

F-SECURE GROUP'S FINANCIAL RESULTS JANUARY 1 - SEPTEMBER 30, 2002

Improved profitability, continuing growth in anti-virus, especially in service subscriptions through ISPs

For the 3rd quarter of 2002, F-Secure reported revenues of 9.6 million euros. This represents an increase of 5% from the previous quarter and a decrease of 3% from the third quarter of 2001. For the first nine months of 2002 revenue was 28.7 million euros, representing a decline of 6% from the first nine months of 2001.

The operating result improved and was EUR 0.3 million negative for the third quarter (1.4m negative in 2Q2002 and 2.5m negative in 3Q2001). For the first nine months of 2002 the operating result was EUR 2.4 million negative (11.4m negative in the first nine months of 2001).

Business Highlights

The overall business climate has remained challenging. After a slow Q2 customer demand picked up after the holiday season finished in late Q3.

The anti-virus business remained stable with an annual growth of 9% for the first nine months of 2002 compared to the same period a year ago. Also the number of anti-virus service subscriptions grew steadily.

The encryption business continued to face long lead times and it declined by 14% in the first nine months of 2002 compared to the same period a year ago. The North American market showed some signs of recovery in Q3, but overall IT spending remained cautious.

The Group continued to accelerate its key partnerships in the handheld and wireless content security space (Fujitsu-Siemens, Hewlett-Packard, Compaq and Nokia). However, the overall demand for handheld devices has continued to remain low compared to the market expectations a year earlier. The impact can be seen in the slow ramp-up of revenues in this business area.

The Small Office and Home Office (SOHO) business advanced further as key service provider partners in France and Sweden started promoting their anti-virus and firewall services. The growth of the security subscription business has remained strong with the subscriber base growing a minimum of 20% quarter-over-quarter for six consecutive quarters. After the addition of Deutsche Telekom's T-Com subsidiary to the Group's list of service provider partners in early October, the Group has the two largest ISPs in Europe offering managed security based on F-Secure solutions.

The Group continued to successfully balance its activities to reflect the current business climate without compromising future growth. The total fixed expenses were 8.6m in the third quarter (compared to 9.4m in 2Q02 and 11.2m in 3Q01). The low level of expenses was partly due to seasonality.

The Group has maintained a strong focus on improving its customer advocacy processes and systematically following customer satisfaction. The quarterly product satisfaction figures for the third quarter have remained at previous levels.

In addition to the recognized revenues, the Group had 11.9 million euros of deferred revenues on its balance sheet at the end of September (10.9m a year ago, 12.4m at the end of 2Q02).

The geographical breakdown of revenues was as follows (compared to the first nine months of 2001): North America 31% (38%), Nordic Countries 33% (32%), Rest of Europe 28% (22%), and Rest of the World 8% (8%). Anti-virus business represented 58% (50%) of the revenues, while encryption represented 40% (44%), and other products 2% (6%).

## Product News

F-Secure Anti-Virus 5.40, released in Q2, has been deployed by most customers and received very positive feedback. During the recent virus outbreaks the Group has shown very fast virus detection and removal times compared to other players in the industry. This has created significant savings to F-Secure customers.

## Personnel and Organization

The Group's personnel was 317 at the end of the third quarter (322 at the end of 2Q2002).

The Group's Executive Team consists of the following persons: Risto Siilasmaa (President and CEO), Kimmo Alkio (Chief Operating Officer, Anti-Virus Operations), Ilkka Starck (Executive Vice President, North America), Pirkka Palomäki (Vice President, Marketing), Jorma Kempainen (Vice President, R&D), Juha Saksi (Director, Wireless Security Solutions), Seppo Rantanen (Director, Human Resources) and Markku Pirskanen (Chief Financial Officer).

## Financing

The Group's financial position remained strong during the year. The Group's equity ratio on September 30, 2002, was 72 % (73% on June 30, 2002 and 76% on September 30, 2001). Financial income was 0.6m for the first nine months of 2002 (2.0m for the first nine months of 2001).

Cash flow was 0.4m negative for the third quarter. Cash flow for the first nine months of 2002 was 1.7m positive. The liquid assets of the Group were 32.7m on September 30, 2002 (33.1m on June 30, 2002 and 27.3m on September 30, 2001).

The change in the USD-EUR exchange rate did not have a material effect on the Q3 results.

## Investments

For the first nine months of 2002, the Group's investments were 0.9m euros (1.8m for the first nine months of 2001). The investments consisted mainly of IT hardware and software.

## Shares, Shareholders' Equity and Option Programs

In Q3, a total of 93,727 new shares were entered into the Trade Register and as a result the shareholders' equity increased by 937 euros. A total of 1,441,874 new shares have been entered into the Trade Register in the first nine months of 2002.

The number of shares was 143,513,642 on September 30, 2002. The corresponding number of shares fully diluted would be 163,256,465, including all stock option programs.

In March the Annual General Meeting accepted the Board proposal to authorize the Board, during the period of one year from the date of the shareholders' meeting, to decide on an increase of the share capital of the company by one or more new share issues or by launching one or more convertible bonds or option loans or option rights. As a result of such share issues, option loans, option rights or convertible loans, the share capital of the company may be increased by a maximum of 280,000 euros. The maximum number of new shares to be issued is 28,000,000. To the extent the authorization is used to create incentive systems for the personnel of the Group, the share capital may increase by a maximum of EUR 70,000, in which case a maximum amount of 7,000,000 shares may be issued. The authorization remains fully unused.

## Key events in early Q4

In October, F-Secure and Deutsche Telekom announced a service to be offered by the T-Com division of Deutsche Telekom to its small business customers. The Personal Security Service will combine anti-virus and

personal firewall services and will be offered initially to T-Com's 350,000 small to medium-sized businesses. During 2003 the offering is also available at all T-Punkt retail stores to all customer segments across Germany.

#### Future Outlook

The Group believes strongly in its strategic direction and the competitiveness of its product range and maintains a long-term positive outlook in the growing security market, especially in the anti-virus business and handheld security.

The licensing and distribution deals with leading vendors have positioned the Group as a major player in the emerging handheld security solutions market. Work continues to convert the leadership of the Group's offering into business, while market uncertainty prevails regarding the timing, structure and growth of the handheld security solutions market. Significant handheld security revenues are not expected to materialize in the short term.

In the short term the situation in the corporate software market is expected to remain challenging. Management expects the anti-virus business to continue to grow at a moderate annual rate in 2002. The encryption business is expected to decline in 2002 compared to 2001.

Q4 revenues are estimated to be 10 million euros, with an error margin of +/- 10%. The estimate is based on the sales pipeline at the time of publishing, existing subscriptions and support contracts, and previous experience on end-of-year sales. Fixed costs are estimated to be at or below 9.5 million euros in Q4.

#### Key figures (unaudited):

Euro million						
Income statement	2002	2001	2002	2001	Chge	2001
	7-9	7-9	1-9	1-9	%	1-12
Revenues	9.6	9.9	28.7	30.6	-6	41.7
Cost of revenues	1.3	1.3	3.7	4.5	-19	5.7
Gross Margin	8.3	8.5	25.0	26.1	-4	36.0
Sales and Marketing	5.6	7.7	17.8	25.3	-30	32.3
Research and Development	2.4	2.6	7.5	9.5	-21	12.4
Administration	0.6	0.9	2.3	2.9	-19	3.7
Other Operating Income	0.1	0.1	0.2	0.1		0.3
Operating result	-0.3	-2.5	-2.4	-11.4		-12.2
Financial Income and Expenses	0.2	0.4	0.6	2.0		2.3
Profit (Loss) Before Extraordinary items	-0.1	-2.2	-1.8	-9.4		-9.9
Extraordinary items +/-	-	-	-	-		-
Result Before Taxes	-0.1	-2.2	-1.8	-9.4		-9.9
Income Taxes	-0.0	0.2	-0.1	0.0		-0.2
Result for the Period	-0.1	-1.9	-1.9	-9.4		-10.2

The stock option related social security expenses have had no effect on the Income Statement.

#### BALANCE SHEET

ASSETS 30/9/2002 30/9/2001 31/12/2001

Intangible assets	1.7	2.3	1.5
Tangible assets	1.8	2.9	2.6
Investments	0.2	0.3	0.3
Short-Term Receivables	11.4	14.7	13.4
Cash and Bank Accounts	32.7	27.3	31.0
Total	47.7	47.4	48.8

#### LIABILITIES AND

SHAREHOLDERS' EQUITY	30/9/2002	30/9/2001	31/12/2001
Total Shareholders' Equity	25.8	27.9	27.4
Mandatory Provisions	1.9	1.9	1.9
Non-Current Liabilities	-	-	-
Advance Payments	11.9	10.9	11.5
Other Current Liabilities	8.0	6.7	8.0
Total	47.7	47.4	48.8

Key ratios	2002	2001	2001
	9 m	9 m	12 m
Operating result,			
% of Revenues	-8.4	-37.3	-29.3
ROI, %	-8.1	-36.2	-28.3
ROE, %	-9.4	-38.6	-31.5
Equity ratio, %	72.2	76.4	73.4
Debt-to-equity ratio, %	-126.7	-97.7	-113.2
Earnings per Share (EUR)	-0.01	-0.07	-0.07
Earnings per Share Diluted	x)	x)	x)
Shareholders' equity			
per Share, e	0.18	0.20	0.19
Investments (Meuro)	0.9	1.8	1.4
Contingent liabilities (Me)*	18.4	20.0	20.2
Personnel, average	317	373	376

x) Not given, as the effect of dilution would improve the figure

\* Includes the lease responsibility for the facilities at Helsinki High Tech Center

#### Quarterly development

	1/01	2/01	3/01	4/01	1/02	2/02	3/02
Revenues	10.0	10.7	9.9	11.1	10.0	9.1	9.6
Cost of Revenues	1.6	1.6	1.3	1.3	1.1	1.2	1.3
Gross Margin	8.4	9.1	8.5	9.9	8.8	7.9	8.3
Sales and Marketing	8.8	8.8	7.7	7.0	6.1	6.0	5.6
Research and							
Development	3.4	3.4	2.6	3.0	2.6	2.5	2.4
Administration	1.0	1.0	0.9	0.9	0.9	0.8	0.6
Other Operating							

Income	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Operating result	-4.8	-4.0	-2.5	-0.8	-0.7	-1.4	-0.3
Financial Income and Expenses	0.9	0.7	0.4	0.3	0.1	0.3	0.2
Profit (Loss) Before Extraordinary items	-3.9	-3.4	-2.2	-0.5	-0.6	-1.1	-0.1

## Financial Reporting

A press and analyst conference will be arranged today, October 29, at 11 am Finnish time at the Group's Headquarters, Tammasaarenkatu 7, Helsinki. A conference call for international investors and analysts will be arranged at 1530 Finnish time (1430 CET, 1.30 pm UK time). Instructions can be found at <http://www.europe.f-secure.com/investor-relations/>

The Q4 financial report will be published on February 13, 2003, and the Annual Report on March 18. Annual General Meeting will be held on March 26. Quarterly reports for 2003 will be published on April 29 (Q1), August 6 (Q2) and October 30 (Q3).

A Stock Exchange bulletin will be sent at 9 am Finnish time to the Helsinki Exchanges, a press and analyst conference will be arranged at 11 am Finnish time in Helsinki, and an international conference call will be arranged in the afternoon. Full details will be provided later on the Group's web site.

## F-Secure Corporation

### Board of Directors

#### Additional information:

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## DISTRIBUTION

Helsinki Exchanges

Main media