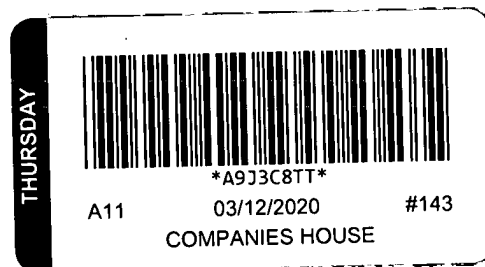


Registered number: 04451698

**F-SECURE CYBER SECURITY LIMITED  
(FORMERLY MWR INFOSECURITY LIMITED)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE 18 MONTH PERIOD ENDED 31 DECEMBER 2019**



**F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)**

**COMPANY INFORMATION**

<b>Directors</b>	J W Lourerio E D Parsons J K Tulokas
<b>Registered number</b>	04451698
<b>Registered office</b>	Matrix House 5th Floor, Basing View, Basingstoke, RG21 4DZ

**F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)**

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**F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)**

**STRATEGIC REPORT  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

**Introduction**

The directors present their Strategic Report on the Company for the period ended 31 December 2019.

**Business review**

F-Secure Oyj purchased 100% of the issued share capital of the Company on 2 July 2018. This acquisition makes F-Secure Oyj the largest European single source of cyber security services and detection and response solutions and adding the skill set and software capabilities of the Company forms a key part of its growth strategy. F-Secure Oyj is a Public Company listed on the Helsinki Stock Exchange (FSC1V:FH).

The name of the Company was changed by special resolution from MWR Infosecurity Limited (MWR) to F-Secure Cyber Security Limited (F-Secure) on 14 August 2019, as part of alignment of the Company to the F-Secure brand.

F-Secure supports clients around the world, providing specialist technology and services across the main areas of cyber security, from mobile and desktop end-points across clients' portfolio of technological interfaces.

Central to F-Secure's philosophy is the desire to deliver high quality cyber security software and services with superior levels of support to clients. The combination of man and machine uniquely positions the Company to support businesses to fight advanced attacks with its cyber security products and services.

The historic and future focus of the Company involves working with clients to develop and deliver a full cyber security programme, tailored to meet the needs of individual organisations. The newly expanded suite of solutions ranges from providing professional and managed services, developing and deploying software products and technology and offering training and research across areas such as incident response, web defence, phishing, mobile and payment security. With a much greater client base, including many in new geographies, the future for both the consulting and managed services divisions (Countercept and Phishd) has never been brighter.

Revenue in the period increased by 11% on an annualised basis, reflecting the growth in range and depth of services provided to existing customers as well as signing of several new strategically important contracts.

The directors of F-Secure have recognised the importance in ongoing investment and development in Countercept and will ensure that this world leading product is available for all companies and institutions in the Company's client base. With that in mind, we acknowledge that the loss for the period to 31 December 2019 of £7.597m, presented in the Statement of Comprehensive Income, reflects a significant investment in resources and product development in the UK to provide a secure footing for future delivery. At the end of the period the Company had net liabilities of £0.122m compared to net assets of £6.575m at 30 June 2018. The principal movement in net assets/(liabilities) is due to financing from F-Secure Oyj to support investment activity.

The additional investment is made in the context of the acquisition, with the support of F-Secure Oyj, and enables the UK business to carry out development activity which will support sales across the wider Group in the future. The loss also reflects non-recurring costs associated with the integration of MWR into the wider F-Secure Group, which are not anticipated to persist in 2020 and beyond.

<b>F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)</b>
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**STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

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**Financial key performance indicators**

Various key performance indicators are used by the directors to monitor and compare the performance of the Company. They regard the revenue, net current assets and employee numbers as the key financial indicators of performance, all of which can be observed in the attached financial statements and are summarized below.

Revenue increased during the period from £19.928m (12 months) to £33.220m (18 months), an 11% increase annually.

Net current assets at the end of the period are £0.203m compared to £2.456m at 30 June 2018. A Group cash pool arrangement means that available funds are included in debtors falling due within one year rather than cash at bank and in hand.

Employee numbers on a full time equivalent basis increased from 206 to 265 during the period.

<b>F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)</b>
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**STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

**Risks and uncertainties**

The following risks and uncertainties can adversely impact sales, profitability, financial condition, market share, reputation or the achievement of the company's short- and long-term objectives. The matters described here should not be construed as an exhaustive list.

The most significant risks are:

**Endpoint protection market disruption**

The endpoint security market is highly competitive. Operating system manufacturers have increased their focus to built-in security features and at the same time new vendors and technologies have emerged. F-Secure has to succeed in maintaining in-depth understanding of the cyber security threat landscape, hacker techniques and technologies used as well as continue to innovate in defence technologies.

**Risks relating to launch of new technologies**

In a rapidly evolving industry it is vital to keep the products and services relevant to the customers while introducing new technologies to the market on-time. F-Secure is driving technology simplification and R&D effectiveness initiatives as well as investments to artificial intelligence to ensure a competitive product portfolio.

**Attracting and retaining talent**

Competition for capable personnel is increasing and there is structural undersupply of talent in the security industry. F-Secure is continuously developing and adopting new ways of recruitment, building its own talent and knowledge pools and investing in training and development of personnel.

**Geopolitical risks**

The Company has five wholly owned subsidiaries which operate outside the UK and are spread across four continents. This exposes the Company to geopolitical risks, including, for instance, unfavorable tax matters or export controls, Brexit being one example of these risks. Changes in regulations or their application, applicable to current or new technologies or services, may adversely affect our business operations.

**Currency fluctuations**

The Company is exposed to currency fluctuations as certain contracts and therefore assets and liabilities are denominated in non-GBP currencies. F-Secure does not currently adopt a policy of hedge accounting for these financial instruments, and has no forward exchange contracts outstanding.

**Cyber security risk**

F-Secure is aware, due to its client base and position in the market, that it is likely to be the target of cyberattacks. This risk is managed by the Group function Security Working Group (SWG), who review and set policy and take input from the consulting business unit STIG (Security Testing, Incidents and Guidance internal operational security team) on specific aspects of security. The SWG also review all incidents and if necessary manage and coordinate response as required.

**Future developments**

The Company will continue its focus on excellence in delivering high quality consulting services and technologies to meet client needs. This will be achieved through a combination of research led consulting, continuing investment in product development and hiring the best individuals to deliver our services. The directors continue to invest significant funds in the development of its market leading managed detection and response offering, F-Secure Countercept, for which a number of new significant global clients have been onboarded the period.

<b>F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)</b>
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**STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

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**Section 172(1) Statement**

*Overview*

The directors of F-Secure must act in accordance with a set of general duties. These duties are detailed in section 172 of the Companies Act 2006 and include a duty to promote the success of the Company which is summarised below.

The directors are briefed on their duties and they can access professional advice on these – either through the Company and wider Group or, if they judge necessary, from an independent provider.

The directors consider, both individually and together, that they have acted in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the period ended 31 December 2019.

The following paragraphs summarise how the directors fulfil their duties.

*Long Term Decision Making*

As our business develops, changes and becomes more complex, it is vital that risks are effectively identified, evaluated, managed and mitigated and that our approach to risk management continues to evolve to support the long term strategy of the company. Details of our principal risks and uncertainties and our approach to managing them are noted above.

Culture and values underpin how a company creates and sustains value over the longer term and are key elements of how it maintains a reputation for high standards of business conduct. The standards set by the Board mandate certain requirements and behaviours with regards to the activities of its directors, employees and others associated with it. The culture throughout F-Secure and the wider Group is one that promotes engagement, collaboration and development of employees for the mutual benefit of the business and those working within the organisation.

*Employee Interests*

The Company is committed to being a responsible business and our behaviour is aligned with the expectations of our employees, customers and investors. For the business to succeed, we need to manage our employees' performance and develop and bring through talent whilst ensuring we operate as efficiently as possible. All employees are set individual goals and annual development reviews are undertaken. The company carries out regular engagement surveys, the results of which are shared with employees and used to help formulate future strategy. To improve job satisfaction, well-being and productivity F-Secure launched several initiatives under theme of Future of Work at F-Secure, which have been implemented during 2020.

*Business Relationships*

The Company is 100% owned by F-Secure Oyj. As such, the Board maintain close working relations with the Group head office and the strategies of F-Secure are closely aligned with the larger Group.

The Company trades with customers globally, and as such the Board delegate the ownership of customer relations to the sales team who co-ordinate activities through their regional teams which are supported by the wider Group. This allows the Company to understand and work efficiently with its local customers whilst maintaining high levels of service. Understanding the needs of our customers is central to the success of the business and this underlines the importance of maintaining strong relationships with our customer base.

The Board delegates the maintenance and building of supplier relations to a Group managed procurement team, which works to identify and foster key supplier relationships to the mutual benefit of our business and our

**F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)**

**STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

suppliers. By having preferred suppliers, the business focuses on quality and reliability of our supply chain whilst driving value for money.

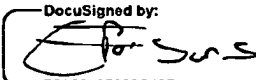
*Environment*

F-Secure acknowledges climate change and other environmental impacts are both global as well as local concerns, and the Company strives to minimise its impact. F-Secure has a precautionary approach to environmental challenges, and is committed to working in an environmentally responsible and efficient manner and strives to minimise our environmental footprint:

- We aim to continuously increase the energy efficiency of the company as well as to reduce the amount of waste and emissions produced by our operations.
- We encourage the use of environmentally friendly technologies, tools and services in the research and development of our products and services.
- We aim to reduce the environmental impact of our global operations by connecting people from different locations through technology and choosing environmentally friendly means of travelling.
- We provide support for employees to move from private cars to public transportation and bicycles for their commute.

To evaluate our success in limiting our environmental impact, F-Secure conducts an annual energy review to estimate our total direct consumption of electricity at company level.

This report was approved by the board on 27-11-2020 and signed on its behalf.

DocuSigned by:  
  
75A98195023C43B...  
**E D Parsons**  
Director



**F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)**

**DIRECTORS' REPORT  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

The directors present their report and the audited financial statements for the period ended 31 December 2019.

**Future developments**

Please refer Strategic Report for future developments.

**Dividends**

No dividend was proposed or paid in respect of the period to 31 December 2019 (period to 30 June 2018: no dividend)

**Financial risk management**

The Company uses various financial instruments, including trade debtors and trade creditors arising directly from trading operations. The existence of these financial instruments exposes the Company to a number of financial risks including interest rate, credit and liquidity risks as summarised below.

**Interest rate risk**

The Company has loans in place at 31 December 2019 that remain subject to potential changes in libor-based interest rates, and therefore may see increased interest payments in future.

**Credit risk**

The Company's principal financial assets are trade debtors, which represent a risk which is managed by considering the financial strength of all customers, and applying appropriate credit limits and payment terms. All cash balances are held with well-established banks with a good credit rating.

**Liquidity risk**

The objective of the Company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Company expects to meet its financial obligations through operating cash flows along with support from F-Secure Oyj. In the event that the operating cash flows would not cover all the financial obligations, the Company has credit facilities available through access to Group funds.

**Directors**

The directors of the Company who were in office during the period and up to the date of signing the financial statements were:

J W Lourerio (appointed 4 November 2020)  
E D Parsons (appointed 26 November 2019)  
J K Tulokas (appointed 2 July 2018)  
I Shaw (resigned 4 November 2020)  
A Fidgen (resigned 2 July 2018)  
H Grobbelaar (resigned 2 July 2018)  
R Genieser (resigned 2 July 2018)  
R De Tonnac (resigned 2 July 2018)  
I Messenger (resigned 2 July 2018)

**F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

**Qualifying third-party indemnity provisions**

The directors have the benefit of the indemnity provisions contained in the Company's Articles of Association ('Articles'), and the Company has maintained throughout the year directors' and officers' liability insurance for the benefit of the Company, the directors and its officers. The Company has entered into qualifying third party indemnity arrangements for the benefit of all its Directors in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the year and remain in force.

**Research and development activities**

Innovation is at the core of our vision, mission and strategic goals. In the past year, we have delivered a number of industry firsts which has been widely recognised by our customers. We continually seek to innovate both in the way we deliver cyber security consultancy and through the products we bring to the market to support our customers' security posture. During the period the Company has invested £1.649m (2018: £0.631m) in research and development expenditure.

**Post balance sheet events**

On June 23, 2016, the U.K. held a referendum and voted to withdraw from the European Union ("Brexit"). On March 29, 2017, the U.K. delivered notice to the European Council in accordance with Article 50 of the Treaty on European Union ("EU") of the U.K.'s intention to withdraw from the EU. The negotiated withdrawal of the U.K. from the EU should have taken two (2) years from the date of the withdrawal notification. However, as no member state has formally withdrawn from the EU in the past, and as an agreed position on the withdrawal has yet to be finalised, there is no precedent for the operation of Article 50 and, as a result, the timing and outcome of Brexit continues to be uncertain at this time. On October 28, 2019, the EU agreed to an extension of Article 50 until January 31, 2020.

The EU-UK Withdrawal Agreement subsequently came into force on 1 February 2020 and the transition period will end on 31 December 2020.

The Company continues to monitor developments related to Brexit, but we believe that Brexit will not have a material impact on our business.

Despite the COVID-19 pandemic, F-Secure Cyber Security Limited has ensured full business continuity to customers. The transition to remote ways of working has been smooth and all cybersecurity operations protecting our customers have continued. The business has revised forecasts downwards in the short term to reflect the impact on sales of COVID-19. However, demand remains resilient and the business continues to forecast strong results in the medium and long term both at a Company and Group level.

**F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

**Employee engagement**

The performance of the Company relies on the selection, development and retention of highly talented employees. Wherever possible F-Secure attempts to promote from within to develop staff and create opportunities for career development.

Recruitment policies are designed to ensure equal opportunity of employment regardless of age, race or sex. Appropriate consideration is given to disabled applicants in offering employment.

Senior management are kept informed of Group developments in certain financial, commercial, strategic and personnel matters enabling them to inform and discuss with their teams as appropriate. Each operating unit maintains good communication with team members through regular team and one to one meetings. In line with the flexibility of the Group's approach to management, team leaders are encouraged to tailor their approach to whatever best suits their operations.

F-secure is committed to being a responsible business and our behaviour is aligned with the expectations of our employees, customers and investors. For the business to succeed, we need to manage our employee's performance and develop and bring through talent whilst ensuring we operate as efficiently as possible. All employees are set individual goals and annual development reviews are undertaken. The company carries out regular engagement surveys, the results of which are shared with employees and used to help formulate future strategy.

**Going Concern**

The directors of F-Secure Cyber Security Limited have considered forecasted results for the business, taking into account its current and planned business activities and the markets in which it operates. The forecasts, along with a formal letter of support provided by the parent company, F-Secure Oyj, indicate sufficient funds are available for the Company to be able to continue in operational existence for the foreseeable future, being a period of at least twelve months from the date of signing these financial statements. The directors accordingly continue to prepare the financial statements on the going concern basis.

**F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

**Directors' confirmations**

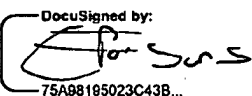
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Independent auditors**

Following the acquisition by F-Secure, PricewaterhouseCoopers LLP has been appointed as auditor of the Company.

This report was approved by the board on 27-11-2020 and signed on its behalf.

DocuSigned by:  
  
75A98195023C43B...

**E D Parsons**  
Director

## F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)

# ***Independent auditors' report to the members of F-Secure Cyber Security Limited***

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion, F-Secure Cyber Security Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the 18 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2019; the Statement of Comprehensive Income, the Statement of Changes in Equity for the 18 month period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

## F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Trevor Smith (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Southampton  
27 November 2020

<b>F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)</b>
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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

	Note	18 month period ended 31 December 2019 £	Year ended 30 June 2018 £
Turnover	4	33,219,919	19,927,718
Cost of sales		(20,032,378)	(9,267,400)
<b>Gross profit</b>		<b>13,187,541</b>	<b>10,660,318</b>
Administrative expenses		(20,908,183)	(10,998,431)
<b>Operating loss</b>	5	<b>(7,720,642)</b>	<b>(338,113)</b>
Interest payable	10	(82,780)	(18,245)
<b>Loss before tax</b>		<b>(7,803,422)</b>	<b>(356,358)</b>
Tax on loss	11	206,733	(903)
<b>Loss and total comprehensive expense for the period</b>		<b>(7,596,689)</b>	<b>(357,261)</b>

The notes on pages 15 to 37 form part of these financial statements.

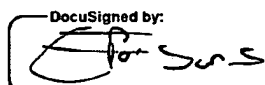
**F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)**  
**REGISTERED NUMBER: 04451698**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	31 December 2019 £	30 June 2018 £
<b>Fixed assets</b>			
Intangible assets	12	12,076	128,682
Tangible assets	13	1,298,371	1,138,668
Investments	14	2,851,534	2,851,528
		<b>4,161,981</b>	<b>4,118,878</b>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	15	302,809	238,361
Debtors: amounts falling due within one year	15	9,225,590	9,188,687
Cash at bank and in hand	16	2,524	684,191
		<b>9,530,923</b>	<b>10,111,239</b>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	17	(9,328,025)	(7,655,542)
<b>Net current assets</b>		<b>202,898</b>	<b>2,455,697</b>
<b>Total assets less current liabilities</b>		<b>4,364,879</b>	<b>6,574,575</b>
Creditors: amounts falling due after more than one year	18	(4,487,342)	-
<b>Net (liabilities)/assets</b>		<b>(122,463)</b>	<b>6,574,575</b>
<b>Capital and reserves</b>			
Called up share capital	20	64,611	57,634
Share premium account	21	8,774,457	7,881,783
Other reserves	21	740,478	740,478
Profit and loss account	21	(9,702,009)	(2,105,320)
<b>Total equity</b>		<b>(122,463)</b>	<b>6,574,575</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27-11-2020

**E D Parsons**  
 Director

DocuSigned by:  
  
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The notes on pages 15 to 37 form part of these financial statements.



<b>F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)</b>
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**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
<b>At 1 July 2017</b>	<b>56,534</b>	<b>7,484,921</b>	<b>740,478</b>	<b>(1,748,059)</b>	<b>6,533,874</b>
<b>Comprehensive expense for the year</b>					
Loss and total comprehensive expense for the period	-	-	-	(357,261)	(357,261)
<b>Total comprehensive expense for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(357,261)</b>	<b>(357,261)</b>
Shares issued during the year	1,100	396,862	-	-	397,962
<b>Total transactions with owners</b>	<b>1,100</b>	<b>396,862</b>	<b>-</b>	<b>-</b>	<b>397,962</b>
<b>At 1 July 2018</b>	<b>57,634</b>	<b>7,881,783</b>	<b>740,478</b>	<b>(2,105,320)</b>	<b>6,574,575</b>
<b>Comprehensive expense for the period</b>					
Loss and total comprehensive expense for the period	-	-	-	(7,596,689)	(7,596,689)
<b>Total comprehensive expenses for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,596,689)</b>	<b>(7,596,689)</b>
Shares issued during the period	6,977	892,674	-	-	899,651
<b>Total transactions with owners</b>	<b>6,977</b>	<b>892,674</b>	<b>-</b>	<b>-</b>	<b>899,651</b>
<b>At 31 December 2019</b>	<b>64,611</b>	<b>8,774,457</b>	<b>740,478</b>	<b>(9,702,009)</b>	<b>(122,463)</b>

The notes on pages 15 to 37 form part of these financial statements.

<b>F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

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**1. General information**

F-Secure Cyber Security Limited (formerly MWR Infosecurity Limited) is a private Company limited by shares incorporated in England and Wales, United Kingdom. The registered office and place of business is Matrix House, 5th Floor, Basing View, Basingstoke, Hampshire, RG21 4DZ. A description of the nature of the entity's operations and its principal activities are disclosed in the Strategic Report.

**2. Accounting policies****2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The company is a wholly owned subsidiary of F-Secure Oyj. It is included in the consolidated financial statements of F-Secure Oyj which are publicly available. The company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is F-Secure Oyj. The address of the parent's registered office is Tammasaarenkatu 7, 00180 Helsinki, Finland.

As the company is a wholly owned subsidiary of F-Secure Oyj, the group financial statements of which are publicly available, advantage is taken of the exemption from disclosing transactions with group companies and from presenting a cash flow statement.

The following principal accounting policies have been applied. These policies have been consistently applied to all periods presented, unless otherwise stated.

**2.2 Going concern**

The directors of F-Secure Cyber Security Limited have considered forecasted results for the business, taking into account its current and planned business activities and the markets in which it operates. The forecasts along with a formal letter of support provided by the parent company, F-Secure Oyj, indicate sufficient funds are available from the Company to be able to continue in operational existence for the foreseeable future, being a period of at least twelve months from the date of signing these financial statements. The directors accordingly continue to prepare the financial statements on the going concern basis.

**2.3 Revenue**

Turnover comprises revenue recognised by the Company in respect of services supplied during the year exclusive of Value Added Tax and trade discounts. Income arising from the provision of consultancy services is recognised as the work is performed. Fees relating to contracts that straddle a period end are recognised over the period in which services are performed, and adjustments are made, where necessary for deferred revenue.

Revenue from Countercept and Phishd divisions is recognised on a straight line basis over the duration of the contract.

**F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2019****2. Accounting policies (continued)****2.4 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The useful estimate life of Intangible assets are 3 to 10 years.

**2.5 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- Over the term of lease
Fixtures and fittings	- 25%
Office equipment	- 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.6 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.7 Financial instruments**

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

**i. Financial assets**

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference

<b>F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

**2. Accounting policies (continued)**

**2.7 Financial instruments (continued)**

between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

**ii. Financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which result in fixed returns to the holder or are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the profit and loss account as interest expense.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are

**F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

**2. Accounting policies (continued)**

**2.7 Financial instruments (continued)**

recognised in profit or loss in finance costs or income as appropriate.

The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

**iii. Offsetting**

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.8 Share based payments**

The Company historically granted share options to certain employees and directors. Share options were granted each year from 2010 to 2018 with three-year vesting periods. All share options were vested on 2 July 2018 as a result of the acquisition by F-Secure Oyj. An expense was not recognised in the profit and loss account for these options in prior years as management did not think it was material to the financial statements. Fair value was measured using the Black Scholes pricing model. The expected life used in the model has been adjusted, based on management's estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

**2.9 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**2.10 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

<b>F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.11 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 July 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

**2.12 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

**2.13 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, when above criteria are met and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2019****2. Accounting policies (continued)****2.14 Current and deferred taxation**

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2.15 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with corresponding effect in profit or loss, when, and if, better information is obtained.

**F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

**3. Judgments in applying accounting policies and key sources of estimation uncertainty (continued)**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments within the next financial year are included below.

**Key sources of estimation uncertainty**

**Impairment of investments**

Management assesses investments in subsidiaries for any indication of impairment. Where the carrying value of the investment is not supported by the net assets of the subsidiary, estimation of the value in use of the subsidiary is required. This requires the Company to estimate the future cash flows expected to be generated by the subsidiary, with the key assumptions being forecast revenue growth rates and cost savings, and the discount rate to be applied. No reasonably possible change in the assumptions would have a material impact on the carrying value of the investments.

**Trade receivables and amounts owed by Company undertakings**

Management estimates the recoverable amount of trade receivables and amounts owed by Company, taking into account the most reliable evidence at each reporting date and making a provision for any doubtful debts.

**Share option valuation**

In the prior year, the assessment made to determine any charge to the statement of comprehensive income relating to the company share options awarded was undertaken by applying the Black-Scholes Pricing Model. Based on management's judgment, the calculations did not give rise to a material charge requiring recognition at 30 June 2018. All share options issued in the prior year were vested and settled on 2 July 2018, when F-Secure Oyj acquired 100% of the issued share capital of F-Secure Cyber Security Limited (formerly MWR Infosecurity limited). No share options were issued by the company subsequently to the acquisition. Some employees of the company are members of an F-Secure Oyj matching share plan. The company is not recharged by F-Secure Oyj for the value of the shares issued to UK employees and no charge has been made to operating expenses as this would be immaterial.



<b>F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

**4. Turnover**

An analysis of turnover by geographical locations is as follows:

	<b>18 month period ended 31 December 2019 £</b>	<b>Year ended 30 June 2018 £</b>
United Kingdom	28,282,646	16,082,428
Rest of Europe	2,269,415	635,439
US/ Americas	1,411,202	698,893
Asia Pacific	552,870	370,731
Middle East and Africa	703,786	2,140,228
	<b>33,219,919</b>	<b>19,927,719</b>

All revenue is derived from cyber security services.

**5. Operating loss**

The operating loss is stated after charging:

	<b>18 month period ended 31 December 2019 £</b>	<b>Year ended 30 June 2018 £</b>
Depreciation of tangible assets	890,941	469,018
Amortisation of intangible assets	91,647	71,560
Operating lease rentals - land & buildings	1,244,097	634,030
Operating lease rentals - other	13,147	13,004
Exchange differences	40,604	497
Defined pension contribution cost	865,035	322,865
Research & Development charged as an expense	1,648,534	630,789
Gain on disposal of assets	(2,646)	(95)

<b>F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

**6. Auditors' remuneration**

	<b>18 month period ended 31 December 2019 £</b>	<b>Year ended 30 June 2018 £</b>
Fees payable to the Company's auditor and its associates for the audit of the Company's financial statements	<b>110,000</b>	<b>72,500</b>

**7. Employees**

Staff costs, including directors' remuneration, were as follows:

	<b>18 month period ended 31 December 2019 £</b>	<b>Year ended 30 June 2018 £</b>
Wages and salaries	<b>20,881,326</b>	<b>10,742,246</b>
Social security costs	<b>2,446,603</b>	<b>1,281,309</b>
Other pension costs	<b>865,035</b>	<b>322,865</b>
	<b>24,192,964</b>	<b>12,346,420</b>

The average monthly number of employees, including the directors, during the period was as follows:

<b>18 month period ended 31 December 2019 No.</b>	<b>Year ended 30 June 2018 No.</b>
<b>265</b>	<b>206</b>

<b>F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

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**8. Directors' remuneration**

During the year retirement benefits were accruing to 2 directors (2018: 3) in respect of defined contribution pension schemes.

	18 month period ended 31 December 2019 £	Year ended 30 June 2018 £
Directors' emoluments	<u>317,271</u>	<u>526,338</u>

The highest paid director received remuneration of £300,546 (2018: £225,415).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £15,339 (2018: £9,104).

The highest paid director exercised share options in 2019 (2018: no shares) and is accruing benefits under a long-term incentive scheme in 2019 (2018: no benefits).

**F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)**
**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2019**
**9. Share options**

	31 December 2019	31 December 2019	30 June 2018	30 June 2018
	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)	Number
Outstanding at beginning of year	7.6	6,977,500	7.6	4,411,000
Granted during year	-	-	18.6	3,762,000
Forfeited during year	-	-	4.9	(350,000)
Exercised during year	12.9	(6,977,500)	12.8	(845,500)
	-	-	7.6	6,977,500

The company (then as MWR Infosecurity Limited) set up an Enterprise Management Incentive ("EMI") share option scheme on 1 November 2010. The scheme was open to nominated members of staff until the MWR group exceeded 250 staff which occurred during the year ended 30 June 2017.

A Company Share Option Plan ("CSOP") share option scheme was then set up during the year ended 30 June 2018. To be eligible for this scheme, nominated members of staff must have worked at least 25 hours a week for the company or worked 75% of their time for the company. These options were exercisable after a period of 3 years and must have been exercised within 10 years. If the option holder ceased employment the options would lapse and be forfeited. Furthermore, the option may have been exercised in the event of a qualifying event as defined in the scheme rules. During the period ended 31 December 2019, all options were exercised, as the acquisition by F-Secure Oyj on 2 July 2018 was a qualifying event as defined in the scheme rules.

No charge has been made to operating expenses in respect of the options in either the current or prior period, as in the opinion of the directors this charge is not material to the financial statements.

During 2018, F-Secure Oyj launched a matching share plan which is available to all employees of the Group. A number of employees of the Company are participants in this scheme. The first retention period began in February 2018, and the matching share plan was extended to employees of the Company in November 2018 with a second retention period, following the acquisition of the Company by F-Secure Oyj. Every participant was eligible to acquire shares worth a maximum of 10,000 euros. Following the first quarter of 2020, F-Secure Oyj will give each participant from the first retention period one extra share for each two shares acquired through the plan. F-Secure Oyj will give each participant from the second retention period one extra share for each two shares acquired through the plan following the fourth quarter of 2020. Dividends paid to the shares during the retention period will be invested in new shares.

No charge has been made to operating expenses in respect of the matching share plan, as in the opinion of the directors this charge would not be material to the financial statements. Under the Group policy for the scheme, the Company will not be recharged by F-Secure Oyj for the value of the shares issued to UK employees.

<b>F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

**10. Interest payable**

	<b>18 month period ended 31 December 2019 £</b>	<b>Year ended 30 June 2018 £</b>
Other loan interest payable	82,780	18,245
	<u>82,780</u>	<u>18,245</u>

**11. Taxation**

	<b>18 month period ended 31 December 2019 £</b>	<b>Year ended 30 June 2018 £</b>
<b>Corporation tax</b>		
Current tax on profits for the year	(161,803)	(248,170)
Adjustments in respect of previous periods	(47,142)	249,073
	<u>(208,945)</u>	<u>903</u>
Foreign tax suffered	2,212	-
	<u>(206,733)</u>	<u>903</u>
<b>Taxation on (loss)/profit on ordinary activities</b>	<u>(206,733)</u>	<u>903</u>

<b>F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

**11. Taxation (continued)****Factors affecting tax credit for the period/year**

The tax assessed for the period/year is higher than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	UK Company only FY19 tax disclosure £	UK Company only FY18 tax disclosure £
Loss on ordinary activities before tax	(7,803,422)	(356,358)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(1,482,650)	(67,708)
<b>Reconciling items</b>		
Expenses not deductible for tax purposes	70,970	50,221
Capital allowances in excess of depreciation	-	27,859
Overseas tax suffered	2,212	-
Adjustments from previous periods	(47,142)	-
Fixed asset differences	-	(13,614)
R&D tax credit leading to change in tax charge	(161,803)	(147,727)
Share options	(1,502,888)	-
Deferred tax not recognized	2,914,568	249,073
Income not taxable for tax purposes	-	(97,206)
Other timing differences	-	5
<b>Charge per P&amp;L</b>	<b>(206,733)</b>	<b>903</b>
		<b>2019 £</b>
Deferred tax amounts not recognised		
Timing differences - trading		(20,607)
Losses		(2,893,931)
		<b>(2,914,538)</b>

<b>F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

**12. Intangible assets**

	Development expenditure £	Other Intangibles £	Total £
<b>Cost</b>			
At 1 July 2018	222,642	89,674	312,316
Additions	8,182	-	8,182
Disposals	(173,716)	(84,270)	(257,986)
At 31 December 2019	57,108	5,404	62,512
<b>Amortisation</b>			
At 1 July 2018	101,393	82,241	183,634
Charge for the period	84,214	7,433	91,647
On disposals	(140,575)	(84,270)	(224,845)
At 31 December 2019	45,032	5,404	50,436
<b>Net book value</b>			
At 31 December 2019	12,076	-	12,076
At 30 June 2018	121,249	7,433	128,682

<b>F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

**13. Tangible fixed assets**

	Long-term leasehold property £	Fixtures and fittings £	Office equipment £	Total £
<b>Cost</b>				
At 1 July 2018	627,105	375,868	1,372,639	2,375,612
Additions	352,312	59,676	653,360	1,065,348
Disposals	(241,847)	(117,579)	(380,633)	(740,059)
At 31 December 2019	737,570	317,965	1,645,366	2,700,901
<b>Depreciation</b>				
At 1 July 2018	291,956	216,193	728,795	1,236,944
Charge for the period on owned assets	162,226	112,832	615,883	890,941
Disposals	(238,245)	(117,579)	(369,531)	(725,355)
At 31 December 2019	215,937	211,446	975,147	1,402,530
<b>Net book value</b>				
At 31 December 2019	521,633	106,519	670,219	1,298,371
At 30 June 2018	335,149	159,675	643,844	1,138,668



<b>F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
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**14. Fixed asset investments**

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 July 2018	2,851,528
Additions	6
At 31 December 2019	<u>2,851,534</u>
<b>Net book value</b>	
At 31 December 2019	<u>2,851,534</u>
At 30 June 2018	<u>2,851,528</u>

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
bytegeist GmbH	Weissenmoorstr. 7B, 26125 Oldenburg, Germany	Ordinary	100%
F-Secure Consulting PTE LTD	4 Robinson Road, #12- 01, Singapore, 048543 (Singapore)	Ordinary	100%
F-Secure Cyber Security SP z.o.o	ul. abpa Antoniego Baraniaka 88E, 61-131 Poznan (Poland)	Ordinary	100%
F-Secure Cyber Security Inc	113 Barksdale Professional Centre, Newark, New Castle, 19711 (US)	Ordinary	100%
F-Secure Cyber Security (Pty) Limited	Homestead Place, Cnr 12th Ave and Homestead Lane, Rivonia, Johannesburg, 2128 (South Africa)	Ordinary	70%

**F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS  
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**14. Fixed asset investments (continued)**

**Subsidiary undertakings (continued)**

The principal activities of all the subsidiary undertakings is the same as the parent Company principal activity as described on page 1 of these accounts.

During the period, F-Secure Cyber Security (Pty) Limited increased its number of issued shares to 300, with an additional 200 shares issued. 110 of the additional shares were purchased by F-Secure Cyber Security Limited, and the remaining 90 shares purchased by the Masibambisane Empowerment Trust. This resulted in a reduction in F-Secure Cyber Security Limited shareholding of F-Secure Cyber Security (Pty) Limited from 100% to 70%. All existing and new shares rank equally with equal voting rights, and F-Secure Cyber Security Limited remains the controlling party.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**15. Debtors**

	31 December 2019 £	30 June 2018 £
<b>Due after more than one year</b>		
Other debtors	302,809	238,361
	<u>302,809</u>	<u>238,361</u>
	31 December 2019 £	30 June 2018 £
<b>Due within one year</b>		
Trade debtors	4,071,765	2,956,351
Provision for doubtful debtors	(47,679)	-
Amounts owed by group undertakings	2,925,376	4,682,086
Other debtors	195,847	137,802
Prepayments and accrued income	1,918,478	1,164,278
Tax recoverable	161,803	248,170
	<u>9,225,590</u>	<u>9,188,687</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**16. Cash and cash equivalents**

	31 December 2019 £	30 June 2018 £
Cash at bank and in hand	2,524	684,191
Less: bank overdrafts	-	(504,574)
	<u>2,524</u>	<u>179,617</u>

<b>F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. Creditors: Amounts falling due within one year**

	<b>31 December 2019 £</b>	<b>30 June 2018 £</b>
Bank overdrafts	-	504,574
Trade creditors	144,415	665,213
Amounts owed to group undertakings	3,205,110	1,800,034
Other taxation and social security	1,235,063	948,898
Other creditors	217,672	217,562
Accruals and deferred income	4,525,765	3,519,261
	<u>9,328,025</u>	<u>7,655,542</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**18. Creditors: Amounts falling due after more than one year**

	<b>31 December 2019 £</b>	<b>30 June 2018 £</b>
Amounts owed to group undertakings	4,487,342	-
	<u>4,487,342</u>	<u>-</u>

Amounts owed to group undertakings in more than one year represent a loan from F-Secure Oyj which is secured against all assets owned and controlled by F-Secure Cyber Security Limited. The loan has a maturity date of 31 December 2023. Interest, at a rate of 1.7% plus 3 month GBP LIBOR, is charged on the principal only and is settled periodically. Interest is therefore presented within Amounts owed to group undertakings due within one year.

<b>F-SECURE CYBER SECURITY LIMITED (FORMERLY MWR INFOSECURITY LIMITED)</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

**19. Financial instruments**

	31 December 2019 £	30 June 2018 £
<b>Financial assets</b>		
Cash at bank	2,524	684,191
Financial assets that are debt instruments measured at amortised cost	8,745,868	8,664,625
	<u>8,748,392</u>	<u>9,348,816</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>5,674,889</u>	<u>4,843,914</u>

Financial assets measured at amortised cost comprise amounts owed by group undertakings due in more than one year, trade debtors, accrued income, other debtors and amounts owed by group undertakings due in less than one year.

Financial liabilities measured at amortised cost comprise bank overdraft and loans, trade and other creditors, accruals and amounts owed to group undertakings.

**20. Share capital**

	31 December 2019 £	30 June 2018 £
<b>Allotted, called up and fully paid</b>		
45,251,000 (2018: 38,274,375) Ordinary shares of £0.001 each	45,251	38,274
12,000,000 (2018: 12,000,000) Ordinary A shares of £0.001 each	12,000	12,000
6,260,130 (2018: 6,260,130) Ordinary B shares of £0.001 each	6,260	6,260
1,099,019 (2018: 1,099,019) Ordinary C shares of £0.001 each	1,100	1,100
	<u>64,611</u>	<u>57,634</u>

The increase in number of ordinary shares in issue occurred as a result of share options vesting at the point of acquisition of the business by F-Secure Oyj.

All share classes carry equal voting rights. In the event of a distribution of assets on a liquidation or a return of capital, the priority order of the shares is C class, B class, A class, Ordinary. The C class shares carry a preference amount as defined in the Articles of Association.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. Reserves****Share capital**

Share capital represents the nominal value of shares that have been issued.

**Share premium account**

Proceeds received in addition to the nominal value of the shares issued have been included in share premium

**Other reserves**

The other reserve represents the elimination of the additional investment in F-Secure Cyber Security (Pty) Limited (formerly MWR Infosecurity (Pty) Limited), adjusted for the minority interest, made by F-Secure Cyber Security Limited in February 2016. The use of an 'Other reserve' gives more transparency regarding the nature of this reserve in the future since this reserve is not distributable. Please see further relevant details below.

**Merger Reserve**

F-Secure Cyber Security Limited's purchase of the remaining 25% ordinary shares in F-Secure Cyber Security (Pty) Limited (formerly MWR Infosecurity (Pty) Limited) in February 2016 was partially settled through an issue of shares in F-Secure Cyber Security Limited. The merger relief represents a proportion of the fair value of these shares issued allowed to be recognised in a separate merger relief reserve.

**Purchase of the remaining share capital of F-Secure Cyber Security (Pty) Limited (formerly MWR Infosecurity (Pty) Limited)**

In February 2016 F-Secure Cyber Security Limited purchased the remaining 25% ordinary shares of F-Secure Cyber Security (Pty) Limited (formerly MWR Infosecurity (Pty) Limited), previously owned by minority interests, for a total consideration of 2,438,875 ordinary shares of nominal value of £0.001 each in F-Secure Cyber Security Limited and £308,448 cash.

The nominal value of the shares issued has been recognised in share capital. The excess consideration paid has been allocated on a pro-rata basis to share premium (excess cash consideration) and merger relief reserve (excess share consideration).

**Profit and loss account**

The profit and loss account includes all current and prior period retained profits and losses.

**22. Capital commitments**

There were no capital commitments at 31 December 2019.

At 30 June 2018 the Company had committed to purchase the rights to a software licence from JSEC Properties Limited (a related party) for £331,328.

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**23. Pension commitments**

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contribution payable by the Company to the fund and amounted to £865,035 (2018: £322,865). Contribution totalling £121,218 (2018: £83,988) were payable to the fund at the balance sheet date and are included in creditors.

**24. Commitments under operating leases**

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	31 December 2019 £	30 June 2018 £
Not later than 1 year	776,300	630,607
Later than 1 year and not later than 5 years	1,682,098	1,429,396
Later than 5 years	1,647,221	-
	<u>4,105,619</u>	<u>2,060,003</u>

**25. Related party transactions**

The Company has taken advantage of the exemption available in FRS 102 section 33.1A from disclosing transactions with fellow group subsidiaries

The Company has also taken advantage of the exemption available in respect of Section 33 Related Party Disclosures paragraph 33.7, and have not disclosed key management personnel remuneration.

During the year the Company paid £Nil (2018: £12,000) for services rendered by non-executive directors. The balance owed to non-executive directors at 31 December 2019 was £Nil (2018: £Nil).

During the year the Company made purchases of £397,565 (2018: £165,664) from Cultureai Limited (formerly JSEC Properties Limited), a company controlled by James Moore, an employee of F-Secure Cyber Security Limited. The balance owed to Cultureai Limited at 31 December 2019 was £Nil (2018: £Nil).

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**NOTES TO THE FINANCIAL STATEMENTS  
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**26. Post balance sheet events**

Despite the COVID-19 pandemic, F-Secure Cyber Security Limited has ensured full business continuity to customers. The transition to remote ways of working has been smooth and all cyber security operations protecting our customers have continued. The business has revised forecasts downwards in the short term to reflect the impact on sales of COVID-19. However, demand remains resilient and the business continues to forecast strong results in the medium and long term both at a Company and Group level.

The entire share capital of F-Secure Cyber Security sp z.o.o was sold from F-Secure Cyber Security Limited to F-Secure Oyj on 9 November 2020 for which a trivial gain will be recorded.

**27. Controlling party**

The immediate and ultimate parent undertaking and controlling party at the Balance Sheet Position date and the date of signing these financial statements is F-Secure Oyj, incorporated in Finland.

A deal to acquire the entire share capital of MWR Infosecurity Limited was signed by F-Secure Oyj ("F-Secure") on 18 June 2018 and completed on 2 July 2018. F-Secure is a Public Company listed on the Helsinki Stock Exchange (FSC1V:FH).