

F-SECURE CORPORATION

STOCK EXCHANGE RELEASE
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F-SECURE GROUP FIRST QUARTER 2005 FINANCIAL RESULTS

Continuing solid growth in all segments of antivirus and intrusion prevention business

(Interim report and comparison data is in accordance with IFRS standards. Unless otherwise stated comparisons are made to the same period one year ago)

Q1 Highlights

- Total revenues increased by 28% to a record level of 13.3m
- Anti-virus and intrusion prevention revenues increased by 39% to a record level of 12.5m
- Corporate business increased by 13% to 7.3m
- Service provider business increased by 102% to 3.2m
- Consumer business increased by 150% to 1.9m
- Two significant mobile operator partnerships launched
- EBIT increased by 17% to 0.8m (0.7m)
- Deferred revenues increased by 1.1m to 19.5m
- Cash flow 2.2m positive

Business at the Group level

Steady and profitable growth continued in Q1 across all business segments in anti-virus and intrusion prevention. Revenues were 13.3m (10.4m), representing 28% growth. EBIT was 0.8m (0.7m). Cash flow was 2.2m positive (3.7m) and deferred revenues were 19.5m at the end of the quarter (16.2m).

The geographical breakdown of the business was as follows: Nordic Countries 38% (34%), Rest of Europe 44% (44%), North America 10% (12%) and Rest of the World 9% (10%). Anti-virus and intrusion prevention represented 93% of the business (85%), encryption 6% (14%) and other products less than 1% (1%).

Anti-virus and intrusion prevention business grew by 39%. The gradual exit from the encryption business continued steadily and encryption revenues declined by 45%. In anti-virus and intrusion prevention growth was strong overall, but particularly strong in the ISP and consumer segments.

The development is fully in line with the Group's communicated strategy to strengthen its position in the key European markets and to focus on the anti-virus and intrusion prevention business.

The total fixed costs were 11.4m (9.2m). The Group now activates some of its development costs according to IFRS rules. This decreases costs by approximately 0.2m. The increase of costs reflects the Group's strategy to prioritize growth over profitability for the short term and invest into achieving a strong sustainable position in the fast growing security service provisioning market. The cost increase was due to new product development and increasing sales resources in the field.

The Group has maintained a strong focus on improving its customer advocacy processes and systematically following customer satisfaction. Customer satisfaction stayed at traditional good levels

Business in different segments

Corporate customer revenues through resellers and IT services companies were 7.3m (6.5m), representing 59% of the anti-virus and intrusion prevention business. Competitive solutions and a strong focus on supporting the reseller channel generated 13% growth in the segment. Business on the Linux platform represented 12% of the overall corporate business, up from 10% in 4Q04.

Growth in the corporate reseller channel declined from 4Q04, but remained well above market growth, which is expected to be slightly below 10% for the segment. The Group is maintaining a high level of effort in new reseller recruitment and in activating current resellers.

Revenues through the service provider channel were 3.2m (1.6m), representing 26% of the anti-virus and intrusion prevention business. Annual growth in this segment was 102%.

The consumer revenues were 1.9m (0.8m), representing 15% of the anti-virus and intrusion prevention business. Revenue growth rate continued strong, 150% from previous year. Sales were boosted by a large number of new retail and reseller partners, positive press visibility through review wins and increased web sales.

Handheld and wireless security revenues represented less than 1% of the anti-virus and intrusion prevention business. Visibility on future business opportunities has further improved during the

quarter and interest in the Group's solutions has increased among phone vendors, mobile operators and corporate customers.

Antivirus and intrusion prevention market and competitive situation

In the Consumer segment, the growth is driven by an increasing number of high-speed Internet connections and continuously growing threat awareness. Based on various market analyses, The Group estimates that less than 40% of home PCs in Europe are currently protected and up-to-date against viruses, hackers and malicious code. The estimated overall market growth in this segment is expected to be approximately 30% annually until 2008.

In the Small and Medium Business segment approximately 70% are up-to-date with proper protection and annual market growth is expected to be 10-15% until 2008. The large Enterprise segment is over 95% satisfactorily protected and new business comes mostly from replacements, either from switching vendors or buying security as a service.

Competitive situation in the anti-virus and intrusion prevention business has remained unaltered and price levels have remained relatively stable.

Security as a Service

During Q1 the Group launched three major ISP partnerships in Western Europe and one in early Q2. In addition to the larger ISP relationships, the group signed deals with a number of smaller players. The number of ISP partners is currently 48. The Group is clearly the leading vendor in Europe in this category. The ISP channel represents an easy way to buy anti-virus and intrusion prevention for consumer customers.

The Group has progressed well in creating solutions to provide Security as a Service for the SMB and Enterprise segments. In these segments, the partners are facilities management and outsourcing companies and various types of service providers.

Handheld and wireless security

Two new mobile operator partnerships were launched in Q1 with T-Mobile (Germany) and Swisscom (Switzerland). In April, a solution was also launched with TeliaSonera (Finland). The Group's ambition in capturing a large market share from the operator market is starting to realize with a current track record of having made over half of the seven deals announced so far globally in the domain.

The key vendor partner is Nokia. The Group provides anti-virus and intrusion prevention for Nokia's S/60 operating system based product line.

Product Leadership

In March, the Group announced the F-Secure BlackLight™ Rootkit Elimination Technology for Host based Intrusion Prevention (HIPS). It is aimed against the use of advanced stealth techniques called rootkits. The Group is so far the only antivirus vendor that has launched protection against rootkits.

F-Secure has now restructured its product portfolio to offer new, more dynamic solutions for businesses under increasing threat from online criminals and other malware authors. F-Secure is now able to offer total protection for customers extending from small and medium sized companies all the way through to global corporations.

F-Secure Anti-Virus Enterprise Suite extends F-Secure's existing product suite offering while F-Secure Anti-Virus Corporate Suite replaces F-Secure Anti-Virus Total Suite. F-Secure also continues to offer a solution suite designed for smaller companies, the F-Secure Small Business Suite.

Personnel and Organization

The Group's personnel numbered 336 at the end of Q1 (284).

Pekka Kuusela started as EVP of Sales and Marketing on March 1st. Kimmo Alkio, former COO of the Group, has joined Nokia Corporation.

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

Financing

The Group's financial position remained strong throughout the year. The Group's equity ratio on March 31, 2005, was 84% (78%). Financial income was 0,5m for Q1 (0.4m).

Cash flow was 2.2m positive (3.7m). The liquid assets of the Group were 52.2m on March 31, 2005 (43.5m).

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

Investments

The Group's investments were 0.6m (0.2m). The investments consisted mainly of IT hardware, software and activation of development costs.

Shares, Shareholders' Equity, and Option Programs

In the first quarter, a total of 131,190 F-Secure shares were subscribed for with the C warrants attached to the F-Secure 1998 Warrant Plan. A total of 30,598 F-Secure shares were subscribed for with the 2001B warrants, with the 2001D warrants and with the 2002B warrants attached to the F-Secure 1999 II Warrant Plan. In aggregate the number of shares was increased by 161,788. The corresponding increase in the share capital, in total EUR 1,617.88 was registered in the Finnish Trade Register on January 12, 2005.

After the reporting period in April, A total of 1,310,304 F-Secure Corporation's shares have been subscribed with the warrants attached to the F-Secure 1998, 1999 II and 2002 Warrant Plans.

As a result of the increases, the share capital of F-Secure currently is EUR 1,509,817.42 and the total number of shares is 150,981,742. The corresponding number of shares fully diluted would be 163,185,050, including all stock option programs.

IFRS Reporting

F-Secure publishes interim reports and annual financial statement in accordance with the IFRS standards for 2005. The group has published on February 15, 2005 its IFRS impacts and comparison data for 2004.

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

After having achieved the fastest growth in the world in the anti-virus and intrusion prevention business in 2004, the

Group's key goal is to continue to grow its anti-virus and intrusion prevention business significantly faster than the industry. This will be achieved through growing channel in the key European markets and an increasingly comprehensive product offering.

2005 is expected to be a breakthrough year for Security as a Service, both with consumer and corporate end customers. 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 and North America. The Asian market will be targeted in the second half of the year.

The visibility in mobile security business is improving constantly through increased operator awareness in mobile security issues and increased vendor interest. We expect to see the number of mobile malware continue growing steadily throughout the year increasing the value of an up-to-date security solution for smartphone and PDA users.

The Group's highly competitive consumer offering is expected to keep the revenue growth for this market segment at a high level.

During the course of 2005 the encryption business is expected to continue to decline as the group is gradually completing its exit from the business.

The management estimates 2005 total revenues to be around 14m, with an error margin of +-10%. The estimate is based on the sales pipeline at the time of publishing, existing subscriptions and support contracts, previous experience on purchasing patterns and a EUR/USD exchange rate of 1.30.

Based on its strategy to prioritize growth over short term profitability, the Group is investing 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. Fixed costs are estimated to be somewhat over 12m in Q2.

This interim report is prepared in accordance with IFRS standards. The change in accounting standards has been reported on 15th February 2005.

Key figures (unaudited):

Euro million

INCOME STATEMENT	2005	2004	Chge	2004
	1-3	1-3	%	1-12
Revenues	13.3	10.4	28	47.3

Cost of revenues	1.3	0.8	64	3.7
Gross margin	12.0	9.6	25	43.5
Other operating income	0.2	0.2	-21	0.9
Sales and marketing	7.4	6.0	23	24.6
Research and development	3.2	2.4	33	10.7
Administration	0.8	0.7	12	2.7
Operating result	0.8	0.7	17	6.5
Financial net	0.5	0.4		1.2
Result before taxes	1.2	1.0		7.7
Income taxes	-0.3	-0.2		5.8
Result for the period	1.0	0.9		13.5
Earnings per share,e	0.01	0.01		0.09
EPS,diluted,e	0.01	0.01		0.09

BALANCE SHEET

ASSETS	31/3/2005	31/3/2004	31/12/2004
Non-current			
Intangible assets	2.6	0.7	2.4
Tangible assets	1.8	1.4	1.7
Other financial assets	6.5	0.6	6.6
Current			
Other receivables	11.7	9.9	11.2
Available-for-sale financial assets	46.8	34.4	42.4
Cash and bank accounts	5.6	9.2	7.8
Total	74.9	56.3	72.1

SHAREHOLDERS' EQUITY AND LIABILITIES

	31/3/2005	31/3/2004	31/12/2004
Equity	46.8	31.3	45.2
Non-current liabilities			
Other non-current	0.3	0.2	0.4
Deferred revenues	3.0	1.3	2.7
Current liabilities			
Other current	8.3	8.7	8.1
Deferred revenues	16.4	14.8	15.7
Total	74.9	56.3	72.1

Cash flow statement	31/3/2005	31/3/2004	31/12/2004
Cash flow from operations	2.4	3.6	11.7
Cash flow from investments	-0.6	-0.2	-2.8
Cash flow from financing activities	0.4	0.2	1.0
Change in cash	2.2	3.7	9.9
Cash and bank at 1 Jan	50.1	39.8	39.6
Change in net fair value of Available-for-sale	-0.1	0.0	0.6
Cash and bank at 31 Mar	52.2	43.5	50.1

Statement of changes in shareholders' equity

	share capital	share premium fund	transl. diff.	reval. reserve	retained earnings	total
Equity on 31.12.2004	1.5	28.6	0.0	0.5	14.7	45.2
Available-for-sale financial asset, net				0.0		0.0
Translation diff.			0.0			0.0
Cost of share based payments					0.1	0.1
Profit					1.0	1.0
Exercise of options	0.0	0.5				0.5
Equity on 31.3.2005	1.5	29.0	0.0	0.5	15.8	46.8

Key ratios	2005 3 m	2004 3 m	2004 12 m
Operating result, % of revenues	5.8	6.4	13.8
ROI, %	11.5	14.1	21.3
ROE, %	8.5	11.6	35.9
Equity ratio, %	84.4	77.8	84.2
Debt-to-equity ratio, %	-111.7	-139.2	-110.7
Earnings per share (EUR)	0.01	0.01	0.09
Earnings per share diluted	0.01	0.01	0.09
Shareholders' equity per share, e	0.31	0.21	0.30
P/E ratio	71.3	58.0	19.8
Investments (Meuro)	0.6	0.2	2.9
Contingent liabilities (Me)	13.9	16.0	14.6
Personnel, average	321	283	291
Personnel, Mar 31	336	284	306

Segment information

The Group has one primary segment; data security.

Quarterly development

	1/04	2/04	3/04	4/04	1/05
Revenues	10.4	11.6	12.8	12.6	13.3
Cost of revenues	0.8	1.0	1.0	1.0	1.3
Gross margin	9.6	10.6	11.8	11.6	12.0
Other operating income	0.2	0.2	0.2	0.3	0.2
Sales and marketing	6.0	6.0	5.9	6.6	7.4
Research and development	2.4	2.6	2.7	3.0	3.2
Administration	0.7	0.6	0.6	0.8	0.8
Operating result	0.7	1.5	2.7	1.6	0.8

Financial net	0.4	0.1	0.3	0.4	0.5
Result before taxes	1.0	1.7	3.0	2.0	1.2

Annual General Meeting

The Annual General Meeting of F-Secure Corporation was held on March 23, 2005. The Meeting confirmed the financial statements for the fiscal year 2004. 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

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

Members of the Board and Auditors

It was decided that the annual compensation for the member is 14,000 € and 10,000 stock options and for the chairman 21,000 € and 15,000 share options. Members of the board that are employed by the group, will not be compensated.

It was decided that there would continue to be five Board members. The following members were elected: Ms. Sari Baldauf, Mr. Pertti Ervi, Mr. Risto Siilasmaa, Mr. Antti Vasara and Mr. Alex Sozonoff. Mr. Ari Hyppönen was re-elected deputy member. The Board elected in the first meeting Mr. Pertti Ervi as Chairman of the Board.

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 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 24, 2004, will be cancelled simultaneously with the registration of the new authorization.

New option program to replace the options proposed to be cancelled

The Annual General Meeting accepted Board's proposal to create a new option program (F-Secure Option program 2005). In the new program, key personnel of F-Secure will be offered a total of 4.5 million stock options belonging into four series. The options entitle to subscribe for a total of 4.5 million shares with a counter book value of 0.01 euros. This refers to an increase of the share capital of the company due to share subscriptions by a maximum of 45.000 euros. The share subscription prices pursuant to the options will be based on the market value of the F-Secure share in public trading. The terms of the stock option program have been published in a stock exchange release on February 15, 2005.

Cancellation of the unallocated option rights

The Annual General Meeting accepted Board's proposal to cancel, in connection with the new Stock Option Plan 2005, all stock options having not been allocated from the Company Stock Option Plan 1999/II, 1999III & 2002. About 4.7 million stock options will be cancelled.

Financial Reporting

A press and analyst conference will be arranged today, April 26, 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 1530 Finnish time (1430 CET, 1.30 pm UK time). Instructions can be found at <http://www.europe.f-secure.com/investor-relations/>

The following quarterly reports for 2005 will be published on August 2 (Q2) and October 25 (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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