

SECURING THE MOBILE,
DISTRIBUTED ENTERPRISE

ANNUAL REPORT 2000

F-SECURE®



Contents

F-Secure in 2000

Key Figures	1
CEO's Message	2
The F-Secure Business	4
F-Secure People and Customer Satisfaction	12

Financial Reports

Board of Directors' Report	14
Income Statement	18
Balance Sheet	19
Cash Flow Statement	20
Notes to Financial Statements	21
Shares and Share Ownership	28
Key Ratios	29
Auditor's Report	30
Board of Directors and Executive Team	31

F-Secure Around the World

Corporate, Regional and Country Offices	33
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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.

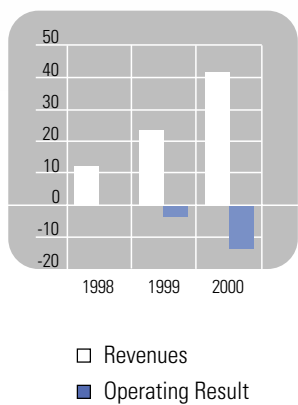
F-Secure was founded in 1988. F-Secure Corporation is listed on the Helsinki Stock Exchange [HEX: FSC]. The company is headquartered in Espoo, Finland with North American headquarters in San Jose, California and country offices in Europe and Asia.

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.

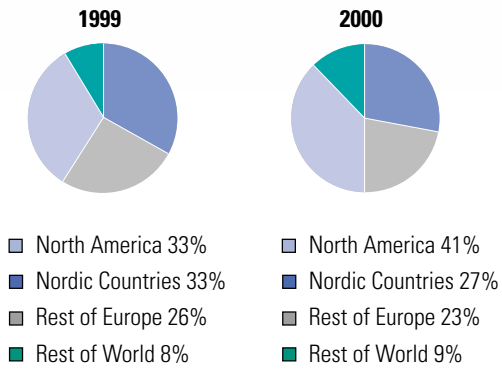
F-Secure Key Figures



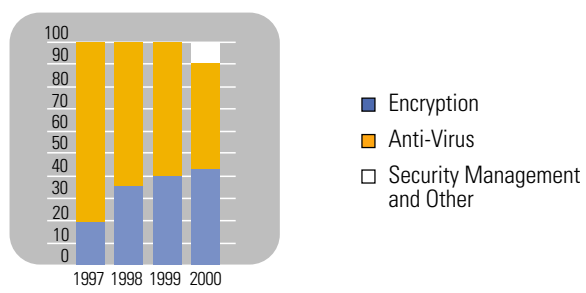
Revenues and Operating Results 1998-2000, EUR Million



Regional Revenue Split

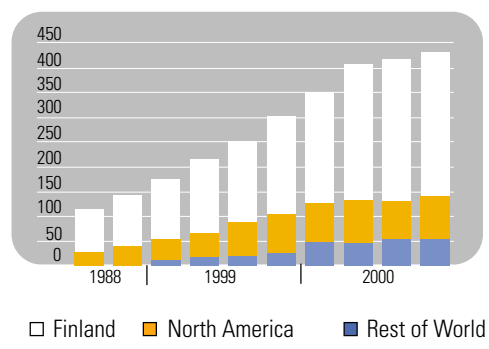


Change in Product Mix 1997-2000



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

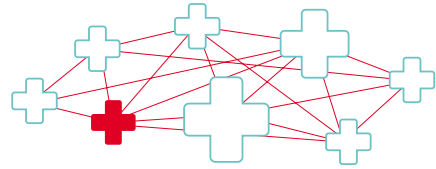
The F-Secure Solution Provider Program (FSSP) was introduced in early 2000. This commercial partner program incorporates partner training, certification and other cooperation measures into a win/win business model.

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

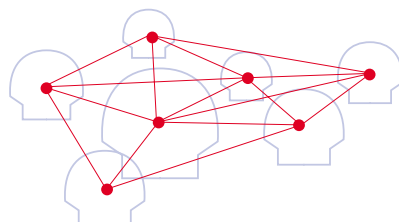
F-Secure enables businesses to take advantage of today's increased mobility and personal computing world, bringing individual security zones to each device where information is created or stored. Those security zones are extended to each connection and every transmission of information, even across unsecured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

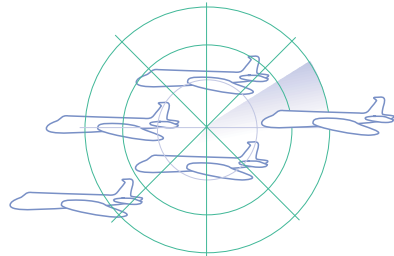
F-Secure Security as a Service™ is the world's first complete security outsourcing concept. This revolutionary value-chain strategy rewrites the rules of security delivery by empowering service providers and outsourcing companies with F-Secure's platform technology and products.

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

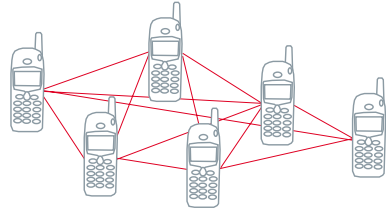
PDA's and smartphones are already part of corporate IT fleets. Employees use them to send and receive e-mail, write notes, view and work with all types of files, and permanently store confidential information.

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 PDA's 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.

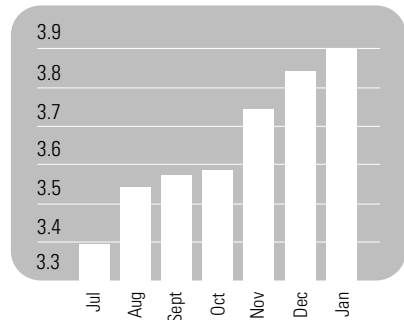
Developing the Industry’s Best

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.

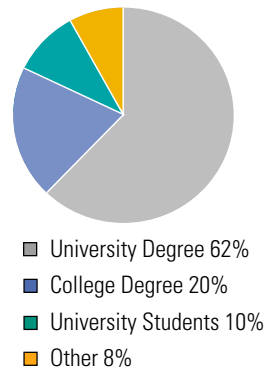
In addition to ensuring client success, F-Secure’s corporate values are grounded in professionalism, egalitarianism, highly ethical conduct, teamwork and a systematic approach to building processes. The company promotes these values by providing a highly motivating, professionally challenging work environment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

Board of Directors' Report 2000



Olli-Pekka Kallasvuo



Jari Puhakka



Kaj-Erik Relander

Business in Brief

In its main businesses areas, content security and encryption, F-Secure Group continued to grow clearly faster than the security software market in general. A third business area, security management, was established during the year and grew rapidly.

Overall, good revenue growth was seen in all regions. F-Secure signed numerous customer deals and significant partnerships in its key markets on national, regional and global levels. However, the last two weeks of December were surprisingly difficult in North America. Due to concerns about a potentially fast-deteriorating U.S. economy, many clients postponed purchasing decisions. In the United States, F-Secure Group had expected higher growth in the fourth quarter but was disappointed by the adverse development in the market. In Europe, fourth quarter sales remained strong.

During 2000 F-Secure strengthened its international presence by launching a subsidiary in Stockholm, Sweden and U.S. sales offices in Chicago and New York. Other country offices hired more personnel in the areas of key account management, channel management, and pre-sales and post-sales support. Customers who made the strategic decision to improve their corporate security with F-Secure products include Intel, Akamai, IRS, BASE, Tesco, Shell and Société Générale, among others.

F-Secure's partner channel also continued to strongly evolve during the year. The F-Secure Solution Provider program (FSSP) was introduced, which resulted in a large number of new partnerships in the key markets. In the United Kingdom, France and Germany the number of certified FSSP partnerships rose to 24.

A European-level partnership in VPN solutions with Cisco Systems was launched in April. A key partnership, geared to serve U.S. healthcare institutions building compliance with the Healthcare Insurance Portability and Accountability Act (HIPAA), was signed with Sprint Enterprise Network Solutions.

F-Secure's Security as a Service initiative proved successful in the marketplace in various service provider environments. Partnerships were signed with key players such as Concert, diAx, MessageLabs and TietoEnator.

In 2000, much emphasis was placed on the future business area of wireless security by acquiring Modera Point Oy. Modera Point formed the core of the F-Secure's wireless competency center, which was supplemented by establishing a Wireless Business Unit and recruiting quality personnel from leading players in the wireless space. F-Secure successfully launched the world's first wireless security products and began to seek partnerships with key industry players.

F-Secure Group was organized into three business units: Wireless, Security as a Service, and Security as a Product. F-Secure also launched a subsidiary, F-Secure Online Solutions (F-SOS), to focus on developing and selling managed security services to and through service providers

In September, F-Secure received a positive ruling in the license dispute with SSH Communications Security Ltd. The arbitrator, nominated by the Central Chamber of Commerce, decreed that



Risto Siilasmaa



Chris Vargas

F-Secure will continue to have exclusive sales and marketing rights for the SSH product.

Financial Results Overview

Group revenues rose by 76% in 2000 to EUR 41.1 million (23.3 million in 1999). Revenue growth by region was as follows: North America 41% (33%), Nordic countries 27% (33%), all other European countries 23% (26%), and the rest of the world 9% (8%).

The significant year-to-year revenue growth was facilitated by promoting the F-Secure brand more aggressively, expanding the worldwide spread of the sales and marketing organization, and strengthening the partner channel. A total of 47% (60%) of the revenues were generated by anti-virus products, 44% (40%) from cryptography products, and 9% (0%) from other products

In addition, F-Secure Group had 10.4 million euros of deferred revenues on its balance sheet.

The operating result was EUR -13.3 million (-4.0 million). This trend is a result of the company's strategy to make significant investments in new strategic areas such as wireless security. Investments in the sales organization also grew – and produced results – at the subsidiaries in Germany, the United Kingdom, France, Japan, China, Sweden and the United States. In addition, negative developments in the U.S. market had an adverse effect on fourth quarter results.

Customer Satisfaction

In 2000 F-Secure established a Customer Advocacy (CA) organization to assure customer success in the use and deployment of F-Secure's data security solutions. Its goals are to provide exceptional customer support on

a global basis, to positively affect customer relationships through electronic tools and systems, and to provide qualified customer feedback to improve the quality and timeliness of key business decisions. The CA group has measured customer satisfaction and technical support workload since July 2000. During that time customer satisfaction improved continuously, from 3.40 to 3.84 from July through December, on a scale of one to five.

Acquisitions

In April F-Secure agreed to acquire privately held Modera Point Oy of Oulu, Finland, a developer of applications for new mobile platforms. The former employees of Modera Point now form the nucleus of F-Secure's Wireless Security Competence Center. The acquisition strengthened F-Secure's strategy of extending its leading security architectures into the wireless space. The acquisition included Modera Point Inc., the U.S. subsidiary of Modera Point Oy. Modera Point Inc. was renamed Cellsoft Inc. The acquisition of Modera Point Oy was completed in December 2000 by merging the company into F-Secure Corporation.

R&D and Product Development

F-Secure continued to enhance its Policy Manager architecture (formerly known as F-Secure Framework). This underlying security management architecture enables F-Secure applications to be widely distributed to every gateway, server, desktop and laptop and centrally managed from one location.

F-Secure also streamlined its anti-virus and encryption products to bring them into full compliance with the Policy Manager plat-

form. A new product, F-Secure Distributed Firewall, was released in the second quarter. This product is targeted at the rapidly emerging paradigm shift in the firewall industry, and complements the company's portfolio.

The Wireless Business Unit launched its first products: F-Secure Anti-Virus for Palm and F-Secure Anti-Virus for EPOC. Their automated, device-resident, real-time scanning and upgrading capabilities have made them the most advanced wireless security products on the market.

Financing

F-Secure Group's financial position remained strong throughout the year. The Group's equity ratio on December 31, 2000, was 78% (compared to 76% at the end of 1999). Group financial income and liquid assets totaled 1.4 million euros (0.9) and 38.4 million, respectively.

Shareholder Equity

On April 12, the Annual General Meeting agreed to the Board's proposal of a five-for-one stock split. For a period of one year, the Board was also authorized to increase share capital by making one or more new share issues or by issuing one or more convertible bonds, option loans or option rights. As a result of such share issues, option loans, option rights or convertible bonds, the share capital of the company may be increased by no more than 105,000 euros.

The Extraordinary Shareholders' Meeting on December 29, 2000 accepted the Board of Directors' proposal that the unused portions of the authorization to increase share capital given in the Annual Shareholders' meeting on April 12, 2000, be cancelled and that the Board of Directors be authorized, during the period of one (1) year from the date of the shareholders' meeting, to increase 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. The authorization remains totally unused.

During 2000, a total of 6,600,214 new

F-Secure Corporation shares were entered into the Trade Register. Of those shares, 3,488,749 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 as a result of a direct issue to the selling shareholders of Modera Point. The entire Preferred Capital Note has been converted into shares.

The number of shares was 140,628,589 at the end of January 2001. The number of shares fully diluted would be 163,256,465, including all stock option programs.

Investments

Investments for the year totaled EUR 3.4 (3.0) million, most of which was dedicated to IT equipment and software.

Personnel and Organization

F-Secure's workforce continued to grow. During the period under review, the company's personnel grew from 302 to 427, of which 85 were based in North America, 290 in Finland and 52 in other countries. Personnel turnover was very low in Europe (2%) and higher in North America (14%). The turnover in North American was a result of F-Secure Group's decision to decentralize its North American sales activities away from San Jose, CA to other major cities.

Some of the key recruitments include Mr. Anthony Gyursanszky (formerly of Tellabs) as Vice President of the Security as a Service Business Unit, Mr. Ilkka Starck (formerly of Ericsson) as Vice President of the Wireless Business Unit, Mr. Kimmo Alkio (formerly of Compaq) as CEO of F-Secure Online Solutions, Mr. Pekka Kinnunen (formerly of Bull) as Vice President of EMEA Sales, and Mr. Mike Devere (formerly of Unisys) as Vice President of North American Sales.

There were no changes in the Board of Directors during the period: Olli-Pekka Kallasvuo, Jari Puhakka (chairman), Kaj-Erik Relander, Risto Siilasmaa and Chris Vargas. Ari Hyppönen continued as a deputy member. In January 2001, Mr. Kallasvuo was elected Chairman of the Board.

Future Outlook

The various segments of the security software business are growing at a rate of 20-45% per annum (IDC report 2000). The management believes that the company is able to grow faster than the market in general. A growing market share in established markets, such as those for anti-virus products, will accelerate the company's growth. New, fast-growing product areas, such as encryption and distributed firewalls, and the cross-selling of further F-Secure applications to existing customers will also contribute to growth in the short term.

A key strategy of F-Secure Group is to become a dominant player in the emerging wireless security market. Increasingly advanced smartphones and Personal Digital Assistants (PDAs) will continue to enter the market. According to various sources, the amount of PDAs and data-capable mobile phones will overtake the number of PCs by mid-decade. Tomorrow's wireless environment will pose new challenges to corporate security and present a new growth opportunity for the whole security software industry. F-Secure is well positioned to take advantage of these developments and capitalize on its

early leadership position in this new market.

The current uncertainty in the U.S. economy will affect F-Secure Group's growth in the first half of 2001. As the United States represents a significant percentage of the overall group revenues, the management believes year-on-year growth will only be 50% in the first half of 2001. Growth is expected to accelerate towards the end of the year as the U.S. situation improves.

Cost-savings initiatives were launched in January 2001 as the worsening U.S. sales situation became clear. The company is now putting equal emphasis on profitability and growth. As a result of these activities F-Secure Group expects fixed expenses to decrease in the first quarter of 2001 from the preceding quarter (excluding F-SOS). The total group fixed expenses should not grow from the first to second quarter of 2001 (including F-SOS).

Regardless of the slowdown, F-Secure expects to reach EBIT level profitability for the year 2001, excluding the investment in F-SOS.

Dividend Proposal

The Board of Directors proposes not to issue dividends for the year 2000.

Espoo, February 20, 2001

Risto Siilasmaa

Olli-Pekka Kallasvuo

Kaj-Erik Relander

Chris Vargas

Jari Puhakka

Certain statements contained in this Annual Report, including, without limitation, those containing the words "believes", "anticipates", "estimates", "expects", and words of similar import, constitute "forward-looking statements." Undue reliance should not be placed on such statements.

INCOME STATEMENT		Jan 1 - Dec 31, 2000 (EUR 1000)			
		Consolidated 2000	Consolidated 1999	Parent 2000	Parent 1999
NET SALES	(1)	41,063	23,324	24,746	16,048
Materials and Services		-5,983	-3,609	-5,783	-3,302
GROSS MARGIN		35,080	19,715	18,963	12,746
Sales and Marketing		-31,437	-13,537	-17,212	-7,292
Research and Development		-12,721	-8,236	-12,563	-8,250
Administration		-4,246	-2,286	-2,328	-1,436
Other Operating Income	(2)	32	350	21	350
OPERATING RESULT		-13,292	-3,994	-13,119	-3,882
Financial Income and Expenses	(5)	1,422	889	1,421	1,023
Profit (Loss) Before Extraordinary Items		-11,871	-3,104	-11,698	-2,859
Extraordinary Items +/-	(6)	-459	-5,866	-666	-5,866
PROFIT (LOSS) BEFORE CHANGE IN UNTAXED RESERVES AND TAXES		-12,329	-8,970	-12,364	-8,725
Change in Untaxed Reserves	(7)				56
Income Taxes	(8)	-784	-288	-192	-236
Translation Difference			8		
RESULT OF FINANCIAL YEAR		-13,113	-9,250	-12,556	-8,905

BALANCE SHEET		December 31, 2000 (EUR 1000)			
ASSETS		Consolidated 2000	Consolidated 1999	Parent 2000	Parent 1999
NON-CURRENT ASSETS					
Intangible Assets	(9)				
Intangible Rights		1	1	1	1
Other Long-Term Expenditure		1,929	873	1,714	861
Tangible Assets	(9)				
Machinery and Equipment		3,345	2,753	1,907	1,646
Investments	(10)				
Group Companies				3,166	168
Associated Companies		134	203	151	257
Other Investments		198	40	98	26
Total Non-Current Assets		5,607	3,869	7,037	2,960
CURRENT ASSETS					
Receivables	(11)				
Long-Term Receivables	(12)	1,400	1,400	1,921	1,228
Short-Term Receivables		12,545	8,222	12,232	9,148
Short-Term Investments	(13)	33,603	50,236	33,603	50,236
Cash and Bank Accounts		4,833	2,547	2,498	1,666
Total Current Assets		52,382	62,405	50,254	62,278
TOTAL ASSETS		57,989	66,274	57,291	65,238
LIABILITIES AND SHAREHOLDER EQUITY					
		Consolidated 2000	Consolidated 1999	Parent 2000	Parent 1999
SHAREHOLDERS' EQUITY (14)					
Share Capital		1,406	536	1,406	536
Unregistered Share Issues		0	148	0	148
Share Premium		55,722	50,372	55,722	50,372
Retained Earnings		-6,813	2,283	-6,285	2,620
Loss for the Financial Year		-13,113	-9,250	-12,556	-8,905
Convertible Capital Notes			5,000		5,000
Total Shareholders' Equity		37,202	49,089	38,288	49,771
APPROPRIATIONS					
Mandatory Provisions		2,001	2,508	2,001	2,508
LIABILITIES (17)					
Non-Current Liabilities		1,748	1,598	1,427	1,327
Current Liabilities		17,038	13,080	15,575	11,632
Total Liabilities		18,786	14,677	17,002	12,959
TOTAL LIABILITIES AND SHAREHOLDER EQUITY		57,989	66,274	57,291	65,238

CASH FLOW STATEMENT	December 31, 2000 (EUR 1000)			
	Consolidated 2000	Consolidated 1999	Parent 2000	Parent 1999
Cash Flow From Operations				
Net Income	-13,292	-3,994	-13,119	-3,882
Adjustments				
Deferred Income	2,036	2,126	201	1,620
Depreciation and Amortization	1,657	986	1,010	691
Change in Obligatory Provision	-966		-966	
Other Adjustments	57	-40	-34	0
Cash Flow From Operations Before Change in Working Capital	-10,508	-922	-12,908	-1,571
Change in Net Working Capital				
Current Receivables, Increase (-), Decrease (+)	-3,656	-2,266	-3,703	-4,536
Inventories, Increase (-), Decrease (+)				
Non-Interest Bearing Debt, Increase (+), Decrease (-)	1,107	2,635	1,052	3,895
Cash Flow From Operations Before Financial Items and Taxes	-13,057	-553	-15,559	-2,212
Interest and Other Financial Expenses Paid	-330	-412	-297	-287
Dividends Received From Operations		69	84	69
Interest and Other Financial Income Received	951	1,273	894	1,241
Taxes Paid on Operations	39	-304	452	-236
Cash Flow From Operations Before Extraordinary Items	-12,397	73	-14,426	-1,425
Cash Flow From Extraordinary Items (Net)		-3,358		-3,358
Cash Flow From Operations	-12,397	-3,285	-14,426	-4,783
Cash Flow From Investments				
Investments in Intangible and Tangible Assets	-3,123	-2,962	-2,107	-2,344
Investments in Subsidiary Shares	-74		-3,064	
Proceeds From Sale of Intangible and Tangible Assets	216	0	191	0
Proceeds From Sale of Associated Companies	41		41	
Cash Flow From Investments	-2,940	-2,962	-4,939	-2,344
Cash Flow From Financing Activities				
Increase in Share Capital	884	50,984	884	50,788
Increase in Long-Term Liabilities*		4,945		5,000
Intra-Group Financing (Net)			2,533	
Dividends Paid		-451		-451
Cash Flow From Financing Activities	884	55,478	3,417	55,337
Other Adjustments	65	-230	147	
Change in Cash	-14,388	49,001	-15,801	48,210
Cash and Bank at Beginning of Period	52,783	3,782	51,902	3,692
Translation Difference	41			
Cash and Bank at Period End	38,436	52,783	36,101	51,902
Change in Cash	-14,388	49,001	-15,801	48,210

*The F-Secure Corporation 1999 Preferred Capital Note was converted to shares during the year 2000.

Accounting Principles

Principles of Consolidation

Subsidiaries in which F-Secure Corporation's holding exceeds 50 percent are consolidated in the financial statements. The Company's holding in the associated companies is also consolidated, except for the investment in PDI-Consult AS, which has been made to protect the Company's receivable and other interests and is considered a temporary holding. The Company has an agreement regarding the divestment of the holding.

The mutual ownership of shares has been eliminated using the acquisition cost method. Goodwill represents the excess of purchase cost over the fair value of assets less liabilities of acquired companies. Goodwill is depreciated on a straight-line basis in five years. The goodwill depreciation is included in administrative expenses in the profit and loss statement.

All intercompany transactions and balances have been eliminated on consolidation.

For the purposes of inclusion in the consolidated financial statements, the balance sheet of each foreign subsidiary is translated into euros at the exchange rates prevailing at the balance sheet date. The income statement of each foreign entity is translated at the average exchange rates for the financial year. The resulting net translation difference is recorded in the shareholders' equity.

The Company's holding in the associated companies is consolidated according to the equity method. The equivalent share of the associated companies' result is included in the financial items in the profit and loss statement.

The consolidated cash flow statements have been prepared by translating each subsidiary's individual cash flow statements at the average exchange rates for the period under review.

Foreign Currency

Foreign currency translations are translated into local currency using fixed monthly exchange rates. At the balance sheet date, assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at that date. Exchange rate gains and losses due to financial items are recorded to the financial items. Forward rate contracts for hedging purposes are recorded using the exchange rate prevailing at the balance sheet date and the interest part of the forward rate contract is accrued for the contract period.

Revenue Recognition

Revenue from product sales is primarily derived from software license agreements, consisting of initial license agreements and periodic maintenance agreements covering product updates and customer support. The revenue recognition policy of F-Secure Group recognizes the license fee revenues as the product is delivered, and the maintenance revenues are recognized ratably over the period covered by the maintenance contract.

Indirect taxes, granted discounts and exchange rate differences are excluded from the net sales.

The Company estimates and recognizes provisions for doubtful accounts periodically and records them as other operating expenses in accordance with the Finnish GAAP.

Other Operating Income

Other operating income includes profits from the sales of fixed assets and support received for research and development projects.

Representation of Expenses

The functionally represented expenses have been classified as follows: various types of expenses in different geographical locations have been allocated to the various functions by allocating directly allocable expenses to the respective function, and other operating expenses have been allocated to the above-mentioned functions on the basis of average headcount at each location.

Research and Development Costs

All costs relating to research and development of the Company's software products are expensed as incurred.

Tangible and Intangible Assets

Tangible and intangible assets are recorded at historical cost less accumulated depreciation. Depreciation is recorded on a straight-line basis over the estimated useful life of an asset. Planned depreciation was taken into use on January 1, 1998. The estimated useful lives of tangible and intangible assets are as follows:

Machinery and Equipment	3 – 8 years
Other Tangible Assets	5 years
Intangible Assets and Other Long-Term Expenditure	5 years

Equipment leased under financial leases have been capitalized and represented as machinery and equipment in the consolidated financial statements.

Liquid Assets

Cash-on-hand and on deposit in banks including marketable securities are included in the liquid assets. Marketable securities consist of interest-bearing debt securities and shares in funds investing in similar instruments. Securities are recorded at lower of acquisition cost or market value.

Items related to securities trading are presented as financial income and expenses in the profit and loss statement and as investments in the balance sheet.

Mandatory Provisions

In the Company's industry it is an internationally common practice for employee incentives to be provided in the form of options. The Company's options program is widely distributed and covers all personnel. As the market price of the Company's share rises, the value of the option programs rise accordingly. This will generate taxable income to the personnel when the options are exercised. In certain countries the employer must pay social charges based on the taxable income triggered when options are exercised. The Company has booked a provision for this contingent liability to provide for the social charges estimated to be paid in the future.

Income Taxes

Direct taxes are calculated on the results of all Group companies in accordance with the local tax and accounting rules of each country. Deferred taxes, resulting from temporary differences between the financial statement and the income tax basis of assets and liabilities, use the enacted tax rates in effect in the years in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance when the Company cannot reasonably determine that some portion or all of the related tax assets will be realized.

NOTES TO FINANCIAL STATEMENTS

Pensions

All of F-Secure Group's pensions and their benefits are of a defined nature, the majority of which are based on local statutory arrangements. Pension costs are expensed as incurred. The liability of local statutory pension schemes is fully covered by the statutory annual charges.

Extraordinary Expenses

At the end of 1999 the Company started to provide for a mandatory provision for the contingent social charge liability related to the exercise of options granted in countries other than the United States. At the end of 1999 expenses related to the public offering were also presented as extraordinary costs.

In 2000 the contingent social charge liability related to options granted to U.S. personnel were also provided for as part of the mandatory provision. The change in the mandatory provision due to the U.S. option programs has been presented as an extraordinary expense for the period under review.

	Consolidated 2000	Consolidated 1999	Parent 2000	Parent 1999
1. Net Sales				
Net Sales by Market Area				
Finland and Scandinavia	11,187	7,618	10,294	7,618
Other European Countries	9,423	5,996	9,414	5,996
North America	16,804	7,742	1,389	466
Asia	1,764	1,373	1,764	1,373
Rest of World	1,885	595	1,885	595
Total Net Sales	41,063	23,324	24,746	16,048
2. Other Operating Income				
Product Development Allowances		346		346
Other	32	4	21	4
Total	32	350	21	350
3. Personnel Expenses				
Personnel Expenses				
Wages and Salaries	-20,294	-9,918	-8,137	-5,058
Pension Expenses	-2,119	-940	-1,273	-918
Other Social Expenses	-1,155	-1,142	-219	-614
Total	-23,568	-12,000	-9,629	-6,590
Wages and Salaries				
Managing Directors and Members of the Boards of Directors	-536	-324	-104	-90
Other Personnel	-19,758	-9,594	-8,033	-4,968
Total	-20,294	-9,918	-8,137	-5,058
Average Number of Personnel	399	226	246	151
Loans Granted to Managing Directors of Group Companies and to Members of Board of Directors		37		37
4. Depreciations				
Depreciations From Non-Current Assets				
Intangible Assets	-276	-207	-205	-135
Tangible Assets	-1,381	-779	-805	-555
Total	-1,657	-986	-1,010	-690
5. Financial Income and Expenses				
Dividend Income				
Dividends From Group Companies			119	
Other Dividends		69		69
Total Dividend Income		69	119	69
Interest Income and Other Financial Income				
From Group Companies			10	72
Other	1,759	1,273	1,699	1,169
Total	1,759	1,273	1,709	1,241
Interest Expenses and Other Financial Expenses				
From Group Companies			-48	
Other	-370	-412	-359	-287
Total Interest Expenses and Other Financial Expenses	-370	-412	-407	-287
Share of Associated Companies' Results	33	-41		
Total Financial Income and Expenses	1,422	889	1,421	1,023

NOTES TO FINANCIAL STATEMENTS

	Consolidated 2000	Consolidated 1999	Parent 2000	Parent 1999
6. Extraordinary Items				
IPO Expenses		-3,358		-3,358
Provisions for Options / Social Costs	-459	-2,508	-459	-2,508
Moderata Point Oy Merger Loss			-207	
Total	-459	-5,866	-666	-5,866
7. Accumulated Appropriations				
Depreciation Difference				56
8. Income Taxes				
Income Taxes of Business Activity - Current Year	-667	-304	-192	-236
Income Taxes of Business Activity - Previous Year	-117			
Change in Deferred Tax Receivables		16		
Total	-784	-288	-192	-236

9. Non-Current Assets

Consolidated	Intangible Assets					Tangible Assets Machinery and Equipment
	Intangible Rights	Other Capitalized Expenditure	Prepaid Expenditure	Goodwill	Total	
Acquisition Cost Jan 1, 2000	10	1,002	182		1,194	4,141
Translation Difference		0			0	104
Additions		288	817	122	1,227	2,191
Disposals	-9	-82			-91	-372
Transfers		109			109	-109
Acquisition Cost Dec 31, 2000	1	1,317	999	122	2,439	5,955
Accumulated Depreciations Jan 1, 2000		-321			-321	-1,388
Translation Difference						-24
Accumulated Depreciations of Decreases		80			80	174
Depreciation of Financial Year		-250		-18	-268	-1,372
Accumulated Depreciations Dec 31, 2000		-491		-18	-509	-2,610
Book Value at Dec 31, 2000	1	826	999	104	1,930	3,345
Book Value at Dec. 31, 1999	10	681	182		873	2,753
Parent	Intangible Assets					Tangible Assets Machinery and Equipment
	Intangible Rights	Other Capitalized Expenditure	Prepaid Expenditure	Goodwill	Total	
Acquisition Cost Jan 1, 2000	1	919	182		1102	2757
Additions		241	817		1058	1255
Disposals						-380
Acquisition Cost Dec 31, 2000	1	1160	999		2160	3632
Accumulated Depreciations Jan 1, 2000		-240			-240	-1110
Accumulated Depreciations of Decreases						191
Depreciation of Financial Year		-205			-205	-805
Accumulated Depreciations Dec 31, 2000		-445			-445	-1724
Book Value at Dec 31, 2000	1	715	999		1715	1908
Book Value at Dec 31, 1999	1	679	182		862	1647

NOTES TO FINANCIAL STATEMENTS

10. Investments

Consolidated	Associated Company Shares	Other Shares	Other Invest- ments	Total
Book Value at Jan 1, 2000	203	40	43	243
Additions		72	43	115
Share of Associated Companies' Results	34			34
Transfer From Other Shares	14	-14	56	56
Disposal	-104			-104
Other	-13			-13
Book Value at Dec 31, 2000	134	98	99	331

Parent	Company Shares	Associated Company Shares	Other Shares	Total
Book Values at Jan 1, 2000	168	257	26	451
Additions	3,313		71	3,384
Disposals	-315	-106		-421
Book Value at Dec 31, 2000	3,166	151	97	3,414

Subsidiaries	Group (%)	Parent (%)
DF-Data Ltd., Helsinki Finland	100	100
F-Secure Online Solutions Oy, Helsinki Finland	100	100
F-Secure Inc., San Jose, USA	100	100
F-Secure Ltd., UK	100	100
Nihon F-Secure Corp., Japan	100	100
F-Secure GmbH, Germany	100	100
F-Secure Ltd, Greater China	100	99.9
F-Secure SARL, France	100	98
F-Secure AB, Sweden	100	100
CellSoft Inc., USA	100	100

Associated Companies	Group (%)	Parent (%)
PDI-Consult AS, Norway	21	21
Vineyard International Ltd., Helsinki Finland	35	35

	Consolidated 2000	Consolidated 1999	Parent 2000	Parent 1999
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11. Receivables

Long-Term Receivables	Consolidated 2000	Consolidated 1999	Parent 2000	Parent 1999
Deferred Tax Receivable	1,400	1,400	1,228	1,228
Receivables from Group Companies				
Loan Receivables			693	
Total Long-Term Receivables	1,400	1,400	1,921	1,228

Short-Term Receivables	Consolidated 2000	Consolidated 1999	Parent 2000	Parent 1999
Trade Receivables	7,788	4,490	4,455	2,775
Loan Receivables	34	172	34	217
Other Receivables	614	13	238	675
Prepaid Expenses and Accrued Income	3,920	3,438	3,624	2,610
Total	12,356	8,113	8,351	6,277

Receivables From Group Companies				
Trade Receivables			578	
Loan Receivables			2,861	2,178
Other Receivables			255	584
Total			3,694	2,762

Receivables From Associated Companies				
Trade Receivables	189	109	189	109
Total	189	109	189	109

Short-Term Receivables Total	12,545	8,222	12,234	9,148
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Material Items Included in Prepaid Expenses and Accrued Income

Uninvoiced Sales	1,415	996	1,415	996
Prepaid Expenses	831	893	562	65
Prepaid Expenses, Royalty	1,439	1,093	1,412	1,093
Accrued Interest	235		235	
Accrued Tax		456		456
Total	3,920	3,438	3,624	2,610

NOTES TO FINANCIAL STATEMENTS

	Consolidated 2000	Consolidated 1999	Parent 2000	Parent 1999
12. Deferred Tax Receivables				
Timing Difference	903			
From Mandatory Provisions	580		580	
Losses Carried Forward	6,581		6,581	
Other Reason	67		67	
Total	8,131		7,228	
Of Which Recorded as Receivable	1,400		1,228	

13. Short-Term Investments

Investments, Book Value	33,603	50,236	33,603	50,236
Investments, Market Value	34,855	50,397	34,855	50,397

**14. Equity
Consolidated**

	Share Capital	Share Issue	Share Premium Fund	Retained Earnings	Convertible Notes	Total Equity
Equity Dec 31, 1998	169		1	3,033		3,203
Share Issues	269	148	50,371			50,788
Capitalization Issue	98			-98		
Dividends				-451		-451
Translation Difference Result of Financial Year				-201		-201
Convertible Capital Loan				-9,250		-9,250
					5,000	5,000
Equity Dec 31, 1999	536	148	50,372	-6,967	5,000	49,089
Registration of Share Issue	1	-148	147			
Share Issue	3		178			181
Convertible Loan						
Converted to Shares	24		4,976		-5,000	
Options Converted to Shares	32	0	859			891
Capitalization Issue	810		-810			
Translation Difference Result of Financial Year				-4		-4
Other Changes				-13,113		-13,113
				158		158
Equity Dec 31, 2000	1,406	0	55,722	-19,926		37,202

Distributable Shareholder Equity at December 31, 2000

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Parent Company

	Share Capital	Share Issue	Share Premium Fund	Retained Earnings	Convertible Notes	Total Equity
Equity Dec 31, 1998	169		1	3,169		3,339
Share Issues	269	148	50,371			50,788
Capitalization Issue	98			-98		
Dividends				-451		-451
Result of Financial Year				-8,905		-8,905
Convertible Capital Loan						5,000
					5,000	5,000
Equity Dec 31, 1999	536	148	50,372	-6,285	5,000	49,771
Registration of Share Issue	1	-148	147			
Share Issue	3		178			181
Convertible Loan						
Converted to Shares	24		4,976		-5,000	
Options Converted to Shares	32	0	859			891
Capitalization Issue	810		-810			
Result of Financial Year				-12,555		-12,555
Equity Dec 31, 2000	1,406	0	55,722	-18,840		38,288

Distributable Shareholder Equity at December 31, 2000

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15. Shareholder's Equity

On December 31, 1999, the Company had 26,804,875 shares issued and outstanding. On December 31, 1999 the pending registration of 54,000 shares subscribed with options attached to the F-Secure option program was booked into the share issue account. These shares, together with 8,700 shares subscribed with options in February 2000, were registered on March 24, 2000, after which the share capital of the Company amounted to 537,352 euros and the number of shares totaled 26,867,575. In April 2000 a directed issue of 141,493 shares was carried out, which raised the share capital by 2,830 euros.

In April 2000 the share capital was raised by 810,272 euros by transferring funds from the share premium account to the share capital. After the transfer the number of shares was divided by five. After the split the number of shares totaled 135,045,340 and the share capital amounted to 1,350,454 euros.

Between April and December 2000 shares were subscribed with options attached to F-Secure option programs and converted with F-Secure Corporation's 1999 Preferred Capital Note as follows:

NOTES TO FINANCIAL STATEMENTS

Subscription/ Conversion	Registration Date	Number of New Shares	Increase in Share Capital	Cumulative Number of Shares	Cumulative Share Capital
Subsr. / Options	4/20/2000	790,150	7,902	135,835,490	1,358,355
Conversion / Note	4/20/2000	2,067,440	20,674	137,902,930	1,379,030
Subsr. / Options	5/22/2000	340,880	3,409	138,243,810	1,382,439
Subsr. / Options	6/16/2000	296,368	2,964	138,540,178	1,385,402
Subsr. / Options	8/18/2000	821,211	8,212	139,361,389	1,393,614
Subsr. / Options	9/25/2000	289,410	2,894	139,650,799	1,396,508
Conversion / Note	9/25/2000	336,560	3,366	139,987,359	1,399,874
Subsr. / Options	10/23/2000	52,080	521	140,039,439	1,400,395
Subsr. / Options	11/5/2000	116,700	1,167	140,156,139	1,401,562
Subsr. / Options	12/18/2000	468,450	4,685	140,624,589	1,406,246

On December 31, 2000 all the shares related to the Preferred Capital Note were converted. The Company's share capital amounted to 1,406,246 euros and the number of shares totaled 140,624,589 at the end of the year 2000.

The registration process of 4,000 shares converted through the use of options was pending as of December 31, 2000. The registration will increase the Company's share capital by 40 euros and the rest will be booked into the share premium account.

16. Options

The number of options presented below are adjusted with the share dividends and share splits decided by the shareholders' meetings held on February 19, 1999, October 8, 1999 and April 12, 2000.

On April 22, 1998 the shareholders' meeting decided to issue a total of 12,000,000 options, consisting of 4,200,000 series A options, 4,200,000 series B options and 3,600,000 series C options. Each option entitles the holder to subscribe for one share during the following periods:

Series A	Options: April 1, 2000 - March 31, 2003
Series B	Options: April 1, 2001 - March 31, 2004
Series C	Options: April 1, 2002 - March 31, 2005

The options issued provide for the subscription of 12 million shares in total, which represented 8.5 percent of the Company's share capital and voting power on December 31, 2000. The subscription in full would increase the share capital by 120,000 euros. The exercise price of the options is 0.1137174 euros. During the financial period a total of 1,953,549 shares were subscribed with the options attached to this option program, and consequently the share capital was raised by 19,535 euros.

On August 10, 1999 the shareholders' meeting decided to issue 5,340,000 options expiring on September 30, 2005. Each option entitles the holder to subscribe for one share at 0.5226667 euros per share. The options issued provide for the subscription of 5,340,000 shares in total, which represented 3.7 percent of the share capital and the voting power on December 31, 2000. The subscription in full will increase the capital stock by 53,400 euros. During the financial period a total of 1,221,700 shares were subscribed with the options attached to this option program, and consequently the share capital was raised by 12,217 euros.

In addition, on August 10, 1999 the shareholders' meeting authorized the Board of Directors to issue a maximum of 9,000,000 options, the subscription price of which will be determined later. Each option entitles the holder to subscribe for one share between January 1, 2001 and September 30, 2005. The subscription in full would increase the capital stock by 90,000 euros. Of the total of 9,000,000 options of this program, 3,750,000 have been allocated for the personnel located in the United States. The latter two option programs established on August 10, 1999 will be allocated into series A, B, C and D depending on the period they are granted. The subscription period expires on September 30, 2005 for each series. The subscription price of a share for each series is the weighted average price of the Company's shares quoted during the last five business days of the Helsinki Exchanges before the start of each series' time for distribution. The subscription price for 1999 D series is 1.54 euros, for 2000 A series 5.58 euros, for 2000 B series 13.82 euros, for 2000 C series 12.50 euros, and for 2000 D series 7.80 euros.

The maximum dilution effect of the issuance of the options described in notes 15 and 16 is 22,631,876 shares on aggregate or 13.9 percent of the Company's share capital after dilution. 18.9 million options had been issued as of December 31, 2000 and the remaining 7.4 million options were being held by the Company.

NOTES TO FINANCIAL STATEMENTS

	Consolidated 2000	Consolidated 1999	Parent 2000	Parent 1999
17. Liabilities				
Non-Current Liabilities				
Advance Payments	1,748	1,488	1,427	1,327
Other Liabilities		109		
Total Non-Current Liabilities	1,748	1,597	1,427	1,327
Current Liabilities				
Advance Payments	8,669	6,518	6,167	5,735
Accounts Payable	1,794	1,884	1,128	1,349
Other Liabilities	983	6	537	191
Accrued Expenses	5,560	4,594	4,127	3,200
Total	17,006	13,002	11,959	10,475
Liabilities to Group Companies				
Accounts Payable			19	
Other Liabilities			3,565	1,079
Total			3,584	1,079
Liabilities to Associated Companies				
Accounts Payable	32	78	32	78
Total	32	78	32	78
Total Current Liabilities	17,038	13,080	15,575	11,632
Material Amounts Shown Under Accruals and Deferred Income				
Accrued Personnel Expenses	2,932	1,547	1,743	1,398
Deferred Royalty	1,567	870	1,567	831
Accrued Expenses	682	2,101	708	895
Accrued Interest	109	76	109	76
Accrued Tax	270			
Total	5,560	4,594	4,127	3,200
18. Contingent Liabilities				
Guaranties for Other Group Companies			16	
Guaranties for Other				
Company House Rental Guaranties	1	11	1	11
Leasing Liabilities				
Leasing Commitments				
Next Financial Period	447	355	307	196
Later	403	403	201	261
Total	850	758	508	457
Rental Liabilities				
Premises Rentals in Next Period*	2,391	1,482	2,287	392
Over Next Period*	20,238	21,109	18,773	18,327
Total	22,629	22,592	21,060	18,719
Other Liabilities				
Others	107		107	

* Includes rental liabilities from the new premises at the Helsinki High Tech Center.

Derivatives

Currency Instruments	EUR
Currency Forward Contract	4,299

F-Secure Oyj has hedged receivables denominated in USD with forward rate contract. The forward rate contract expires on April 9, 2001. The company does not have other derivatives.

SHARES AND SHAREHOLDERS

19. Shares and Share Ownership

Shares and Share Ownership Distribution: December 31, 2000

Shares	Number of Shareholders	Percentage of Shareholders	Total Shares	Percentage of Shares
1-100	3,509	13.55%	239,503	0.17%
101-1000	19,866	76.73%	5,313,164	3.78%
1001-10,000	2,232	8.62%	6,037,654	4.29%
10,001-50,000	180	0.70%	3,967,558	2.82%
50,001-100,000	36	0.14%	2,696,150	1.92%
100,001-	68	0.26%	122,370,560	87.01%
Total	25,891	100%	140,624,589	100%

Largest Shareholders and Administrative Register

Owner	Shares	Percentage of Shares
Risto Siilasmaa	69,510,975	49.43%
Ari Hyppönen	9,079,460	6.46%
Ismo Bergroth	8,134,565	5.78%
Varma Sampo	1,341,340	0.95%
Ilmarinen	775,220	0.55%
Leonia Osake	772,100	0.55%
Evli Select	714,310	0.51%
Sitra	713,350	0.51%
Alfred Berg Finland	693,850	0.49%
Clearstream Banking	560,576	0.40%

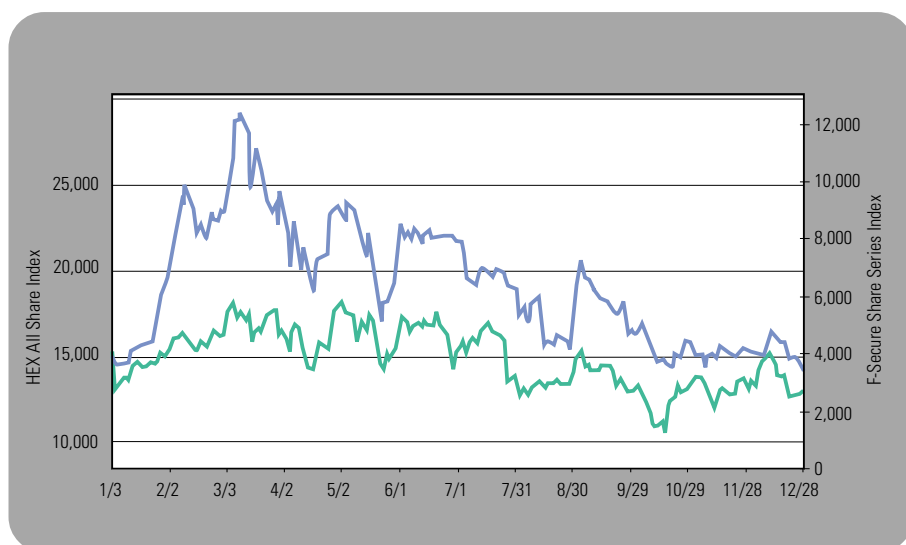
Administrative Register

Merita Pankki Oyj	14,305,454	10.17%
Svenska Handelsbanken	1,222,750	0.87%
Other registers	2,928,916	2.08%
Other shareholders	29,871,723	21.24%
Total	140,624,589	100%

Share Ownership of Management

The Board of Directors and CEO owned in total 69,549,675 shares on December 31, 2000. This represents 49.46 percent of the Company's shares and votes. In addition, the options of these individuals accounted for 0.56 percent of the total amount of F-Secure shares. With these stock options 0.8 million new shares can be issued, representing 0.56 percent of the total amount and the votes of all Company shares on December 31, 2000.

F-Secure Share Performance Compared to HEX All Share Index



■ HEX All Share Index
■ F-Secure Corporation

KEY RATIOS

20. Key Ratios

	2000	1999	1998	1997 Pro Forma	1996 Pro Forma
Net Sales (EUR Million)	41.1	23.3	12.2	9.3	4.1
Net Sales Growth %	76%	91%	31%	127%	
Operating Result (EUR Million)	-13.3	-4.0	0.0	2.7	1.4
Operating Result, % Net Sales	-32%	-17%	0%	29%	34%
Result Before Extraordinary Items	-11.9	-3.1	0.6	3.3	1.6
Result Before Extraordinary Items %	-29%	-13%	5%	35%	39%
ROE (%)	-31.1 %	-14.3 %	9.6 %	94%	
ROI (%)	-25.3 %	-10.9 %	17.5 %	130%	
Equity Ratio (%)	78.2 %	75.7 %	54.2 %	53.0 %	52.0 %
Investments (EUR Million)	3.4	3.0	1.3	0.7	0.2
R&D Costs (EUR Million)	13.8	8.2	3.9	1.9	0.7
R&D Costs, % Net Sales	34%	35%	32%	20%	17%
Personnel on Average	399	226	108	53	38
Earnings / Shares (EUR)	-0.09	-0.03	0.003	0.023	0.012
Earnings / Shares Diluted	*	*	0.003	0.023	0.012
Shareholder Equity per Share	0.26	0.33	0.032	0.035	0.016
Dividend per Share			0.004	0.006	0.002
Dividend per Earnings (%)			145%	24%	24%
Effective Dividends (%)					
P/E Ratio					
Share Price, Lowest (EUR)	5.06	3.60			
Share Price, Highest (EUR)	19.40	6.60			
Mean Share Price (EUR)	12.97	5.20			
Share Price Dec 31, 2000	5.20	5.80			
Market Capitalization (EUR Million)	731.2	777.3			
Trading Volume (Millions)	80.5	11.0			
Trading Volume (%)	84.35%	51.99%			
Shares of Average (Rectified)	137,610,432	105,780,153	100,500,000	99,000,000	97,500,000
Shares Dec 31, 2000	140,624,589	134,024,375	100,500,000	100,500,000	97,500,000

* Not given, as the effect of dilution would improve the figure.

Calculation of Key Ratios

Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest}}{\text{Balance total} - \text{received advance payments}}$
ROI, %	$\frac{\text{Result before extraordinary items} + \text{financial expenses}}{\text{Balance total} - \text{non-interest bearing liabilities (average)}}$
ROE, %	$\frac{\text{Result before extraordinary items} - \text{taxes}}{\text{Shareholders' equity} + \text{minority interest (average)}}$
Gearing, %	$\frac{\text{Interest bearing liabilities} - \text{cash and bank accounts, marketable securities}}{\text{Shareholders' equity} + \text{minority interest}}$
Earnings per share, euro	$\frac{\text{Result before extraordinary items} - \text{taxes} \pm \text{minority interest}}{\text{Adjusted amount of shares (average)}}$
Shareholders' equity per share, euro	$\frac{\text{Shareholders' equity}}{\text{Adjusted amount of shares}}$

To the Shareholders of F-Secure Corporation

We have audited the accounting, the financial statements and the corporate governance of F-Secure Corporation for the financial year 2000. The financial statements, which include the report of the Board of Directors, and the consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. The purpose of our audit of corporate governance is to examine that the members of the Board of Directors and the Managing Director have legally complied with the rules of the Companies Act.

In our opinion the financial statements, which disclose a loss in the consolidated income statement of 13,113 thousand euros, have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of the consolidated and parent company's results of operations and financial position. The financial statements and consolidated financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the result is in compliance with the Companies Act.

Espoo, February 20, 2001

TILINTARKASTAJIEN OY - ERNST & YOUNG
Authorized Public Accounting Firm

Tomi Englund

Authorized Public Accountant

Board of Directors

Ari Hyppönen is Chief Technology Officer of F-Secure Corporation. Mr. Hyppönen is a deputy member of the board of directors and was Chairman from 1991 to 1999. Prior to joining F-Secure in 1989, Mr. Hyppönen worked for the State Computing Facility, Nixu Ltd., the Dipoli Institute and Wise Man Ltd. He is a member of the board of directors of Pixel Vision Ltd. He holds a CISSP certification (Certified Information Systems Security Professional) granted by the International Information Systems Security Certification Consortium. Mr. Hyppönen studied international marketing and computer science at the Helsinki University of Technology.

Olli-Pekka Kallasvuo is Chief Financial Officer of Nokia and a member of the Nokia Group executive board. Mr. Kallasvuo also oversees Nokia's U.S. business operations and serves on the boards of several Nokia subsidiary companies. He is Chairman of the board of Nextrom S.A. and of Nokian Tyres plc. He is also a member of the board of the Finnish Broadcasting Company and Fortum Corporation. From 1991 to 1995 he served as Chairman and board member of the Helsinki Stock Exchange. Mr. Kallasvuo holds a law degree from the University of Helsinki. In January 2001, Mr. Kallasvuo was elected chairman of F-Secure's board of directors.

Jari Puhakka is Chief Executive Officer of Digia Ltd. He served as Vice President of Business Development at F-Secure between 1997 and 2000 and was chairman of the board between 1999 and 2001. Prior to joining F-Secure, Mr. Puhakka earned an MBA degree from the Ecole Nationale des Ponts et Chaussées. Earlier, he worked for IBM Corporation in Finland, Belgium and Malaysia in sales and marketing, and in government programs for IBM's European headquarters. Mr. Puhakka holds a Master of Science degree in Economics from the University of Brussels. He has also studied economics and computer science at the University of Helsinki and the University of Joensuu.

Kaj-Erik Relander is President and Chief Executive Officer of Sonera Corporation and a member of the group's executive management team. Previously, Mr. Relander managed Sonera's Mobile and Media division. Having started his career as an entrepreneur in computer software and management consulting, Mr. Relander worked in venture capital prior to joining Sonera. He holds Bachelor of Science and Master of Science degrees in economics from the Helsinki School of Economics and Business Administration, and an MBA from the International MBA Program at the Helsinki School of Economics and the Wharton School of Business Administration at the University of Pennsylvania.

Risto Siilasmaa is President and Chief Executive Officer of F-Secure Corporation and a member of the board of directors. Mr. Siilasmaa founded the company in 1988. Prior to that, he worked as a software programmer and IT consultant for the executive management of several large Finnish and international corporations. He is a member of the boards of directors of the Finnish Foreign Trade Association, Finnish IT Services Association (TIPAL), eQ Online and MadOnion.com. He is also a founding member of the Association of Software Entrepreneurs in Finland. He studied economics, international marketing and computer science at the Helsinki University of Technology.

Christopher Vargas is President of the U.S. subsidiary, F-Secure Inc. Prior to joining F-Secure in 1999, Mr. Vargas worked for eight years at Cisco Systems Inc. in a number of sales and marketing positions, the last of which was as director of international marketing. Before joining Cisco Systems Inc., he was a program manager for a division of the United States Air Force. He holds a Bachelor of Science degree in Computer Engineering and a Master of Science degree in Electrical Engineering from the University of Notre Dame. He was also a Fulbright scholar to Finland from 1987-1988. He is a member of the advisory board of IRBS Inc.

Executive Team

Tanya Candia is Vice President of Worldwide Marketing for F-Secure. Ms. Candia has worked for several Silicon Valley software firms, including OpenVision, Unison Software and Starlight Networks, as vice president of worldwide marketing. She holds a Master of Arts degree in Intercultural Communication from the Monterey Institute of International Studies and a Master of Science degree in Systems Management from the University of Southern California.

Anthony Gyursanszky is Director of F-Secure's Security as a Service Business Unit. Prior to joining F-Secure in 1999, Mr. Gyursanszky worked at Nokia in research and development and Tellabs in various international management positions in sales, business development and marketing. He holds a Master of Science degree in Engineering from the Helsinki University of Technology.

Jari Holmborg is Vice President of F-Secure's Security as a Product Business Unit. Prior to joining the company in 1995, Mr. Holmborg worked for the Unic Group as manager of international operations and Phillips Telecomm & Data Systems. He holds a Master of Science degree in Economics from the Helsinki School of Economics.

Jukka Kotovirta is Vice President of Investor Relations and Strategic Planning for F-Secure. Mr. Kotovirta previously served as director of the company's service provider and OEM programs. He served as a member of the board of NameSurfer, Ltd. between 1998-2000. Prior to joining F-Secure in 1997, he worked for Cisco Systems EMEA and Sonera Corporation in various positions. Mr. Kotovirta holds a Master of Science degree in Electrical Engineering from Helsinki University of Technology.

Pekka Kinnunen is Vice President of Sales for Europe, the Middle East and Africa. Prior to joining F-Secure in 2000, Mr. Kinnunen worked for IBM, where he held various sales and sales management positions during a ten year period, three of which he spent at IBM's European headquarters in Paris. He also worked for several years for the French Group Bull, where he was in charge of operations in Finland and the Baltic countries. Mr. Kinnunen has 20 years of experience in the IT business, and extensive international experience. He holds a Master of Science degree in Economics from the Helsinki School of Economics.

Petri Laakkonen is Vice President of Global Business Operations at F-Secure, Inc. Prior to joining F-Secure in 1993, Mr. Laakkonen was President of LAN Solution Ltd. and President of Mikronet Ltd. He served as President of F-Secure Inc. from 1995 to August 1999. Mr. Laakkonen has also worked as a PC consultant, and holds a Master of Science degree in Industrial Economy/Marketing from the Lappeenranta University of Technology.

Sakari Pihlava is Director of Engineering of F-Secure. Prior to joining F-Secure in 1996, Mr. Pihlava worked at the Information Processing Laboratory of the Helsinki University of Technology and as a software engineer for Stonesoft Ltd. He holds a Master of Science degree in Engineering from the Helsinki University of Technology.

Markku Pirskanen is Chief Financial Officer of F-Secure. Prior to joining F-Secure in 1998, Mr. Pirskanen worked for Santasalo-JOT Group as financial director. He holds a Master of Science degree in Economics from the Helsinki School of Economics.

Seppo Rantanen is Human Resources Director of F-Secure. Prior to joining F-Secure in 1998, Mr. Rantanen worked for K-Instituutti Ltd., a subsidiary of Kesko Corporation, and several other Finnish companies and institutions. He holds a Master of Arts degree in Philosophy from the University of Helsinki.

Ilkka Starck is Vice President and General Manager of the Wireless Security Business Unit of F-Secure. Prior to joining F-Secure in 2000, Mr. Starck worked at Ericsson in Stockholm in various management positions in business management and marketing. He holds a Master of Science degree in Engineering from the Helsinki University of Technology.

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