

F-SECURE CORPORATION ANNOUNCES THIRD-QUARTER FINANCIAL RESULTS

Strong Growth Continues, Improving Profitability

Espoo, Finland - November 9, 2000

For the 3rd quarter of 2000, F-Secure reported revenues of 10.9 million euros. This represents an increase of 85% from 5.9 million in the third quarter of 1999, and an increase of 11% over the previous quarter. Revenues for the first nine months of 2000 were 28.7 million, an increase of 86% from the previous year.

As expected, revenues grew faster than costs leading to an improved operating result compared to the previous quarter. Operating loss was 0.8 million euros with the impact of stock option related social costs (-3.7 million in the previous quarter). Without the impact of the options the operating result was 2.4 million negative (-3.4 million). For the first nine months of 2000, operating result was -9.7 million euros (-2.1m). In providing for the social security charges, the option programs have been valued at the market price prevailing on September 30th.

The Group continued building its leadership in wireless security, extended its presence in the Managed Security Services space through the formation of a new subsidiary, continued strong growth in developing new customers and partnerships, and received a positive ruling in its arbitration process with SSH Communications Security.

Much of the resources for new business areas were moved internally from other areas. Total fixed expenses - excluding social expenses for stock options - grew by 1 % versus revenue growth of 11% over the previous quarter.

In addition to the recognized revenues, the Group has 10.2 million euros of deferred revenues on its balance sheet. The deferred revenues are a result of existing support contracts where the actual support activity will take place in the months ahead.

The geographical breakdown of revenues for the first nine months of 2000 (compared to the first nine months of 1999) was as follows: North America 44% (33%), Nordic Countries 27% (36%), Rest of Europe 20% (20%), and Rest of the World 9 % (11%). Anti-virus products represented 47% of the revenues, encryption 46%, and other products 7%.

Key Events in Q3

New Customers and Partnerships

During the quarter, the Group continued to reinforce its presence in its key markets and attain new customers. The number of certified F-Secure Solution Provider partners rose to 19 in key European countries (UK, France, Germany). Key European customer deals included Shell, Fujitsu Siemens Computers and the German insurance company AOK. In the US, the Group signed major end customer contracts with among others Akamai, IRS, PNC Bank and Intel. New announced Security as a Service™ partnerships included 77 Degrees West and WebCentral in the US, and MessageLabs in the UK. F-Secure Online Solutions formed a two-way relationship with KPNQwest.

F-Secure Online Solutions

As a result of strong market demand for security services, the Group announced the creation of a wholly owned subsidiary, F Secure Online Solutions, to focus on managed global security services sold to and through Service Providers. F-Secure Online Solutions will help to fill the knowledge gap between demanding customer environments and service providers, enabling much faster rollout and time-to-market for new security services.

Wireless Leadership

During Q3 the Group launched two new products for the wireless platforms, F-Secure Anti-Virus for EPOC and F-Secure Anti- Virus for Palm. Both products were the first anti-virus products in the world on these mobile platforms of the future.

The SSH Arbitration

The Group received a positive ruling from the license dispute with SSH Communications Security in September. The arbitrator decreed that F-Secure's interpretation of royalty payments had been correct and that F-Secure will continue to have exclusive sales and marketing rights for the product as originally stated in the contract between the parties. The Arbitrator required SSH Communications Security return EUR 0.3 million of overpaid royalties to F-Secure. These returns are booked to Q3 profit and loss statement.

Personnel and Organization

The Group's personnel grew to 415 (from 405 at the end of Q2, and 251 a year ago) of which the personnel of F-Secure Online Solutions accounted for 5 employees

Financing

The Group's financial position remained strong during the quarter. The Group's equity ratio on September 30, 2000, was 82 % (compared to 59 % at the end of Q3 1999 and 76% at the end of 1999). Financial income for the first nine months was 0.8 m euros (1.0). The liquid assets of the Group on September 30, 2000 were 40.2m euros.

Investments

For the first nine months of 2000 the Group's investments were 2.5 m euros (2.0). The investments were mainly in IT hardware and software.

Shares, shareholders' equity, preferred capital note and option programs

On April 12, the Annual General Meeting (AGM) accepted the Board's proposal to authorize the Board for a period of one year from the general meeting to decide on an increase of the share capital by one or more new issues of shares or by issuing one or more convertible bonds, option loans or option rights. The share capital of the company may, as a result of such share issues, option loans, option rights or convertible bonds, be increased at most by 105,000 euros. New shares may be issued up to maximum of 10,500,000. The authorization remains totally unused.

During the first ten months of 2000, including October, a total of 6,015,064 new F-Secure Corporation shares were entered into the Trade Register. 2,903,599 of those were subscribed with the warrants attached to the F-Secure Option Programs, 2,404,000 by the conversion of the F-Secure Corporation 1999 Preferred Capital Note and 707,465 were a result of a direct issue to the selling shareholders of Modera Point. The entire Preferred Capital Note has been converted to the shares. The number of shares is now 140,039,439. The number of shares fully diluted would be 163,507,265, including all stock options programs.

Key Events in Early Q4

In early Q4 the Group signed a Security as a Service partnership with the Swiss GSM operator diAx (for the PersonalExpress solution) for daily anti-virus updates with an innovative billing scheme to the customers of diAx. The Group also started a Security as a Service partnership with Concert, a joint venture between AT&T and British Telecom, to provide F-Secure's solutions as one part of the Concert IP Secure concept.

A systems integration deal with Sprint Enterprise Network Services (Sprint SENS) was announced to jointly deliver a comprehensive solution to help their healthcare customers comply with the US Health Insurance Portability and Accountability Act (HIPAA).

A major new Anti-Virus deal was signed with Tesco in the UK, and a large Anti-Virus upgrade with BASF in Germany.

In October, the Group announced its first partner to integrate their software on the F-Secure Policy Manager platform. Finjan Software Incorporated will integrate its SurfInShield proactive behaviour blocking software on F-Secure's leading security management platform. Proactive, application-level protection is becoming critical in fighting the increasingly intelligent network worms and viruses of today.

Future Outlook

The Group expects to continue to grow faster than the security software market and remains confident about its long-term goals.

The near-term outlook is also promising and the Group expects Q4 revenues to exceed Q3. While the quarter-on-quarter growth of fixed costs was very low in Q3, the Group expects fixed costs to grow faster in Q4. Finally it expects operating result (not including option related social costs) to continue to improve in Q4.

The management believes that the launching of F-Secure Online Solutions will speed up Security as a Service revenue generation starting in the first quarter 2001. Overall growth in 2001 is expected to be above 80% year-on-year.

Financial Reporting in 2001

The full year 2000 financial results will be announced on February 21st, 2001. The interim reports for 2001 will be announced as follows: May 8th (Q1), August 7th (Q2) and October 30th (Q3). On each of these days the Stock Exchange bulletin will be sent at 9 am Finnish Time, 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	2000	1999	2000	1999	Chge	1999
Euro million	7-9	7-9	1-9	1-9	€	1-12
Revenues	10.9	5.9	28.7	15.4	86	23.3
Cost of revenues	1.3	1.3	4.0	2.9	39	3.6
Gross Margin	9.5	4.6	24.7	12.5	97	19.7
Sales and Marketing*	6.6	3.3	22.2	7.9	181	13.6
Research and Development*	3.0	2.0	9.0	5.4	67	8.3
Administration*	0.8	0.5	3.1	1.5	107	2.3
Other Operating Income	0.0	0.0	0.0	0.2		0.4
Operating result	-0.8	-1.2	-9.7	-2.1		-4.0
Financial Income and Expenses	0.7	0.6	0.8	1.0		0.9
Profit (Loss) Before Extraordinary items	-0.1	-0.6	-8.8	-1.1		-3.1
Extraordinary items +/- **	0.3	-	-0.5	-		-5.9
Result Before Taxes	0.2	-0.6	-9.3	-1.1		-9.0
Income Taxes	-0.2	-0.3	-0.4	-0.1		-0.3
Result for the Period	0.0	-0.9	-9.7	-1.2		-9.3

* Total operating expenses 1-9/2000 include social charges amounting to 0.6 million euros relating to employees' realised taxable income resulting from the Company's option program and also reversal of the provision for the corresponding future expenses of 0.8 million euros. Total net effect of social charges relating to option programs is 0.2 million euros positive for the period 1-9/2000. Effect for the period 7- 9/2000 is 1.6 million euros positive of which Sales and marketing expenses account for 1.1 million euros, Research and development 0.4 million euros and administration 0.1 million euros of the total amount.

** The provision for the social security costs of U.S. options, which are included this year for the first time, have been recorded as an extraordinary item due to a change in accounting principles.

BALANCE SHEET			
ASSETS	30/9/2000	30/9/1999	31/12/1999
Intangible assets	1.7	0.2	0.7
Tangible assets	3.4	2.9	2.9
Investments	0.3	0.3	0.2
Short-Term Receivables	13.0	8.3	9.6
Cash and Bank Accounts	40.2	7.0	52.8
Total	58.7	18.7	66.3
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY	30/9/2000	30/9/1999	31/12/1999
Total Shareholders' Equity	40.0	1.7	44.1
Convertible Capital Note	-	5.0	5.0
Mandatory Provisions	2.2	-	2.5
Non-Current Liabilities	0.0	0.3	0.1
Advance Payments	10.2	7.3	8.0
Other Current Liabilities	6.4	4.4	6.6
Total	58.7	18.7	66.3

Key ratios	2000	1999	1999
	9 m	9 m	12 m
Operating result, % of Revenues	-33.6	-13.6	-17.3
ROI, %	-23.8	-14.2	-10.9
ROE, %	-29.2	-33.4	-14.3
Equity ratio, %	82.3	59.4	75.7
Debt-to-equity ratio, %	-100.5	-26.4	-108.1
Earnings per Share (EUR)	-0.07	-0.02	-0.03
Earnings per Share Diluted	x)		
Shareholders' equity per Share, e	0.29	0.02	0.33
Investments (Meuro)	2.5	2.0	3.0
Contingent liabilities (Me) *	22.7	19.1	23.4
Personnel, average	390	208	226

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							
	1/99	2/99	3/99	4/99	1/00	2/00	3/00
Revenues	4.0	5.5	5.9	7.9	8.1	9.8	10.9
Cost of Revenues	0.7	0.9	1.3	0.7	1.3	1.4	1.3
Gross Margin	3.3	4.6	4.6	7.2	6.8	8.4	9.5
Sales and Marketing	1.9	2.7	3.3	5.7	7.8	7.8	6.6
Research and Development	1.5	1.9	2.0	2.8	2.9	3.2	3.0
Administration	0.3	0.7	0.5	0.8	1.1	1.2	0.8
Other Operating Income	-	0.2	-	0.2	0.0	0.0	0.0
Operating result	-0.4	-0.5	-1.2	-1.9	-5.1	-3.8	-0.8
Financial Income and Expenses	0.3	0.1	0.6	0.0	0.1	0.0	0.7
Profit (Loss) Before Extraordinary items	-0.1	-0.4	-0.6	-1.9	-5.0	-3.8	-0.1

F-Secure Corporation

Board of Directors

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