

F-SECURE GORDORATION -CONTROLOGICAL SECURITY, SOLID FINANCIAL PERFORMANCE

JANUARY1 - DECEMBER 31, 2014

BUT FLAT REVENUES

SWITCH ON FREEDOM

HIGHLIGHTS IN Q4

- Total revenues were 38.2 million (40.0m) showing a decline of 4%
- EBIT was 6.1 million excluding one-offs of 1.4 million representing 16% of revenues (8.8 m, 22% of revenues)
- Earnings per share was EUR 0.03 (EUR 0.03)
- Cash flow from operations was 11.6 million positive (9,3 m positive); change in cash 9.5 million (8.5 m positive)
- Core cloud security sales continued strong growth while traditional PC-centric security and phased out online backup businesses declined
- Defferred revenues grew to 43 million (38.7 m) driven by strong corporate and direct business security sales
- Personnel cooperation negotiations in Finland concluded in December; resulting in total one-off costs of 1.4 million
- Company strategy revised for 2015-17, increased focus on cloud security

HIGHLIGHTS IN 2014

- Total revenues were 153.8 million (155.1 m) showing a decline of 1%
- EBIT was 23.1 million excluding one-off costs of 4.3 million representing 15% of revenues (27.1 m, 17% of revenues)
- Earnings per share was EUR 0.10 (EUR 0.11)
- Cash flow from operations was 29,1 million positive (28.5 m positive); change in cash 22.4 million excluding dividend of 9.3 m (24.5 m positive excluding dividend of 9.3 m)
- Restucturing of content cloud business was concluded in France in Q1 and in Finland in Q4; resulting in total oneoff costs of 4.3 million
- Company's cloud security strategy progressed as planned; overall security sales grew in 2014

The Company's financial performance was within the revised guidance communicated in October. The guidance was the following: Revenues are estimated to remain at 2013 levels and profitability estimate is at around 15% of revenues excluding one-off costs. The original guidance for the year was the following: revenues are estimated to grow from 2013 with a stronger second half and profitability is estimated to be around 15% of revenues excluding one-off costs.



OUTLOOK FOR 2015

- Revenues are estimated to remain at 2014 levels
- Profitability is estimated to be around 15% of revenues

KEY FIGURES

	2014	2013	2014	2013
(Eur Million)	10-12	10-12	1-12	1-12
Revenues	38.2	40.0	153.8	155.1
Operating profit*	6.1	8.8	23.1	27.1
% of revenues*	16	22	15	17
Profit before taxes*	6.2	8.7	24.2	26.3
Earnings per share (Eur)	0.03	0.03	0.10	0.11
At the end of period: Deferred revenues			43.0	38.7
ROI%	25	52	27	41
Equity ratio, %			75	74
Debt-to-equity ratio, %			-77	-66
Personnel			921	939

(This report is unaudited. Unless otherwise stated the comparisons refer to the corresponding period a year ago. The currency is euro. *Excludes one-off costs of 2.9m booked in Q1 and 1.4m booked in Q4)



PRESIDENT AND CEO CHRISTIAN FREDRIKSON:

"We have continued to successfully execute our cloud security strategy. The profitability and cashflow in Q4, and throughout 2014, was solid while revenues were clearly behind our ambitions. In Q4, operator sales overall continued to decline as a result of the transition in our content cloud business. The adoption of younited personal cloud, while strong, did not fully compensate for the phaseout of our online backup business. Our overall security sales increased even as traditional PC-centric sales continued to decline slowly. Our corporate security business, especially Protection Service for Business, is performing well. Also, our multi-device protection offering, SAFE, is delivering good growth through operators as well as direct sales. We are pleased to see the continued progress of Freedome, our first truly cloud-based privacy and security product. With now close to two million downloads it has been well received.

Several security hacks and privacy threats made headlines across the globe in recent months. We see malware getting increasingly complex, harder to detect and more adept at exploiting weaknesses. Criminally motivated targeted cyberattacks are compromising individuals' and companies' security. These developments, combined with the ever growing use of mobile devices, continue to stir up security markets. Cloud-based security solutions are transforming the way protection is provided. Thus, short-term growth remains challenging in PC-centric security. However, this ongoing transition presents great mid- and long-term business opportunities.

We believe in substantial growth opportunities in cyber and cloud security in the coming years. In our revised strategy for 2015-17, F-Secure aims to be the preferred choice for consumers and companies who value privacy and security. We focus on cloud-based security and continue to invest in developing and bringing new related products to the market. Going forward, we are looking at new initiatives to expand our offering to provide security for the new generation of connected devices (Internet of Things) and protection against cyber attacks. In the personal cloud business, the focus is on the operator channel, where we maintain a strong position.

I have strong confidence in our cloud security strategy, as we continue to fight for digital freedom."



F-SECURE FINANCIALS

January – December 2014



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

EBIT was 18.8 million or 23.1 million (27.1 m) excluding one-offs of 4.3 million related to overall restructuring costs in Q1 & Q4, representing 12% or 15% (17%) of revenues. Earnings per share were EUR 0.10 (EUR 0.11). Cash flow from operations was 29,1 million positive (28.5 m positive). The change of net cash was 22.4 million positive excluding paid dividends of 9.3 million (24.5 m positive excluding paid dividends of 9.3 m).

Total fixed costs were 130.4 million or 126.1 million (123.7 m) excluding one-offs of 4.3 million related to the Bordeaux re-organization and efficiency gains in Q1 and Q4, an increase of 5% or 2% from the previous year. These increases are mainly related to investments in Sales and Marketing activities to core businesses and geographical expansions. Depreciations (R&D activations, software, hardware) increased to 9.3 million (9 m). The capitalized development expenses were 2.3 million (0.3 m).

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



F-SECURE BUSINESS IN Q4

Security sales in Q4 grew overall despite the decline in traditional PC security. The growth is spurred by security sales based on the new cloud security strategy. The Company's core cloud businesses in security consist of SAFE (our multi-device offering for consumers), Protection Service for Business (our corporate offering), and Freedome, our next-generation privacy and security product fully powered by the cloud.

Among operators, F-Secure's security sales continued to gain traction in Q4, especially with the multi-device offering SAFE. The Company has signed new deals and launched new security services with operators, including SFR (France), Telefonica (Peru & Ecuador) and VIVO (Brazil).

The Company's corporate security business performed very well in Q4, with sales growth driven by Protection Service for Business. Traditional client security sales among corporate customers grew as well. The Company has successfully focused on Germany, France and the USA, which has led to the growth of our reseller network and thus to increasing sales.

F-Secure's direct to consumer security business had strong growth in Q4, driven by the new 2015 versions of F-Secure SAFE and Internet Security. The next generation privacy and security app, Freedome, continued to perform well with close to two million downloads to date.

The Company's personal cloud business, younited, is very competitive in winning new operator partners. With younited, F-Secure has won about 30 operator partners, over 20 of which are already in production. In Q4 for example, the company launched PCCW (Hong Kong) and Claro (Brazil). In Q4 the Company decided to focus on personal cloud business on the operator channel, with direct business serving as only a touch point to end-users. This has led to the reorganizing and optimizing of resources in the content cloud business. The Company concluded personnel cooperation negotiations in December to drive efficiencies (see stock exchange release on December 8, 2014).

The Company's overall Q4 operator channel revenues continued to decline due to the phasing out of the firstgeneration, legacy content cloud business (online backup) and declining traditional PC-centric sales. Some of the decline was compensated for by the growth of the multi-device offering SAFE and the new younited personal cloud.

Q4 operator revenues declined by 9% to 22.4 million (24.9 m). Revenues to corporate and direct to consumers grew by 4% to 15.7 million (15.2m). In total, revenues declined by 4% to 38.2 million (40.0 m) in Q4.

In 2014 revenues from the operator channel declined by 4% to 91.7 million (95.5 m). Revenues to corporate and direct to consumers grew by 4% to 62 million (59.8 m). In total, revenues declined by 1% to 153.8 million (155.1 m).

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

PRODUCT ANNOUNCEMENTS IN Q4

In Q4 the Company continued to invest in security excellence and go-to-market activities as well as enhancing the user experience of our products.

F -Secure SAFE launched an upgraded user interface and improved usability. F-Secure Search, SAFE's search extension, was expanded to mobile users with Android, iOS and Windows Phone. More about the SAFE service http://www.f-secure.com/safe

The PC version of Freedome was pre-launched in December with the full launch following on 21 January. Freedome was also on offer in selected retail stores. A new Freedome service node was launched in Australia. More about Freedome: https://www.f-secure.com/en/web/home_global/freedome

Younited launched an upgraded version of the service that includes improved sorting of content on mobile devices, support for iOS8 and Chromecast also for Apple devices. More about younited: https://www.f-secure.com/en/web/ home_global/younited

RISKS AND UNCERTAINTIES

The most significant risks for F-Secure are related to the following factors: instability in the economic climate, changes in the competitive environment and customer demand affecting the volume of business and price levels, 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.

EVENTS AFTER PERIOD-END

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

PERSONNEL AND ORGANIZATION

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

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), **Jari Still** (R&D Operations), **Pekka Usva** (Corporate Security Business) and **Taneli Virtanen** (Chief Financial Officer, until 22 February) and **Saila Miettinen-Lähde** (Chief Financial Officer, from 23 February onwards).



FINANCING AND CAPITAL STRUCTURE IN 2014

Cash flow from operations was 29,1 million positive (28.5 m positive). The change of net cash was 13.1 million positive including paid dividends of 9.3 million in April (15.2 m positive including paid dividends of 9.3 m). Net financial income was 1.1 million positive (0.7 m negative).

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

The Company's capital expenditure was 5.8 million (3,7 m). The capitalized development expenses were 2.3 million (0.3 m).

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

TAXATION

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

SHARES, SHAREHOLDERS' EQUITY, OWN SHARES AND OPTION PROGRAMS

The total number of Company shares is currently 158,798,739. The Company's registered shareholders' equity is EUR 1,551,311.18. At the end of the year, the Company held 3,004,812 of its own shares.

CORPORATE GOVERNANCE

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

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



MARKET OVERVIEW

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

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

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

LONG-TERM OBJECTIVES AND STRATEGY SUMMARY FOR 2015 - 17

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

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

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

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

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



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

OUTLOOK FOR 2015

The management estimates annual revenues will remain flat in 2015. During the first half, the revenue decline is expected to continue, affected by the phaseout of the online backup business as well as declining traditional PC security sales. The management expects to see a stronger second half as a result of continued growth in our core cloud-based security sales. Annual profitability is estimated to remain at around 15% of revenues

Revenue growth is expected to come from the Company's core cloud businesses, consisting of converged PC and mobile security (SAFE), Protection Service for Business, personal cloud via operators (younited) and security from the cloud (Freedome). The Company will also invest in new initiatives to further expand into cloud and cyber security offerings. Traditional PC security sales are expected to continue a slight declineThe 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.

SIGNING OF THE ANNUAL REPORT AND PROPOSALS TO THE ANNUAL GENERAL MEETING

The Board of Directors will sign the annual report on February 13. The Company will on that date publish the proposals to the AGM. The Company's dividend policy is to pay approximately half of its profits as dividends. Subject to circumstances, the company may deviate from this policy.

NEWS CONFERENCE TODAY AT 11 AM

A news conference for analysts and press is arranged today, 4 February, at 11 am Finnish time at F-Secure's Headquarters, address: Tammasaarenkatu 7, Ruoholahti, Helsinki. At the news conference, President & CEO Christian Fredrikson will present the Q4 financial results.

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

https://meet.F-Secure.com/tapio.pesola/RVM2BPP6

To participate in the online meeting through phone, please dial in to +358975110100. Conference ID is 6657805.



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

https://support.office.com/en-in/article/Quick-Start-Use-Lync-2010-Attendee-3141

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It is possible to participate through the Lync web application, but please note that you will also need call in to the meeting via phone to hear the audio.

The Q4 financial results presentation material will be available on our Investors web pages at http://www.f-secure. com/investors before the call begins.

FINANCIAL CALENDAR FOR 2015

F-Secure Corporation will publish its interim reports during 2015 as follows.

- Interim Report for Q1/2014 April 23, 2015
- Interim Report for Q2/2014 July 23, 2015
- Interim Report for Q3/2014 October 22, 2015

The Board's proposals to the Annual General Meeting will be published on February 13. The Annual Report for 2014 will be published on the company's website by week 12. The Annual General Meeting is scheduled to be held on Thursday, April 8, 2015. The Board of Directors will summon the meeting at the later date.

F-Secure Corporation

Additional information

F-Secure Corporation Christian Fredrikson, President and CEO tel. +358 9 2520 0700

Taneli Virtanen, CFO tel. +358 9 2520 5655 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):

INCOME STATEMENT	2014	2013	2014	Change	2013
(EUR million)	10-12	10-12	1-12	%	1-12
Revenues	38.2	40.0	153.8	-1	155.1
Cost of revenues	1.9	2.1	7.6	9	7.0
Gross margin	36.4	37.9	146.2	-1	148.1
Other operating income	1.0	0.9	3.0	10	2.7
Sales and marketing	22.4	17.6	84.9	15	73.6
Research and development	8.2	10.4	38.2	-8	41.7
Administration	1.9	2.1	7.4	-12	8.4
Operating result	4.7	8.8	18.8	-31	27.1
Financial net	0.1	-0.1	1.1		-0.7
Result before taxes	4.8	8.7	19.9		26.3
Income taxes	-0.3	-4.1	-4.1		-9.9
Result for the period	4.5	4.6	15.8		16.5

OTHER COMPREHENSIVE INCOME:

INCOME STATEMENT	2014	2013	2014	Change	2013
(EUR million)	10-12	10-12	1-12	%	1-12
Exchange diff. on translating foreign operations	0.1	-0.1	0.4		-0.1
Available-for-sale fin. assets	0.3	0.2	0.2		0.1
Income tax rel. to components of other comprehensive income	-0.1	0.0	0.0		0.0
Total compr. income (owners)	4.8	4.7	16.3		16.5
Earnings per share EUR	0.03	0.03	0.10		0.11
EPS diluted, EUR	0.03	0.03	0.10		0.11



BALANCE SHEET

ASSETS	31/12/2014	31/12/2013
Intangible assets	14.1	16.8
Tangible assets	7.2	8.3
Goodwill	19.4	19.4
Other financial assets	2.9	4.4
Non-current assets total	43.6	49.0
Inventories	0.1	0.3
Other receivables	44.6	39.5
Available-for-sale financial assets	40.3	25.7
Cash and bank accounts	21.1	22.2
Current asset total	106.1	87.7
Total	149.7	136.6

SHAREHOLDERS' EQUITY AND LIABILITIES	31/12/2014	31/12/2013
Equity	79.9	72.8
Other non-current	0.4	0.4
Deferred revenues	11.0	9.2
Non-current liabilities total	11.4	9.5
Other current	26.4	24.8
Deferred revenues	32.0	29.6
Current liabilities total	58.4	54.3
Total	149.7	136.6



CASH FLOW STATEMENT

	31/12/2014	31/12/2013
Cash flow from operations	29.1	28.5
Cash flow from investments	-6.7	-4.0
Cash flow from financing activites 1)	-9.3	-9.3
Change in cash	13.1	15.2
Cash and bank at 1 Jan	48.0	32.4
Change in net fair value of Available-for-sale	0.2	0.1
Cash and bank at end of period	61.3	47.7

NOTES

1) 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.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share- capital	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 comprehensive income for the year					15.8	0.2	0.4	16.3
Dividend					-9.3			-9.3
Cost of share based payments			0.1	0.8	-0.7			0.2
Equity on 31.12.2014	1.6	0.2	5.1	-7.0	79.3	0.5	0.3	79.9



KEY RATIOS

	2014	2013
	12 m	12 m
Operating result % of revenues	12.2	17.5
ROI %	26.7	40.9
ROE %	20.7	24.9
Equity ratio, %	74.9	74.3
Debt-to-equity ratio %	-76.6	-65.6
Earnings per share, EUR	0.10	0.11
Earnings per share diluted. EUR	0.10	0.11
Shareholders' equity per share. EUR	0.50	0.46
P/E ratio	22.2	17.6
Capitalized expenditures, MEUR	5.8	3.7
Contingent liabilities, MEUR	10.1	12.2
Personnel average	937	949
Personnel end of period	921	939

SEGMENT INFORMATION

The Group has only one segment; data security.

Quarterly development	1/13	2/13	3/13	4/13	1/14	2/14	3/14	4/14
Revenues	38.4	38.4	38.3	40.0	39.1	38.6	37.9	38.2
Cost of revenues	1.7	1.8	1.5	2.1	2.0	1.8	2.0	1.9
Gross margin	36.7	36.6	36.8	37.9	37.2	36.8	35.9	36.4
Other operating income	0.8	0.7	0.3	0.9	0.8	0.6	0.6	1.0
Sales and marketing	18.4	19.8	17.8	17.6	22.1	20.8	19.5	22.4
Research and development	10.7	11.1	9.5	10.4	11.5	9.8	8.6	8.2
Administration	2.5	2.4	1.5	2.1	2.0	1.8	1.6	1.9
Operating result	5.9	4.0	8.4	8.8	2.3	5.0	6.9	4.7
Financial net	0.1	-0.2	-0.6	-0.1	0.1	0.2	0.6	0.1
Result before taxes	6.0	3.8	7.8	8.7	2.4	5.2	7.5	4.8



GEOGRAPHICAL INFORMATION

Revenue	10-12/2014	10-12/2013	1-12/2014	1-12/2013
Nordic countries	12.3	12.9	48.3	47.5
Rest of Europe	16.7	17.8	70.4	70.0
North America	4.2	4.4	15.6	17.8
Rest of the world	5.0	4.9	19.5	19.8
Total	38.2	40.0	153.8	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 31.12.2014	40.3	40.2		0.1
Available-for-sale financial assets 31.12.2013	25.7	25.6		0.1



SWITCH ON FREEDOM

www.f-secure.com/digitalfreedom

