

F-SECURE GROUP'S FINANCIAL RESULTS JANUARY 1 - DECEMBER 31, 2003

Record high anti-virus revenues, 151% growth in service subscriptions through ISPs in Q4, cash flow 3,4 m positive in Q4

Highlights in Q4 2003 and for the full year (unless otherwise stated comparisons made to the same period one year ago):

- Revenues in Q4 10.8 m (increase by 10%), for the full year 39.0 m (increase by 1%)
- Anti-virus revenues increased by 40% in Q4 and by 21% in 2003
- Security as a Service business increased by 151% in Q4 and 130% in 2003
- Security as a Service business increased by 38% in Q4 compared to Q3
- 11th consecutive quarter with approximately 20% or more growth from the previous quarter in the Security as a Service business
- Encryption business declined by 32% in Q4 and by 27% in 2003
- EBIT 1.3 m positive in Q4 (0.7 m positive), 1.5 m positive for the full year (1.7m negative)
- Due to strong antivirus license and maintenance sales deferred revenues increased by 2m (4Q03 15.2 m, 3Q03 13.3m, 4Q02 13.2m)
- Cash flow 3.4 m positive in Q4, 5.3 m positive for the full year
- Profit Before Tax 3.5 m positive in Q4 (0.9 m positive), for the full year 4.3 m positive (0.9 m negative)

Business In Brief

The business areas of the Group are content security and encryption. Within content security (anti-virus, firewall, intrusion prevention, anti-spam, application control, parental control etc.) the Group is active in four different segments: consumer segment, ISP channels, corporate market and the emerging wireless security market.

The content security business continued to grow strongly and it accelerated towards the end of the year. The success was due to good development with European channels both in consumer and business segments, continuing success with Security as a Service offering through operators, and to the Group's quality products and leading anti-virus laboratory. Encryption revenues were moderate with a slight decrease from Q3 revenues, but a clear decrease from the previous year. Maintenance and support sales remained at a good level.

For the 4th quarter of 2003, F-Secure reported revenues of 10.8 million euros. This represents an increase of 7% from the previous quarter and an increase of 10% from the fourth quarter of 2002. For the full year 2003 revenue was 39.0 million euros, representing an increase of 1% from 2002.

Due to strong sales in the last quarter the Group's deferred revenues increased by 2 million in 2003 (1.7m in 2002) ending up to 15.2m in the balance sheet at the end of the year (13.2m a year ago, 13.3m at the end of 3Q03). Growth of deferred revenues reflects the strong growth of anti-virus sales.

The operating result improved and was EUR 1.3 million positive for the fourth quarter (0.8m positive in 3Q03 and 0.7m positive in 4Q02). For the full year of 2003 the operating result was EUR 1.5 million positive (1.7m negative in 2002).

The anti-virus business performed well with an annual growth of revenues of 21% in 2003 with most of the growth occurring during the latter half of the year. The number of anti-virus service subscriptions continued to show excellent growth and related revenues grew by 130% compared to 2002. The encryption business declined by 27% in 2003 compared to one year ago.

Handheld and wireless security threat awareness increased during the quarter. However, the overall demand for security applications in handheld devices has continued low and the revenues were still fairly small. During the year, the Group gained nine operator customer relationships on three continents with its F-Secure Mobile Filter product.

The competitive situation in the anti-virus business remained mostly unchanged. Price pressures decreased in some market segments while some other segments continued to exhibit signs of price pressure. Overall, the price pressure remained at customary levels. The Group has approximately 10 competitors in the market.

The Group continued to balance its activities to reflect the current business climate without compromising future growth. Investments in sales and marketing were increased during Q4 to reap benefit from the slightly improved business conditions. The Group has also started an awareness campaign to promote the company as a leading vendor for security solutions, as discussed below in "Future Outlook".

The Group decided to double the planned personnel bonuses as a sign of appreciation due to exceptional performance in the latter half of the year. The cost impact of bonuses is 200 k. The total fixed expenses increased and were 8.9 m in the last quarter (compared to 8.1 m in 3Q03 and 8.5 m in 4Q02).

The Group has maintained a strong focus on further improving its customer advocacy processes and systematically following customer satisfaction. In the annual customer satisfaction survey made during Q3 2003 the general satisfaction index was at 4.3 (on a scale from 1 to 5), and the key anti-virus products and their update service both received a rating of 4.4. Customer satisfaction in technical services was temporarily hampered by the high amount of support requests during the wide virus outbreaks towards the end of the year.

The geographical breakdown of revenues was as follows (compared to the year 2002): Nordic Countries 33% (33%), Rest of Europe 35% (28%), North America 21% (31%), and Rest of the World 11% (8%). Anti-virus business represented 70% (58%) of the revenues, while encryption represented 29% (40%), and other products 1% (2%).

Security as a Service

The Security as a Service business (service subscriptions through ISPs) grew strongly. 4Q03 was the 11th consecutive quarter with approximately 20% quarterly growth in this business area. In the fourth quarter service subscriptions accounted for 16% of anti-virus revenues and annual growth was 151% compared to the fourth quarter last year and 38% compared to previous quarter.

The key Security as a Service partners were Deutsche Telekom in Germany, Wanadoo in France and TeliaSonera in the Nordic countries. In Q4 the Group announced partnerships with Czech Telecom (Czech Republic), TDC Cable (Denmark) and BlueCom (Norway) and a new service with TeliaSonera Finland directed to Small Businesses. The total number of announced Service Provider partnerships is currently 20.

Key customers and partners

During 2003, the Group announced customer relations with, among others, Saudi Aramco, Microsoft MSN, Alma Media, The Finnish Parliament, New York Metropolitan Transit Authority, Elopak, BASF, Mizuho Bank, Tokyo Metropolitan Government and Honda. Also, the Group has built customer relationships with 90% of all United States Government agencies with its encryption products.

During 2003 the Group put more emphasis on the consumer market and launched its first ever campaign to the retail market in cooperation with WSKA (a re-publisher headquartered in France) in Germany, France and the UK. Still the Group's main focus remains on one hand, on business customers through security systems integrators and value added resellers and on the other hand, on consumers and small businesses through service providers.

Product Leadership

In September 2003 F-Secure launched a new product: F-Secure Anti-Virus Client Security for corporate markets. It received many good reviews and awards in the press and independent product tests, including the Editor's Choice award from PCPlus Magazine in the UK, Checkmark Levels 1 and 2 in the West Coast Labs virus tests, Network Computing magazine and Cnet.com product reviews. The most important technology certifications were granted for F-Secure Linux products by SuSE and Red Hat.

The Group's newest product releases have continued to enjoy success in the industry press. F-Secure Internet Security 2004 product received a large amount of highly positive reviews at the end of the year by PC magazines in the UK, Germany and Sweden while F-Secure Anti-Virus Total Suite and F-Secure Radar were appraised by InformationWeek magazine.

The Group released the F-Secure Mobile Filter and the F-Secure Mobile Service Platform products during 2003. F-Secure Mobile Filter is targeted at operators and service providers to filter wireless content to prohibit the transfer of malicious and inappropriate Java applications to mobile phones. F-Secure Mobile Service together with F-Secure anti-virus for handheld devices offers protection against viruses in mobile phones.

Personnel and Organization

The Group's personnel was 283 at the end of the year (306 at the end of 4Q02).

At the end of the year, the Group's Executive Team consisted of the following persons: Mr. Risto Siilasmaa (President & CEO), Mr. Kimmo Alkio (COO), Mr. Travis Witteveen (Vice President, North America), Mr. Pirkka Palomäki (Vice President, R&D), Mr. Seppo Rantanen (Director, Human Resources) and Mr. Taneli Virtanen (CFO).

Financing

The Group's financial position remained strong throughout the year. The Group's equity ratio on December 31, 2003, was 78 % (73% on December 31, 2002). Financial income was 1.1m for the year 2003 (0.8m in 2002).

Cash flow was 3.4 m positive for the fourth quarter and 5.3 m positive for the full year 2003. The liquid assets of the Group were 39.5 m on December 31, 2002 (36.1 m on September 30, 2003 and 34.4 m on December 31, 2002).

The change in the USD-EUR exchange rate had a negative effect on the 2003 revenues and results.

Investments

In 2003, the Group's investments were 0.6 m (1.2 m in 2002). The investments consisted mainly of IT hardware and software.

Shares, Shareholders' Equity, and Option Programs

During 2003, a total of 2,581,699 new F-Secure Corporation shares were entered into the Trade Register. They were subscribed with the Warrants attached to the F-Secure Option Programs. As a result of the subscription, the Shareholders' Equity was increased by EUR 25,816.99.

Furthermore, in January 2004, a total of 209,775 F-Secure shares were subscribed to with the B warrants and 68,035 F-Secure shares with the C warrants attached to the F-Secure 1998 Warrant Plan. The issue of the 1998 Warrant Plan was approved by the Annual General Meeting of April 30, 1998, respectively.

In aggregate the number of shares was increased by 277,810. The corresponding increase in the share capital, in total EUR 2,778.10 was registered in the Finnish Trade Register on January 15, 2004.

As a result of the increases, the share capital of F-Secure currently is EUR 1,468,109.14 and the total number of shares is 146,810,914. The corresponding number of shares fully diluted would be 163,230,484 including all stock option programs.

Trading with the A1-warrants of F-Secure Corporation 2002 Stock Option Plan started on the Helsinki Exchanges on November 14, 2003. The number of these warrants is 412,334 and subscription price is EUR 0.60/ share.

In March the Annual General Meeting accepted the Board proposal to authorize the Board, during the period of one 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 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. 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 EUR 70,000, in which case a maximum amount of 7,000,000 shares may be issued. The authorization remains fully unused.

IAS/IFRS Reporting

F-Secure plans to publish Financial Statements in accordance with the IAS/IFRS for 2005. The preparations have progressed according to plan. During 2004, the Group will produce comparison data according to IAS/IFRS for 2005.

Relating to IFRS, the Company has changed the accounting principles for the mandatory provision of warranties in the current closing. The other major IFRS changes are related to the possible capitalizing of the product development and to the costs of granted options. Currently, all product research and development are expensed immediately.

Changes in royalty income during 2003

After the expiration of the three-year exclusivity at the end of September 2003 between the Group and SSH Communications Limited, SSH Communications has ceased to pay royalties to the Group. F-Secure will continue its F-Secure SSH business normally on a non-exclusive basis and will continue to benefit from the leading market position achieved over the last five years.

The Group announced a deal with Pointsec Mobile Technologies for exclusive rights to sell and develop the Group's FileCrypto product family. Remuneration has taken place during Q4 as down

payment and will continue as sales based royalties from now on. Pointsec will also represent the Group's anti-virus solutions to its customer base.

Dispute with SRV Viitokset

After the reporting period, F-Secure Corporation has been served summons that SRV Viitokset OY has submitted to Helsinki District Court on December 31, 2003. This is related to a dispute concerning the construction work done to the Group's headquarter building. The claim is approximately 800,000 euros. In F-Secure's opinion the work under dispute is covered by the original rental agreement.

Future Outlook

The Group's competitive edge going forward lies in its capability to bundle the different aspects of content security (anti-virus, firewall, intrusion prevention, anti-spam, application control, parental control etc.) in a highly automated and easy-to-use way and to combine this with sales and marketing activities to all relevant end user segments. Anti-virus alone is becoming inadequate against the increasingly complex threats.

The key business goal is to grow the content security business faster than the industry in the Group's key market areas and continue capitalizing on the Security as a Service opportunity in selected territories. The operational focus is on Europe, the Group's home market. Marketing campaigns will continue to promote the importance of all-encompassing content security and underline the richness of the Group's offering in that field.

The mobile security space is expected to wake up during 2004 through increased operator awareness in mobile security issues. The encryption business is expected to decline slightly from 2003 levels.

The management expects improvement in EBIT for the full year 2004 compared to 2003. The second half-year is expected to be stronger than the first following traditional market seasonality. 1H2004 revenues are estimated to be around 20m and 1Q04 revenues at 9.5m, with an error margin of +- 10%. The second quarter is typically stronger than the first one.

The estimates are based on the sales pipeline at the time of publishing, existing subscriptions and support contracts, previous experience on the annual sales pattern and a EUR/USD exchange rate of 1.25.

The Group is prioritizing growth before profitability and it will maintain the increased level of activities in sales and marketing. Costs are expected to remain at current level though the revenues during 1Q04 are expected to decline from 4Q04. Fixed costs are estimated to be around 9m per quarter during 1H2004

Proposals of the Board to the Annual General Meeting

1. Dividend proposal

The Board proposes not to issue a dividend for the year 2003 and to match the profit against retained earnings.

2. Authorization to increase the share capital

An Authorization of the Board of Directors to decide, within one year of the registration of the resolution of the General Meeting, on an increase of the Company's share capital in one or more issues of new shares, option loans, option rights, or one or more issues of convertible loan warrants. The share capital can be increased by a subscription or a conversion for up to 280,000 euros. To the extent the authorization is used to create incentive systems for the personnel of the Group, the share capital may be increased by a maximum of EUR 70,000, in which case a

maximum of 7,000,000 shares may be issued. At the same time, the Board of Directors proposes to cancel the previous authorization.

3. Matching returned earnings from share premium

The Board proposes to match returned earnings from share premium.

4. Updating Articles of Association

The nature of the proposed changes is technical and related to schedules to match the latest changes in corporate law. It is also proposed that company's web pages would be the only place to publish the call for shareholders' meeting.

Key figures (audited):

Euro million

Income statement	2003	2002	2003	2002	Chge
	10-12	10-12	1-12	1-12	%
Revenues	10.8	9.9	39.0	38.5	1
Cost of revenues	1.1	0.9	4.4	4.6	-5
Gross margin	9.7	8.9	34.6	33.9	2
Sales and marketing*	6.0	5.6	22.3	23.4	-5
Research and development*	2.3	2.3	9.0	9.8	-8
Administration*	0.6	0.6	2.6	2.9	-10
Other operating income	0.5	0.2	0.9	0.4	
Operating result	1.3	0.7	1.5	-1.7	
Financial income and expenses	0.5	0.3	1.1	0.8	
Profit (loss) before extraordinary items	1.8	0.9	2.7	-0.9	
Extraordinary items +/-**	1.7	-	1.7	-	
Result before taxes	3.5	0.9	4.3	-0.9	
Income taxes	-1.1	-0.1	-1.2	-0.1	
Result for the period	2.4	0.9	3.2	-1.0	

*The stock option related social security expenses have had no effect.

**The effect of the change in accounting method relevant to IAS/IFRS in mandatory provision for the social security expenses have been recorded as an extraordinary item.

BALANCE SHEET

ASSETS	31/12/2003	31/12/2002
Intangible assets	0.9	1.2
Tangible assets	1.2	1.6
Investments	0.1	0.2
Short-term receivables	12.2	12.5
Cash and bank accounts	39.5	34.4
Total	53.9	49.8

LIABILITIES AND

SHAREHOLDERS' EQUITY	31/12/2003	31/12/2002
Total shareholders' equity	30.2	26.8
Mandatory provisions	0.2	1.9
Deferred revenues	15.2	13.2
Other current liabilities	8.3	7.8
Total	53.9	49.8

Cash flow statement	31/12/2003	31/12/2002
Cash flow from operations	5.8	3.9
Cash flow from investments	-0.7	-1.0
Cash flow from financing activities	0.3	0.6
Change in cash	5.3	3.6
Cash and bank at 1 Jan	34.2	30.8
Cash and bank at 31 Dec	39.5	34.4

Key ratios	2003	2002
	12 m	12 m

Operating result, % of revenues	3.9	-4.5
ROI, %	11.5	-1.3
ROE, %	7.0	-3.6
Equity ratio, %	78.1	73.4
Debt-to-equity ratio, %	-130.7	-128.1
Earnings per share (EUR)	0.01	-0.01
Earnings per share diluted	0.01	x)
Shareholders' equity per share, e	0.21	0.19
P/E ratio	97.1	-
Investments (Meuro)	0.6	1.2
Contingent liabilities (Me)*	15.4	17.9
Personnel, average	295	315
Personnel, Dec 31	283	306

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

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

Quarterly development

	1/02	2/02	3/02	4/02	1/03	2/03	3/03	4/03
Revenues	10.0	9.1	9.6	9.9	9.1	9.1	10.1	10.8
Cost of revenues	1.1	1.2	1.3	0.9	1.0	1.1	1.3	1.1
Gross margin	8.8	7.9	8.3	8.9	8.1	8.0	8.8	9.7
Sales and marketing	6.1	6.0	5.6	5.6	5.5	5.6	5.3	6.0
Research and development	2.6	2.5	2.4	2.3	2.3	2.3	2.1	2.3
Administration	0.9	0.8	0.6	0.6	0.7	0.7	0.6	0.6
Other operating income	0.1	0.1	0.1	0.2	0.1	0.2	0.1	0.5
Operating result	-0.7	-1.4	-0.3	0.7	-0.2	-0.4	0.8	1.3
Financial income and expenses	0.1	0.3	0.2	0.3	0.2	0.2	0.2	0.5
Profit (Loss) before extraordinary items	-0.6	-1.1	-0.1	0.9	0.0	-0.2	1.1	1.8

Financial Reporting

A press and analyst conference will be arranged today, February 12, at 11 am Finnish time at the Group's Headquarters, Tammasaarenkatu 7, Helsinki. A conference call for international investors and analysts will be arranged at 15.30 Finnish time (14.30 CET, 1.30 pm UK time). Instructions can be found at <http://www.europe.f-secure.com/investor-relations/>

The Annual Report will be published on March 16. Annual General Meeting will be held on March 24. Quarterly reports for 2004 will be published on April 27 (Q1), August 3 (Q2) and October 26 (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

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