

SECURING THE MOBILE,
DISTRIBUTED ENTERPRISE

ANNUAL REPORT 2000

F-SECURE[®]



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F-Secure Corporation

F-Secure Corporation is a leading provider of centrally managed security for today's widely distributed enterprises and mobile workforces. The company offers a full range of award-winning, integrated anti-virus, file encryption, distributed firewall and VPN solutions for workstations, servers, gateways and mobile devices. Special emphasis is placed on security in the emerging wireless IT environment.

F-Secure products are uniquely suited for delivery of Security as a Service™, which provides invisible, reliable, always-on, and up-to-date security to widely distributed user bases. Whether managed by a corporate systems group or service provider, F-Secure solutions extend continuous, robust security to all systems and devices where information is created, stored or accessed.

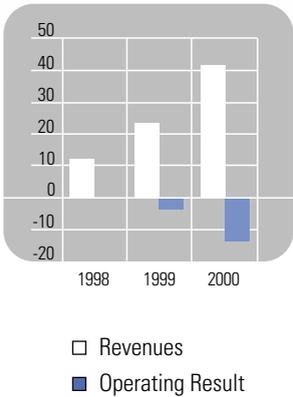
F-Secure was founded in 1988. F-Secure Corporation is listed on the Helsinki Stock Exchange [HEX: FSC]. The company is headquartered in Espoo, Finland with North American headquarters in San Jose, California and country offices in Europe and Asia.

Quarterly reports will be released on May 8, August 7, and October 30, 2001. The annual shareholders' meeting will be held on April 3, 2001. Investor inquiries may be directed to F-Secure Corporation, Investor Relations Department, at +358 9 2520 5542.

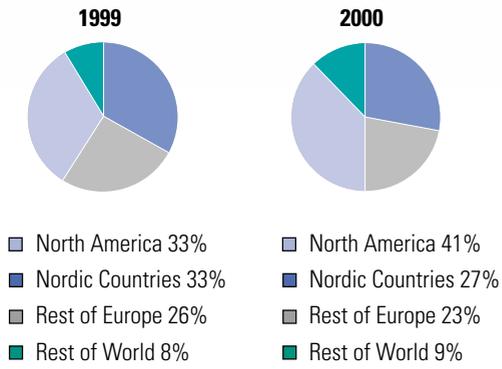
F-Secure Key Figures



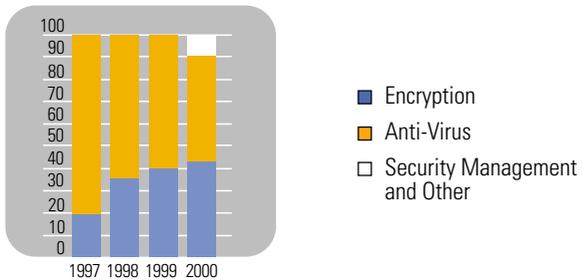
Revenues and Operating Results 1998-2000, EUR Million



Regional Revenue Split

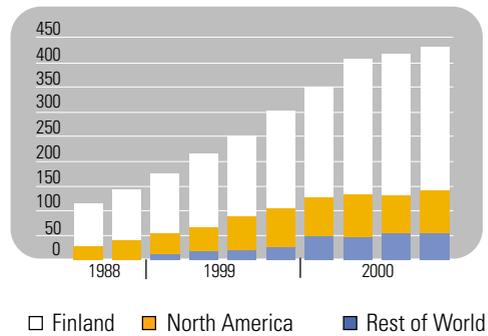


Change in Product Mix 1997-2000



F-Secure's leadership in virus and malicious code protection became clear in May during the LoveLetter virus attack. F-Secure was the first anti-virus company to discover the virus and warn the IT world, and the first to provide an update for detecting and removing it.

Personnel Growth 1998-2000



Shaping an industry is a top-line requirement of leading it

The year 2000 was F-Secure Corporation's first full year as a publicly listed company. We delivered on the promise of growing our revenues by 76 percent over the preceding year. We accelerated our progress by establishing numerous new client and partner relationships, and by strengthening our leadership in Security as a Service™ and wireless security. We were also tremendously successful in hiring key industry talent and growing our workforce to 427 personnel.

Market Affirms F-Secure's Architectural Leadership

Most of all, the year 2000 was one of establishing F-Secure's architectural leadership in the industry. We received validation from the market that the path we have chosen is the right one: security must be extended to all systems and devices in the corporate IT fleet, and systems personnel must be able to manage it all centrally.

Our F-Secure Policy Manager architecture, originally launched in 1999, gained mind share among IT professionals as the long-awaited solution for manageable, end-to-end security, and we expect enthusiasm for it to grow as we move ahead. Our Security as a Service concept matured and we signed a number of key partnership agreements with leading service providers.

Building the Business on Customer Success

In the summer of 2000 we launched a Customer Advocacy (CA) organization dedicated to advocating the technology and business needs of our clients, at all levels of the company. One of its duties is to be highly proactive in measuring customer satisfaction with F-Secure products, services and support. The CA group also promotes a company-wide culture of passionate commitment to customer success.

The initial results have been highly encouraging. Customer satisfaction figures have risen steadily since the inception of the CA organization. High customer satisfaction is a key factor in achieving our goal to cross-sell more applications to existing customers.



We call this new part of F-Secure "The Customer's Voice" and expect that voice to be heard loud and clear whenever decisions affecting the customer are made.

Attracting the Best Talent

During the year we were highly successful in recruiting key personnel. They bring with them a wealth of experience in IT, security, wireless technology, business development, sales and service provision from industry-leading companies. We are pleased that the entire F-Secure team shares in the company's unique vision and wants to contribute to it.

New Subsidiary Turns Security Into E-Service

We have seen a growing trend in the outsourcing of security to service providers, a development which is reshaping the security vendor market. In 2000 we launched more than ten new partnerships with major players in this field and began to build business relationships that will create new revenue streams.

In September we launched F-Secure Online Solutions to fortify our position in the security outsourcing market. This dynamic new subsidiary is a security service provider to systems management companies, ISPs and ASPs. In late 2000 this new business saw early gains and is well on track to establish significant partnerships in 2001.

Leadership

Complete Security for All Wireless Platforms

The new wireless devices that combine PDA and smartphone functionality are taking over much of the work traditionally done on the desktop. These personal computers of tomorrow store large amounts of company information and support many kinds of business applications.

With instant connectivity to a multitude of servers and services, it has become easy to download content to these devices. The operating systems are open and well documented, allowing the terminals to be easily personalized with a growing range of third-party software.

Already we see a clear market demand emerging for wireless content security in both consumer and corporate markets. The market requirements are very demanding; these products must offer protection equal in maturity and performance to those designed for PC and LAN environments. This requires centrally managed real-time security against a wide range of threats.

F-Secure has been the forerunner in creating content security applications that are optimized for wireless devices and offer reliable, automatic on-device protection. We have set the bar extremely high for our wireless security products with real-time, service-provision-enabled solutions. We believe the mobile user must have both anti-virus and file encryption with real-time capability, and we remain the only vendor to provide a full mobile security solution for all major platforms.

Setting the New Security Standard

Today F-Secure stands uniquely positioned to leverage its platform and cross-sell new applications in our established security market. Our relentless pursuit to increase customer satisfaction while establishing new key partnerships will fuel our growth in the near term.

F-Secure began taking determined steps to build its wireless security competence long before the mobile security trend emerged. The year 2001 will be an important one in realizing F-Secure's wireless mission. Much like our customary business, service providers will play an increasing role in delivering these new applications to the market.

Our unrivaled scope of competence gives us a unique advantage over competitors in securing the highly diverse IT fleets of tomorrow. We will continue to capitalize on the ever-increasing need for the managed security of all information assets in today's corporation, wherever those resources are created, stored or transmitted – from server and desktop to laptop and palmtop.

All of us at F-Secure look forward to the future with great anticipation and confidence. I would like to thank our clients, partners, investors, and the entire F-Secure team for their valuable support and involvement – it makes all the difference.

Risto Siilasmaa
President and CEO

**Skill creates the potential for success -
but partnership brings it to life**



Teamwork

The partner channel has become an essential component of the business. As the company focuses on developing security products that can be updated daily, F-Secure partners complete the circle with a range of complementary services.

Risk analyses, security policy development, consulting, systems integration, and local after-sales support are a few of the services we rely on partners to deliver.

Plan for Partnership

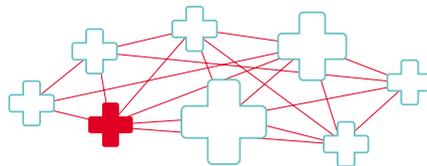
The F-Secure Solution Provider Program (FSSP) was introduced in early 2000. This commercial partner program incorporates partner training, certification and other cooperation measures into a win/win business model.

The F-Secure Solution Provider model has been a success with consulting firms and systems integrators in every F-Secure market. This program will continue to grow as the business moves towards security services and wireless platforms. We know that when our partners succeed, we succeed.

Teaming Up with Sprint e-Solutions

Sprint e-Solutions was one of the key partners to join the F-Secure Solution Provider Program in 2000. As part of the Sprint family of telecommunication companies, Sprint e-Solutions provides integration management and support services for distributed computing technology. Sprint e-Solutions delivers solutions around five key areas of expertise: security, network management, application deployment, convergence and emerging technologies.

Sprint e-Solutions and F-Secure have jointly created a comprehensive solution to help their healthcare customers comply with the U.S. Health Insurance Portability and Accountability Act (HIPAA).



“With the F-Secure product range, Sprint e-Solutions enhances its professional security services to provide a formidable HIPAA solution by protecting all links in the virtual corporate network including clients, servers and gateways – with full installation and management capabilities from a central location.”

*Dr. Rob Robinson
Security Practice Principal
Sprint Enterprise Network Services*

Security Management

F-Secure Policy Manager provides a scalable way to manage the security of multiple applications on multiple operating systems, from one central location. The power of the F-Secure Policy Manager rests in its distributed management architecture, which provides massive scalability for a widely distributed mobile workforce, and handles all management functions on local hosts.

To tackle the depths of a problem,
you have to jump in with both feet



Insight

As companies become increasingly tied together by a complex mesh of new networks – public and private, wireline and wireless – greater security is needed to ensure safe access to corporate information.

The rise of the extended corporate network and its interaction with the Internet has created an urgent need for security solutions that are centrally managed, widely distributed and scalable, for an array of systems and devices.

Extending the Security Net

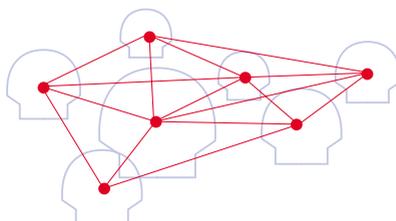
F-Secure enables businesses to take advantage of today's increased mobility and personal computing world, bringing individual security zones to each device where information is created or stored. Those security zones are extended to each connection and every transmission of information, even across unsecured networks.

Wide Security Net for Shell

Shell Services International (SSI), the IT management and outsourcing arm of the petroleum giant, chose F-Secure to strengthen the security of its wide-area communications network supporting 16 divisions in Europe and Africa.

SSI wanted to provide Shell's staff with secure file transfer protocol (SFTP) functionality, as well as high-strength encryption support. Instead of executing site-specific server updates across Europe, SSI wanted to coordinate Unix server management and updates from a centrally managed security system.

Today, SSI provides total security management, administration, updates, and support from one location in the Netherlands. This has enabled SSI to cast a larger, more complete security net over Shell's 1,700 Unix systems in Europe.



“As the F-Secure solution is proving to be a success in Europe, we are also looking at extending the reach of F-Secure SSH to our American base in Houston, and additionally to Australia and Kuala Lumpur for Asia, the Pacific Rim and the Middle East.”

*Robert Matthijssen
Global Service Delivery Manager for
Unix Shell Services International*

Network Security

F-Secure VPN+ secures the transmission of mission-critical data over TCP/IP networks like the Internet. It provides a peerless software-only solution for employees and external partners who need private access to a corporate intranet from any dial-up point.

F-Secure Distributed Firewall protects the entire corporate IT fleet against unauthorized access to corporate information. It complements the traditional perimeter firewall and takes corporate security to a new level to respond to the proliferation of mobile computing.

F-Secure SSH Client and Server enables remote systems administrators and telecommuters to access corporate network resources without revealing passwords and confidential data to possible eavesdroppers. It protects TCP/IP-based terminal connections in Unix, Windows and Macintosh environments.

Today's best companies set
their sights on tomorrow



Foresight

Corporate IT security faces the daunting challenge of effectively managing an expanding network environment and a growing number of links between the company and its customers.

Paradoxically, systems personnel have to do more with fewer resources than five or ten years ago, even though there is increasingly more to lose if security fails. This has led to an explosion in IT security outsourcing to third parties. IDC estimates this market will grow from \$700 million in 1999 to \$2.3 billion in 2003.

Transforming an Industry

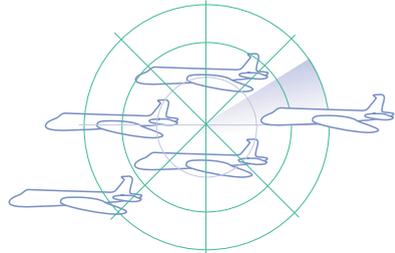
F-Secure Security as a Service™ is the world's first complete security outsourcing concept. This revolutionary value-chain strategy rewrites the rules of security delivery by empowering service providers and outsourcing companies with F-Secure's platform technology and products.

In early 2000, the Security as a Service concept was field tested by many of the world's leading service providers and outsourcing firms. Since then, a number of providers have launched their own security services employing F-Secure technology.

New Window to Security Markets

F-Secure Online Solutions (F-SOS) was launched in September 2000. This wholly-owned subsidiary of F-Secure Corporation provides security solutions as a managed service to and through service providers. In essence, F-Secure Online Solutions is a security ASP, where the service is hosted either by the service provider or by F-SOS on behalf of the service provider.

Security is rapidly becoming a differentiator to large ISPs and niche ASPs alike, and their wireless counterparts will adopt the same model. F-Secure Online Solutions enables clients to deliver industry-leading security solutions to end users. This enables the service provider to exploit a lucrative opportunity for new revenue while remaining focused on its core business.



“Security is the fundamental cornerstone of TietoEnator’s business, both in its internal processes and its services to customers. The strategic cooperation between F-Secure and TietoEnator is an excellent example of creating world-class solutions and services for international markets.”

*Juhani Strömberg
Senior Vice President, Development
TietoEnator*

Content Security

F-Secure Anti-Virus is the industry's strongest available defense against viruses and malicious code for both site-based and mobile workers, ensuring maximum system availability and data integrity.

F-Secure FileCrypto automatically encrypts and stores local data on-the-fly. The process is completely transparent to the end user, ensuring that data stored locally or sent over a network is always encrypted.

Seeing tomorrow's challenges
protects today's freedoms



Vision

The next chapter in the computing revolution will sever the wire and free us from the restrictive environment of the desktop. Workforces on the move will need fast and open access to corporate networks and services regardless of time and location.

Increasingly smart, handheld devices will process and store data autonomously and communicate with the surrounding world through various wireless access methods. Eventually, wireless devices of all sizes and shapes will become the corporate employee's preferred platform for communication and personal computing.

The New Security Challenge

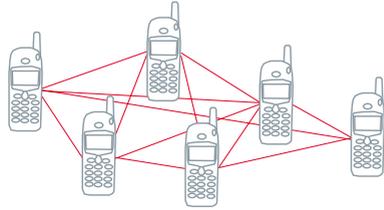
PDAs and smartphones are already part of corporate IT fleets. Employees use them to send and receive e-mail, write notes, view and work with all types of files, and permanently store confidential information.

From the security point-of-view, these devices are just like laptops – only more personal, more connected and easier to lose. All information stored on a stolen or lost device is at risk of being disclosed, and all information on memory cards and other removable media can be accessed with any compatible device.

The first wireless virus and trojan incidents have proved that it is possible to create viruses that run on PDAs and smartphones, and that these new forms of malicious code can spread quickly in wireless environments. When the next wireless virus incident occurs, users with devices protected by security applications and a supporting service will automatically receive the antidote, providing the fastest possible resolution to the problem.

Extending Security to Every Device

Installing anti-virus and file encryption applications on all devices is the only way to ensure that all company information is protected continuously. The interest in the first announcement of F-Secure's wireless solutions indicates that systems and security managers worldwide are realizing the importance of expanding the security policy to wireless devices.



“We have chosen F-Secure as our preferred mobile security provider for the zed business users. Both companies share the same vision of the smartphone turning into a full-bred computer, and we do believe that the service provider is in the key position to provide a wealth of value added applications for mobile users.”

*Juha Häkämies
CTO
Sonera Zed for Business*

Wireless Security

Symbian EPOC is becoming a major operating system for today's emerging wireless devices. F-Secure Anti-Virus for EPOC was released in August as an early-availability program to qualified hardware vendors and operators.

F-Secure Anti-Virus for EPOC offers automatic real-time protection against viruses and other malicious or harmful content in all file types, without any need for user intervention. It also offers several easy methods for updating the virus signature database.

F-Secure Anti-Virus for Palm is the first anti-virus product for the Palm operating system to offer on-device protection with continuous, fully automatic update service and technical support. It provides automatic scanning after HotSync and detects all known malware on the Palm OS.

The company will further expand its portfolio by launching file encryption and anti-virus products for all major platforms, including Pocket PC.

Great things happen when people
put their heads together



People

Building the Client Relationship

In 2000 F-Secure evolved its customer service approach to encompass the principles of customer advocacy (CA). This new strategy is designed to intensify client relationships by ensuring customer satisfaction and success in the deployment and use of F-Secure solutions.

In July the CA group began to measure both customer satisfaction and technical support workload. The results showed that customer satisfaction improved continuously as the year progressed.

The impressive gains in both customer satisfaction and efficiency were fueled by an increasing awareness of customer success throughout the organization, as well as newly implemented communication tools and systems for global support. One of the main goals of CA in 2001 is to “push the envelope” even further by systematically improving customer satisfaction while continuing to streamline all customer service functions.

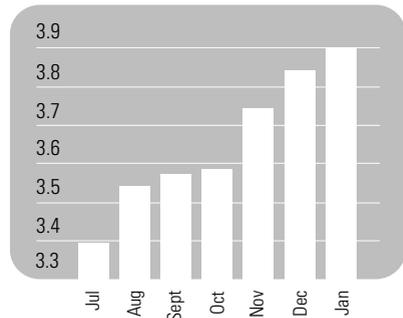
Developing the Industry’s Best

Customer success depends upon the motivation and professionalism of the individual as well as the team. During 2000 the company succeeded in attracting top industry talent to its new business areas and senior sales executives to its field organization. At the same time F-Secure systematically improved the skill set of the entire organization.

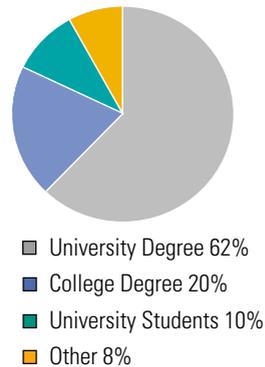
In addition to ensuring client success, F-Secure’s corporate values are grounded in professionalism, egalitarianism, highly ethical conduct, teamwork and a systematic approach to building processes. The company promotes these values by providing a highly motivating, professionally challenging work environment for the industry’s best professionals.

F-Secure’s employee retention rate is high compared to industry standards. The annual employee turnover is a mere two percent in Europe and fourteen percent in North America, which is still well below the industry norm in Silicon Valley.

Customer Satisfaction in Technical Support



Educational Level (Wireless Business Unit and F-Secure Online Solutions)



Social Responsibility

During 2000 F-Secure Finland achieved the World Wildlife Fund Green Office Certificate for its environmental program. F-Secure is also supporting the Finnish Association for Children with Hearing Disorders. In 2001, the company will implement several initiatives designed to increase employee awareness and participation in social and community development.



F-Secure
is a Green Office Partner
of WWF Finland