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F-SECURE CORPORATION - INTERIM REPORT JANUARY 1 – MARCH 31, 2014

CLOUD STRATEGY PROGRESSING AS PLANNED, FINANCIALS AS ANTICIPATED

Highlights in Q1

- Total revenues were 39.1 million (38.4m) showing growth of 2%
- EBIT was 5.1 million representing 13% of revenues excluding one-off costs of 2.9 million (5.9m, 15% of revenues)
- Earnings per share was EUR 0.01 (EUR 0.03)
- Cash flow from operations was 6.1 million positive (7.4 m positive); change in cash 4.9 million positive (5.6 m positive)
- Cloud strategy is progressing as planned

Outlook for 2014 - management's estimation for the year remains unchanged

- Revenue is estimated to grow from 2013 with stronger second half
- Profitability is estimated to be around 15% of revenues excluding one-off costs

Key figures	2014	2013	2013
(Eur Million)	1-3	1-3	1-12
Revenues	39.1	38.4	155.1
Operating profit*	5.1	5.9	27.1
% of revenues*	13	15	17
Profit before taxes*	5.3	6.0	26.3
Earnings per share (Eur)	0.01	0.03	0.11
At the end of period: Deferred revenues	39.9	38.9	38.7
ROI%	14	38	41
Equity ratio, %	73	75	74
Debt-to-equity ratio, %	-71	-56	-66
Personnel	941	938	939

(This report is unaudited. Unless otherwise stated the comparisons refer to the corresponding period a year ago. The currency is euro. *Q114 excludes 2.9 m of one-off costs)

President and CEO Christian Fredrikson:

“The security industry is undergoing a major change. The Software-as-a-Service business model and cloud-based delivery are rapidly disrupting the traditional way of doing business. Everything is going to the cloud, including data and security. Traditional security will be replaced by cloud-based security that protects all Internet-connected devices. Therefore I am satisfied that our new cloud strategy has progressed as planned. We are continuing to launch innovative new cloud-based products to SMB customers as well, to further penetrate the emerging cloud markets.

Our Q1 financial performance was as anticipated. While traditional PC-centric security sales are in slow decline along with the whole PC market, our focus businesses based on our cloud strategy are experiencing very healthy growth. Overall, the Company’s financial position is solid with healthy cash flow and profitability. We are on track with the given guidance for the year.

We have made good progress in the personal cloud business. We are rolling out cloud services with several new operators and are winning new partnerships. Our security business is overall solid. Security sales based on our cloud strategy are delivering strong growth. I am especially satisfied with the progress of Freedom, our next-generation security product fully powered by the cloud. It is gaining a lot of attention and is off to a good start with consumers.

In a post-Snowden world, we need to stand out and have a strong point of view on issues relating to individual privacy and digital liberties. Our new slogan “Switch on Freedom” summarizes our mission to fight for digital freedom. We protect people’s privacy and enable their safe use of the Internet. As I look ahead to the rest of the year, I am confident that we are on the right track to turn the Company back to growth.”

F-Secure Financials January – March 2014

Total revenues grew by 2% to 39.1 million (38.4m). Revenues through the operator channel grew by 4% from the previous year to 24.1 million (23.1m), representing 62% (60%) of F-Secure’s total revenues. Revenues through the other channels decreased by 1% totaling 15.1 million (15.2 m). These channels represented 38% of F-Secure’s total revenues (40%). Deferred revenues were at the end of the quarter 39.9 million (38.9 m).

EBIT was 2.3 million or 5.1 million excluding one-offs of 2.9 million related to overall restructuring costs (5.9 m), representing 6% or 13% (15%) of revenues. Earnings per share were EUR 0.01 (EUR

0.03). Cash flow from operations was 6.1 million positive (7.4 m positive). The change of net cash was 4.9 million positive (5.6 m positive).

Total fixed costs were 35.7 million or 32.8 million excluding one-offs of 2.9 million related to Bordeaux re-organization and efficiency gains (31.6m), an increase of 13% or 4% from the previous year related to investments in R&D and in Sales and Marketing activities to focus businesses and geographical expansions. Depreciations (R&D activations, software, hardware) increased to 2.3 million (2.1m). The capitalized development expenses were 0.5 million (0.3 m).

The Q1 geographical breakdown of revenues was as follows: Finland and Scandinavia 32% (30%), Rest of Europe 46% (46%), North America 10% (11%) and Rest of the World 12% (13%).

F-Secure business in Q1

In Q1, the Company's personal cloud business continued its good progress. The personal cloud based on younited technology continues to gain traction with operators. Some of the latest operator launches were Elisa's Saunalahti Pilvilinna (Finland), Virgin Media Cloud (UK) and Primacom (Germany). The Company also has won several new operators. In total, the Company has close to 20 operator partnerships with younited. The direct consumer younited offering has been launched and new activities to get subscribers are in execution.

Security sales overall were as planned. Security sales based on the cloud strategy are delivering strong growth. The Company's focus businesses in security (which consist of our converged PC and mobile security offering, SAFE, our SMB security service, Protection Service for Business, and Freedome) are getting good traction and compensating for declining sales in traditional PC security. The Company has launched our new SAFE service with several operators; e.g. Play (Poland), Netia (Poland), Stofa (Denmark) and TIM, Italy's largest operator. The Company has launched directly to consumers Freedome, our next-generation security product fully powered by the cloud. It has been launched in app stores and is gaining a lot of attention. Further launch activities are taking place in Q2.

The Company is investing in R&D in addition to Sales and Marketing activities related to the focus businesses. These businesses consist of SAFE, Protection Service for Businesses, Freedome, and younited.

Geographically, the Company continues its expansion in Latin America with Telefonica and American Moviles. The other investment area is the SMB focus in Germany, France and USA. The Company is also investigating new geographical entries in the APAC area.

Product Announcements in Q1

During the quarter the key product announcements were as follows:

Freedome, our next generation cloud-based security and online privacy product, has been launched in selected European countries and the US. Freedome is the first product of its kind and lets the user be untrackably invisible while surfing online. The app has also been made available also for Apple devices in Q1.

Read more about Freedome on <http://freedome.f-secure.com/>

F-Secure Key stores your passwords, user names and other credentials so that you can conveniently access them wherever you are through one master password. Having been launched initially in late 2013, in Q1 F-Secure Key was launched in the Portuguese and Spanish language versions, focusing especially on the Latin American markets.

Read more about Key on <http://www.f-secure.com/key>

F-Secure SAFE, a solution that offers multidevice protection, was made available globally in several language versions in February. SAFE was previously launched in late 2013 in the UK and US with the English language version only.

Read more about SAFE on http://www.f-secure.com/en/web/home_us/safe

During Q1/14 we expanded the banking protection capabilities available in our **Safe Anywhere** solution to cover smartphones and tablets as well. Mobile devices are increasingly used for banking, stock brokering and other financial transactions. Safe Anywhere also incorporates **Safe Search** capabilities. The **Safe Search** solution that was launched in Q4/13 has been well received by consumers and even within a single quarter, we are already witnessing millions of visits to the service.

Younited by F-Secure announced in April 2014 a brand new way for people to collectively share photos and videos of life's events, big and small, public and private, in real time, all in one place. Hundreds of millions of photos are shared online per day, and the best method of grouping them has been the hashtag – until now. **Younited Events** is a new, free app from younited by F-Secure that lets people share their moments from live events - weddings, birthdays, festivals, concerts, conferences, seminars or just the cottage trip with friends - all in one place from all users at the same event in real-time. Events has raised the interest of well-known event organizers and media companies who are planning partnerships with F-Secure.

Read more about younited Events on <https://app.younited.com/events>

Risks and uncertainties

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, market fluctuations, pricing models (e.g. free services, cost of content cloud services), FX changes, impact of changes in technology,

timely and successful commercialization of complex technologies and new products and solutions, the ability to protect intellectual property (IPR) in F-Secure's solutions as well as the use of third party technologies on reasonable commercial terms, subcontracting relationships, regional development in new growth markets, sustainability of partner relationships, compromising stored personal data, service quality related penalties, and risk exposure from increasing contractual liability requirements and forming of the new business areas.

Events after period-end

No material changes regarding the Company's business or financial position have materialized after the end of the quarter.

Reorganizing operations

This reorganizing and negotiations of operations in F-Secure SDC (France) is ongoing and may impact up to 22 positions. The impact of these are included in one-off costs of 2.9 million in Q1.

Annual General Meeting 2014

The annual general meeting (AGM) was held on April 3, 2014. The Meeting confirmed the financial statements for the financial year 2013. The members of the Board and the President and CEO were granted a discharge from liability. The AGM approved all proposals made by the Board. The new board consists of Risto Siilasmaa (chairman of the Board and executive committee, EC), Anu Nissinen (member, EC), Juho Malmberg (member, EC), Pertti Ervi (chairman of audit committee, AC), Jussi Arovaara (member, AC), Matti Heikkonen (member, AC) and Peter Vesterbacka (member, AC). The decisions of the AGM can be found in stock exchange release on April 3, 2014 and in the Company's web pages.

Personnel and Organization

F-Secure's personnel totaled 941 at the end of the quarter (938).

Currently, the Leadership Team consists of the following persons: **Christian Fredrikson** (President and CEO), **Janne Juvonen** (Customer and Market Operations), **Samu Konttinen** (Consumer Security Business), **Timo Laaksonen** (Content Cloud Business), **Johanna Orjatsalo** (Human Resources & Facilities), **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 quarter was 6.1 million positive (7.4m positive). The change of net cash was 4.9 million positive (5.6 m positive). Net financial income was positive at 0.1 million (positive 0.1m).

The market value of the liquid assets of F-Secure at the end of the quarter was 53 million (38.7m). Changes in exchange rates, especially USD, JPY, SEK and BRL, impacted negatively on sales and positively on costs.

The Company's capital expenditure for the quarter was 1.1 million (1.5 m). The capitalized development expenses were 0.5 million (0.3m).

F-Secure's financial position remained solid. F-Secure's equity ratio at the end of the quarter was 73% (75%) and gearing ratio was 71% negative (56% negative).

Shares, Shareholders' Equity, Own Shares and Option Programs

The total number of Company shares is currently 158,798,739. The Company's registered shareholders' equity is EUR 1,551,311.18. Currently, the Company holds 3,036,244 own shares.

The Board of Directors approved a new long term share-based incentive program for the key personnel on April 23, 2014. The share-based program consists of three earning periods commencing in 2014, 2015 and 2016. Each earning period lasts three years. Maximum reward is capped to 10 million shares in total over the whole program. The Board approves the metrics, targets and participants on annual basis for each 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., as explained on F-Secure's web pages. F-Secure published its corporate governance statement for 2013 in the Annual Report and on the Company website.

Market Overview, long term objectives and strategy 2014-16

The software business is in transition. The Software-as-a-Service business model and cloud-based delivery are rapidly disrupting the traditional way of doing business. The Company strategy has communicated its renewed strategy in February, Q4 interim stock exchange release. The Company is focusing on cloud-based initiatives to serve and protect the post-PC era multi-device environment.

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. 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.

Further details of the market overview and the strategy can be found on Q4 interim release (February 5, 2014) and in the Company's web pages.

http://www.f-secure.com/en/web/corporation_global/company/vision-and-strategy

Outlook for 2014

Investments during 2014 focus on acquiring a significant subscriber base and bringing new cloud-based products successfully to the market. The revenue growth is expected to come from the Company's focus businesses, consisting of converged PC and mobile security (SAFE), Protection Services for Business, personal cloud (younited) and security from the cloud (Freedome). Traditional PC security sales are expected to be in decline. Geographically, Latin America is expected to continue as a growth driver. New fully cloud-based products are expected to contribute to growth towards the year's end. Personal cloud sales in the form of F-Secure's younited product are expected to develop favorably through operators, consumers, and small and medium business users.

Growth is expected especially from annual subscriptions of security and content cloud products. As a consequence, estimated sales growth is higher than revenue growth in 2014 while deferred revenues increase due to periodising of subscription sales.

The company expects overall one-off costs in 2014 to be less than 3 million related to efficiency improvements and reorganization in F-Secure SDC (France). The Company has accrued and paid 2.9 million that has been recognized in Q1 financials.

The management's estimation for the year is unchanged; the 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 above mentioned one-off costs.

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.

News conference today at 11 am

A news conference for analysts and press is arranged today, April 24, at 11 am Finnish time at F-Secure's Headquarters, address: Tammasaarencatu 7, Ruoholahti, Helsinki. At the news conference,

President & CEO Christian Fredrikson will present the Q1 financial results.

An online meeting for international investors and analysts will be held (in English) on the same day at 2.00 p.m. (EST). To participate in the online meeting, click on the link below:

<https://meet.F-Secure.com/gia.forsman-harkonen/8948VZMM>

To participate in the online meeting through phone, please dial in to +358975110100. Conference ID is 5843466.

The webinar will be organized through Lync to enable a better experience with video and presentation also for the international investors and analysts. If you have not used Lync before, need to download and install it, or need more advice on how to use it, please visit

<http://r.office.microsoft.com/r/rliidOC10?clid=1033&p1=4&p2=1041&pc=oc&ver=4&subver=0&bld=7185&bldver=0>

It is possible to participate through the Lync web application, but please note that this will not have sound and it is necessary to also call in to the meeting via phone.

The Q1 financial results presentation material, including a video where Christian Fredrikson will present Q1 results, will be available on our Investors web pages at www.f-secure.com under About F-Secure, Investors before the call begins.

Financial calendar for 2014

F-Secure Corporation will publish its interim reports during 2014 as follows.

Interim Report for Q22014 - July 24, 2014
Interim Report for Q32014 - October 23, 2014

F-Secure Corporation

Additional information

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This interim report is prepared in accordance with IAS 34 standard Interim Financial Reporting and with accounting principles stated in the annual report 2013 and with the IFRS 12 –standard effective as of 1 January 2014.

Key figures (unaudited):				
(EUR million)				
INCOME STATEMENT	2014	2013	Change	2013
	1-3	1-3	%	1-12
Revenues	39.1	38.4	2	155.1
Cost of revenues	2.0	1.7	20	7.0
Gross margin	37.2	36.7	1	148.1
Other operating income	0.8	0.8	5	2.7
Sales and marketing	22.1	18.4	20	73.6
Research and development	11.5	10.7	8	41.7
Administration	2.0	2.5	-18	8.4
Operating result	2.3	5.9		27.1
Financial net	0.1	0.1		-0.7
Result before taxes	2.4	6.0		26.3
Income taxes	-0.7	-1.9		-9.9
Result for the period	1.7	4.1		16.5

Other comprehensive income:				
Exchange diff. on translating foreign operations	0.0	0.1		-0.1
Available-for-sale fin. assets	0.2	0.0		0.1
Income tax rel. to components of other comprehensive income	0.0	0.0		0.0
Total compr. income (owners)	1.8	4.2		16.5

Earnings per share. EUR	0.01	0.03		0.11
EPS diluted. EUR	0.01	0.03		0.11

BALANCE SHEET	31/3/2014	31/3/2013	31/12/2013
ASSETS			
Intangible assets	16.1	20.4	16.8
Tangible assets	7.9	9.7	8.3
Goodwill	19.4	19.4	19.4
Other financial assets	4.3	5.1	4.4
Non-current assets total	47.7	54.5	49.0
Inventories	0.2	0.2	0.3
Other receivables	41.2	38.2	39.5
Available-for-sale financial assets	34.0	23.0	25.7
Cash and bank accounts	19.1	15.9	22.2
Current asset total	94.6	77.3	87.7
Total	142.3	131.8	136.6

SHAREHOLDERS' EQUITY AND LIABILITIES	31/3/2014	31/3/2013	31/12/2013
Equity	74.7	69.5	72.8
Other non-current	0.4	0.4	0.4
Provisions 1)	2.4	0.1	0.0
Deferred revenues	4.7	8.8	9.2
Non-current liabilities total	7.5	9.3	9.5
Other current	24.9	22.8	24.8
Deferred revenues	35.2	30.1	29.6
Current liabilities total	60.1	53.0	54.3
Total	142.3	131.8	136.6

CASH FLOW STATEMENT	31/3/2014	31/3/2013	31/12/2013
Cash flow from operations	6.1	7.4	28.5
Cash flow from investments	-1.2	-1.8	-4.0
Cash flow from financing Activities 2)	0.0	0.0	-9.3
Change in cash	4.9	5.6	15.2
Cash and bank at 1 Jan	47.8	33.1	32.4
Change in net fair value of Available- for-sale	0.2	0.0	0.1
Cash and bank at end of period	53.0	38.7	47.7

Statement of changes in shareholders' equity

	Share ca-pital	Share prem. fund	Unrestr. equity reserve	Treasury shares	Retained earnings	Assets avail. f.sale	Tranl.diff	Total
Equity on: 31.12.2013	1.6	0.2	5.1	-7.8	73.5	0.3	-0.1	72.8
Total comprehensiv e income for the year					1.7	0.2		1.9
Cost of share based payments			0.1	0.7	-0.6			0.1
Equity on 31.3.2014	1.6	0.2	5.1	-7.1	74.6	0.5	-0.1	74.7

NOTES

1)The one-offs due to restructuring of the French subsidiary are approximately 2.4 million euros.

2)Cash flow from financing

Dividend for year 2013 0.06 euro per share totaling 9.345.749,70 euro was paid on 15th April 2014. In 2013 paid dividend totaled 9.322.974,24 euro.

Key ratios	2014	2013	2013
	3 m	3 m	12 m
Operating result % of revenues	5.8	15.4	17.5
ROI %	13.8	38.0	40.9
ROE %	9.2	25.5	24.9
Equity ratio, %	73.0	74.8	74.3
Debt-to-equity ratio %	-70.8	-55.8	-65.6
Earnings per share, EUR	0.01	0.03	0.11
Earnings per share diluted. EUR	0.01	0.03	0.11
Shareholders' equity per share, EUR	0.47	0.44	0.46
P/E ratio	55.2	16.1	17.6

Capitalized expenditures, MEUR	1.1	1.5	3.7
Contingent liabilities, MEUR	10.4	15.9	12.2
Personnel average	941	940	949
Personnel end of period	941	938	939

Segment information

The Group has only one segment; data security.

Quarterly development	1/13	2/13	3/13	4/13	1/14
Revenues	38.4	38.4	38.3	40.0	39.1
Cost of revenues	1.7	1.8	1.5	2.1	2.0
Gross margin	36.7	36.6	36.8	37.9	37.2
Other operating income	0.8	0.7	0.3	0.9	0.8
Sales and marketing	18.4	19.8	17.8	17.6	22.1
Research and development	10.7	11.1	9.5	10.4	11.5
Administration	2.5	2.4	1.5	2.1	2.0
Operating result	5.9	4.0	8.4	8.8	2.3
Financial net	0.1	-0.2	-0.6	-0.1	0.1
Result before taxes	6.0	3.8	7.8	8.7	2.4

Geographical information

Revenue	1-3/2014	1-3/2013	1-12/2013
Nordic countries	12.5	11.3	47.5
Rest of Europe	18.1	17.8	70.0
North America	3.9	4.4	17.8
Rest of the world	4.6	4.9	19.8
Total	39.1	38.4	155.1

Fair values

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

Assets measured at fair value	Total	Level 1	Level 2	Level 3
Available-for-sale financial assets 31.3.2014	34.0	33.9		0.1
Available-for-sale financial assets 31.3.2013	23.0	22.9		0.1
Available-for-sale financial assets 31.12.2013	25.7	25.6		0.1