
F-SECURE CYBER SECURITY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



F-SECURE CYBER SECURITY LIMITED

COMPANY INFORMATION

Directors	J W Loureiro E D Parsons T K Sarhimaa
Registered number	04451698
Registered office	Matrix House 5th Floor Basing View Basingstoke RG21 4DZ

F-SECURE CYBER SECURITY LIMITED

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F-SECURE CYBER SECURITY LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

Introduction

The directors present their Strategic Report on the Company for the year ended 31 December 2020.

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 historical 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 for the year ended 31 December 2020 was £22.391m and while this shows a decrease compared to revenue of £33.220m for the 18-month period ended 31 December 2019 presented in the Statement of Comprehensive Income, revenue decreased only slightly when compared to the previous year. Revenue decreased slightly in both consulting and managed services on a year-on-year basis (when comparing based on a 12-month period rather than an 18-month period) due to delays in commencing or performing revenue contracts as a result of the Covid-19 pandemic.

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 year ended 31 December 2020 of £2.031m presented in the Statement of Comprehensive Income, reflects a significant investment in personnel and product development in the UK to provide a secure footing for future delivery. The loss for the year ended 31 December 2020 has reduced significantly compared to the loss of £7.597m incurred during the 18-month period ended 31 December 2019. This reflects the completion of the main integration activities and the non-recurring costs associated with the integration of MWR into the F-Secure Group since the acquisition in July 2018.

At the end of the year the Company had net liabilities of £2.154m compared to net liability of £0.122m at 31 December 2019. The principal movement in net liabilities is due to financing from F-Secure Oyj to support the on-going investment in product development and personnel. This 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 majority of this development activity has been expensed as incurred.

F-SECURE CYBER SECURITY LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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.

While revenue decreased during the periods presented, comparing revenue of £33.220m for the 18 months ended 31 December 2019, to revenue of £22.391m for the shorter period of the 12 months ended 31 December 2020, on a year-on-year basis, revenue decreased only slightly for both consulting and managed services.

Net current assets at the end of the period are £2.664m compared to £0.203m at 31 December 2019. The Group maintains a cash pool arrangement which means that available funds are included in debtors falling due within one year rather than cash at bank and in hand. The inter-company balances at 31 December 2020, including the cash pool and inter-company receivables in current assets, and loans, have increased compared to the inter-company balances at 31 December 2019. The Group monitors the inter-company balances on a quarterly basis.

Employee numbers on a full-time equivalent basis increased from 265 to 271 during the period.

Principal 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:

COVID-19 pandemic

Cyber security consulting and new sales (new deals) of Managed Detection and Response (MDR) services could be negatively affected by the COVID-19 pandemic, especially if the situation prolongs.

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 four 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.

F-SECURE CYBER SECURITY LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 during the year. The future developments outlined here are consistent with the F-Secure Group presentations at its Capital Markets Day on 31 August 2021, including a focus on enterprise customers that are served directly by the outcome-based solution portfolio that includes Managed Detection and Response, and consulting.

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 year ended 31 December 2020.

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. For example, there are a number of initiatives on-going across the Group, including the UK, where employees are invited to participate, ranging from marketing activities to diversity and inclusion and sustainability.

F-SECURE CYBER SECURITY LIMITED**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020***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. Further, initiatives incorporated support for working remotely throughout the period when Covid-19 related restrictions were in place during 2020. For example, support for home office equipment, various well-being programs including professional guidance from external parties and regular on-line social events.

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

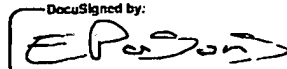
Environment

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 30-09-2021 and signed on its behalf.

DocuSigned by:

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E D Parsons
Director

F-SECURE CYBER SECURITY LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their report and the audited financial statements for the year ended 31 December 2020.

Future developments

Please refer Strategic Report for future developments.

Dividends

No dividend was proposed or paid in respect of the year to 31 December 2020 (period to 31 December 2019: 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 2020 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 year and up to the date of signing the financial statements were:

E D Parsons

J K Tulokas (resigned 31 August 2021)

I Shaw (resigned 4 November 2020)

J W Loureiro (appointed 4 November 2020)

T K Sarhimaa (appointed 31 August 2021)

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.

F-SECURE CYBER SECURITY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 year the Company has invested £ 0.955m (2019: £1.649m) in research and development expenditure.

Post balance sheet events

There are no significant post balance sheet events after the end of year ended 31 December 2020.

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.

Directors' responsibilities statement

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation.

Company law requires 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.

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.

F-SECURE CYBER SECURITY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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
- 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

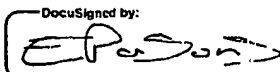
In the case of each director in office at the date the Directors' Report is approved:

- 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

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30-09-2021 and signed on its behalf.

DocuSigned by:

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E D Parsons
Director

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

Report on the audit of the financial statements

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph below, 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 2020 and of its loss for the year 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 2020; the Statement of Comprehensive Income, and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for qualified opinion

The total revenue balance for the year ended 31 December 2020 is £22,391,431. As a result of security restrictions imposed by customers over certain confidential contracts where supporting documentation has been withheld or redacted, we have been unable to obtain sufficient appropriate audit evidence to support the revenue generated from certain government customers totalling £2,929,836. We are unable to substantiate the revenue recorded for these government customers in the Statement of Comprehensive Income for the year ended 31 December 2020.

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 qualified 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditors' report to the members of F-Secure Cyber Security Limited (continued)

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. Except for the possible consequential effects of the matters described in the Basis for qualified opinion section of our report, 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.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires 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 year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

Except for the possible consequential effects of the matters described in the Basis for qualified opinion section of our report, 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, 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.

Independent auditors' report to the members of F-Secure Cyber Security Limited (continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to data protection regulations and tax regulation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Challenging assumptions and judgements made by management in significant accounting estimates;
- Incorporating elements of unpredictability into the audit procedures performed; and
- Identifying and testing journal entries based on our risk assessment and evaluating whether there was evidence of management bias that represents a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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. 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

In respect solely of the limitation on our work relating to the lack of sufficient appropriate audit evidence to support the revenue recognised from certain government customers, as a result of security restrictions imposed, described in the Basis for qualified opinion paragraph above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept by the company.

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

- 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.

Independent auditors' report to the members of F-Secure Cyber Security Limited (continued)

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
30 September 2021

F-SECURE CYBER SECURITY LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	Year ended 31 December 2020 £	18 month Period ended 31 December £
Turnover	4	22,391,431	33,219,919
Cost of sales		(10,410,731)	(20,032,378)
Gross profit		11,980,700	13,187,541
Administrative expenses		(13,894,672)	(20,908,183)
Operating loss	5	(1,913,972)	(7,720,642)
Interest payable and similar expenses	10	(161,061)	(82,780)
Loss before tax		(2,075,033)	(7,803,422)
Tax on loss	11	43,551	206,733
Loss and total comprehensive expense for the financial year		(2,031,482)	(7,596,689)

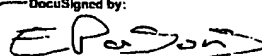
The notes on pages 15 to 32 form part of these financial statements.

F-SECURE CYBER SECURITY LIMITED
REGISTERED NUMBER: 04451698

BALANCE SHEET
AS AT 31 DECEMBER 2020

		31 December 2020	31 December 2019
	Note	£	£
Fixed assets			
Intangible assets	12	18,470	12,076
Tangible assets	13	1,149,268	1,298,371
Investments	14	2,830,810	2,851,534
		<u>3,998,548</u>	<u>4,161,981</u>
Current assets			
Debtors: amounts falling after more than one year	15	312,337	302,809
Debtors: amounts falling due within one year	15	11,355,557	9,225,590
Cash at bank and in hand	16	—	2,524
		<u>11,667,894</u>	<u>9,530,923</u>
Creditors: amounts falling due within one year	17	<u>(9,003,686)</u>	<u>(9,328,025)</u>
Net current assets		2,664,208	202,898
Total assets less current liabilities		<u>6,662,756</u>	<u>4,364,879</u>
Creditors: amounts falling due after more than one year	18	(8,816,701)	(4,487,342)
Net liabilities		<u>(2,153,945)</u>	<u>(122,463)</u>
Capital and reserves			
Called up share capital	20	64,611	64,611
Share premium account	21	8,774,457	8,774,457
Other Reserves	21	740,478	740,478
Profit and loss account	21	(11,733,491)	(9,702,009)
Total equity		<u>(2,153,945)</u>	<u>(122,463)</u>

The financial statements on pages 12 to 32 were approved by the Board of Directors on 30 September 2021 and signed on its behalf by

DocuSigned by:

75A98195021C43B

E D Parsons
Director

The notes on pages 15 to 32 form part of these financial statements.

F-SECURE CYBER SECURITY LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called-up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At Balance at 1 July 2018	57,634	7,881,783	740,478	(2,105,320)	6,574,575
Comprehensive expense for the period					
Loss for the financial period	—	—	—	(7,596,689)	(7,596,689)
Total comprehensive expense for the period	—	—	—	(7,596,689)	(7,596,689)
Shares issued during the period	6,977	892,674	—	—	899,651
Total transactions with owners	6,977	892,674	—	—	899,651
At 31 December 2019 and 1 January 2020	64,611	8,774,457	740,478	(9,702,009)	(122,463)
Comprehensive expense for the year					
Loss for the financial year	—	—	—	(2,031,482)	(2,031,482)
Total comprehensive expense for the year	—	—	—	(2,031,482)	(2,031,482)
Total transactions with owners	—	—	—	—	—
At 31 December 2020	64,611	8,774,457	740,478	(11,733,491)	(2,153,945)

The notes on pages 15 to 32 form part of these financial statements.

F-SECURE CYBER SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****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, 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 and associates are stated at cost less provision for accumulated impairment losses. The investments are reviewed annually by management to see if there are any indicators of potential impairment, in which case an impairment assessment is performed.

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 and cash and bank balances 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 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.

F-SECURE CYBER SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.7 Financial instruments (continued)

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.

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 and loans from fellow group companies 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.

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.

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 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.

2.9 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.

F-SECURE CYBER SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.10 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.

2.11 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.

2.12 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.

F-SECURE CYBER SECURITY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****2. Accounting policies (continued)****2.13 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.

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.

F-SECURE CYBER SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

4. Turnover

An analysis of turnover by geographical locations is as follows:

	31 December 2020	18 month period ended 31 December 2019
	£	£
United Kingdom	19,424,332	28,282,646
Rest of Europe	1,074,007	2,269,415
US/ Americas	1,459,367	1,411,202
Asia Pacific	99,646	552,870
Middle East and Africa	334,079	703,786
	<u>22,391,431</u>	<u>33,219,919</u>

All revenue is derived from cyber security services.

5. Operating loss

The operating loss is stated after charging/(crediting):

	31 December 2020	18 month period ended 31 December 2019
	£	£
Depreciation of tangible assets	674,150	890,941
Amortisation of intangible assets	12,523	91,647
Operating lease rentals - land & buildings	1,003,452	1,244,097
Operating lease rentals - other	—	13,147
Exchange differences	(44,142)	40,604
Defined pension contribution cost	726,113	865,035
Research & Development charged as an expense	955,000	1,648,534
Loss / (Gain) on disposal of assets	<u>17,229</u>	<u>(2,646)</u>

F-SECURE CYBER SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

6. Auditor's remuneration

	31 December 2020	18 month period ended 31 December 2019
	£	£
Fees payable to the Company's auditor for the audit of the Company's financial statements	<u>102,000</u>	<u>110,000</u>

7. Employees

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

	31 December 2020	18 month period ended 31 December 2019
	£	£
Wages and salaries	16,205,439	20,881,326
Social security costs	1,901,551	2,446,603
Other pension costs	726,113	865,035
	<u>18,833,103</u>	<u>24,192,964</u>

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

	31 December 2020	18 month period ended 31 December 2019
	No.	No.
	271	265

F-SECURE CYBER SECURITY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****8. Directors' remuneration**

During the year retirement benefits were accruing to 3 directors (2019: 2) in respect of defined contribution pension schemes.

	31 December 2020 £	18 month period ended 31 December 2019 £
Directors' emoluments	<u>549,197</u>	<u>317,271</u>

The highest paid director received remuneration of £322,358 (2019: £300,546).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £9,382 (2019: £15,339).

The highest paid director exercised share options in 2020 and 2019 and is accruing benefits under a long-term incentive scheme in 2020 and 2019.

The emoluments for one director are borne by another group company and no recharge is made to F-Secure Cyber Security Limited. The services of this director to the Company were considered incidental to their services to the Group as a whole and as such no amounts have been recognised or disclosed within these financial statements.

9. Share options

	31 December 2020 Weighted average exercise price(pence)	31 December 2020 Number	31 December 2019 Weighted average exercise price(pence)	31 December 2019 Number
Outstanding at beginning of year	—	—	7.6	6,977,500
Granted during year	—	—	—	—
Forfeited during year	—	—	—	—
Exercised during year	—	—	12.9	(6,977,500)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

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.

F-SECURE CYBER SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. Share options (continued)

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 gave each participant from the first retention period one extra share for each two shares acquired through the plan. F-Secure Oyj gave 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.

10. Interest payable and similar expenses

	31 December 2020	31 December 2019
	£	£
Other loan interest payable	161,061	82,780
	<u>161,061</u>	<u>82,780</u>

11. Tax on loss

	31 December 2020	31 December 2019
	£	£
Corporation tax		
Current tax on loss for the year	(43,551)	(161,803)
Adjustments in respect of previous periods	—	(47,142)
	<u>(43,551)</u>	<u>(208,945)</u>
Foreign tax suffered	—	2,212
	<u>(43,551)</u>	<u>(206,733)</u>
Taxation on loss	<u>(43,551)</u>	<u>(206,733)</u>

F-SECURE CYBER SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

11. Tax on loss (continued)

Reconciliation of effective tax rate

The tax assessed for the period is higher than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	Year ended 31 December 2020	18 month period ended 31 December 2019
	£	£
Loss before tax	<u>(2,075,033)</u>	<u>(7,803,422)</u>
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(394,256)	(1,482,650)
Reconciling items		
Expenses not deductible for tax purposes	42,386	70,970
Overseas tax suffered	—	2,212
Adjustments from previous periods	—	(47,142)
R&D tax credit leading to change in tax charge	(92,000)	(161,803)
Share options	—	(1,502,888)
Deferred tax not recognized	400,319	2,914,568
Total tax credit	<u>(43,551)</u>	<u>(206,733)</u>

Factors that may affect future tax charges

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. Unrecognised deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements. In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This may have a consequential effect on the company's future tax charge.

Unrecognized deferred tax asset on losses

The Company has unrecognised deferred tax assets on losses for an amount of £3,593,589 (2019: £3,193,270).

F-SECURE CYBER SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

12. Intangible assets

	Development expenditure £	Other Intangibles £	Total £
Cost			
At 1 January 2020	57,108	5,404	62,512
Additions	18,917	—	18,917
Disposals	—	—	—
At 31 December 2020	<u>76,025</u>	<u>5,404</u>	<u>81,429</u>
Accumulated amortisation			
At 1 January 2020	45,032	5,404	50,436
Charge for the year	12,523	—	12,523
On disposals	—	—	—
At 31 December 2020	<u>57,555</u>	<u>5,404</u>	<u>62,959</u>
Net book value			
At 31 December 2020	<u>18,470</u>	<u>—</u>	<u>18,470</u>
At 31 December 2019	<u>12,076</u>	<u>—</u>	<u>12,076</u>

F-SECURE CYBER SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

13. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Office equipment £	Total £
Cost				
At 1 January 2020	737,570	317,965	1,645,366	2,700,901
Additions	13,470	762	523,033	537,265
Disposals	(1,948)	(10,145)	(39,482)	(51,575)
At 31 December 2020	<u>749,092</u>	<u>308,582</u>	<u>2,128,917</u>	<u>3,186,591</u>
Accumulated depreciation				
At 1 January 2020	215,937	211,446	975,147	1,402,530
Charge for the year on owned assets	138,977	61,910	473,263	674,150
Disposals	(1,109)	(6,829)	(31,419)	(39,357)
At 31 December 2020	<u>353,805</u>	<u>266,527</u>	<u>1,416,991</u>	<u>2,037,323</u>
Net book value				
At 31 December 2020	<u>395,287</u>	<u>42,055</u>	<u>711,926</u>	<u>1,149,268</u>
At 31 December 2019	<u>521,633</u>	<u>106,519</u>	<u>670,219</u>	<u>1,298,371</u>

14. Investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2020	2,851,534
Disposals	(20,724)
At 31 December 2020	<u>2,830,810</u>
Accumulated impairment	
Charge for the year	—
At 31 December 2020	<u>—</u>
Net book value	
At 31 December 2020	<u>2,830,810</u>
At 31 December 2019	<u>2,851,534</u>

F-SECURE CYBER SECURITY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****14. Investments (continued)****Subsidiary undertakings**

The following were the 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 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 %

The entire share capital of F-Secure Cyber Security SP z.o.o was sold at a gain of £5,196 from F-Secure Cyber Security Limited to F-Secure Oyj on 9 November 2020.

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

F-SECURE CYBER SECURITY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****15. Debtors**

	31 December 2020	31 December 2019
	£	£
Due after more than one year		
Other debtors	312,337	302,809
	<u>312,337</u>	<u>302,809</u>
Due within one year		
Trade debtors	4,061,083	4,071,765
Provision for doubtful debtors	(301,321)	(47,679)
Amounts owed by group undertakings	5,969,357	2,925,376
Other debtors	105,204	195,847
Tax recoverable	205,354	161,803
Prepayments and accrued income	1,315,880	1,918,478
	<u>11,355,557</u>	<u>9,225,590</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. The Group maintains a cash pool arrangement which means that available funds are included in the Amounts owed by group undertakings. The other balances included in Amounts owed by group undertakings at 31 December 2020 consist of inter-company receivables with subsidiaries and the parent company. The Group monitors the inter-company balances on a quarterly basis.

16. Cash at bank and in hand

	31 December 2020	31 December 2019
	£	£
Cash at bank and in hand	—	2,524
Less: bank overdrafts	—	—
	<u>—</u>	<u>2,524</u>

F-SECURE CYBER SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

17. Creditors: Amounts falling due within one year

	31 December 2020	31 December 2019
	£	£
Trade creditors	300,961	144,415
Amounts owed to group undertakings	2,249,168	3,205,110
Taxation and social security	1,919,410	1,235,063
Other creditors	723,034	217,672
Accruals and deferred income	3,811,113	4,525,765
	9,003,686	9,328,025

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

	31 December 2020	31 December 2019
	£	£
Amounts owed to group undertaking	8,547,342	4,487,342
Accruals and deferred income	269,359	—
	8,816,701	4,487,342

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.

F-SECURE CYBER SECURITY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****19. Financial instruments**

	31 December 2020	31 December 2019
	£	£
Financial assets		
Cash at bank	—	2,524
Financial assets that are debt instruments measured at amortised cost	11,123,112	8,745,868
	<u>11,123,112</u>	<u>8,748,392</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>16,241,912</u>	<u>5,674,889</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. Called up share capital

	31 December 2020	31 December 2019
	£	£
Shares classified as equity		
45,251,000 (2019 - 45,251,000) Ordinary shares of £0.001 each	45,251	45,251
12,000,000 (2019 - 12,000,000) Ordinary A shares of £0.001 each	12,000	12,000
6,260,130 (2019 - 6,260,130) Ordinary B shares of £0.001 each	6,260	6,260
1,099,019 (2019 - 1,099,019) Ordinary C shares of £0.001 each	1,100	1,100
	<u>64,611</u>	<u>64,611</u>

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.

F-SECURE CYBER SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 2020 (2019: No commitments).

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 £726,113 (2019: £865,035). Contribution totalling £191 (2019: £121,218) were payable to the fund at the balance sheet date and are included in creditors.

F-SECURE CYBER SECURITY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****24. Commitments under operating leases**

At 31 December 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	31 December 2020 £	31 December 2019 £
Not later than 1 year	791,831	776,300
Later than 1 year and not later than 5 years	1,593,949	1,682,098
Later than 5 years	1,294,245	1,647,221
	<u>3,680,025</u>	<u>4,105,619</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 18 month period ending 31 December 2019 the Company made purchases of £397,565 from Cultureai Limited (formerly JSEC Properties Limited) (2020: Nil), a company controlled by James Moore, a former employee of F-Secure Cyber Security Limited. The balance owed to Cultureai Limited at 31 December 2019 was Nil.

26. Post balance sheet events

There are no significant post balance sheet events after the end of year ended 31 December 2020.

27. Controlling party

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