

F-SECURE CORPORATION

STOCK EXCHANGE RELEASE  
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F-SECURE GROUP FINANCIAL RESULTS JANUARY 1 - SEPTEMBER 30, 2006  
Breaking 20m in quarterly revenues with record profitability, new  
EBIT guidance for the full year given at 17% +/-1.5% units

(Unless otherwise stated comparisons are made to the same period one  
year ago.)

### Q3 Highlights

- Total revenue increased by 28% to a record level of 20.0m
- Corporate business increased by 7% to 9.1m
- Service provider business increased by 53% to 6.7m
- Keeping the market share lead in ISP business: 36% in Europe, 24% in the combined North-American and European market
- Consumer business increased by 66% to 3.8m
- Other revenues 0.4m
- EBIT increased by 28% to a record level of 3.8m (3.0m); 19% of revenues
- Deferred revenues decreased by 0.5m to 24.8m during Q3
- Cash flow was 4.5m positive

### Business at the Group level year to date

Steady and profitable growth continued across all business segments in anti-virus and intrusion prevention. For the first nine months of 2006 total revenues were 58.6m (43.7m), representing 34% growth. EBIT was 9.6m (5.3m), representing 82% growth. Cash flow was zero (9.7m positive). This is due to paid dividends of 10.8m in April. Deferred revenues were 24.8m at the end of June (19.9m).

The strong development in Security as a Service revenues continued and a large number of new partnerships was signed. Mobile security showed steadily increasing market interest.

The total fixed costs were 44.5m (35.3m), representing 26% growth. The Group's short-term strategy continues to be to prioritize growth over profitability. Above all, investments into achieving a strong sustainable position in the fast growing security service market are seen as vital for the Group's future growth.

The cost level in Q3 turned out lower than originally planned. This was partly due to quickly adapting the activities and costs to a slower than expected demand level during the summer season. Also, recruitment proved to be more challenging during the summer months

than originally expected. Furthermore, new product launch campaigns were postponed from September to October.

The Group capitalizes some of its development expenses according to the accounting rules. This decreases costs by approximately 0.1m.

The geographical breakdown of the business was as follows: Nordic Countries 37% (35%), Rest of Europe 44% (44%), North America 10% (11%) and Rest of the World 9% (10%). Anti-virus and intrusion prevention represented 97% of the total revenues.

According to the latest global survey made during the summer months of 2006 customer satisfaction has remained at strong levels. Overall satisfaction was 4.26 (4.27) on a scale of 1 to 5. The amount of respondents was approximately 15,000. Relentless focus on customer satisfaction is one of the Group's core philosophies and the target remains to reach 4.50 in overall satisfaction.

#### Business in different segments in Q3

In the third quarter of 2006, revenues in the corporate customer segment through resellers and IT services companies were 9.1m (8.5m), representing 46% of the anti-virus and intrusion prevention business and growth of 7% from the previous year. New licence sales was slower than expected while renewals of old licenses exceeded expectations.

Service-like security is the prime F-Secure way to deliver value to its customers. Revenues through the service provider channel were 6.7m (4.4m), representing 34% of the anti-virus and intrusion prevention business and growth of 51% from the previous year. The quarter-over-quarter revenue growth in this business area remained relatively low, as previously communicated, at 6%. The relative slowness was caused by a combination of large mature partnerships reaching the peak level of their utilization and the challenge of getting the numerous service provider partners into full service rollout. The quarter-over-quarter growth rate in this segment is expected to accelerate towards the end of the year.

Consumer revenues were 3.8m (2.3m), representing 19% of the anti-virus and intrusion prevention business and growth of 66% from the previous year. Comprehensive products and solutions along with continuing successes in online sales were key contributors to growth.

Mobile security revenues represented 1% of the anti-virus and intrusion prevention business. The interest in the Group's solutions among phone vendors, mobile operators and corporate customers was at a high level. F-Secure Mobile Anti-Virus showed an increase in consumer and corporate channel sales.

#### Competitive situation

Competitive situation in the anti-virus and intrusion prevention business has remained unaltered and price levels have remained relatively stable. However, there are, and have always been, constant signs of price competition in individual countries, especially in the consumer segment and during new product launches. In the consumer market it has become increasingly common to offer 3 licenses as a basic "family pack" offering.

The Group's outstanding support and high customer satisfaction have helped the group maintain a high level of competitiveness. Competitiveness of the Group's service provider solutions remained extremely high.

The new Microsoft Vista operating system was at first widely seen as presenting a competitive barrier for the whole security industry. However, in October, after the reporting period, Microsoft agreed to make certain positive changes to the way Vista interfaces with third party security products. F-Secure is one of the first three anti-virus vendors whose product can be downloaded from Microsoft's web site.

#### Security as a Service

The Group has been a leader in the ongoing customer behaviour change to prefer to purchase security as a subscription service against all other alternatives. The Group provides dedicated Service Platform offerings for different target audiences: Enterprises, Businesses, Consumers, Gateways, Mobile Phones and Operator Networks.

The total number of ISP partners was 125 in the end of Q3, an increase of 14 from Q2. On top of the ISP partners the company has some tens of corporate security service provider partners and mobile operator partners.

The number of countries with partners increased to 33. The Group's strength in the ISP market is clear: leading market share globally, excellent partner retention track record and fastest speed of signing new partners. The Group's market in the combined North American and European broadband ISP markets based on number of subscribers is approximately 24% and approximately 36% in Europe (source: Dataxis and F-Secure).

The global frame agreement with Liberty Media Group has paved way for national service launches in seven countries in Europe under the UPC brand and with VTR in Chile. Other significant new service provider partnerships include KPN (Netherlands), Multikabel (Netherlands), VSNL (India) and Arcor (Germany).

The Group is currently increasing account management resources to facilitate fast service rollout and to increase service take-up rate among service provider partners.

## Mobile security

The Group's long-term pioneering investment to provide solutions for mobile security continued to yield results.

The Group's mobile antivirus service to Orange smartphone users was being rolled out through Orange UK in Q3. Initial marketing efforts to Orange customers showed a high interest to mobile security and led into high levels of trial use. Other operator partners include Orange Switzerland, T-Mobile Germany, Swisscom, TeliaSonera and Elisa.

F-Secure continued close cooperation with Nokia. F-Secure Mobile Anti-Virus was the first antivirus software for the S60 3<sup>rd</sup> edition operating systems and it will be available for majority of the currently shipping or upcoming Nokia S60 3rd edition devices, including: N71, N73, N80, N92, N93, E50, E60, E61 and E70.

## Products & Services

The consumer flagship product F-Secure Internet Security 2007 was released for online sales in Q3 and for retail sales after the reporting period in October. It provides all necessary security functions in a consumer-friendly package and introduces a new real-time proactive detection technology F-Secure DeepGuard (tm).

The Group's new technology and support center in Malaysia was officially launched as one key entity in the Group's global 24/7 support organization for its customers and partners.

The Group's products received high marks in product reviews in the United States: The Consumer Reports webzine (?) ranked F-Secure Anti-Spyware as number one among twelve contestants. Scot's Newsletter ranked F-Secure Anti-Virus 2006 as the best anti-virus product of the year.

## Personnel and Organization

The Group's personnel numbered 464 at the end of the quarter (374). Summer period was more challenging than anticipated in recruiting new resources.

The Group's Executive Team consists of the following persons: Pekka Kuusela (Executive Vice President, Sales and Marketing), Aki Mänttari (Director, Human Resources), Pirkka Palomäki (Executive Vice President, Research and Development), Risto Siilasmaa (President and CEO), Taneli Virtanen (Chief Financial Officer) and Travis Witteveen (Senior Vice President, Products & Services).

On November 6<sup>th</sup>, 2006, Kimmo Alkio will assume the responsibilities of President & CEO, as informed on September 15, 2006. Mr. Siilasmaa will be appointed Chairman of the Board. Former Chairman Mr. Pertti

Ervi will continue as Vice Chairman of the Board. Other members are Ms. Sari Baldauf and Mr. Alex Sozonoff. Mr. Ari Hyppönen is deputy member.

## Financing

The Group's financial position remained strong. The Group's equity ratio on September 30, 2006, was 81% (84%). Financial income for first nine months was 0.4m (0.7m).

During first nine months cash flow was zero (9.7m positive). This is due to paid dividends of 10.8m in April. The market value of the liquid assets of the Group was on September 30, 2006 61.9m (60.4m).

The change in the USD-EUR exchange has not had material effect on revenues and results.

## Capital Expenditures

The Group's capital expenditures for the first nine months were 2.8m (1.7m). These consisted mainly of IT hardware, software and capitalization of development expenses.

## Shares, Shareholders' Equity, and Option Programs

In August, a total of 8,000 F-Secure shares were subscribed for with the A1/A2 warrants attached to the F-Secure 2002 Warrant Plan. The corresponding increase in the share capital, in total EUR 80.00 was registered in the Finnish Trade Register on August 23, 2006. F-Secure received as additional shareholders' equity a total of EUR 4,800.

In September, a total of 4,000 F-Secure shares were subscribed for with the B1/B2 warrants attached to the F-Secure 2002 Warrant Plan. The corresponding increase in the share capital, in total EUR 40.00 was registered in the Finnish Trade Register on September 22, 2006. F-Secure received as additional shareholders' equity a total of EUR 3,600.

As a result of the increases, the share capital of F-Secure currently is EUR 1,548,935.68 and the total number of shares is 154,893,568. The corresponding number of shares fully diluted would be 161,464,443 including all stock option programs.

## Corporate Governance

F-Secure complies with the Corporate Governance recommendations for public listed companies published in December 2003 by HEX Plc, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers as explained on company's web pages.

## Future Outlook

The Group's three key goals in 2006 are:

1) To continue to grow the anti-virus and intrusion prevention business significantly faster than the industry. The most recent and updated estimates (gathered by F-Secure from various industry analysts) for market growth vary between 10-15% in the corporate segment and between 15-20% in the consumer segment.

2) To continue capitalizing on the Group's industry leadership in Security as a Service, both with consumer and corporate end customers.

The prime vehicle for the Group's future growth is Security as a Service. This growth will also be pursued through systematically growing various channels in the key European markets, an increasingly comprehensive product offering, impeccable service and a carefully increased geographical scope.

Partnership recruitment will continue vigorously in all service platform segments and the Group is well positioned to benefit from the development of Security as a Service trend with a comprehensive, leading product offering and an ever-stronger position with service providers in Europe, North America and Asia.

To accelerate the growth in the service provider segment, special account management effort will be placed on service provider partners to ensure a fast path to full commercial rollout.

The quarter-over-quarter growth rate in this segment is expected to accelerate towards the end of 2006.

3) To further develop Group's position in mobile security, and, as the market matures, start turning the leadership into revenues.

The visibility in mobile security business is improving constantly through increased operator and corporate customer awareness in mobile security issues. The Group expects to see the number of mobile malware outbreaks continue growing steadily. This will further underline the value of an up-to-date security solution for handheld multimedia terminals and will gradually escalate the uptake of mobile security solutions.

2006 total revenues are expected to be between 80m and 83m that is within given range at the beginning of the year. Based on its strategy to prioritize growth over short term profitability, the Group continues to invest in new sales and marketing activities as well as in major new development efforts and new projects expanding the Group's offering to service providers and facilities management companies. The management estimates 2006 EBIT to be 17% +/- 1.5%-units. This replaces the existing guidance of achieving slightly below 20% EBIT.

The estimation for fourth quarter 2006 revenues is between 21m and 24m. The slightly bigger range in the estimate is due to management cautiousness due to decreased visibility towards new license sales in the corporate market. The estimate is based on the sales pipeline at the time of publishing, existing subscriptions and support contracts and a EUR/USD exchange rate of 1.25.

The actual cost level due to recent and planned recruitments is still increasing. A high number of activities will support the strongest sales quarter of the year. Fixed costs are estimated to be below 17m in Q4.

This interim report is prepared in accordance with IAS 34 standard.

Key figures (unaudited):

Euro million

INCOME STATEMENT	2006	2005	2006	2005	Chge	2005
	7-9	7-9	1-9	1-9	%	1-12
Revenues	20.0	15.7	58.6	43.7	34	61.8
Cost of revenues	1.7	1.2	5.1	3.8	32	5.9
Gross margin	18.4	14.5	53.6	39.9	34	55.9
Other operating income	0.1	0.2	0.5	0.7	-30	0.8
Sales and marketing	9.0	7.4	28.8	22.5	28	31.6
Research and development	4.7	3.7	12.7	10.5	21	14.7
Administration	0.9	0.6	2.9	2.3	26	3.1
Operating result	3.8	3.0	9.6	5.3	82	7.4
Financial net	0.1	-0.1	0.4	0.7		1.9
Result before taxes	3.9	2.9	10.0	6.0		9.3
Income taxes	-0.9	-0.8	-2.6	-1.4		-2.7
Result for the period	3.0	2.2	7.5	4.6		6.6

Earnings per share, e			0.05	0.03		0.04
EPS, diluted, e			0.05	0.03		0.04

BALANCE SHEET

ASSETS	30/9/2006	30/9/2005	31/12/2005
Intangible assets	9.5	3.6	8.9
Tangible assets	3.2	2.0	3.0
Other financial assets	2.2	5.6	4.3
Non-current assets total	14.9	11.2	16.2
Inventories	0.2	0.0	0.1
Other receivables	15.3	12.4	15.8
Available-for-sale financial assets	49.4	52.5	53.5
Cash and bank accounts	12.7	8.0	8.5
Current asset total	77,6	72.9	77.8
Total	92.5	84.2	94.0

SHAREHOLDERS' EQUITY

AND LIABILITIES	30/9/2006	30/9/2005	31/12/2005
Equity	54.5	54.1	57.1
Other non-current	1.2	0.3	1.3

Provisions	1.2	1.2	1.1
Deferred revenues	4.1	3.0	3.8
Non-current liabilities total	6.5	4.5	6.2
Other current	10.8	8.7	11.3
Deferred revenues	20.7	16.9	19.4
Current liabilities total	31.6	25.6	30.7
Total	92.5	84.2	94.0

Cash flow statement	30/9/2006	30/9/2005	31/12/2005
Cash flow from operations	13.5	8.0	14.4
Cash flow from investments	-2.8	-1.7	-5.8
Cash flow from financing			
Activities*	-10.8	3.4	3.5
Change in cash	0.0	9.7	12.1
Cash and bank at 1 Jan	61.7	50.2	50.2
Change in net fair value of			
Available-for-sale	0.2	0.5	-0.4
Cash and bank at 30 Sep	61.9	60.4	61.8

\* dividends paid/increase in share capital

#### Statement of changes in shareholders' equity

	share capital	share premium fund	transl. diff.	reval. reserve	retained earnings	total
Equity on						
31.12.2005	1.5	33.5	0.0	0.2	21.8	57.1
Available-for-sale						
financial asset, net				0.2		0.2
Translation diff.			0.0			0.0
Cost of share						
based payments					0.5	0.5
Profit					7.5	7.5
Dividend					-10.8	-10.8
Exercise of options	0.0	0.1				0.1
Equity on						
30.9.2006	1.5	33.6	0.0	0.4	18.9	54.5

Key ratios	2006	2005	2005
	9 m	9 m	12 m

Operating result,			
% of revenues	16.4	12.1	11.9
ROI, %	24.7	17.2	19.0
ROE, %	17.9	12.3	12.9
Equity ratio, %	80.5	84.1	80.6
Debt-to-equity ratio, %	-113.7	-111.6	-108.2
Earnings per share (EUR)	0.05	0.03	0.04
Earnings per share diluted	0.05	0.03	0.04
Shareholders' equity			
per share, e	0.35	0.35	0.37
P/E ratio	33.7	45.0	46.9
Capitalized expenditures (Me)	2.8	1.7	8.3
Contingent liabilities (Me)	11.5	12.9	12.7
Personnel, average	429	345	354
Personnel, Sep 30	464	374	390

## Segment information

The Group has only one primary segment; data security.

## Quarterly development

	1/05	2/05	3/05	4/05	1/06	2/06	3/06
Revenues	13.3	14.7	15.7	18.1	18.8	19.8	20.0
Cost of revenues	1.3	1.3	1.2	2.1	1.7	1.6	1.7
Gross margin	12.0	13.4	14.5	16.0	17.0	18.2	18.4
Other operating income	0.2	0.3	0.2	0.2	0.2	0.2	0.1
Sales and marketing	7.4	7.7	7.4	9.1	9.6	10.3	9.0
Research and development	3.2	3.6	3.7	4.2	3.7	4.3	4.7
Administration	0.8	0.8	0.6	0.8	1.0	0.9	0.9
Operating result	0.8	1.5	3.0	2.1	2.9	2.8	3.8
Financial net	0.5	0.3	-0.1	1.2	0.2	0.1	0.1
Result before taxes	1.2	1.8	2.9	3.3	3.2	2.9	3.9

## Financial Reporting

A press and analyst conference will be arranged today, October 24, 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 quarterly report for Q4 will be published on January 30, 2007. The financial statement bulletin will be announced on February 15 and the Annual Report will be published on March 12, 2007. The Annual General Meeting will be held on March 20, 2007.

Quarterly reports for 2007 will be published on April 24 (Q1), July 31 (Q2) and October 24 (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:

#### F-Secure Corporation

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