

F-SECURE CORPORATION

STOCK EXCHANGE RELEASE
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F-SECURE GROUP'S FINANCIAL RESULTS JANUARY 1 - JUNE 30, 2001

Advances in handheld security, moderate growth in traditional business

Helsinki, Finland, August 7th, 2001 - For the 2nd quarter of 2001, F-Secure reported revenues of 10.7 million euros. This represents an increase of 9% from 9.8 million in the second quarter of 2000, and an increase of 7% over the previous quarter. For the first half of 2001 revenues were 20.7 million, representing an annual increase of 16%.

Operating loss for Q2 was EUR -4.0 million (-4.8m in the previous quarter, -3,7m in 2Q2000). For the first half of 2001 the operating loss was -8.9 million (-8.8m in 1H2000). Stock option related social security expenses have had no effect so far to this year's results (-1.4m in 1H2000).

The Group started to steadily ramp up revenues in the handheld and wireless security space and signed a number of key deals in this strategically important area. In the meantime, the Group's traditional solution sales continued to exhibit moderate strength.

In April the Group announced that it would reduce the amount of its personnel to approximately 350 as one step in its rationalization project started in early 2001, responding to the weakening global economy and to a weakening growth of demand for some of the Group's products. The Group strengthened its focus on solutions where the market demand remains strong and on strategic future areas and also put more emphasis on its channel partners in some geographical areas.

The rationalization project was completed successfully, by and large without negatively affecting revenues, profitability or customer satisfaction numbers. The Group's global customer satisfaction in technical support remained at the good levels reached in Q1.

The total fixed expenses for the Group stayed flat in Q2 compared to the previous quarter even though the quarterly real estate expenses rose by EUR 0.4 million due to a move to new offices. The cost savings resulting from the rationalization program are expected to take full effect in late Q3.

Key events in Q2

The distressed economic climate continued to influence the Group's revenue growth adversely as customers continued to postpone purchasing decisions. OEM revenue was adversely affected by the weakness in the telecommunications operator market, as much of the Group's OEM sales activities has been targeted towards telco equipment vendors. Despite the challenging conditions the revenues grew and operating result improved from Q1.

The Group continued to build its leadership in the Handheld Security space through announcing new file encryption products for the most common PDA and Wireless platforms. F-Secure is a leading vendor covering PocketPC(r), Symbian OS(r) and Palm(r) platforms with both anti-virus and file encryption products.

F-Secure Online Solutions' business advanced according to plans, though the continuing uncertainty in the ISP sector has prolonged lead times. Q2 operating result for the subsidiary was -0.5m. These figures have been included in the Group profit and loss statement.

In addition to the recognized revenues, the Group had 10.5 million euros of deferred revenues on its balance sheet (10.1 at the end of Q1). The deferred revenues are a result of having received revenue for existing support contracts, but where the actual support will take place in the months ahead.

The geographical breakdown of revenues for the first half of 2001 (compared to the same period in 2000) was as follows: North America 35% (41%), Scandinavia 34% (30%), Rest of Europe 23% (20%), and Rest of the World 8% (9%). Anti-virus products represented 51% (54%) of the revenues, encryption 42% (42%), and other products 7% (4%).

New Customers and Partners

The Group signed a licensing deal with Nokia Corporation concerning the Group's content security applications and related service updates for the Symbian OS(r) platform. The licensing agreement is strategically important for the company and is the first such partnership with a major mobile device vendor. F-Secure also entered into a partnership with Symbian Ltd. to cooperate in the development and worldwide marketing of a range of security technologies for next generation mobile phones based on the Symbian platform.

In June the Group signed a contract with the National Social Insurance Board of Sweden for content security applications on Palm devices, the first major deal on that Personal Digital Assistant platform.

F-Secure Online Solutions signed a new partnership with NordNet in France. NordNet will provide F-SOS's security services to all the customers of Wanadoo, the leading French Internet portal owned by France Telecom.

Allasso was signed as a distributor partner in France, Benelux and Spain increasing the importance of this partnership already established in the UK and Germany.

Personnel and Organization

In April the Group announced that it would reduce the amount of its personnel as one step in its rationalization project started in early 2001. These actions were taken as a necessary step to respond to the weakening global economy and to a weakening growth of demand for some of the Group's products. The Group strengthened its focus on solutions where the market demand remains strong and on strategic future areas and also put more emphasis on its channel partners in some geographical areas.

As a result of the rationalization, the Group's personnel decreased to 367 during Q2 (from 445 at the end of Q1) of which the personnel of F-Secure Online Solutions accounted for 22 (20 at the end of Q1) employees.

In early Q2 the Group moved its headquarters to new premises in Helsinki.

In June Mr. Kimmo Alkio was appointed Chief Operating Officer of the Group. His responsibilities include sales, marketing, finance and customer advocacy.

Financing

The Group's financial position remained strong during the quarter. The Group's equity ratio on June 30, 2001, was 77 % (compared to 77 % at the end of Q1). Financial income for the quarter was 0.7m euros. The liquid assets of the Group on June 30, 2001 were 29.7m euros (33.7m on March 31, 2001).

Investments

For the first half of 2001 the Group's investments were 1.6m euros (2.0). The investments consisted mainly of IT hardware and software and furniture to the new office.

Shares, shareholders' equity, and option programs

During Q2, a total of 767,846 new F-Secure Corporation shares were entered into the Trade Register. They were subscribed with the warrants attached to the F-Secure Option Programs. As a result of the subscription, the Shareholders' Equity increased by EUR 87,317.

The number of shares was 141,396,435 at the end of June 2001. The number of shares fully diluted would be 163,507,265 at the end of June 2001, including all stock options programs.

Key Events in Early Q3

In July EDS signed a global contract covering the reselling, integration, security management, support services and training related to F-Secure's products.

Future Outlook

The Group believes strongly in its strategy and maintains a longer term positive outlook in the growing security market, especially in the handheld space.

The continuing global economic uncertainty may affect the Group's growth adversely and visibility remains limited. Due to the additional impact caused by the industry-wide seasonal effect of the summer holidays, that have traditionally lowered the Company's European sales, Q3 revenue is expected to be lower than in Q2. The current revenue estimate for Q3 revenue is EUR 10 million, with an error margin of 10% in both directions. Uncertainty is caused on one hand by the increasingly grim outlook in Europe and Asia and the fact that some of the Group's key partners have announced layoffs during the summer and the impact to the Group's business remains unknown. On the other hand the timing of the opening up of the handheld and wireless markets also remains uncertain.

The Group expects that the cost saving actions will start to take full effect during the third quarter of this year. The Group's fixed costs are estimated to be at EUR 12-12.5 million in Q3. With the actions now taken and with its strong cash position the Group remains confident about its ability to weather even a long-lasting market disturbance.

The Group is well positioned to benefit from the increasing demand for handheld and wireless security in the corporate IT environments. The Group is currently negotiating further partnership and customer contracts in that space. These are expected to yield revenue in the fourth quarter.

Financial Reporting in 2001

A press and analyst conference will be arranged today August 7th at 11 am Finnish Time in Restaurant Sundmans' auditorium, Eteläranta 16, Helsinki. A conference call for international investors and analysts will be arranged at 1630 Finnish Time (2.30pm UK time), instructions can be found at <http://www.europe.f-secure.com/investor-relations/>

The next interim reports for the third quarter will be published on October 30th. 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, details to be provided on the Group's web site.

Key figures (unaudited):

Income statement	2001	2000	2001	2000	Chge	2000
Euro million	4-6	4-6	1-6	1-6	%	1-12
Revenues	10.7	9.8	20.7	17.9	16	41.1
Cost of revenues	1.6	1.4	3.1	2.7	17	6.0
Gross Margin	9.1	8.4	17.6	15.1	16	35.1
Sales and Marketing*	8.8	7.8	17.6	15.6	13	31.4
Research and Development*	3.4	3.2	6.8	6.1	12	12.7
Administration*	1.0	1.2	2.0	2.3	-12	4.2
Other Operating Income	0.0	0.0	0.0	0.0		0.0
Operating result	-4.0	-3.7	-8.9	-8.8		-13.3
Financial Income and Expenses	0.7	0.0	1.6	0.1		1.4
Profit (Loss) Before Extraordinary items	-3.4	-3.7	-7.3	-8.8		-11.9
Extraordinary items +/- **	-	0.0	-	-0.8		-0.5
Result Before Taxes	-3.4	-3.7	-7.3	-9.5		-12.3
Income Taxes	-0.1	-0.1	-0.2	-0.2		-0.8
Result for the Period	-3.5	-3.8	-7.5	-9.7		-13.1

* For the period 1-6/2001 Stock option related social security expenses have no effect. For the period 1-6/2000 the 1.4 m euros increase in provision for social security costs to be paid in the future resulting from the Group's Stock Option Program has been booked into different functions (S&M contains 1.0 m, R&D 0.3 m and G&A 0.1 m). For the period 1-12/2000 net effect of social charges relating to option programs is 0.2 million euros positive.

** For the period 1-6/2000 the provision for the social security costs of U.S. options, which were included this year for the first time, have been recorded as an extraordinary item due to a change in accounting principles.

BALANCE SHEET

ASSETS	30/6/2001	30/6/2000	31/12/2000
Intangible assets	2.2	1.5	1.9
Tangible assets	3.5	3.5	3.3
Investments	0.3	0.3	0.3
Short-Term Receivables	13.2	12.2	13.9
Cash and Bank Accounts	29.7	43.6	38.4

Total	48.9	61.2	58.8
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LIABILITIES AND

SHAREHOLDERS' EQUITY	30/6/2001	30/6/2000	31/12/2000
Total Shareholders' Equity	29.5	39.2	37.2
Convertible Capital Note	-	0.7	-
Mandatory Provisions	1.9	4.2	2.0
Non-Current Liabilities	-	0.4	-
Advance Payments	10.5	9.5	10.4
Other Current Liabilities	7.0	7.1	8.4
Total	48.9	61.2	58.8

Key ratios	2001	2000	2000
	6 m	6 m	12 m
Operating result,			
% of Revenues	-42.9	-49.5	-32.4
ROI, %	-41.1	-35.1	-25.3
ROE, %	-45.0	-42.9	-31.1
Equity ratio, %	76.7	76.4	78.2
Debt-to-equity ratio, %	-100.7	-109.3	-103.2
Earnings per Share (EUR)	-0.05	-0.07	-0.09
Earnings per Share Diluted	x)		
Shareholders' equity			
per Share, e	0.21	0.28	0.26
Investments (Meuro)	1.6	2.0	3.4
Contingent liabilities (Me)*	21.3	23.5	23.6
Personnel, average	413	354	399

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

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

Quarterly development

	1/00	2/00	3/00	4/00	1/01	2/01
Revenues	8.1	9.8	10.9	12.4	10.0	10.7
Cost of Revenues	1.3	1.4	1.3	1.9	1.6	1.6
Gross Margin	6.8	8.4	9.5	10.4	8.4	9.1
Sales and Marketing	7.8	7.8	6.6	9.2	8.8	8.8
Research and Development	2.9	3.2	3.0	3.7	3.4	3.4
Administration	1.1	1.2	0.8	1.1	1.0	1.0
Other Operating Income	0.0	0.0	0.0	0.0	0.0	0.0
Operating result	-5.1	-3.7	-0.8	-3.6	-4.8	-4.0
Financial Income						
and Expenses	0.1	0.0	0.7	0.6	0.9	0.7
Profit (Loss) Before						
Extraordinary items	-5.0	-3.7	-0.1	-3.0	-3.9	-3.4

F-Secure Corporation

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DISTRIBUTION

Helsinki Exchange

Main media