

F-SECURE CORPORATION

STOCK EXCHANGE RELEASE  
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**F-SECURE GROUP FIRST QUARTER 2006 FINANCIAL RESULTS**

100 Service Provider Partners Reached

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

Q1 Highlights

- Total revenue increased by 41% to a record level of 18.8m
- Corporate business increased by 22% to 9m
- Service provider business increased by 80% to 5.8m
- 100<sup>th</sup> ISP signed
- Consumer business increased by 80% to 3.4m
- Other revenues 0.7m
- EBIT increased over 270% to 2.9m (0.8m); 16% of revenues
- Deferred revenues increased by 1.9m to 25.1m during Q1
- Cash flow 3.9m positive

Business at the Group level

The first quarter of 2006 presented another quarter of sequential growth for the Group. The business advanced steadily in all areas.

Total revenues were 18.8m (13.3m), representing 41% growth. EBIT increased over 270% to 2.9m (0.8m) Cash flow was 3.9m positive (2.2m) and deferred revenues were at the end of the quarter at 25.1m (19.5m).

Highlights of the quarter were the continuing strong development in Security as a Service, continuing the establishment of a strong foothold in Asia, and the signing of the 100<sup>th</sup> Service Provider partnership. Mobile security showed steadily increasing sales traction.

The Group has now finalized its strategy to exit from the encryption business and will not report encryption revenues separately any more. The tail-end encryption revenues will be filed in the "other products" category from now on.

The total fixed costs were 14.3m (11.4m), representing 25% growth. The Group's short-term strategy continues to be to prioritize growth over profitability. Above all, investments into achieving a strong sustainable position in the fast growing security service market are seen as vital for the Group's future growth. The Group capitalizes

some of its development expenses according to the IFRS rules. This decreases costs by approximately 0.4m.

The geographical breakdown of the business was as follows: Nordic Countries 38% (38%), Rest of Europe 44% (44%), North America 9% (10%) and Rest of the World 9% (9%). Anti-virus and intrusion prevention represented 98% of the total revenues.

According to the latest global survey made in the autumn of 2005 customer satisfaction has stabilized at good levels. Overall satisfaction was 4.27 (4.30) on a scale of 1 to 5. Relentless focus on customer satisfaction is one of the Group's core philosophies. Our target remains to reach 4.50 in customer satisfaction.

#### Business in different segments in Q1

In the first quarter of 2006, revenues in the corporate customer segment through resellers and IT services companies were 9m (7.3m), representing 49% of the anti-virus and intrusion prevention business and growth of 22% from the previous year. Competitive solutions, a strong focus on partners and support continued to contribute to the growth in this segment.

Revenues through the service provider channel were 5.8m (3.2m), representing 32% of the anti-virus and intrusion prevention business and growth of 80% from the previous year. Service-like security is the prime F-Secure way to deliver value to its customers.

Consumer revenues were 3.4m (1.9m), representing 19% of the anti-virus and intrusion prevention business. Revenue growth rate continued strong, 80% from previous year. Successfully launched new comprehensive products along with continuing successes in channel recruitment and online sales were key contributors to growth.

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

#### Competitive situation

There have been signs of increasing price competition in some countries while other countries have maintained the status quo. The Group has successfully flanked pricing attacks through offering a premium product with richer functionality and better service. Especially the Group's outstanding response times to virus outbreaks have received a lot of positive attention and even opened new opportunities in traditionally difficult markets, such as North America.

## Security as a Service

The Group sees that there is an ongoing, fundamental change in customers' buying behaviour. Consumers and businesses will prefer to purchase security as a subscription service to all other alternatives. The Group has been a leader in supporting this change with a dedicated Service Platform offering for different target audiences: Enterprises, Businesses, Consumers, Gateways, Mobile Phones and Operator Networks.

During the quarter, the total number of ISP partners exceeded 100 and is currently 101 in 27 countries. The Group is clearly the global market leader in providing security as a service solutions through ISPs. The Group's strength in the ISP market is clear: leading market share globally, excellent partner retention track record and fastest speed of signing new partners.

A partnership was signed with Wind Telecommunications in Italy to provide total Internet security through their portal libero.it. New World Telecom in Hong Kong was a groundbreaking Service Platform for Businesses deal in Asia. A2Z in Belgium signed a Service Platform for Enterprises partnership.

In Q2 the Group launched a partnership with Reliance Communications in India (Service Platform for Consumers). Significant partnerships were signed in early Q2 and will be announced in the near future.

## Mobile security

The Group's long-term pioneering investment to raise awareness in mobile security issues continued to yield results.

The sales of F-Secure Mobile Anti-Virus increased clearly during the quarter signaling increased end user awareness of security threats.

The Group partnered with Orange to offer an automatic antivirus service in Switzerland, to be downloaded and updated directly to a user's mobile phone from the mobile Internet portal Orange World.

F-Secure continued close cooperation with Nokia. F-Secure Mobile Anti-Virus was announced to be available for the recently announced devices based on S60 3rd edition. In Nokia N71 and N80, F-Secure Mobile Anti-Virus will be distributed as the default antivirus application in the standard device sales package and in the Nokia E60, E61 and E70 devices, the antivirus client will be available through Nokia Catalogs service

## Product Leadership

The key launch in Q1 was F-Secure Messaging Security Gateway™ P-Series for large enterprises and service partners against spam, viruses, phishing, denial of service attacks and directory harvesting attacks. The appliance also helps enterprises and service partners to enforce outbound email policies, defend against leakages of confidential information and comply with email-related regulations.

A new version of F-Secure Network Control was released as the first fully in-house developed version of the product acquired through Rommon Oy late last year.

#### Personnel and Organization

The Group's personnel numbered 410 at the end of the quarter (336).

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

#### Financing

The Group's financial position remained strong. The Group's equity ratio on March 31, 2006, was 67% (84%). The equity ratio would have been 79% if the dividends were paid already in March. Financial income for Q1 was 0.2m (0.5m) including SRV accrual for interest.

During Q1 cash flow was positive 3.9m(2.2m). The market value of the liquid assets of the Group was on March 31, 2006 65.4m(52.2m).

The change in the USD-EUR exchange rate has had some positive effect on revenues and slightly on results.

#### Capital Expenditures

The Group's capital expenditures for the quarter were 1.2m(0.6m). These consisted mainly of IT hardware, software, capitalization of development expenses.

#### Shares, Shareholders' Equity, and Option Programs

In Q1, A total of 53,150 F-Secure shares were subscribed for with the A1/A2 warrants and a total of 7,250 F-Secure shares were subscribed for with the B1/B2 warrants attached to the F-Secure 2002 Warrant Plan.

In aggregate the number of shares was increased by 60,400. The corresponding increase in the share capital, in total EUR 604 was

registered in the Finnish Trade Register on January 9, 2006. F Secure received as additional shareholders' equity a total of EUR 38,415.

After the reporting period, a total of 64,600 F-Secure shares were subscribed for with the A1/A2 warrants and a total of 39,050 F-Secure shares were subscribed for with the B1/B2 warrants attached to the F-Secure 2002 Warrant Plan.

In aggregate the number of shares was increased by 103,650. The corresponding increase in the share capital, in total EUR 1,036.50 was registered in the Finnish Trade Register on April 4, 2006. F Secure received as additional shareholders' equity a total of EUR 73,905.

As a result of the increases, the share capital of F-Secure currently is EUR 1,548,758.68 and the total number of shares is 154,875,868. The corresponding number of shares fully diluted would be 161,464,443 including all stock option programs.

#### Corporate Governance

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

#### Future Outlook

The Group's three key goals in 2006 are closely to follow the track implemented during the recent years:

- 1) To continue to grow the anti-virus and intrusion prevention business significantly faster than the industry. The recent estimates (gathered by F-Secure) for market growth vary between 10-15% in the corporate segment and between 25-30% in the consumer segment.

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

Key opportunities to be pursued in the consumer business are new, innovative channel models, as was showcased in early 2006 with an announcement with Barclays Internet Bank. On the corporate side, extra leverage is expected to come from security appliances, i.e. F-Secure Messaging Security Gateway.

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

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

3) To advance in mobile security, and, as the market matures, start turning leadership into revenues.

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

The management estimates the strong growth in anti-virus and intrusion prevention to continue, especially in Security as a Service businesses. 2006 total revenues are expected to be around 85m, with an error margin of +/-10%.

Based on its strategy to prioritize growth over short term profitability, the Group continues to invest in new sales and marketing activities as well as in major new development efforts and new projects expanding the Group's offering to service providers and facilities management companies. The management is aiming at an EBIT slightly below 20% in 2006. The latter half of 2006 is expected to be stronger.

The estimation for Q206 revenues are 18-20m and cost level around 15m. The estimate is based on the sales pipeline at the time of publishing, existing subscriptions and support contracts and a EUR/USD exchange rate of 1.19.

#### Annual General Meeting

The Annual General Meeting of F-Secure Corporation was held on March 22, 2006. The Meeting confirmed the financial statements for the fiscal year 2005. The members and the deputy member of the Board of Directors and the managing director were granted a discharge from liability.

In addition, the Annual General Meeting made the following decisions:

Dividend

It was decided to distribute a dividend of EUR 0.07 per share, a total of EUR 10,834,055.26 with the current number of shares, as proposed by the Board of Directors. The dividend will be paid on April 4, 2006 to shareholders registered in the company's Register of Shareholders held by Finnish Central Securities Depository Ltd on the record date of March 27, 2006.

#### Members of the Board and Auditors

It was decided that the annual compensation is EUR 20,000 and 10,000 stock options for a member and EUR 30,000 and 15,000 share options for the chairman. Members of the board that are employed by the group will not be compensated.

It was decided that the number of Board members would be four. The following members were elected: Mrs. Sari Baldauf, Mr. Pertti Ervi, Mr. Risto Siilasmaa, and Mr. Alex Sozonoff. Ari Hyppönen was re-elected deputy member. The Board elected Mr. Pertti Ervi Chairman of the Board in its first meeting.

It was decided that auditor's fee will be paid against approved invoice. Ernst & Young Oy was elected the Group's auditors. APA, Mr. Tomi Englund is acting as responsible partner.

Authorizing the Board of Directors to increase the share capital of the company

The Board was authorized to increase the share capital of the Company as follows:

The authorization of Board of Directors to increase the share capital of the company as follows:

#### - The duration of the authorization

The Board to be authorized during the period of one (1) year from the date of the shareholders' meeting to decide on an increase of the share capital of the company by one or more new share issues or by launching one or more convertible bonds or option rights. As a result of such share issues, 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. To the extent the authorization is used to create incentive systems for the personnel of the group, the share capital may increase by a maximum of 70,000 EUR, in which case a maximum amount of 7,000,000 shares may be issued.

#### - Deviation from subscription rights

The shares, convertible bonds or option rights may be offered to be subscribed by deviating from the subscription rights of the shareholders. This deviation from the subscription rights is proposed for the purpose that the company may fund its possible acquisitions which are of strategic importance by way of share arrangements, or strengthen its financing and capital structure, or create incentive programs for Group's employees.

- The determination of the subscription price

The subscription price for the shares issued in the share capital increase and converted or subscribed on the basis of convertible bonds or option rights will be determined by the Board of Directors. At minimum, the subscription or conversion price per share is the counter book value of the share. To the extent the authorization is used to create incentive systems for the personnel of the Group, the subscription price will be determined by the Board of Directors so that it is based on the market price of the share.

- Payment of the subscription price

The Board may accept as payment also a set-off or provision of other assets (in-kind contributions).

- Previous authorization

The proposal of the Board includes also that the unused portion of the authorization given by the Shareholders' meeting on the March 23, 2005, will be cancelled simultaneously with the registration of the new authorization.

Draft of terms of Rommon merger

It was decided to accept the draft of terms of merger according to which fully owned subsidiary Rommon Oy shall merge into F-Secure Corporation in order to achieve cost savings, as proposed by the Board of Directors.

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

Key figures (not audited):

Euro million

INCOME STATEMENT	2006	2005	Chge	2005
	1-3	1-3	%	1-12
Revenues	18.8	13.3	41	61.8
Cost of revenues	1.7	1.3	30	5.9
Gross margin	17.0	12.0	42	55.9
Other operating income	0.2	0.2	-2	0.8
Sales and marketing	9.6	7.4	30	31.6
Research and development	3.7	3.2	15	14.7
Administration	1.0	0.8	22	3.1
Operating result	2.9	0.8	278	7.4
Financial net	0.2	0.5		1.9
Result before taxes	3.2	1.2		9.3
Income taxes	-0.9	-0.3		-2.7
Result for the period	2.3	1.0		6.6
Earnings per share, e	0.01	0.01		0.04
EPS, diluted, e	0.01	0.01		0.04

BALANCE SHEET

ASSETS	31/3/2006	31/3/2005	31/12/2005
Intangible assets	9.6	2.6	8.9

Tangible assets	3.0	1.8	3.0
Other financial assets	3.6	6.5	4.3
Non-current assets total	16.2	10.9	16.2
Inventories	0.1	0.0	0.1
Other receivables	15.6	11.7	15.8
Available-for-sale financial assets	56.6	46.8	53.5
Cash and bank accounts	8.9	5.6	8.5
Current asset total	81.2	64.0	77.8
Total	97.4	74.9	94.0

#### SHAREHOLDERS' EQUITY

AND LIABILITIES	31/3/2006	31/3/2005	31/12/2005
Equity	48.5	46.8	57.1
Other non-current	1.2	0.2	1.3
Provisions	1.1	0.1	1.1
Deferred revenues	3.8	3.0	3.8
Non-current liabilities total	6.2	3.3	6.2
Other current	21.4	8.3	11.3
Deferred revenues	21.3	16.4	19.4
Current liabilities total	42.7	24.8	30.7
Total	97.4	74.9	94.0

Cash flow statement	31/3/2006	31/3/2005	31/12/2005
Cash flow from operations	5.0	2.4	14.4
Cash flow from investments	-1.2	-0.6	-5.8
Cash flow from financing activities	0.1	0.4	3.5
Change in cash	3.9	2.2	12.1
Cash and bank at 1 Jan	61.8	50.1	50.2
Change in net fair value of Available-for-sale	-0.3	-0.1	-0.4
Cash and bank at 31 Dec	65.4	52.2	61.8

#### Statement of changes in shareholders' equity

	share capital	share premium fund	transl. diff.	reval. reserve	retained earnings	total
Equity on 31.12.2005	1.5	33.5	0.0	0.2	21.8	57.1
Available-for-sale financial asset, net				-0.2		-0.2
Translation diff.			0.0			0.0
Cost of share based payments					0.1	0.1
Profit					2.3	2.3
Dividend					-10.8	-10.8
Exercise of options	0.0	0.1				0.1
Equity on 31.3.2006	1.5	33.6	0.0	0.0	13.4	48.5

Key ratios	2006 3 m	2005 3 m	2005 12 m
Operating result, % of revenues	15.7	5.8	11.9

ROI, %	24.9	11.5	19.0
ROE, %	17.4	8.5	12.9
Equity ratio, %	67.1	84.4	80.6
Debt-to-equity ratio, %	-134.7	-111.7	-108.2
Earnings per share (EUR)	0.01	0.01	0.04
Earnings per share diluted	0.01	0.01	0.04
Shareholders' equity			
per share, e	0.31	0.31	0.37
P/E ratio	51.1	71.3	46.9
Capitalized expenditures (Me)	1.2	0.6	8.3
Contingent liabilities (Me)	12.2	13.9	12.7
Personnel, average	400	321	354
Personnel, Dec 31	410	336	390

#### Segment information

The Group has only one primary segment; data security.

#### Quarterly development

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

#### Financial Reporting

A press and analyst conference will be arranged today, April 26, at 11 am Finnish time at the Group's Headquarters, Tammasaarencatu 7, Helsinki. A conference call for international investors and analysts will be arranged at 1530 Finnish time (1430 CET, 1.30 pm UK time). Instructions can be found at <http://www.europe.f-secure.com/investor-relations/>

Quarterly reports for 2006 will be published on August 1 (Q2) and October 24 (Q3). A Stock Exchange bulletin will be sent at 9 am Finnish time to the Helsinki Exchanges, a press and analyst conference will be arranged at 11 am Finnish time in Helsinki, and an international conference call will be arranged in the afternoon. Full details will be provided later on the Group's web site.

F-Secure Corporation

Board of Directors

Additional information:

F-Secure Corporation

Risto Siilasmaa, President and CEO

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