also be visible in increasing deferred revenues.

The company expects overall one-off costs to be less than 3 million, related to efficiency improvements and reorganization in F-Secure SDC (France).

The management's estimation for the year is as follows: annual revenue is estimated to grow from 2013 with a stronger second half. The annual profitability is estimated to be around 15% of revenues, excluding the one-off costs mentioned above.

The revenue estimate is based on the sales pipeline at the time of publishing, existing subscriptions and support contracts as well as current exchange rates. The company continues to prioritize growth over short-term profitability and plans to invest the majority of the improved earnings in growth opportunities in its core business.

Proposal for dividend distribution

The Board of Directors is proposing to the Annual General Meeting, to be held on April 3, 2014, that a dividend of EUR 0.06 per share is to be paid from the distributable shareholders' equity. The suggested dividend record date is April 8, 2014 and the payment date April 15, 2014. The dividend payout ratio is approximately 55%. On December 31, 2013, the parent company's distributable equity amounted to a total of EUR 51.4 million. No material changes have taken place in the company's financial position after the balance sheet date and the proposed dividend does not compromise the company's financial standing.

Helsinki, February 13, 2014
F-Secure Corporation

Risto Siilasmaa
Jussi Arovaara
Sari Baldauf
Pertti Ervi
Matti Heikkonen
Juho Malmberg
Anu Nissinen

President and CEO
Christian Fredrikson

**25 YEARS
OF DIGITAL
SECURITY
EXPERIENCE.**

STATEMENT OF COMPREHENSIVE INCOME JAN 1–DEC 31, 2013

| EUR 1,000 | Note | Consolidated, IFRS 2013 | Consolidated, IFRS 2012 |
|---|--------|----------------------------|----------------------------|
| NET SALES | (1) | 155,098 | 157,172 |
| Material and service | | –7,036 | –7,438 |
| GROSS MARGIN | | 148,062 | 149,734 |
| Other operating income | (2) | 2,707 | 1,756 |
| Sales and marketing | (3, 4) | –73,600 | –70,936 |
| Research and development | (3, 4) | –41,685 | –49,311 |
| Administration | (3, 4) | –8,410 | –10,973 |
| OPERATING RESULT | | 27,074 | 20,270 |
| Financial income | (7) | 1,182 | 1,576 |
| Financial expenses | (7) | –1,896 | –1,904 |
| Share of profit of associate | (11) | –31 | –47 |
| PROFIT (LOSS) BEFORE TAXES | | 26,329 | 19,896 |
| Income taxes | (8) | –9,861 | –5,835 |
| RESULT FOR THE FINANCIAL YEAR | | 16,468 | 14,061 |
| OTHER COMPREHENSIVE INCOME | | | |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods | | | |
| Exchange difference on translation of foreign operations | | –90 | 183 |
| Available-for-sale financial assets | (7) | 141 | 104 |
| Taxes related to components of other comprehensive income | (8) | –15 | –25 |
| COMPREHENSIVE INCOME FOR THE YEAR | | 16,504 | 14,323 |
| Result of the financial year is attributable to: | | | |
| Equity holders of the parent | | 16,468 | 14,061 |
| Comprehensive income for the year is attributable to: | | | |
| Equity holders of the parent | | 16,504 | 14,323 |
| Earnings per share | | | |
| – basic | (9) | 0.11 | 0.09 |
| – diluted | | 0.11 | 0.09 |

STATEMENT OF FINANCIAL POSITION DEC 31, 2013

| EUR 1,000 | Note | Consolidated, IFRS 2013 | Consolidated, IFRS 2012 | EUR 1,000 | Note | Consolidated, IFRS 2013 | Consolidated, IFRS 2012 |
|-------------------------------------|------|----------------------------|----------------------------|---|------|----------------------------|----------------------------|
| ASSETS | | | | SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| NON-CURRENT ASSETS | | | | SHAREHOLDERS' EQUITY (18) | | | |
| Tangible assets | (10) | 8,329 | 9,767 | Share capital | | 1,551 | 1,551 |
| Intangible assets | (10) | 16,839 | 20,847 | Share premium | | 165 | 165 |
| Goodwill | (12) | 19,398 | 19,398 | Treasury shares | | -7,782 | -8,419 |
| Investments in associated companies | (11) | | 94 | Fair value reserve | | 321 | 195 |
| Deferred tax assets | (13) | 4,417 | 5,035 | Translation differences | | -77 | 14 |
| Total non-current assets | | 48,983 | 55,141 | Reserve for invested unrestricted equity | | 5,051 | 5,051 |
| CURRENT ASSETS | | | | Retained earnings | | 73,531 | 66,547 |
| Inventories | (14) | 270 | 235 | Equity attributable to equity holders of the parent | | 72,760 | 65,105 |
| Trade and other receivables | (15) | 39,227 | 36,008 | NON-CURRENT LIABILITIES | | | |
| Income tax receivables | (15) | 260 | 2,688 | Deferred tax liabilities | (13) | 372 | 446 |
| Available-for-sale financial assets | (16) | 25,685 | 16,793 | Provisions | (20) | | 130 |
| Cash and bank accounts | (17) | 22,210 | 16,480 | Other non-current liabilities | (21) | 9,159 | 8,497 |
| Total current assets | | 87,653 | 72,204 | Total non-current liabilities | | 9,531 | 9,073 |
| TOTAL ASSETS | | 136,635 | 127,345 | CURRENT LIABILITIES (21) | | | |
| | | | | Trade and other payables | | 23,059 | 23,289 |
| | | | | Income tax liabilities | | 1,732 | 627 |
| | | | | Other current liabilities | | 29,553 | 29,252 |
| | | | | Total current liabilities | | 54,344 | 53,167 |
| | | | | TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | | 136,635 | 127,345 |

STATEMENT OF CASH FLOWS DEC 31, 2013

| EUR 1,000 | Note | Consolidated, IFRS 2013 | Consolidated, IFRS 2012 |
|--|------|----------------------------|----------------------------|
| CASH FLOW FROM OPERATIONS | | | |
| Result for the financial year | | 16,468 | 14,061 |
| Adjustments | (24) | 20,833 | 19,867 |
| Cash flow from operations before change in working capital | | 37,302 | 33,927 |
| Change in net working capital | | | |
| Current receivables, increase (–), decrease (+) | | –3,507 | 658 |
| Inventories, increase (–), decrease (+) | | –35 | 115 |
| Non-interest bearing debt, increase (+), decrease (–) | | 640 | –399 |
| Provisions, increase (+), decrease (–) | | –130 | 130 |
| Cash flow from operations before financial items and taxes | | 34,269 | 34,432 |
| Interest expenses paid | | –58 | –7 |
| Interest income received | | 154 | 15 |
| Other financial income and expenses | | –115 | –217 |
| Income taxes paid | | –5,754 | –8,623 |
| Cash flow from operations | | 28,496 | 25,599 |

| EUR 1,000 | Note | Consolidated, IFRS 2013 | Consolidated, IFRS 2012 |
|---|------|----------------------------|----------------------------|
| CASH FLOW FROM INVESTMENTS | | | |
| Investments in intangible and tangible assets | | –3,999 | –11,120 |
| Proceeds from sale of intangible and tangible assets | | 12 | |
| Proceeds from sale of associated companies | | 15 | |
| Proceeds from sale of other investments | | 7 | 1 |
| Cash flow from investments | | –3,965 | –11,120 |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Dividends paid | | –9,323 | –9,304 |
| Cash flow from financing activities | | –9,323 | –9,304 |
| Change in cash | | 15,208 | 5,176 |
| Cash and bank at the beginning of the period | | 33,127 | 28,051 |
| Translation difference | | –728 | –205 |
| Change in net fair value of current available-for-sale assets | | 141 | 105 |
| Cash and bank at period end | | 47,748 | 33,127 |

STATEMENT OF CHANGES IN EQUITY DEC 31, 2013

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, 2011 | 1,551 | 169 | -9,002 | 116 | -169 | 5,050 | 61,843 | 59,558 |
| Available-for-sale financial assets, net | | | | 80 | | | | 80 |
| Translation difference | | | | | 184 | | | 184 |
| Result of the financial year | | | | | | | 14,061 | 14,061 |
| Total comprehensive income for the year | | | | 80 | 184 | | 14,061 | 14,324 |
| Dividends | | | | | | | -9,304 | -9,304 |
| Cost of share based payments | | | 583 | | | | -55 | 528 |
| 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 |

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Basic information

F-Secure produces software protection and Internet security services for consumers and businesses against computer viruses and other threats coming through the Internet or mobile networks, as well as online backup services preventing loss of valuable content and enabling sharing of important files.

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

In their meeting on 13 February 2014 the Board of Directors of F-Secure Corporation has agreed to permit the publication of the consolidated financial statements of F-Secure Corporation for the year 2013. According to the Finnish Companies Act, the Annual General Meeting can confirm or reject the consolidated financial statement after publication. The General Annual Meeting can also decide to change the financial statement.

Basis for preparation

The consolidated financial statements of F-Secure Corporation of 2013 have been prepared in accordance with International Financial Reporting Standards (IFRS) and IAS- and IFRS- standards as well as SIC- and IFRIC- interpretations valid 31st of December 2013 has been followed as adopted by the EU. The disclosures also conform to Finnish Accounting legislation.

Since 1 January 2013 the Group has adopted the following new or amended Standards and Interpretations during the year. The changes had no significant impact on the Group's financial statements.

Amendment to IAS 1 Presentation of Items of Other Comprehensive Income (effective for financial years beginning on or after 1 January 2013): The items of the other

comprehensive income are grouped according to whether they are reclassified later to the profit and loss statement.

Amendment to IFRS 7 Disclosures-Offsetting Financial Assets Financial Liabilities (effective for financial years beginning on or after 1 January 2013): The standard specifies information what is needed of the financial instruments that are set off in accordance with paragraph 42 of IAS 32.

Amendment to IAS 19 Employee Benefits (effective for financial years beginning on or after 1 January 2013): The standard establishes the principle that the cost of providing employee benefits should be recognized in the period in which the benefit is earned by the employee, rather than when it is paid or payable, and outlines how each category of employee benefits are measured, providing detailed guidance in particular about post-employment benefits.

IFRS 13 Fair Value Measurement (effective for financial years beginning on or after 1 January 2013): The standard applies to IFRSs that require or permit fair value measurements or disclosures and provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement.

Improvements to IFRSs 2009–2011, May 2012 (effective for financial years beginning on or after 1 January 2013): These include small changes which refer to five different standards.

Amendment IFRS 1 Government Loans (effective for financial years beginning on or after 1 January 2013): The amendment allows not to apply IAS 39 to measure retrospectively government loans with a below-market rate of interest at fair value on initial recognition.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine: (effective for financial years beginning on or after 1 January 2013): This interpretation deals with waste removal costs that are incurred in surface mining activity during the production phase of the mine ('production stripping costs').

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 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 and has recognized these tax losses as deferred tax assets. 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.
- used arguments when recognizing share-based payment transactions: the cost of share-based payment transactions are based on to 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 control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The Company's holding in the associated companies is also consolidated. The Group's investment in its associate is accounted for under the equity method of accounting. The income statement reflects the share of the results of operations of the associate. Equity accounting is discontinued when the carrying amount of the investment in an associated company reaches zero, unless the Group has incurred or guaranteed obligations in respect of the associated company. The Group's share of profit or loss of an associate is shown as a separate line after the operating result.

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. The segment is reported in a manner consistent with the internal reporting provided with the chief operating decision maker. The chief operating decision maker, who is responsible for the allocating

resources and assessing performance, has been identified as the Executive Team that makes strategic decisions.

Foreign currency translation

The presentation currency of F-Secure Group is the euro, which is the measurement currency of the parent. For purposes of inclusion in the consolidated financial statements, the balance sheet of each foreign entity is translated into euros at the exchange rates prevailing at the balance sheet date. The income statement of each foreign entity is translated at the average exchange rates for the financial year. The resulting net translation difference is recorded in the shareholders' equity and the change in the 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 recorded 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 costs are expensed as 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 technology-based intangible assets and 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. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. These grants are recognized as other operating income in the income statement. Government grants related to an asset are deducted from the acquisition cost of the asset and recognized as income by reducing the depreciation charge of the asset they relate to.

Inventories

Inventories are valued at the lower of cost and net realizable value with cost being determined by first-in first-out method. Net realizable value is the estimated selling price in the ordinary course of business, 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. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and written down to its recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. 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 increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. 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; 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 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 F-Secure 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 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 fulfill.

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 to directly allocable expenses to the respective function, and other operating expenses have been allocated to functions on the basis of 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 a trade receivables are impaired. Evidence of impairment may include indications that the debtors 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 from 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

The Group has not applied the following standard that has been issued, but is not yet effective.

IFRS 12 The Disclosure of Interests in other Entities (the standard becomes effective for financial years beginning on or after 1 January 2014. The adoption of the new standard will increase the presentation of the notes to the financial statements of the Group.

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, 2013 | Operator Channel | Other Channels | Group |
|---------------------------------|------------------|----------------|---------|
| Revenue from external customers | 95,310 | 59,788 | 155,098 |

| Consolidated Dec 31, 2012 | Operator Channel | Other Channels | Group |
|---------------------------------|------------------|----------------|---------|
| Revenue from external customers | 95,236 | 61,936 | 157,172 |

Geographical information

| 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 |

| Consolidated Dec 31, 2012 | Finland and Scandinavia | Rest of Europe | North America | Rest of the world | Group |
|---------------------------------|-------------------------|----------------|---------------|-------------------|---------|
| Revenue from external customers | 47,930 | 71,225 | 15,855 | 22,161 | 157,172 |
| Segment long-term assets | 24,663 | 23,647 | 698 | 1,097 | 50,106 |

2. OTHER OPERATING INCOME

| EUR 1,000 | Consolidated 2013 | Consolidated 2012 |
|-------------------|-------------------|-------------------|
| Rental revenue | 149 | 156 |
| Government grants | 2,513 | 1,583 |
| Other | 45 | 18 |
| Total | 2,707 | 1,756 |

3. DEPRECIATION AND REDUCTION IN VALUE

| EUR 1,000 | Consolidated 2013 | Consolidated 2012 |
|--|-------------------|-------------------|
| Depreciations from non-current assets | | |
| Other intangible assets | -2,185 | -2,903 |
| Capitalized development | -2,606 | -1,121 |
| Intangible assets | -4,791 | -4,024 |
| Machinery and equipment | -3,799 | -3,511 |
| Other tangible assets | -373 | -405 |
| Tangible assets | -4,172 | -3,916 |
| Total depreciation | -8,963 | -7,940 |
| Reduction in value from non-current assets | | |
| Other intangible assets | | -5,000 |
| Total reduction in value | | -5,000 |
| Total depreciation and reduction in value | -8,963 | -12,940 |
| Depreciations and reduction in value by function | | |
| Sales and marketing | -3,944 | -5,464 |
| Research and development | -4,831 | -6,996 |
| Administration | -188 | -480 |
| Total depreciation and reduction in value | -8,963 | -12,940 |

4. PERSONNEL EXPENSES

| EUR 1,000 | Consolidated 2013 | Consolidated 2012 |
|--|-------------------|-------------------|
| Personnel expenses | | |
| Wages and salaries | -54,052 | -56,079 |
| Pension expenses – defined contribution plan | -7,157 | -7,345 |
| Share-based payments | -1,264 | -745 |
| Other social expenses | -4,837 | -5,509 |
| Total | -67,309 | -69,678 |

Employee benefits of Management are stated in disclosure 27. Related party transactions
Share-based payments are stated in disclosure 19. Share-based payment transactions

| | | |
|-------------------------------------|------------|------------|
| Average number of personnel | 949 | 970 |
| Personnel by function Dec 31 | | |
| Sales and marketing | 437 | 409 |
| Research and development | 366 | 389 |
| Administration | 136 | 133 |
| Total | 939 | 931 |

5. NON-RECURRING ITEMS

| EUR 1,000 | Consolidated 2013 | Consolidated 2012 |
|--|-------------------|-------------------|
| Non-recurring items | | |
| Reduction in value | | -5,000 |
| Personnel expenses | | -2,238 |
| Other operating expenses | | -1,394 |
| Total | | -8,632 |
| Non-recurring items by function | | |
| Sales and marketing | | -2,429 |
| Research and development | | -5,538 |
| Administration | | -666 |
| Total | | -8,632 |

6. AUDIT FEES

| EUR 1,000 | Consolidated 2013 | Consolidated 2012 |
|------------------|-------------------|-------------------|
| Group auditor | | |
| Audit fees | -138 | -124 |
| Tax consulting | -34 | -24 |
| Other consulting | -110 | -16 |
| Total | -283 | -163 |
| Others | | |
| Audit fees | -19 | -21 |
| Tax consulting | -29 | -62 |
| Total | -48 | -83 |

7. FINANCIAL INCOME AND EXPENSES

| EUR 1,000 | Consolidated 2013 | Consolidated 2012 |
|---|-------------------|-------------------|
| Financial income | | |
| Dividends from Available-for-sale financial assets | 2 | 2 |
| Other income from Available-for-sale financial assets | 103 | 662 |
| Interest income from loans and receivables | 155 | 14 |
| Exchange gains | 913 | 892 |
| Other financial income | 9 | 7 |
| Total | 1,182 | 1,576 |
| Financial expenses | | |
| Interest expense from loans and other liabilities | -56 | -5 |
| Exchange losses | -1,697 | -1,775 |
| Other financial expenses | -142 | -123 |
| Total | -1,896 | -1,904 |
| Components of other comprehensive income | | |
| Available-for-sale financial assets | | |
| Gains/(losses) arising during the year | 201 | 361 |
| Reclassification adjustments included in the income statement | -60 | -256 |
| Total | 141 | 105 |

8. INCOME TAXES

| EUR 1,000 | Consolidated 2013 | Consolidated 2012 |
|--|-------------------|-------------------|
| Income taxes of the business activity | -8,088 | -6,901 |
| Income taxes from previous years | -1,245 | -129 |
| Deferred tax | -528 | 1,194 |
| Total | -9,861 | -5,835 |
| Components of other comprehensive income | | |
| Available-for-sale financial assets | -15 | -25 |

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 2013 and 2012 is as follows:

| | | |
|--|--------|--------|
| Result before taxes | 26,329 | 19,896 |
| Income taxes at statutory rate of 24.5% | -6,451 | -4,874 |
| Taxes on foreign subsidiaries' net income in excess of income taxes at statutory rates | -35 | -334 |
| The change in tax rates | -474 | |
| Non-deductible expenses/tax-exempt revenues | 259 | -358 |
| Unrecognised tax losses | 45 | -93 |
| Income taxes from previous years | -1,245 | -129 |
| Other | -1,960 | -48 |
| Total | -9,861 | -5,835 |

Finnish tax authorities have changed their interpretation of the right to deduct paid withholding tax in some countries. Thus, the Parent Company has been obligated to pay previously approved withholding tax from 2012. This applies also to the financial year 2013.

9. EARNINGS PER SHARE

| EUR 1,000 | Consolidated 2013 | Consolidated 2012 |
|---|-------------------|-------------------|
| Basic earnings per share amounts are calculated by dividing net profit for the year attributable on 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 | 16,468 | 14,061 |
| Weighted average number of ordinary shares (1,000) | 155,374 | 155,057 |
| Effect of dilution: share options | 9 | 1,718 |
| Adjusted weighted average number of ordinary shares for diluted earning per share | 155,383 | 156,774 |
| Basic earnings per share (EUR/share) | 0.11 | 0.09 |
| Diluted earnings per share (EUR/share) | 0.11 | 0.09 |

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, 2012 | 24,357 | 14,327 | 19,398 | 58,082 | 22,592 | 3,662 | 26,254 |
| Translation difference | -36 | | | -36 | -28 | 7 | -21 |
| Additions | 706 | 4,882 | | 5,588 | 4,314 | 357 | 4,671 |
| Disposals | -441 | -828 | | -1,269 | -169 | -32 | -201 |
| Acquisition cost Dec 31, 2012 | 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 | 18,725 | 19,398 | 63,148 | 28,982 | 3,643 | 32,625 |
| Acc. depreciations Jan 1, 2012 | -10,163 | -3,267 | | -13,428 | -14,761 | -2,422 | -17,183 |
| Translation difference | 36 | | | 36 | 14 | -8 | 6 |
| Depreciation of the financial year | -2,901 | -1,121 | | -4,022 | -3,514 | -386 | -3,900 |
| Depreciation of disposals | 292 | | | 292 | 122 | 18 | 140 |
| Reduction in value | -5,000 | | | -5,000 | | | |
| Acc. depreciations Dec 31, 2012 | -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 |
| Book value as at Dec 31, 2012 | 6,851 | 13,994 | 19,398 | 40,244 | 8,569 | 1,198 | 9,767 |
| Book value as at Dec 31, 2013 | 5,107 | 11,732 | 19,398 | 36,237 | 7,651 | 677 | 8,328 |

11. INVESTMENTS IN ASSOCIATE

| EUR 1,000 | Consolidated 2013 | Consolidated 2012 |
|---|-------------------|-------------------|
| Book value as at Jan 1 | 94 | 155 |
| Share of associated companies' results | -94 | -61 |
| Book value as at Dec 31 | | 94 |
| Associate's balance sheet, revenue and profit | | |
| Assets | | 449 |
| Liabilities | | 179 |
| Revenue | | 1,386 |
| Profit | | -134 |
| Associated companies | Group (%) | Group (%) |
| Vineyard International Ltd, Helsinki Finland | | 34.83 |

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 2014 planning and after that revenue growth of 7% during 2015–2018, and after that terminal growth of 1%. The CAGR of 7% growth is based on Gartner's estimation of revenues for the consumer and enterprise antivirus business globally. (source: Gartner, 2013). The profitability is based on past years' profitability level, 2014 planning and longer term communicated profitability target level. The used discount rate is 13.8% 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 8%, or if the profitability level remained the same, and the revenue would decline by 15% compared to previous year (year after year) in 2014–2018, the discounted amount would meet the book value. Test is not practically sensitive to discount rate.

13. DEFERRED TAX

| EUR 1,000 | Consolidated 2013 | Consolidated 2012 |
|--|-------------------|-------------------|
| Deferred tax assets | | |
| Other temporary differences | 3,905 | 4,430 |
| Losses carried forward | 512 | 605 |
| Total | 4,417 | 5,035 |
| Deferred tax assets, changes in year: | | |
| Recognized in profit or loss | -618 | 1 |
| Deferred tax liability | | |
| Other temporary differences | 230 | 283 |
| Fair value adjustments on acquisition | 62 | 98 |
| Change in fair value, available-for-sale | 80 | 65 |
| Total | 372 | 446 |
| Deferred tax liabilities, changes in year: | | |
| Recognized in profit or loss | -89 | -1,196 |
| Recognized in other comprehensive income | 15 | 25 |

At December 31, 2013 the Group had 6.1 million euro losses carried forward that are available indefinitely for offset against future taxable profits in the companies in which the losses arose. Deferred tax assets have been recognized of 1.5 million losses as at the minimum that amount may be used to offset future taxable profits.

14. INVENTORIES

| EUR 1,000 | Consolidated 2013 | Consolidated 2012 |
|-------------------|-------------------|-------------------|
| Other inventories | 270 | 235 |

No impairment was recognized from inventories in years 2013 and 2012.

15. RECEIVABLES

| EUR 1,000 | Consolidated 2013 | Consolidated 2012 |
|-------------------------------------|-------------------|-------------------|
| Current receivables | | |
| Trade receivables | 32,737 | 30,466 |
| Loan receivables | 15 | 18 |
| Other receivables | 1,178 | 1,157 |
| Prepaid expenses and accrued income | 5,297 | 4,366 |
| Accrued income tax | 260 | 2,688 |
| Total | 39,487 | 38,696 |

Trade receivables

As at 31 December 2013, trade receivables at nominal value of 863 thousand EUR (2012: 1,135 thousand EUR) were impaired and fully provided for.

| | | |
|-------------------------|-------|-------|
| Book value as at Jan 1 | 1,135 | 628 |
| Charge for the year | -65 | 700 |
| Utilised | -207 | -193 |
| Book value as at Dec 31 | 863 | 1,135 |

| Ageing analysis of trade receivables | total | not due | past due < 90 days | > 90 days |
|--------------------------------------|--------|---------|--------------------------|--------------|
| As at 31 Dec, 2013 | 32,737 | 25,018 | 7,373 | 346 |
| As at 31 Dec, 2012 | 30,466 | 22,514 | 7,503 | 449 |

Material items included in prepaid expenses and accrued income

| | | |
|---------------------------|--------------|--------------|
| Prepaid expenses | 3,361 | 2,479 |
| Prepaid expenses, royalty | 1,936 | 1,887 |
| Total | 5,297 | 4,366 |

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, 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 2013 | Consolidated 2012 |
|----------------------------------|-------------------|-------------------|
| Fair value as at Jan 1 | 16,792 | 15,993 |
| Additions/deductions, net | 8,493 | 539 |
| Change in fair value | 401 | 260 |
| Fair value as at Dec 31 | 25,685 | 16,792 |
| Shares – unlisted | 147 | 145 |
| Maturity date less than 3 months | 25,538 | 16,647 |
| Fair value as at Dec 31 | 25,685 | 16,792 |
| Acquisition value as at Dec 31 | 25,284 | 16,532 |

17. CASH AND SHORT-TERM DEPOSITS

| EUR 1,000 | Consolidated 2013 | Consolidated 2012 |
|--------------------------|-------------------|-------------------|
| Cash at bank and in hand | 22,210 | 16,480 |

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 23. 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 | 22,210 | 16,480 |
| Available-for-sale | 25,538 | 16,647 |
| Total | 47,748 | 33,127 |

18. SHAREHOLDERS' EQUITY

Issued and fully paid

| EUR 1,000 | Number of shares | Share capital | Share premium fund | Unrestricted equity reserve | Treasury shares |
|-----------------------------------|------------------|---------------|--------------------|-----------------------------|-----------------|
| 31 Dec, 2011 | 154,791,426 | 1,551 | 169 | 5,051 | -9,001 |
| Exercise of share based incentive | 274,923 | | | | 583 |
| 31 Dec, 2012 | 155,066,349 | 1,551 | 169 | 5,051 | -8,418 |
| Exercise of share based incentive | 316,555 | | | | 636 |
| 31 Dec, 2013 | 155,382,904 | 1,551 | 169 | 5,051 | -7,782 |

The share capital amounted to 1,551,311 euro and the number of shares was 158,798,739 (including own shares 3,415,835) at the end of the year 2013. A share has no nominal value. Accountable par value is EUR 0.01. Group's own shares were exercised in year 2013 as share based incentive 316,555 shares (274,923 shares 2012).

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 companies' 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 2013 0.06 euro per share.

Final dividend for year 2012 0.06 euro per share, paid during the year 2013: 9,322,974 euro.

Final dividend for year 2011 0.06 euro per share, paid during the year 2012: 9,303,981 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 total

number of acquired treasury shares was 3,415,835 at the end of the year 2013. This represent 2.1 percent of the Company's voting power on December 31, 2013.

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, 2011 | 154 | -40 | 115 | 115 |
| Available-for-sale, net | 244 | -59 | 185 | 185 |
| Fair value gains/losses to PL | -139 | 34 | -105 | -105 |
| 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 |

19. SHARE-BASED PAYMENT TRANSACTIONS

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

Synthetic option-based incentive programs

The synthetic option-based incentive programs have been established on February 2009 and November 2012 as part of the key employee incentive and retention system within F-Secure Group. The programs 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 programs will last five years. Both comprises three granting periods and subsequent vesting period of two years after each granting year. The program 2009–2011 ended on December 31, 2013. 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 2009 is 2.17 euro. The subscription price for the granting period of 2010 is 2.27 by Board decision on November 30, 2010. The subscription price for the granting period of 2011 is 2.10. 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.

Options outstanding

| EUR 1,000 | Jan 1–Dec 31, 2013 | Jan 1–Dec 31, 2012 |
|---------------------------|--------------------|--------------------|
| Outstanding Jan 01 | 1,845,000 | 1,820,000 |
| Granted | 965,000 | 950,000 |
| Forfeited | 230,000 | 15,000 |
| Expired | 775,000 | 910,000 |
| Outstanding Dec 31 | 1,805,000 | 1,845,000 |

Expense arising from share-based payment transactions during the period was 88 thousand euro (–30 thousand euro in year 2012). The carrying amount of liability at December 31, 2013 was 106 thousand euro. There was no settlement for granting periods 2009–2011.

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

Used arguments:

| | Synthetic option program | |
|-----------------------------------|---------------------------------|-------------|
| | 2013 | 2012 |
| Weighted average share price € | 1.92 | 1.51 |
| Weighted average exercise price € | – | – |
| Expected volatility | 29.92% | 23.72% |
| Option life in years | 2.0 | 2.0 |
| Risk-free interest rate | 0.53% | 0.35% |
| 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 2008–2010 has been established on May 2008. The program will last six years. It comprises three earning and lock-up periods. The participating employee may not sell or transfer the shares received before the end of the lock-up period on each earnings period. The program ended on December 31, 2013. The rewards were settled in two phases so that one part is settled as equity-settled payment and one part as cash-settled

payment. Within the framework of the program, the aggregate number of shares to be given as reward cannot exceed 5 million shares.

The share-based incentive program 2011–2013 has been established on 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 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 1,190 thousand euro (775 thousand euro in year 2012). During the period F-Secure has assigned a total of 316,555 shares and cash payment payment corresponding the registration date value of the share to the participants as a reward for the 2009 earning period. The costs of the equity-settled transactions are 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.

20. PROVISIONS

| EUR 1,000 | Consolidated 2013 | Consolidated 2012 |
|---|-------------------|-------------------|
| A provision was recognized for the vacant premises. | | |
| Book value as at Jan 1 | | |
| Arising during the year | | 130 |
| Book value as at Dec 31 | | 130 |
| Other | | 130 |

21. LIABILITIES

| EUR 1,000 | Consolidated 2013 | Consolidated 2012 |
|--|-------------------|-------------------|
| Non-current liabilities | | |
| Deferred revenues | 9,159 | 8,497 |
| Total | 9,159 | 8,497 |
| Current liabilities | | |
| Deferred revenues | 29,553 | 29,252 |
| Trade payables | 5,194 | 4,371 |
| Other liabilities | 2,006 | 2,370 |
| Accrued expenses | 15,859 | 16,548 |
| Income tax liabilities | 1,732 | 627 |
| Total | 54,344 | 53,167 |
| Material amounts shown under accruals and deferred income | | |
| Accrued personnel expenses | 11,476 | 12,230 |
| Deferred royalty | 958 | 1,018 |
| Accrued expenses | 3,425 | 3,300 |
| Total | 15,859 | 16,548 |

22. FINANCIAL ASSETS AND LIABILITIES

| EUR 1,000 | Consolidated 2013 | Consolidated 2012 |
|-------------------------------------|-------------------|-------------------|
| Loans and other receivables | 15 | 18 |
| Trade receivables | 32,737 | 30,466 |
| Available-for-sale financial assets | 25,685 | 16,792 |
| Cash and bank accounts | 22,210 | 16,480 |
| Trade payables | -5,194 | -4,371 |
| Total | 75,453 | 59,386 |

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, 2013 | 25,685 | 25,538 | – | 147 |
| Available-for-sale financial assets Dec 31, 2012 | 16,792 | 16,647 | – | 145 |

During the reporting period ending 31 December 2013, there were no transfers between levels.

23. 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 22. Financial assets and liabilities

Liquidity risk

Despite of the economic downturn the Group's liquidity remained at good level. At the end of the year the market value of the liquid funds were 47.7 million euros (33.1 million euros in 2012) of which 25.5 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 2013 | Consolidated 2012 |
|---------------|-------------------|-------------------|
| Nominal value | 2,785 | 3,278 |
| Fair value | 122 | 61 |

F-Secure Corporation has hedged receivables denominated in JPY and SEK with a forward rate contract. The forward rate contracts expires on January 23 and April 24, 2014. 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 | 65 | 63 |
| SEK, GBP | 12 | 12 |
| USD, JPY | 18 | 19 |
| Other currencies | 5 | 6 |
| | 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 | 71 | 68 |
| SEK, GBP | 8 | 9 |
| USD, JPY | 13 | 17 |
| Other currencies | 8 | 7 |
| | 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 | +373/-373 | +194/-194 |
| GBP, SEK | +286/-286 | +274/-274 |
| BRL | +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 a capital. There is 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.

AGM 2007 made a decision to book the share premium to distributable equity. This enabled the company to use various actions to improve the efficiency of the equity; and/or to return the equity to shareholders.

EGM 2008 decided on capital repayment of EUR 0.23 per share totalling 35.7 million euros.

24. NOTES TO CASH FLOW STATEMENT

| EUR 1,000 | Consolidated 2013 | Consolidated 2012 |
|---------------------------------------|-------------------|-------------------|
| Adjustments | | |
| Deferred income | 2,101 | -72 |
| Depreciation and amortization | 8,963 | 12,940 |
| Profit / loss on sale of fixed assets | 27 | 210 |
| Other adjustments | -833 | 627 |
| Financial income and expenses | 714 | 327 |
| Income taxes | 9,861 | 5,835 |
| Total | 20,833 | 19,867 |

25. 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 2013 | Consolidated 2012 |
|---|-------------------|-------------------|
| Within one year | 5,724 | 5,642 |
| After one year but not more than five years | 6,452 | 10,121 |
| Total | 12,176 | 15,763 |
| Rents during the period | 5,274 | 5,096 |

26. CONTINGENT LIABILITIES

| EUR 1,000 | Consolidated 2013 | Consolidated 2012 |
|-------------------|-------------------|-------------------|
| Other liabilities | | |
| Others | 40 | 106 |

27. RELATED PARTY DISCLOSURES

The Group's related parties include parent company, subsidiaries and associate, as well as members of the Board, managing director and members of the Leadership Team.

Compensation of key management personnel of the Group

| EUR 1,000 | Consolidated 2013 | Consolidated 2012 |
|--|-------------------|-------------------|
| Wages and other short-term employee benefits | 2,575 | 2,055 |
| Share-based payments | 430 | 359 |
| Total | 3,005 | 2,414 |

Wages and other short-term employee benefits

| EUR 1,000 | Consolidated 2013 | Consolidated 2012 |
|------------------------------------|-------------------|-------------------|
| Managing directors | 420 | 262 |
| Members of the boards of directors | 240 | 225 |

Board of directors 2013 and managing director

| | Wages | Fees | Incentive reward | Other compensations |
|---|-------|------|------------------|---------------------|
| Christian Fredrikson, managing director | 420 | – | 244 | – |
| Risto Siilasmaa, chairman of the board | – | 55 | – | – |
| Jussi Arovaara | – | 30 | – | – |
| Sari Baldauf | – | 33 | – | – |
| Pertti Ervi | – | 40 | – | 1 |
| Matti Heikkonen | – | 23 | – | – |
| Juho Malmberg | – | 30 | – | – |
| Anu Nissinen | – | 30 | – | – |
| Total | 420 | 240 | 244 | 1 |

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 27.11.2013–31.12.2015.

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 77 thousand euro (48 thousand euro in year 2012). 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, Hyderabad | 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 Tecnologia da Informacao Ltda | 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 | 100 |

28. SHARES AND SHAREHOLDERS, DECEMBER 31, 2013

Shares and share ownership distribution, December 31, 2013

| Shares | Number of shareholders | Percentage of shareholders | Total shares | Percentage of shares |
|----------------|------------------------|----------------------------|--------------|----------------------|
| 1–100 | 3,218 | 14.23% | 206,338 | 0.13% |
| 101–1,000 | 14,709 | 65.05% | 5,511,424 | 3.47% |
| 1,001–10,000 | 4,363 | 19.30% | 12,568,120 | 7.91% |
| 10,001–50,000 | 258 | 1.14% | 5,529,311 | 3.48% |
| 50,001–100,000 | 31 | 0.14% | 2,236,977 | 1.41% |
| 100,001– | 33 | 0.15% | 132,746,569 | 83.59% |
| Total | 22,612 | 100.00% | 158,798,739 | 100.00% |

| Shareholder category, December 31, 2013 | Total shares | Percentage of shares |
|---|--------------|----------------------|
| Corporations | 7,030,262 | 4.43% |
| Financial and insurance institutions | 27,009,591 | 17.01% |
| General government | 29,044,905 | 18.29% |
| Non-profit organizations | 998,360 | 0.63% |
| Households | 93,967,167 | 59.17% |
| Other countries and international organizations | 748,454 | 0.47% |
| Total | 158,798,739 | 100.00% |

Largest shareholders and administrative register

| Owner | Shares | % shares | % votes |
|--|-------------|----------|---------|
| Risto Siilasmaa | 63,111,351 | 39.74% | 40.62% |
| Varma Mutual Pension Insurance Company | 13,659,874 | 8.60% | 8.79% |
| Ilmarinen Mutual Pension Insurance Company | 8,242,031 | 5.19% | 5.30% |
| Mandatum Life Insurance Company | 6,674,081 | 4.20% | 4.30% |
| The State Pension Fund | 5,000,000 | 3.15% | 3.22% |
| Ari Hyppönen | 3,843,332 | 2.42% | 2.47% |
| Ismo Bergroth | 3,000,000 | 1.89% | 1.93% |
| Nordea Nordic Small Cap Fund | 2,872,920 | 1.81% | 1.85% |
| Mandatum Life Unit-Linked | 2,207,500 | 1.39% | 1.42% |
| Kaleva Mutual Insurance Company | 2,036,000 | 1.28% | 1.31% |
| Administrative register | | | |
| Nordea Pankki Suomi Oyj | 6,713,506 | 4.23% | 4.32% |
| Skandinaviska Enskilda Banken | 4,208,831 | 2.65% | 2.71% |
| Clearstream Banking S.A. | 487,295 | 0.31% | 0.31% |
| Other registers | 472,999 | 0.30% | 0.30% |
| Other shareholders | 32,853,184 | 20.69% | 21.14% |
| Total | 155,382,904 | | 100.00% |
| Ownership of management | | | |
| Own shares F-Secure Corporation | 3,415,835 | 2.15% | |
| Total | 158,798,739 | 100.00% | |

Ownership of management

| Board of Directors | Shares | % shares |
|------------------------|------------|----------|
| Risto Siilasmaa | 63,111,351 | 39.74% |
| Jussi Arovaara | 23,306 | 0.01% |
| Sari Baldauf | 116,340 | 0.07% |
| Pertti Ervi | 25,914 | 0.02% |
| Matti Heikkonen | 4,724 | 0.00% |
| Juho Malmberg | 42,937 | 0.03% |
| Anu Nissinen | 23,306 | 0.01% |
| Total | 63,347,878 | 39.89% |
| Leadership Team | | |
| Ari Alakiuttu | 31,633 | 0.02% |
| Samu Konttinen | 41,633 | 0.03% |
| Maria Nordgren | 20,815 | 0.01% |
| Pirkka Palomäki | 53,597 | 0.03% |
| Jari Still | 82,698 | 0.05% |
| Taneli Virtanen | 41,633 | 0.03% |
| Total | 272,009 | 0.17% |

Ownership of management

The Board of Directors owned a total of 63,347,878 shares on December 31, 2013. This represents 39.9 percent of the Company's shares and 40.8 percent of votes.

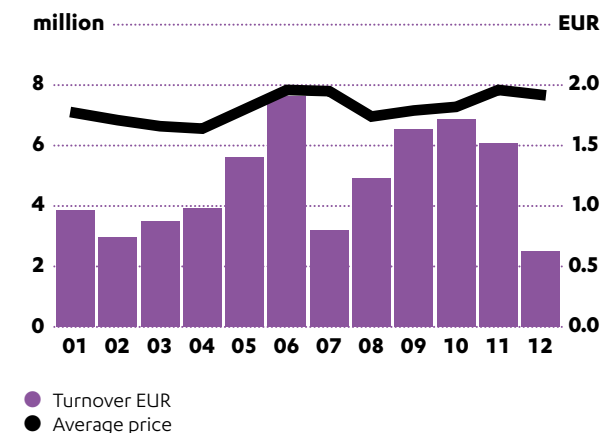
29. KEY RATIOS

| Economic indicators | IFRS 2013 | IFRS 2012 | IFRS 2011 | IFRS 2010 | IFRS 2009 | Key ratios | IFRS 2013 | IFRS 2012 | IFRS 2011 | IFRS 2010 | IFRS 2009 |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|--------------------------------|-----------|-----------|-----------|-----------|-----------|
| Net sales (MEUR) | 155.1 | 157.2 | 146.0 | 130.1 | 125.1 | Earnings / share (EUR) | 0.11 | 0.09 | 0.11 | 0.10 | 0.12 |
| Net sales growth % | -1% | 8% | 12% | 4% | 11% | Earnings / share diluted | 0.11 | 0.09 | 0.10 | 0.10 | 0.12 |
| Operating result (MEUR) | 27.1 | 20.3 | 23.6 | 19.8 | 24.0 | Shareholders' equity per share | 0.46 | 0.41 | 0.38 | 0.33 | 0.31 |
| % of net sales | 17.5% | 12.9% | 16.2% | 15.2% | 19.2% | Dividend per share * | 0.06 | 0.06 | 0.06 | 0.06 | 0.06 |
| Result before taxes | 26.3 | 19.9 | 23.5 | 19.9 | 25.2 | Dividend per earnings (%) | 54.5% | 66.7% | 54.5% | 60.0% | 50.0% |
| % of net sales | 17.0% | 12.7% | 16.1% | 15.3% | 20.1% | Effective dividends (%) | 3.2% | 3.9% | 3.0% | 3.0% | 2.2% |
| ROE (%) | 24.9% | 22.6% | 29.5% | 30.3% | 32.2% | P/E ratio | 17.6 | 17.1 | 19.0 | 23.1 | 22.8 |
| ROI (%) | 40.9% | 34.9% | 44.3% | 42.5% | 45.0% | Share price, lowest (EUR) | 1.55 | 1.32 | 1.88 | 1.97 | 1.86 |
| Equity ratio (%) | 74.3% | 72.7% | 68.1% | 69.1% | 69.8% | Share price, highest (EUR) | 2.15 | 2.14 | 2.66 | 2.93 | 3.14 |
| Investments (MEUR) | 3.7 | 10.3 | 18.7 | 10.4 | 37.2 | Mean share price (EUR) | 1.81 | 1.79 | 2.26 | 2.27 | 2.43 |
| % of net sales | 2.4% | 6.6% | 12.8% | 8.0% | 29.7% | Share price Dec 31 | 1.87 | 1.55 | 2.01 | 2.00 | 2.74 |
| R&D costs (MEUR) | 41.7 | 49.3 | 39.3 | 34.5 | 28.0 | Market capitalization (MEUR) | 297.0 | 246.1 | 319.2 | 315.1 | 431.5 |
| % of net sales | 26.9% | 31.4% | 26.9% | 26.5% | 22.4% | Trading volume (millions) | 31.8 | 23.0 | 42.6 | 65.9 | 55.5 |
| Capitalized development (MEUR) | 0.3 | 4.9 | 7.8 | 2.3 | 1.7 | Trading volume (%) | 20.5% | 14.9% | 27.6% | 42.5% | 35.6% |
| Gearing % | -50.9% | -50.9% | -47.1% | -63.2% | -68.5% | | | | | | |
| Wages and salaries (MEUR) | 54.1 | 56.1 | 48.3 | 45.9 | 39.7 | | | | | | |
| Personnel on average | 949 | 970 | 878 | 835 | 770 | | | | | | |
| Personnel on Dec 31 | 939 | 931 | 942 | 812 | 826 | | | | | | |

* Board proposal

| Adjusted number of shares | IFRS 2013 | IFRS 2012 | IFRS 2011 | IFRS 2010 | IFRS 2009 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Average during the period | 155,374,231 | 155,056,557 | 154,432,955 | 154,967,615 | 155,770,113 |
| Average during the period, diluted | 155,382,904 | 156,774,495 | 157,499,090 | 158,893,701 | 160,248,717 |
| Dec 31 | 158,798,739 | 158,798,739 | 158,798,739 | 157,539,243 | 157,469,243 |
| Dec 31, diluted | 159,178,330 | 159,115,294 | 160,940,348 | 160,990,852 | 161,269,612 |

Turnover and average share price per month 2013



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, 2013

| EUR 1,000 | | FAS 2013 | FAS 2012 |
|--|--------|----------|----------|
| NET SALES | (1) | 133,345 | 135,906 |
| Material and service | | –7,225 | –7,503 |
| GROSS MARGIN | | 126,121 | 128,402 |
| Other operating income | (2) | 4,341 | 3,182 |
| Sales and marketing | (3, 4) | –58,032 | –58,773 |
| Research and development | (3, 4) | –41,224 | –40,687 |
| Administration | (3, 4) | –8,350 | –9,162 |
| OPERATING RESULT | | 22,856 | 22,962 |
| Financial income and expenses | (6) | 1,909 | 94 |
| PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES | | 24,765 | 23,055 |
| Change in depreciation reserve | | –1 | –411 |
| Income taxes | (7) | –8,510 | –5,989 |
| RESULT FOR THE FINANCIAL YEAR | | 16,254 | 16,656 |

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WHAT
PEOPLE
NEED
TOMORROW.**

BALANCE SHEET DEC 31, 2013

| EUR 1,000 | FAS 2013 | FAS 2012 |
|---|----------------|----------------|
| ASSETS | | |
| NON-CURRENT ASSETS | | |
| Intangible assets (8) | 24,948 | 30,519 |
| Tangible assets (8) | 3,668 | 4,119 |
| Investments in associated companies (9) | | 42 |
| Investments in group companies (9) | 5,926 | 25,894 |
| Total non-current assets | 34,543 | 60,574 |
| CURRENT ASSETS | | |
| Inventories (11) | 270 | 235 |
| Long-term receivables (12) | 3,023 | 5,247 |
| Short-term receivables (12) | 37,972 | 36,223 |
| Short-term investments (13) | 25,685 | 15,447 |
| Cash and bank accounts (14) | 15,739 | 9,357 |
| Total current assets | 82,689 | 66,508 |
| TOTAL ASSETS | 117,232 | 127,083 |

| EUR 1,000 | FAS 2013 | FAS 2012 |
|---|----------------|----------------|
| SHAREHOLDERS' EQUITY AND LIABILITIES | | |
| SHAREHOLDERS' EQUITY (15, 16) | | |
| Share capital | 1,551 | 1,551 |
| Share premium | 165 | 165 |
| Treasury shares | -7,782 | -8,419 |
| Fair value reserve | 321 | 162 |
| Reserve for invested unrestricted equity | 5,051 | 5,051 |
| Retained earnings | 37,865 | 30,615 |
| Profit for the financial year | 16,254 | 16,656 |
| Total shareholders' equity | 53,424 | 45,780 |
| APPROPRIATIONS | | |
| Depreciation reserve | 1,140 | 1,139 |
| LIABILITIES | | |
| Deferred tax liabilities (10) | 80 | 53 |
| Long-term liabilities (18) | 7,185 | 6,427 |
| Short-term liabilities (18) | 55,403 | 73,684 |
| Total liabilities | 62,668 | 80,163 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 117,232 | 127,083 |

CASH FLOW STATEMENT DEC 31, 2013

| EUR 1,000 | FAS 2013 | FAS 2012 | EUR 1,000 | FAS 2013 | FAS 2012 |
|--|----------|----------|---|----------|----------|
| CASH FLOW FROM OPERATIONS | | | CASH FLOW FROM INVESTMENTS | | |
| Result for the financial year | 16,254 | 16,656 | Investments in intangible and tangible assets | -2,527 | -8,290 |
| Adjustments | 15,743 | 13,816 | Investments in subsidiary shares | -11 | -15,650 |
| Cash flow from operations before change in working capital | 31,997 | 30,472 | Proceeds from sale of intangible and tangible assets | 12 | |
| CHANGE IN NET WORKING CAPITAL | | | Proceeds from sale of associated companies | 36 | |
| Current receivables, increase (-), decrease (+) | -451 | -4,297 | Proceeds from sale of other investments | 5 | |
| Inventories, increase (-), decrease (+) | -35 | 115 | Dividends received | 2,487 | 15 |
| Non-interest bearing debt, increase (+), decrease (-) | -986 | 18,198 | Cash flow from investments | 2 | -23,925 |
| Cash flow from operations before financial items and taxes | 30,525 | 44,489 | CASH FLOW FROM FINANCING ACTIVITIES | | |
| Interest expenses paid | -202 | -2 | Dividends paid | -9,323 | -9,304 |
| Interest income received | 6 | 11 | Cash flow from financing activities | -9,323 | -9,304 |
| Other financial income and expenses | | -6 | Change in cash | 16,433 | 3,455 |
| Income taxes paid | -4,574 | -7,807 | Cash and bank at the beginning of the period | 24,658 | 21,126 |
| Cash flow from operations | 25,755 | 36,684 | Change in net fair value of current available-for-sale assets | 186 | 77 |
| | | | Cash and bank at period end | 41,277 | 24,658 |

NOTES TO THE FINANCIAL STATEMENTS

Corporate information

F-Secure produces services and software protection to individuals and businesses against computer viruses and other threats coming through the Internet or mobile networks.

The parent company of the Group is F-Secure Corporation incorporated in Finland and domiciled in Helsinki. Company's registrant address is Tammasaarenkatu 7, 00180 Helsinki. Copy of consolidated financial statement can be received from Internet address www.f-secure.com or the parent company's registrant 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 recorded 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 costs are expensed as 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 at the lower of cost and net realizable value with cost being determined by method first-in first-out method. Net realizable value is the estimated selling price in the ordinary course of business, 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. Company has two kinds of incentive programs; 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 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 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 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 fulfill.

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. 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 to allocable expenses to the respective function, and other operating expenses have been allocated to functions on the basis of 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 2013 | FAS 2012 |
|---------------------------------|----------|----------|
| Geographical information | | |
| Finland and Scandinavia | 44,273 | 45,680 |
| Rest of Europe | 64,375 | 64,435 |
| North America | 10,359 | 8,287 |
| Rest of the world | 14,338 | 17,504 |
| Total | 133,345 | 135,906 |

2. OTHER OPERATING INCOME

| EUR 1,000 | FAS 2013 | FAS 2012 |
|-------------------|----------|----------|
| Rental revenue | 45 | 37 |
| Government grants | 2,394 | 1,583 |
| Other | 1,902 | 1,562 |
| Total | 4,341 | 3,182 |

3. DEPRECIATION AND REDUCTION IN VALUE

| EUR 1,000 | FAS 2013 | FAS 2012 |
|--|---------------|---------------|
| Depreciations from non-current assets | | |
| Other intangible assets | -3,516 | -3,314 |
| Capitalized development | -2,606 | -962 |
| Intangible assets | -6,122 | -4,276 |
| Machinery and equipment | -2,102 | -2,058 |
| Tangible assets | -2,102 | -2,058 |
| Total depreciation | -8,224 | -6,334 |
| Reduction in value from non-current assets | | |
| Other intangible assets | | -754 |
| Total reduction in value | | -754 |
| Total depreciation and reduction in value | -8,224 | -7,088 |

| | | |
|---------------------------|--------|--------|
| Depreciations by function | | |
| Sales and marketing | -3,817 | -2,715 |
| Research and development | -4,309 | -3,497 |
| Administration | -98 | -122 |
| Total depreciation | -8,224 | -6,334 |

4. PERSONNEL EXPENSES

| EUR 1,000 | FAS 2013 | FAS 2012 |
|---|----------|----------|
| Personnel expenses | | |
| Wages and salaries | -34,094 | -31,015 |
| Pension expenses | -5,639 | -5,612 |
| Other social expenses | -1,761 | -1,804 |
| Total | -41,494 | -38,431 |
| Compensation of key management personnel | | |
| Wages and other short-term employee benefits | -2,217 | -1,659 |
| Total | -2,217 | -1,659 |
| Wages and other short-term employee benefits | | |
| Managing director | -420 | -262 |
| Members of the boards of directors | -240 | -225 |

Wages and other short-term employee benefits of the board of directors and managing director: see group disclosure 27. 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 77 thousand euro (48 thousand euro in year 2012). 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 2013 | FAS 2012 |
|-------------------------------------|----------|----------|
| Average number of personnel | 504 | 498 |
| Personnel by function Dec 31 | | |
| Sales and marketing | 193 | 165 |
| Research and development | 288 | 290 |
| Administration | 39 | 39 |
| Total | 520 | 494 |

5. AUDIT FEES

| EUR 1,000 | FAS 2013 | FAS 2012 |
|------------------|----------|----------|
| Audit fees | -112 | -99 |
| Tax consulting | -34 | -24 |
| Other consulting | -110 | -15 |
| Total | -256 | -137 |

6. FINANCIAL INCOME AND EXPENSES

| EUR 1,000 | FAS 2013 | FAS 2012 |
|---------------------------|----------|----------|
| Interest income | 176 | 21 |
| Interest expense | -238 | -68 |
| Other financial income | 64 | 662 |
| Dividends | 2,487 | 15 |
| Exchange gains and losses | -516 | -468 |
| Other financial expenses | -63 | -69 |
| Total | 1,909 | 94 |

8. NON-CURRENT ASSETS

| | INTANGIBLE ASSETS | | | TANGIBLE ASSETS | | |
|------------------------------------|-------------------|-------------------------|---------|-----------------------|----------------|---------|
| | Other Intangible | Capitalized development | Total | Machinery & equipment | Other Tangible | Total |
| Acquisition cost Jan 1, 2012 | 29,504 | 13,017 | 42,521 | 15,330 | 5 | 15,335 |
| Additions | 509 | 4,882 | 5,391 | 2,015 | | 2,015 |
| Disposals | | -828 | -828 | -36 | | -36 |
| Acquisition cost Dec 31, 2012 | 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 |
| Acc. depreciations Jan 1, 2012 | -9,346 | -2,190 | -11,536 | -11,162 | | -11,162 |
| Depreciation of the financial year | -3,314 | -962 | -4,276 | -2,058 | | -2,058 |
| Reduction of value | -754 | | -754 | | | |
| Acc. depreciations of disposals | | | | 25 | | 25 |
| Acc. depreciations Dec 31, 2012 | -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 |
| Book value as at Dec 31, 2012 | 16,599 | 13,919 | 30,518 | 4,114 | 5 | 4,119 |
| Book value as at Dec 31, 2013 | 13,291 | 11,657 | 24,948 | 3,663 | 5 | 3,668 |

7. INCOME TAXES

| EUR 1,000 | FAS 2013 | FAS 2012 |
|---|----------|----------|
| Income taxes of the business activity | -7,342 | -5,891 |
| Income taxes from previous years | -1,168 | -98 |
| Total | -8,510 | -5,989 |
| Result before taxes | 24,765 | 23,055 |
| Income taxes at statutory rate of 24.5% | -6,067 | -5,649 |
| Tax-exempt income | 609 | |
| Non-deductible expenses | -150 | -242 |
| Income taxes from previous years | -1,168 | -98 |
| Other | -1,733 | |
| Total | -8,510 | -5,989 |

Finnish tax authorities have changed their interpretation of the right to deduct paid withholding tax in some countries. Thus, the Company has been obligated to pay previously approved withholding tax from 2012. This applies also to the financial year 2013.

9. INVESTMENTS

| EUR 1,000 | Group comp. shares | Associated comp. shares | Total |
|-------------------------|--------------------|-------------------------|---------|
| Book value as at Jan 1 | 25,894 | 42 | 25,936 |
| Additions | 11 | | 11 |
| Reductions | -19,979 | -42 | -20,021 |
| Book value as at Dec 31 | 5,926 | | 5,926 |

| 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, Hyderabad | 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 | 100 |

10. DEFERRED TAX

| EUR 1,000 | FAS 2013 | FAS 2012 |
|--|----------|----------|
| Deferred tax liability | | |
| Tax charged to shareholders' equity | | |
| Change in fair value, available-for-sale | 80 | 53 |
| Total | 80 | 53 |

11. INVENTORIES

| EUR 1,000 | FAS 2013 | FAS 2012 |
|-------------------|----------|----------|
| Other inventories | 270 | 235 |

12. RECEIVABLES

| EUR 1,000 | FAS 2013 | FAS 2012 |
|---|----------|----------|
| Non-current | | |
| Receivables from group companies | 2,300 | 4,500 |
| Other receivables | 723 | 747 |
| Total | 3,023 | 5,247 |
| Current receivables | | |
| Trade receivables | 22,571 | 22,207 |
| Loan receivables | 15 | 18 |
| Other receivables | 107 | 39 |
| Prepaid expenses and accrued income | 5,032 | 6,358 |
| Total | 27,725 | 28,622 |
| Receivables from group companies | | |
| Trade receivables | 10,147 | 7,601 |
| Other receivables | 100 | |
| Total | 10,247 | 7,601 |
| Current receivables total | 37,972 | 36,223 |
| Material items included in prepaid expenses and accrued income | | |
| Prepaid expenses | 3,096 | 2,080 |
| Prepaid expenses, royalty | 1,936 | 1,887 |
| Accrued tax | | 2,391 |
| Total | 5,032 | 6,358 |

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, 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 2013 | FAS 2012 |
|----------------------------------|----------|----------|
| Fair value as at Jan 1 | 15,447 | 14,674 |
| Additions/deductions, net | 9,837 | 558 |
| Change in fair value | 401 | 215 |
| Fair value as at Dec 31 | 25,685 | 15,447 |
| Shares – unlisted | 147 | 146 |
| Maturity date less than 3 months | 25,538 | 15,301 |
| Fair value as at Dec 31 | 25,685 | 15,447 |
| Book value as at Dec 31 | 25,284 | 15,232 |

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 2013 | FAS 2012 |
|--------------------------|----------|----------|
| Cash at bank and in hand | 15,739 | 9,357 |
| Available-for-sale | 25,538 | 15,301 |
| Total | 41,277 | 24,658 |

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, 2011 | 1,551 | 165 | -9,002 | 102 | 5,051 | 39,935 | 37,801 |
| Available-for-sale financial assets, net | | | | 61 | | | 61 |
| Result of the financial year | | | | | | 16,656 | 16,656 |
| Dividend | | | | | | -9,304 | -9,304 |
| Cost of share based payments | | | 583 | | | -16 | 566 |
| 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 |

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 2013. See group disclosure 18. Shareholders' Equity

Treasury shares

See group disclosure 18. Shareholders' Equity

Distributable shareholders' equity on December 31, 2013

| EUR 1,000 | |
|---|--------|
| Unrestricted equity reserve | 5,051 |
| Retained earnings | 30,165 |
| Result of the financial year | 16,254 |
| Distributable shareholders' equity on December 31, 2013 | 51,470 |

17. SHARE-BASED PAYMENT TRANSACTIONS

See group disclosure 19. Share-based payment transactions

18. LIABILITIES

| EUR 1,000 | FAS 2013 | FAS 2012 |
|--|----------|----------|
| Non-current liabilities | | |
| Deferred revenues | 7,185 | 6,427 |
| Deferred tax liabilities | 80 | 53 |
| Total | 7,265 | 6,479 |
| Current liabilities | | |
| Deferred revenues | 24,707 | 23,729 |
| Trade payables | 4,527 | 3,501 |
| Other liabilities | 1,122 | 1,174 |
| Accrued expenses | 13,447 | 11,464 |
| Total | 43,804 | 39,868 |
| Liabilities to the group companies | | |
| Advance payments | 3,410 | 3,797 |
| Trade payables | 5,577 | 7,825 |
| Other liabilities | 2,612 | 22,194 |
| Total | 11,599 | 33,816 |
| Total current liabilities | 55,403 | 73,684 |
| Material amounts shown under accruals and deferred income | | |
| Accrued personnel expenses | 8,044 | 8,619 |
| Deferred royalty | 958 | 1,018 |
| Accrued expenses | 2,900 | 1,826 |
| Accrued tax | 1,545 | |
| Total | 13,447 | 11,464 |

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

See Group disclosure 23. Financial risk management objectives and policies

20. NOTES TO CASH FLOW STATEMENT

| EUR 1,000 | FAS 2013 | FAS 2012 |
|--------------------------------------|----------|----------|
| Adjustments | | |
| Deferred income | 1,650 | -406 |
| Depreciation and amortization | 8,224 | 7,088 |
| Profit / loss on sale of fixed asset | -12 | 11 |
| Other adjustments | -720 | 817 |
| Financial income and expenses | -1,908 | 317 |
| Income taxes | 8,510 | 5,989 |
| Total | 15,743 | 13,816 |

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

| EUR 1,000 | FAS 2013 | FAS 2012 |
|---|----------|----------|
| Within one year | 3,461 | 3,373 |
| After one year but not more than five years | 4,533 | 6,847 |
| Total | 7,994 | 10,221 |

22. CONTINGENT LIABILITIES

| EUR 1,000 | FAS 2013 | FAS 2012 |
|--------------------------------------|----------|----------|
| Guarantees for other group companies | 40 | 40 |
| Other liabilities | | |
| Others | | 67 |

Derivatives see Group disclosure 23. Financial risk management objectives and policies

23. SHARES AND SHAREHOLDERS

See Group disclosure 28. Shares and shareholders

24. KEY RATIOS

See Group disclosure 29. 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 financial period 1. 1. – 31. 12. 2013. 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.

Helsinki, February 13, 2014

Ernst & Young Oy
Authorized Public Accountant Firm

Erkka Talvinko
Authorized Public Accountant

CORPORATE GOVERNANCE STATEMENT

General principles

F-Secure Corporation applies principles of corporate governance and follows high ethical standards in all its operations. F-Secure's corporate governance practices comply with Finnish laws and regulations, F-Secure's Articles of Association, the rules of the Helsinki Stock Exchange 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 2013. 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 2013, the Annual General Meeting was held in Helsinki, at HTC Ruoholahti on April 3. The decisions made by the AGM 2013 are presented in detail in the Board of Directors' report for 2013.

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

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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 2013

According to the decision of the Annual General Meeting 2013, the Board had seven (7) members. The re-elected members of the Board were **Risto Siilasmaa**, **Jussi Arovaara**, **Sari Baldauf**, **Pertti Ervi**, **Juho Malmberg** and **Anu Nissinen**. **Matti Heikkonen** 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 2013 the Board of Directors held nine 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. According to the strategy, F-Secure will focus on producing cloud-based solutions to protect people and devices in a fast-evolving digital world. The main objectives during the strategy period 2014–2016 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 Director's report for 2013.

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 **Juho Malmberg**. The Chairman of the Executive Committee is **Risto Siilasmaa** and the members are **Sari Baldauf** 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 2013 the Audit Committee held five meetings with an attendance rate of close to 100%.

In 2013, 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 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 2013 with an attendance rate of 100%.

In 2013, the Executive Committee focused especially 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 and identifying key experts. 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 2014 is as follows: **Christian Fredrikson** (President and CEO), **Samu Konttinen** (Executive Vice President, Consumer Security, interim for Customer and Market Operations), **Timo Laaksonen** (Vice President, Content Cloud), **Johanna Orjatsalo** (Vice President, Human Resources & Office Services), **Pirkka Palomäki** (Chief Strategy Officer), **Jari Still** (Vice President, Research & Development), **Pekka Usva** (Vice President, Corporate Security), and **Taneli Virtanen** (Chief Financial Officer). **Ari Alakiuttu** (Vice President, Human Resources & Office Services in 2013) and **Maria Nordgren** (Vice President, Consumer Security in 2013) assumed new roles in the sales organization and left the Leadership Team at the beginning of 2014.

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 27 and 28 of the financial statements. The general principles of remuneration for the President and CEO are described in note 27 of the financial statements. More details on the remuneration and option programs are also available in the Remuneration Statement from 2013 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 2013, F-Secure Corporation's auditor was Ernst & Young Oy, an auditing company of Authorized Public Accountants authorized by the Central Chamber of Commerce. APA Erkka Talvinko acts as the responsible partner for the direction and coordination of the audit work. In 2013 the Company paid a total of EUR 157 518 (2012: EUR 144 917) for auditing services and EUR 109 954 (2012: EUR 15 477) 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, communicate, and manage material risks across the company. The policy also ensures that Risk Management responsibilities have been assigned appropriately.

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 top risks and related controls and the effective implementation of the policy. The Audit Committee annually conducts a top 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 biannual company planning cycle. The Leadership Team conducts a company-level risk review as part of the biannual 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 is conservative. Cash and cash equivalent are mainly invested in short-term funds and other low-risk investments.

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 63,111,351, holding 39.74%

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 wholesale.

Holdings: number of shares 23,306

SARI BALDAUF

Board member since 2005

b. 1955, M.Sc. (Bus. Adm.)

Main employment history:

Worked for more than twenty years at Nokia Corporation e.g.:

Member of the Group Executive Board, 1994–2005

Executive Vice President and General Manager of Networks, 1998–2005

Main Board Memberships and public duties:

Chairman of the Board of Directors of Fortum Corporation

Member of the supervisory Board of AkzoNobel N.V.

Member of the supervisory Board Daimler AG

Member of the supervisory Board Deutsche Telekom AG.

Vice Chairman of the Board of Finnish Business and Policy Forum EVA

Member of Steering Group for Finland's external economic relations

Chairman of the Board of Savonlinna Opera Festival

Member of the Board of Muuvit Health and Learning Ltd.

Member of the Board of the Finnish Children and Youth foundation

Member of the Board of the Tukikummit foundation

Member of the Board of John Nurminen foundation

Holdings: number of shares 116,340

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

Co-CEO, Member of the Executive Board, Computer 2000 AG, 1995–2000

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 25,914

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

Deputy Member of the Board of Directors of The Federation of Finnish Technology Industries

Holdings: number of shares 4,724

JUHO MALMBERG

Board member since 2008

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

Main employment history:

Currently CEO of ZenRobotics Ltd.

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

Holdings: number of shares 42,937

ANU NISSINEN

Board member since 2010

b. 1963, M.Sc. (Economics)

Main employment history:

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

President of SW Television Ltd / Welho, 2004–2008

Marketing Director of Helsinki Televisio Ltd, 2001–2004

Marketing Manager of Oy Sinebrychoff Ab, 1998–2000

Holdings: number of shares 23,306

LEADERSHIP TEAM

CHRISTIAN FREDRIKSON

President and CEO, b. 1964, M.Sc. (Engineering)

Main employment history: 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. Furthermore, 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

Holdings: –

ARI ALAKIUTTU

Vice President, Human Resources, b. 1967, M.Sc. (Engineering)

Main employment history:

member of the Leadership Team since 2007.

Mr. Alakiuttu joined F-Secure in 2000 and served as Vice President, Products & Services and held positions in Product Management, Product Marketing and Channel Development until 2008. Prior joining F-Secure worked for Tellabs and for Nokia in the fields of product management and product development.

Holdings: number of shares: 31,633

SAMU KONTTINEN

Executive Vice President, Customer and Market Operations, b. 1973

Main employment history: member of the Leadership team since 2009.

Mr. Konttinen joined F-Secure in 2005 and has served as Executive Vice President, Sales and Marketing, Vice President of Sales and Geographical Operations and Vice President of Mobile Business Unit. He has been a member of the Leadership

Team since 2009. Prior to that, he worked in sales and channel management, including Director of Regional Operations, covering F-Secure operations in +20 countries 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: 41,633

TIMO LAAKSONEN

Vice President, Content Cloud, b. 1961, M.Sc. (Economics)

Main employment history:

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: –

MARIA NORDGREN

Vice President, Consumer Security, b. 1964, M.Sc.

Main employment history:

member of the Leadership Team since 2010.

Ms. Nordgren joined F-Secure in 2005. Prior to Vice President role in Consumer Security, she served as Vice President, Channel Business and Vice President, Corporate Business Unit. Ms. Nordgren joined F-Secure international Sales unit in 2005. In her earlier career held management positions in Finnish software companies such as DeskArtes which she co-founded and later headed.

Holdings: 20,815

PIRKKA PALOMÄKI

Chief Strategy Officer, b. 1970, M.Sc. (Eng.), Industrial Management

Main employment history:

member of the Leadership Team since 2001.

Mr. Palomäki joined F-Secure in 1997 and has previously headed Product Management, Marketing and R&D in F-Secure. Prior to F-Secure he worked for Telecom Finland (currently TeliaSonera) in the field of marketing, business development and development management for data communication services.

Holdings: number of shares 53,597

JARI STILL

Vice President, Research & Development Operations, b. 1965

Main employment history:

member of the Leadership Team since 2012.

Mr. Still has worked e.g. as a head of research and development of Mobile Business Unit. Prior to joining F-Secure on 2000, 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 has also had several Chairman positions in the Oulu area software and business forums.

Holdings: number of shares: 82,698

PEKKA USVA

Vice President, Corporate Security, b. 1969

Main employment history:

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: –

TANELI VIRTANEN

Chief Financial Officer, b. 1965, M.Sc. (Economics)

Main employment history:

member of the Leadership Team since 2003.

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

Holdings: number of shares: 41,633

INFORMATION FOR SHAREHOLDERS

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 > About F-Secure > 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 2014, 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 3, 2014 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 > About F-Secure > Investors.

Financial calendar for 2014

| | |
|-------------------------------|-------------------------|
| Financial Statements Bulletin | February 5 |
| Annual Report | Latest week 11 in March |
| Q1 Interim Report | April 24 |
| Q2 Interim Report | July 24 |
| Q3 Interim Report | October 23 |

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

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