

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

Moderate growth in anti-virus, continuing good growth in service subscriptions through ISPs, weak encryption sales

Highlights in Q1 2003 (comparisons made to the same period one year ago):

- EBIT 0.2m negative (0.7m negative)
- Profit before extraordinary items 0.0m (0.6m negative)
- Cash flow 0.7m positive
- Revenues 9.1m (down 9%)
- Anti-virus business increased by 9%
- Q1 was the eighth consecutive quarter of more than 20% quarter-to-quarter growth of revenues for the anti-virus subscription business
- Encryption business declined by 31%, especially weak demand in the US

Business In Brief

Security software spending remained extremely cautious during the quarter. New license sales were weak in all other areas than anti-virus for consumers and small businesses. Especially encryption sales were affected by the investment freeze in both corporate and governmental sector, in addition to the traditional seasonal slowness of the first quarter. Maintenance and support sales remained at a moderate level.

For the first quarter of 2003, F-Secure reported revenues of 9.1 million euros. This represents a decrease of 8% from the previous quarter and a decrease of 9% from the first quarter of 2002. The Group's deferred revenue decreased and was 13.0 m at the end of the quarter (12.2m at the end of 1Q02 and 13.2m at the end of 4Q02).

The operating result was EUR 0.2 million negative for the first quarter (0.7 m positive in 4Q02 and 0.7m negative in 1Q02).

The anti-virus revenues continued to increase at a steady rate, by 7% from 4Q02 and by 9% from 1Q02. The number of anti-virus service subscriptions grew with an accelerating speed. The encryption business declined by 31% compared to one year ago and by 31% compared to the previous quarter.

The handheld and wireless content security space continued to suffer from the overall low demand of handheld solutions.

The Group continued to successfully balance its activities to reflect the current business climate without compromising future growth. The total fixed expenses were 8.4m in the last quarter (compared to 8.5m in 4Q02 and 9.6m in 1Q02). Regardless of the cost reductions the Group continues to invest strongly into research and development.

Customer satisfaction surveys have been done every six month. The next follow-up will be done during this quarter.

The geographical breakdown of revenues was as follows (compared to 1Q02): North America 24% (31%), Nordic Countries 35% (34%), Rest of Europe 28% (26%), and Rest of the World 13% (9%). Anti-virus business represented 67% (57%) of the revenues, while encryption represented 31% (40%), and other products 2% (3%).

Security as a Service

The Security as a Service business (service subscriptions through ISPs) grew well, and the quarter was the eighth consecutive quarter of more than 20% quarter-to-quarter growth of revenues. In the first quarter service subscriptions accounted for 10% of anti-virus revenues. Growth was 146% from 1Q02 to 1Q03.

The Group has the two largest ISPs in Europe offering managed security based on F-Secure solutions, Wanadoo in France and Deutsche Telekom in Germany. Deutsche Telekom initiated the first phase launch of the service during the quarter, full roll-out is expected towards the end of 2003.

Key Customers and Partners

Key wins during the quarter included New York Metropolitan Transit Authority, Elopak and BASF.

During the last five years the Group has gained 90% of all United States Government agencies as customers.

After the reporting period, the Group announced new customer relations with the world's largest oil company, Saudi Aramco, and Microsoft MSN.

Product Leadership

The F-Secure Anti-Virus 2003 and F-Secure Internet Security products for the consumer/small user market were pilot launched in Scandinavia. The products received wide acclaim in the press for their ease of installation and use. For example, F-Secure Anti-Virus 2003 was nominated with the "Best in Test" award in an antivirus test conducted by the Swedish Internetworld magazine in March 2003. The same product technology is now applied with the Security as a Service customers.

The F-Secure Mobile Filter was announced during the 3GSM Conference in Cannes.

Personnel and Organization

The Group's personnel numbered 303 at the end of the quarter (306 at the end of 2002).

The Group's Wireless Business Unit was merged with the Security as a Service sales team. Mobile operators are seen as a prime channel for the Group's wireless solutions in the future. The merging of the two teams will improve account management and product planning.

Financing

The Group's financial position remained strong throughout the quarter. The Group's equity ratio on March 31, 2003, was 75 % (74% on March 31, 2002). Financial income was 0.2m for 1Q03 (0.1m in 1Q02).

Cash flow was 0.7m positive for the quarter. The liquid assets of the Group were 35,0m on March 31, 2003 (34,4m on December 31, 2002).

The change in the USD-EUR exchange rate had a negative impact on the revenues and results. USD has weakened against the Euro over 20 % from 1Q02.

Investments

In 1Q02, the Group's investments were 0.3m euros (0.5m in 1Q02). The investments consisted mainly of IT hardware and software.

Shares, Shareholders' Equity, and Option Programs

During the reporting period a total of 350,584 new shares were entered into the Trade Register and as a result the shareholders' equity was increased by EUR 3,505.84.

The number of shares was 144,301,989 on March 31, 2003. The corresponding number of shares fully diluted would be 163,256,465, including all stock option programs.

In April, after the reporting period, a total of 931,293 new shares were entered into the Trade Register. The corresponding increase in the share capital was EUR 9,312,93. As a result of the increase, the share capital of F-Secure currently is EUR 1,452,332.82 and the total number of shares is 145,233,282. F-Secure received as additional shareholders' equity a total of EUR 105,905,54.

Annual General Meeting

The Annual General Meeting of F-Secure Corporation was held on March 26, 2003. The Meeting confirmed the financial statements for the fiscal year 2002. 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:

The Board of Directors' proposal not to issue a dividend was accepted.

It was decided that there would continue to be five Board members. The following members were re-elected: Mr. Olli-Pekka Kallasvuo, Mr. Risto Siilasmaa, Mr. Antti Vasara and Mr. Matti Virtanen. Mr. Pertti Ervi was elected as a new member. Mr. Kaj-Erik Relander informed the nomination board of his unavailability for re-election. Mr. Ari Hyppönen was re-elected deputy member.

Ernst & Young Oy was elected the Group's auditors.

The Board was 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 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 70,000 EUR, in which case a maximum amount of 7,000,000 shares may be issued.

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

The unused portion of the authorization given at the Shareholders' meeting on March 27, 2002, will be cancelled simultaneously with the registration of the new authorization.

In the first new Board meeting, Mr. Olli-Pekka Kallasvuo was re-elected Chairman.

Future Outlook

In 2003 the Group's key goal is to grow the anti-virus business faster than the industry in the European Small and Medium Businesses and consumer market. This will be accomplished through leveraging the existing service provider partnerships and increasing the number of reselling partners in selected countries.

In 2003 the encryption business is expected to decline slightly compared to 2002 levels. 2Q03 encryption revenues are expected to improve from 1Q03. In the encryption business success will rely heavily on overall corporate and governmental software spending.

In the handheld security space significant revenues are not expected to materialize in the short term. The Group continues to invest to maintain leadership in the handheld security business area.

2Q03 revenues are estimated to be 9.5 million euros, with an error margin of +- 10%. The estimates are based on the sales pipeline at the time of publishing, existing subscriptions and support contracts, and previous experience on the annual sales pattern.

Fixed costs are estimated to be approximately at the level of 9 million euros in Q2.

The management expects an improvement in EBIT for the full year 2003 compared to 2002

Key figures:

Key figures (unaudited):

Euro million

Income statement	2003	2002	Chge	2002
	1-3	1-3	%	1-12
Revenues	9.1	10.0	-9	38.5
Cost of revenues	1.0	1.1	-14	4.6
Gross margin	8.1	8.8	-8	33.9
Sales and marketing	5.5	6.1	-11	23.4
Research and development	2.3	2.6	-13	9.8
Administration	0.7	0.9	-21	2.9
Other operating income	0.1	0.1		0.4
Operating result	-0.2	-0.7		-1.7
Financial income and expenses	0.2	0.1		0.8
Profit (loss) before extraordinary items	0.0	-0.6		-0.9
Extraordinary items +/-	-	-		-
Result before taxes	0.0	-0.6		-0.9
Income taxes	-0.0	0.0		-0.1
Result for the period	0.0	-0.6		-1.0

The stock option related social security expenses have had no effect on the Income Statement.

BALANCE SHEET

ASSETS	31/3/2003	31/3/2002	31/12/2002
Intangible assets	1.2	1.8	1.2
Tangible assets	1.4	2.3	1.6
Investments	0.2	0.2	0.2
Short-term receivables	11.4	11.8	12.5
Cash and bank accounts	35.0	32.1	34.4
Total	49.1	48.3	49.8

LIABILITIES AND

SHAREHOLDERS' EQUITY	31/3/2003	31/3/2002	31/12/2002
Total shareholders' equity	26.9	26.8	26.8
Mandatory provisions	1.9	1.9	1.9
Non-current liabilities	-	-	-
Advance payments	13.0	12.2	13.2
Other current liabilities	7.3	7.4	7.8
Total	49.1	48.3	49.8

Cash flow statement	31/3/2003	31/3/2002	31/12/2002
Cash flow from operations	0.8	1.6	3.9

Cash flow from investments	-0.2	-0.5	-1.0
Cash flow from financing activities	0.1	0.0	0.6
Change in cash	0.7	1.1	3.6
Cash and bank at 1 Jan	34.3	31.0	30.8
Cash and bank at 31 Mar	35.0	32.1	34.4

Key ratios	2003	2002	2002
	3m	3 m	12 m
Operating result, % of revenues	-2.1	-7.0	-4.5
ROI, %	3.3	-8.1	-1.3
ROE, %	-0.1	-8.7	-3.6
Equity ratio, %	74.5	74.1	73.4
Debt-to-equity ratio, %	-129.9	-120.1	-128.1
Earnings per share (EUR)	-0.00	-0.00	-0.01
Earnings per share diluted	x)	x)	x)
Shareholders' equity per share, e	0.19	0.19	0.19
Investments (Meuro)	0.3	0.5	1.2
Contingent liabilities (Me)*	17.2	19.0	17.9
Personnel, average	304	315	315

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
Revenues	10.0	9.1	9.6	9.9	9.1
Cost of revenues	1.1	1.2	1.3	0.9	1.0
Gross margin	8.8	7.9	8.3	8.9	8.1
Sales and marketing	6.1	6.0	5.6	5.6	5.5
Research and development	2.6	2.5	2.4	2.3	2.3
Administration	0.9	0.8	0.6	0.6	0.7
Other operating income	0.1	0.1	0.1	0.2	0.1
Operating result	-0.7	-1.4	-0.3	0.7	-0.2
Financial income and expenses	0.1	0.3	0.2	0.3	0.2
Profit (Loss) before extraordinary items	-0.6	-1.1	-0.1	0.9	0.0

Financial Reporting

A press and analyst conference will be arranged today, April 29, at 11 am Finnish time at the Group's Headquarters, Tammasaarekatu 7, Helsinki. A conference call for international investors and analysts will be arranged at 15.00 Finnish time (14.00 CET, 1.00 pm UK time). Instructions at: <http://www.europe.fsecure.com/investor-relations/>

The next quarterly reports for 2003 will be published August 6 (Q2) and October 30 (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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