

# **F-Secure**

**Set of carve-out Financial Statements as at and for  
the years ended December 31, 2021, 2020 and 2019**

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# COMBINED STATEMENT OF COMPREHENSIVE INCOME

(EUR 1,000)	Note	2021	2020	2019
<b>REVENUE</b>	(3)	<b>106,250</b>	<b>100,106</b>	<b>94,844</b>
Cost of revenue	(7)	-8,806	-8,038	-7,943
<b>GROSS MARGIN</b>		<b>97,444</b>	<b>92,068</b>	<b>86,901</b>
Other operating income	(4)	523	348	375
Sales and marketing	(5, 6, 7)	-28,746	-27,049	-30,496
Research and development	(5, 6, 7)	-16,891	-15,256	-14,639
Administration	(5, 6, 7)	-8,831	-5,457	-5,168
<b>EBIT</b>		<b>43,499</b>	<b>44,654</b>	<b>36,972</b>
Financial income	(9)	276	997	509
Financial expenses	(9)	-208	-1,969	-722
<b>PROFIT BEFORE TAXES</b>		<b>43,567</b>	<b>43,682</b>	<b>36,758</b>
Income tax	(10)	-9,148	-9,520	-8,111
<b>RESULT FOR THE FINANCIAL YEAR</b>		<b>34,418</b>	<b>34,162</b>	<b>28,647</b>
<b>Other comprehensive income</b>				
Items that may be reclassified to profit or loss:				
Exchange difference on translation of foreign operations		75	314	134
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>34,493</b>	<b>34,476</b>	<b>28,781</b>

# COMBINED STATEMENT OF FINANCIAL POSITION

(EUR 1,000)	Note	2021	2020	2019
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Tangible assets	(5, 11)	278	294	280
Intangible assets	(11)	5,908	5,568	5,709
Deferred tax assets	(18)	223	411	531
<b>Total non-current assets</b>		<b>6,409</b>	<b>6,273</b>	<b>6,519</b>
<b>CURRENT ASSETS</b>				
Inventories	(12)	51	74	107
Accrued income	(14)	1,285	550	469
Trade and other receivables	(13, 14, 17)	19,105	17,925	19,037
Related party receivable from WithSecure	(13)	12,099	12,174	7,062
<b>Total current assets</b>		<b>32,540</b>	<b>30,722</b>	<b>26,675</b>
<b>TOTAL ASSETS</b>		<b>38,949</b>	<b>36,996</b>	<b>33,194</b>
<b>INVESTED EQUITY AND LIABILITIES</b>				
<b>TOTAL INVESTED EQUITY</b>		<b>9,546</b>	<b>9,053</b>	<b>1,972</b>
<b>NON-CURRENT LIABILITIES</b>				
Interest bearing liabilities, non-current	(5, 16, 17)	109	132	121
Deferred tax liabilities	(18)	227	287	11
Other non-current liabilities	(19)	3,158	3,497	3,298
<b>Total non-current liabilities</b>		<b>3,494</b>	<b>3,917</b>	<b>3,429</b>
<b>CURRENT LIABILITIES</b>				
Interest bearing liabilities, current	(5, 16, 17)	136	118	141
Trade and other payables	(17, 19)	9,213	7,927	9,292
Provisions	(19)	-	-	740
Other current liabilities	(19)	16,560	15,981	17,620
<b>Total current liabilities</b>		<b>25,909</b>	<b>24,026</b>	<b>27,793</b>
<b>TOTAL INVESTED EQUITY AND LIABILITIES</b>		<b>38,949</b>	<b>36,996</b>	<b>33,194</b>

# COMBINED STATEMENT OF CASH FLOWS

(EUR 1,000)	Note	2021	2020	2019
<b>Cash flow from operations</b>				
Result for the financial year		34,418	34,162	28,647
Adjustments		11,088	12,395	12,336
Depreciation, amortisation and impairments	(6)	1,524	2,053	2,394
Other adjustments		484	-151	1,618
Financial income and expenses	(9)	-68	972	213
Income taxes	(10)	9,148	9,520	8,111
<b>Cash flow from operations before change in working capital</b>		<b>45,506</b>	<b>46,556</b>	<b>40,983</b>
Change in net working capital				
Current receivables, increase (-), decrease (+)	(13, 14)	-1,810	53	1,384
Inventories, increase (-), decrease (+)	(12)	23	33	288
Non-interest bearing liabilities, increase (+), decrease (-)	(19)	1,385	-3,112	-2,978
<b>Cash flow from operations before financial items and taxes</b>		<b>45,105</b>	<b>43,530</b>	<b>39,676</b>
Interest expenses paid	(9)	-25	-10	-27
Interest income received	(9)	7	-16	36
Other financial income and expenses	(9)	58	124	-48
Income taxes paid	(10)	-9,020	-9,124	-7,652
<b>Cash flow from operations</b>		<b>36,125</b>	<b>34,505</b>	<b>31,985</b>
<b>Cash flow from investments</b>				
Investments in intangible and tangible assets	(11)	-1,665	-1,729	-3,111
Proceeds from sale of intangible and tangible assets	(11)	37	-	-
<b>Cash flow from investments</b>		<b>-1,628</b>	<b>-1,729</b>	<b>-3,111</b>
<b>Cash flow from financing activities</b>				
Repayments of lease liabilities	(5)	-225	-210	-241
Equity financing with WithSecure, net		-34,272	-32,566	-28,633
<b>Cash flow from financing activities</b>		<b>-34,497</b>	<b>-32,776</b>	<b>-28,874</b>
<b>Change in balance<sup>1</sup></b>	(1)	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at period end</b>		<b>-</b>	<b>-</b>	<b>-</b>

<sup>1</sup> Refer to the section on Cash management and financing in Note 1, Carve-out principles and accounting principles.

# COMBINED STATEMENT OF CHANGES IN EQUITY

Attributable to the owners of F-Secure

(EUR 1,000)	Note	Invested equity and retained earnings
Invested equity December 31, 2018		3,494
Result of the financial year		28,647
Translation difference		134
<b>Total comprehensive income for the year</b>		<b>28,781</b>
Cost of share-based payments	(15)	137
Equity transactions with WithSecure		-30,441
<b>Invested equity December 31, 2019</b>		<b>1,972</b>
Result of the financial year		34,162
Translation difference		314
<b>Total comprehensive income for the year</b>		<b>34,476</b>
Cost of share-based payments	(15)	-91
Equity transactions with WithSecure		-27,303
<b>Invested equity December 31, 2020</b>		<b>9,053</b>
Result of the financial year		34,418
Translation difference		75
<b>Total comprehensive income for the year</b>		<b>34,493</b>
Cost of share-based payments	(15)	401
Equity transactions with WithSecure		-34,402
<b>Invested equity December 31, 2021</b>		<b>9,546</b>

# NOTES TO THE CARVE-OUT FINANCIAL STATEMENTS

## INFORMATION ABOUT F-SECURE

### Background

WithSecure Corporation, formerly F-Secure Corporation, ("WithSecure Oyj") with its subsidiaries ("WithSecure") provides cyber security products and services globally for consumers and businesses. On March 16, 2022 the Annual General Meeting of the shareholders decided to change the business name of the parent company F-Secure Corporation to WithSecure Corporation.

On February 17, 2022, the Board of Directors of WithSecure Corporation announced its decision to pursue the separation of its consumer security business ("Consumer Security Business") and approved a demerger plan according to which all assets and liabilities of the Consumer Security Business shall be transferred to a company to be incorporated in connection with the partial demerger ("Demerger") and to be named F-Secure Corporation ("F-Secure"). The decision is based on the outcome of a review and evaluation of different strategic options. WithSecure will, after the Demerger, concentrate on its corporate security business ("Corporate Security Business").

The Demerger is subject to, among other things, approval by a majority of two-thirds of votes cast and shares represented in the Extraordinary General Meeting. The Demerger is expected to become effective as of June 30, 2022. WithSecure intends to apply for the shares in F-Secure to be admitted to trading on the official list of Nasdaq Helsinki. The trading in F-Secure's shares on Nasdaq Helsinki is expected to begin on or about July 1, 2022, or as soon as reasonably possible thereafter. The shareholders of WithSecure will receive as demerger consideration one new share in the F-Secure for each share they hold in WithSecure as demerger consideration. The final number of the shares in F-Secure issued as demerger consideration will be determined based on number of shares in WithSecure (excluding shares owned by WithSecure) on the effective date of the Demerger.

F-Secure has not formed a legal sub-group within WithSecure and it has not prepared consolidated group financial statements prior to the Demerger. In preparation for the proposed Demerger, WithSecure will carve out and transfer relevant entities' assets and liabilities to F-Secure corporation. WithSecure has prepared a set of carve-out financial statements for the years ended December 31, 2021, December 31, 2020 and December 31, 2019 for F-Secure to illustrate the business' result of operations, assets and liabilities and cash flows that will be carved out from WithSecure.

The carve-out financial statements are prepared according to the basis of preparation and accounting policies described in the following sections. The carve-out financial statements are prepared for inclusion in F-Secure's demerger and listing prospectus which is prepared by WithSecure for approval of the partial demerger by the extraordinary shareholder's meeting and for listing of the shares of F-Secure on the Nasdaq Helsinki Stock Exchange. These carve-out financial statements are approved by the Board of directors of WithSecure to be published on May 13, 2022.

### F-Secure's business

F-Secure is a Finnish and globally operating cybersecurity company. F-Secure designs and offers security and privacy products and services that help millions of consumers to protect themselves against online threats. F-Secure's offering includes a comprehensive range of security and privacy products and services related to endpoint security, privacy protection, password management and digital identity protection, and router security that protects consumers' entire connected home. The majority of F-Secure's sales come from selling products and services through its extensive and global Channel Partner network, including approximately 170 Channel Partners. Channel Partners include, for example, communication service providers, retailers, banks, and insurance companies. In addition to selling products through Channel Partners, F-Secure makes standalone and all-in-one security offerings available to consumers through various e-commerce channels such as mobile application stores and its own online store. F-Secure operates globally with offices in multiple cities, and its headquarters is located in Helsinki.

# 1. CARVE-OUT PRINCIPLES AND ACCOUNTING PRINCIPLES

Basis of preparation and accounting principles applied in F-Secure's carve-out financial statements.

## Basis of preparation

The carve-out financial statements of F-Secure have been prepared on a carve-out basis from WithSecure's consolidated financial statements using the historical book values for income and expenses, assets and liabilities and cash flows attributable to the Consumer Security Business. F-Secure has historically operated worldwide in legal entities that comprise both Consumer Security Business and Corporate Security Business, including the parent company WithSecure Oyj. Therefore assets, liabilities, income, revenue and expenses and cash flows which are either directly attributable to, have been allocated to or will transfer to F-Secure have been included in the carve-out financial statements.

The carve-out financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU by December 31, 2021, and in consideration of the principles described in "Carve-out principles applied in the F-Secure carve-out financial statements" for determining which assets and liabilities, income and expense as well as cash flows are to be allocated to the F-Secure carve-out financial statements.

IFRS does not provide direct guidance for the preparation of carve-out financial statements, and accordingly in preparing the carve-out financial statements, certain accounting conventions commonly used for the preparation of historical carve-out financial statements for inclusion in a prospectus have been applied as described below.

Carve-out financial statements may not necessarily represent its combined results of operations, financial position and cash flows that would have been had F-Secure been managed as a stand-alone consolidated group, preparing consolidated financial statements for the periods presented, separate from WithSecure. Further, the carve-out financial statements may not be indicative of F-Secure's future performance, financial position or cash flows.

The carve-out financial statements are presented in thousands of euros unless otherwise stated. All figures have been rounded which may cause the sum of individual figures to deviate from the sum of the presented line-item totals.

## Carve-out principles applied in the F-Secure carve-out financial statements

The following summarises the carve-out principles applied in preparing these carve-out financial statements.

The carve-out financial statements reflect the revenue and expenses attributable to F-Secure. Revenue and operating expenses of F-Secure that have been specifically identified as pertaining to F-Secure have been attributed directly without separate allocation and apportionment.

Balance sheet items have been generally attributed based on their actual use during the periods presented, that is, if assets and liabilities are primarily used by and relate to F-Secure, they have been attributed to the carve-out statement of financial position. If the asset or liability is not legally transferring to F-Secure in connection with the Demerger, the corresponding cost of using the asset/liability has been included in the carve-out combined statement of comprehensive income as described in more detail below.

The carve-out financial statements also include the separate allocation of income, expense, assets, liabilities and cash flows which are based on management judgement, assumptions and estimates as described below. The most significant estimates, judgements and assumptions relate to the allocation of the costs of certain centrally provided shared services, leasing arrangements, shared tangible and intangible assets, cash management and financing, determination on current and deferred income taxes and invested equity.

Management considers that the allocations described below have been made on a reasonable basis, but they are not necessarily indicative of the income and costs that would have been incurred if F-Secure had been a standalone entity preparing consolidated financial statements for the periods presented.

### **The structure of the carve-out financial statements**



F-Secure does not represent a separate group of legal entities but combines operations that are dedicated to Consumer Security Business but that have historically operated as part of the WithSecure entities including also Corporate Security Business. The following represents an overview of the WithSecure legal entities that comprised the portion of the results of operations and financial position dedicated to the Consumer Security Business and thus form the basis for the carve-out financial statements:

- F-Secure Oyj, Finland
- F-Secure Inc, United States
- F-Secure GmbH, Germany
- F-Secure (UK) Ltd, United Kingdom
- F-Secure KK, Japan
- F-Secure AB, Sweden
- F-Secure Srl, Italy
- F-Secure Sp z.o.o., Poland
- F-Secure B.V., the Netherlands
- F-Secure Iberia SL, Spain,
- F-Secure Corporation (M) Sdn Bhd, Malaysia
- F-Secure SARL, France
- F-Secure Pvt Ltd, India
- F-Secure Danmark A/S, Denmark
- F-Secure do Brasil tecnol. Da informãcao Ltda, Brazil
- F-Secure Norge AS, Norway

F-Secure's carve-out financial statements do not represent the legal structure subject to the Demerger at a future date.

#### **Inter-company transactions and transactions with related parties**

Intercompany transactions, including assets and liabilities between the Consumer Security Business within WithSecure legal entities have been eliminated from these F-Secure carve-out financial statements. Intercompany transactions and balance sheet items between the Consumer Security Business and the Corporate Security Business, previously considered as intercompany transactions in WithSecure reporting, have been reported as transactions with related parties in the carve-out financial statements. Related party receivables from the remaining WithSecure operations are presented separately in the balance sheet.

Income statement transactions are presented within the related combined statement of comprehensive income line item. F-Secure sells consumer products to WithSecure and the amounts were as follows during the periods presented: EUR 407 thousand in 2021, EUR 471 thousand in 2020 and EUR 555 thousand in 2019. F-Secure purchases corporate products from WithSecure and the amounts were as follows during the periods presented EUR 415 thousand in 2021, EUR 576 thousand in 2020 and EUR 907 thousand in 2019.

#### **Centrally provided shared services**

WithSecure has historically provided shared support services to Consumer Security and Corporate Security Businesses. WithSecure support functions include Security Research & Technologies ("SRT") and Information & Business Services ("IBS"). SRT is a common R&D unit supporting the whole WithSecure. IBS contains a 24/7 customer support and IT services. WithSecure also has the following common shared functions: People, Operations & Culture, Finance, Legal, Strategy, Marketing and Management ("Other Functions"). SRT, IBS and Other Functions are defined together as "Group Functions".

Historically, WithSecure shared Group Function costs have been allocated to businesses using pre-defined allocation methods. The allocation methods used have been defined to reflect the nature of the underlying function and the utilisation of the services of the functions. In the carve-out financial statements, the WithSecure shared Group Function costs have been allocated to F-Secure based on utilisation of the services such as certain server hosting costs that have been allocated based on the usage of the service or cloud servers and customer care related costs that have been allocated based on the support provided to F-Secure or using pre-defined allocation keys such as revenue or number of employees.

Management considers these allocations to be a reasonable reflection of the utilisation of services provided. These allocated expenses have been affected by the arrangements that existed in WithSecure and are not necessarily representative of the position that may prevail in the future for F-Secure.

Centrally provided shared services costs allocated to the carve-out financial statements have been split to different profit and loss statement categories as follows:

<b>(EUR 1,000)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Cost of revenue	-4,790	-4,456	-5,963
Other operating income	523	348	375
Sales and marketing	-4,436	-3,934	-5,762
Research and development	-6,685	-5,411	-4,343
Administration	-8,593	-5,189	-4,935
<b>Total</b>	<b>-23,981</b>	<b>-18,642</b>	<b>-20,629</b>

### Shared assets and leasing arrangements with remaining WithSecure operations

Historically, Consumer Security Business and Corporate Security Business have operated in shared leased premises and offices in all locations, including the following main premises: Helsinki and Oulu in Finland, Poznan, Poland, and Kuala Lumpur, Malaysia. In the carve-out financial statements, no office lease agreements have been allocated to F-Secure as F-Secure is not a legal owner of the lease agreements and those lease agreements will not transfer to F-Secure in connection with the Demerger. Instead, an expense related to the usage of the premises has been included in the carve-out financial statements. The annual expenses allocated to F-Secure for usage of the leased shared assets during the periods presented were EUR 1,547 thousand in 2021, EUR 1,541 thousand in 2020 and EUR 1,538 thousand in 2019.

Lease expenses related to machinery and cars, that are shared with the remaining WithSecure operations, have been allocated to the carve-out financial statements to reflect usage of these assets. These lease agreements will not transfer to F-Secure in connection with the Demerger. The annual lease expense allocations related to usage by F-Secure during the periods presented were EUR 25 thousand in 2021, EUR 105 thousand in 2020 and EUR 49 thousand in 2019.

All the above lease expenses were presented as part of operating costs and no right-of-use assets or lease liabilities have been allocated to the carve-out financial statements. Lease agreements directly attributable to F-Secure that are transferring to F-Secure in connection with the Demerger have been presented as lease agreements of F-Secure (see notes 5, 11 and 16 for more information).

Certain computers and other IT equipment have been shared between Consumer Security Business and Corporate Security Business. These IT related assets will not transfer to F-Secure in connection with the Demerger. An expense was allocated to the carve-out financial statements to reflect the usage of these assets. The allocated expenses included in the carve-out financial statements during the periods presented were EUR 146 thousand in 2021, EUR 146 thousand in 2020 and EUR 147 thousand in 2019.

Certain intangible assets, mainly computer software, have also been shared between Consumer Security Business and Corporate Security Business. In the carve-out financial statements, these intangible assets have not been allocated to F-Secure as they will remain with WithSecure after the Demerger. Instead, an expense was recognised to reflect the benefit F-Secure has received from these assets during the periods presented. The annual expense related to utilisation of the intangible assets by F-Secure included in these carve-out financial statements during the periods presented were EUR 162 thousand in 2021, EUR 171 thousand in 2020 and EUR 174 thousand in 2019.

The assets and leasing arrangements presented in the carve-out financial statements may differ significantly from the requirements of the future standalone F-Secure. F-Secure will enter into new leasing agreements related to premises, other equipment and machinery for its standalone business operations when the Demerger is consummated.

### Share-based payment transactions

Historically, F-Secure key personnel have participated in WithSecure's share-based incentive programs. For carve-out purposes, the expenses related to F-Secure personnel are included in the carve-out financial statements. The portion related to the Group function participants in the share-based incentive programs has also been allocated to the carve-out financial statements as described in the section *centrally provided shared services*. The historical cost allocations may not be indicative of the future expenses that will arise through incentive schemes that will be established for F-Secure key personnel in the future.

### Income tax

Historically, the Consumer Security Business has been included within the same WithSecure legal entities as the Corporate Security Business. No tax filings have been made separately for the F-Secure business. The tax expenses in these carve-out financial statements are determined based on the separate tax return method

as if the F-Secure business represented separate taxpayers in the jurisdiction of their primary operations. The current tax expense in the carve-out financial statements is the amount of tax payable or refundable based on hypothetical current year profits of the Consumer Security Business, and have been presented as current tax expense and as a shareholder transaction through invested equity in the carve-out financial statements. Deferred tax has been recorded in F-Secure's temporary differences and the recoverability of deferred tax assets has been assessed as if the F-Secure businesses were separate taxpayers. Tax losses have been included to the extent they directly relate to the F-Secure business. The line-item Income tax paid in the combined cash flow statements represents the estimated tax to be paid by each F-Secure business in different jurisdictions. The tax expenses recorded in these carve-out financial statements might not represent the tax expenses that may arise in the future for the F-Secure business.

Management considers the separate tax return approach to be reasonable, but not necessarily indicative of the tax income or expenses that would have been incurred if the entities and operations were indeed separate taxable entities.

### **Cash management and financing**

Historically, WithSecure has managed the financing of the Consumer Security Business and utilised a centralised approach to cash management. In addition to the cash and cash equivalents balances held directly at legal WithSecure group companies, WithSecure pools cash balances, cash deposits and funding directly with the centralised WithSecure Treasury function and therefore there are no balances directly attributable to F-Secure.

As a result, cash and cash equivalents, cash pool receivables and payables, and related interest expense and income are excluded from the carve-out financial statements. Corporate level debt or related interest expenses were not allocated to F-Secure, as they were not deemed to be attributable to the Consumer Security Business.

In the Demerger, a relative share of the cash related to advance payments received by WithSecure for the sale of F-Secure's products via its direct sales channel, will be paid to F-Secure based on the actual deferred revenue balance as at the effective date of the Demerger. The receivable from the parent company has been recognised in the carve-out statement of financial position to reflect the share attributable to F-Secure during the periods presented. Change in this receivable has been recognised against invested equity.

Transfers of cash between WithSecure and F-Secure are included within the Equity financing with WithSecure, net in the Combined Statement of Cash Flows and Equity transactions with WithSecure in the Combined Statement of Changes in Equity.

The financing presented in the carve-out financial statements may differ significantly from the future financing requirements of F-Secure on a standalone basis.

### **Invested equity**

Total invested equity attributable to shareholders of F-Secure represents WithSecure's interest in the recorded net assets of F-Secure. Historically, F-Secure has not formed a separate legal group or presented any standalone consolidated financial statements, nor does it consist of separate identifiable entities within WithSecure and accordingly, it is not feasible to present share capital or any analysis on equity reserves. The net assets of F-Secure, presented as capital invested in F-Secure, and reported as Invested equity in the combined statement of financial position, are comprised of retained earnings, invested equity and cumulative translation differences.

Changes in net assets allocated to F-Secure are presented separately in the combined statement of changes in invested equity as Equity transactions with WithSecure and in the combined cash flow statement through the line item Equity financing with WithSecure, net reflecting the internal equity financing between WithSecure and F-Secure during the financial periods presented. The amounts are affected by the net assets allocated to the F-Secure business consisting of allocation of income and expense and assets and liabilities from the remaining WithSecure operations.

Translation differences arising from translating the results for the financial year and invested equity are recognised in a separate cumulative translation difference account within total invested equity and the changes are presented in other comprehensive income.

The capital structure attributed to F-Secure in connection with the preparation of these carve-out financial statements is presented as total invested equity attributable to the shareholders of WithSecure, and as such,

is not indicative of the capital structure that F-Secure would have required had it been a standalone entity during the periods presented.

The equity of F-Secure will be formed when the Demerger is consummated and F-Secure will have share capital and other reserves as described in the Demerger plan.

### **Transactions in foreign currency**

The carve-out financial statements are presented in euros, which is the functional and presentation currency of F-Secure's parent company. At each reporting date for the purpose of presenting carve-out financial statements, the income statements of foreign Group companies are translated at the average exchange rates for the reporting period and the balance sheets are translated using the European Central Bank's exchange rates prevailing on the reporting date. Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Exchange rate gains and losses are recognised in financial items in the combined statement of comprehensive income.

Translated balance sheet and income statement items are allocated to F-Secure or to the remaining WithSecure operations. As part of the allocations, a translation difference related to these allocated items is recognised in invested equity and its change is recorded in the combined statement of comprehensive income.

### **Earnings per share**

The carve-out financial statements are prepared on a carve-out basis and it is not possible to measure earnings per share for the periods presented. F-Secure has not had share capital during the presented periods and a portion of WithSecure's outstanding shares cannot be allocated to it. Therefore, management considers that an earnings per share ratio cannot be accurately calculated for the F-Secure and the IAS 33, Earnings per share, disclosure requirements are therefore not complied with.

## **Summary of Significant Accounting principles**

The following describes the accounting principles set out below for all periods presented in these carve-out financial statements:

### **Management judgment on significant accounting principles and use of estimates**

In addition to the carve-out principles, presented in the Carve-out principles applied in the F-Secure carve-out financial statements, the preparation of the carve-out financial statements has required the use of estimates and assumptions as well as the use of judgment when applying accounting principles. These affect the contents of the carve-out financial statements and it is possible that actual results may differ from estimates.

Estimates made in connection with the preparation of the carve-out financial statements are based on management's best knowledge at the reporting date. Estimates build upon past experience as well as assumptions on the future development of the economic environment of the F-Secure business. Revisions in estimates and assumptions are recognised in the period they occur and in future periods if the revision affects both current and future periods.

The following areas require significant judgement and estimation:

- Management judgement and estimates related to carve-out principles have been described in section Carve-out principles applied in the F-Secure carve-out financial statements

- Deferred tax assets from tax losses: F-Secure has recognised deferred tax assets from tax losses related to its US operations where the deferred tax asset was EUR 0.2 million as at December 31, 2021 (see Note 18 Deferred tax). The amount of deferred tax assets is based on management estimation about future recoverability of these tax losses.

- Expected credit losses: The allowance for expected credit losses in F-Secure's balance sheet is EUR 0.6 million as at December 31, 2021 (See Note 13. Financial assets). As described in Covid-19 impacts on financial reporting in 2021 and 2020 (another section of this note), management has used judgment in estimating the potential impacts of the COVID-19 pandemic on expected credit losses and the allowance has been adjusted accordingly.

## Revenue recognition

F-Secure provides a comprehensive range of endpoint protection, privacy and password management solutions, and security for all consumers' connected devices at home. Revenue derives from the sale of security products through service provider and direct consumer channels. The majority of revenue comes from the sale of endpoint protection products through the service provider partner channel, and F-Secure also sells consumer products through various retail partners, as well as F-Secure's own web shop. The main products are F-Secure SAFE, F-Secure SENSE, F-Secure FREEDOME, F-Secure ID PROTECTION and F-Secure TOTAL. F-Secure TOTAL combines SAFE, FREEDOME and ID PROTECTION in an all-in-one application that provides complete security, privacy, and identity protection on consumers' personal devices.

Consumer products are treated as Security-as-a-Service as they do not include a license of intellectual property. Customers are provided with access to continuously updated software. Revenue is accounted for as a single performance obligation and recognised over time on a straight-line basis for the contract period. The typical length of a contract period is 12, 24, or 36 months. Generally, the term between invoicing and when payment is due is not significant. Advance payment is customary for customer contracts via the direct consumer channel.

### Presentation of receivables and liabilities from contracts with customers

Receivables from contracts with customers are presented in the balance sheet as Accrued income. Liabilities from contracts with customers are presented in the balance sheet as Deferred revenue and included in Total non-current liabilities or Total current liabilities depending on the duration of the liability.

## Pensions

All of F-Secure's pension arrangements are in accordance with local statutory requirements, and they are defined contribution plans. Contributions to defined contribution plans are recognised in the combined statement of comprehensive income in the period to which the contributions relate.

## Leases

Leases which meet the requirements of IFRS 16, Leases, are recorded in the balance sheet as right-of-use asset with a corresponding lease liability. Right-of-use assets and lease liabilities are initially measured at the present value of the remaining lease payments. An incremental borrowing rate is applied in discounting the remaining payments. F-Secure's incremental borrowing rate varies between 2.45% and 8.45% depending on the company's credit rating, geographical location of the leased asset and lease period, and the lower rate of 2.45% applies to the majority of the right-of-use assets. F-Secure's right-of-use assets are comprised of leased cars.

Changes in estimates are accounted for at each reporting date. In measuring the present value of the liabilities arising from leases, any service-related fees are excluded from the lease payment. F-Secure's lease contracts do not contain residual value guarantees or purchase options. The estimated duration for on-going contracts varies between 2 to 3 years and the total liability from on-going contracts is EUR 245 thousand (see Note 5. Leases and Note 16. Financial liabilities).

As described in the section Shared assets and leasing arrangements with remaining WithSecure operations, F-Secure uses several assets, which are leased by the remaining WithSecure operations and the benefits of using these assets are reflected as expenses in the combined statement of comprehensive income. When planning the future, F-Secure is exploring alternatives to replace these shared leases with individual leases, for example, related to future offices.

## Intangible assets

### Research and development expenditure

Research expenditure is recognised as an expense at the time it is incurred. Development expenditure on new products or product versions with significant new features are recognised as intangible assets when F-Secure has the technical feasibility to complete the asset, has the ability and intention to use or sell the asset; can demonstrate that the asset will generate future economic benefits; has resources available to complete the asset; and has the ability to measure reliably the expenditure during development. Amortisation is recorded on a straight-line basis over the estimated useful life, which is 3–8 years for these assets.

### Other intangible assets

Other intangible assets include intangible rights and software licenses, all with a finite useful life. Other intangible assets are recorded at historical cost less accumulated amortisation and possible impairment. Amortisation is recorded on a straight-line basis over the estimated useful life, which is 3-10 years for these assets.

As described in Shared assets and leasing arrangements with remaining WithSecure operations, F-Secure uses several intangible assets, which are shared with the remaining WithSecure operations such as certain patents and computer software. The benefit of using these assets is reflected as an expense in the combined statement of comprehensive income. When planning the future, F-Secure is exploring alternatives to replace these shared assets with individual solutions.

## Tangible assets

Tangible assets are recorded at historical cost less accumulated depreciation and possible impairment. Depreciation is recorded on a straight-line basis over the estimated useful life of an asset. The estimated useful lives of tangible assets are as follows:

Machinery and equipment	3–8 years
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## Impairment of assets

At each reporting date, F-Secure assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, F-Secure makes a formal estimate of the recoverable amount. The recoverable amount of intangible assets that are not ready for use are estimated annually regardless of whether any indication of impairment exists.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and the carrying amount is reduced to its recoverable amount. The recoverable amount is the fair value of an asset less costs of disposal or value in use, whichever is higher. An impairment loss is recorded in the combined statements of comprehensive income.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The maximum reversal of an impairment loss amounts to no more than the carrying amount of the asset if no impairment loss had been recognised, net of depreciation.

## Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined by the first-in first-out method. Net realisable value is the estimated selling price that is obtainable, less estimated costs of completion and the estimated costs necessary to make the sale.

## Financial instruments

### Financial assets

Financial assets are originally measured at fair value. Trade receivables are originally measured with transaction price and later with amortised cost reduced by an expected credit loss for trade receivables. Trade receivables and other receivables are written off from the balance sheet as the rights to associated cash flows end or become transferred to the counterpart. An expected credit loss is recognised for trade receivables according to IFRS 9, Financial Instruments. The amount of expected credit loss is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The expected credit loss is estimated using a provision matrix where trade receivables are grouped based on historical credit loss experience and characteristics that depict the credit risk of receivables (e.g. geographical area and days past due).

## Financial liabilities

F-Secure classifies trade payables and other payables as other financial liabilities which are measured at amortised cost. Financial liabilities are classified as current unless F-Secure has an unconditional right to postpone their repayment by at least 12 months from the end date of the reporting period.

## Provisions

Provisions are recognised when F-Secure has a present obligation (legal or constructive) as a result of a past event, the outflow of resources is probable, and a reliable estimate of the amount of the obligation can be made. The amount recognised is a best estimate of the consideration required to settle the obligation at each reporting date. Risks and uncertainties are taken into account when making the estimate.

Management has not recognised nor allocated any provisions in the combined statement of financial position as at December 31, 2021

## Share-based payment transactions

WithSecure provides incentives to employees in the form of equity-settled share-based instruments. WithSecure's share-based incentive programs are targeted to WithSecure's key personnel. The programs are divided into equity-settled and cash-settled parts. The equity-settled part is valued at fair value at grant date, and the expense is recognised evenly in the combined statement of comprehensive income over the vesting period with the counter-entry in retained earnings. In incentive programs with performance based conditions, the fair value is determined using the market value of the shares of WithSecure. In programs with market based conditions, the fair value is determined by utilising commonly used valuation techniques. The cash-settled part is initially valued at fair value at grant date. At each reporting date, the cash-settled part is revalued to fair value and the expense is recognised in the combined statement of comprehensive income over the vesting period with the counter-entry in liabilities. The cumulative expense recognised is based on WithSecure's estimate of the number of shares that will ultimately vest at the end of the vesting period. If a person leaves the company before vesting, the reward is forfeited. WithSecure updates its estimate of the ultimate number of shares at each reporting date. These changes in the estimate are recorded in the combined statement of comprehensive income.

## Presentation of expenses

Classification of the functionally presented expenses has been made by presenting direct expenses in their respective functions and by allocating other expenses to operations on the basis of average headcount in each function.

## Operating result

IAS 1, Presentation of Financial Statements, does not define the concept of Earnings before interest and taxes (EBIT). F-Secure has defined it as follows: EBIT is the net amount, which consists of revenue and other operating income less cost of revenue, personnel costs, depreciation and amortisation, possible impairment losses, and other operating expenses.

## COVID-19 impacts on financial reporting in 2021 and 2020

According to management's assessment, the COVID-19 pandemic may have an impact on the liquidity of F-Secure's customers in the short and longer term. In 2020, the expected credit losses according to IFRS 9, Financial Instruments, were reassessed to include the increased risk caused by the pandemic. No significant risks realised during 2020, but the prolonging of the pandemic can still impact customers' liquidity. Therefore, the potential impacts of the pandemic have been reassessed for 2021 and a slight risk element in the allowance for expected credit losses has been maintained.

## New and amended IFRS Standards that are effective

During 2021 and 2020 there were no changes in WithSecure's accounting principles. The following standards and amendments have been applied starting from January 1, 2019:

### Adoption of IFRS 16 Leases

WithSecure adopted the new standard, IFRS 16, Leases that was effective on January 1, 2019. IFRS 16 supersedes IAS 17 Leases and related interpretations and significantly changes the lessee's accounting, as

the distinction between operating leases and finance leases was removed. In accordance with IFRS 16, the lessee recognises most of the leases on the balance sheet.

WithSecure adopted IFRS 16 using the simplified approach and did not restate comparative figures. For leases previously classified as operating leases, the lease liability was measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at January 1, 2019. The right-of-use asset was measured at an amount equal to the lease liability. F-Secure has used hindsight when determining the lease term and applied a single discount rate to leases with similar characteristics.

The lease commitments as at December 31, 2018 were EUR 413 thousand comprising mostly car leases. The lease liabilities recognised as at January 1, 2019 were EUR 407 thousand.

### IFRIC 23 Uncertainty over Income Tax Treatments

WithSecure adopted IFRIC 23 on January 1, 2019. The interpretation clarifies the application of IAS 12, Income taxes when there is uncertainty related to the tax treatment. The new interpretation did not have a material impact on WithSecure's income tax treatment and accordingly, no material impact on F-Secure's carve-out financial statements.

### New standards and interpretations not yet effective

New or amended standards or interpretations are not expected to have an impact on the carve-out financial statements.

## 2. Segment information

Consumer Security Business consists of designing and providing a comprehensive range of cybersecurity products and services related to data security, privacy protection as well as privacy protection and digital identity protection of consumers' terminal devices, networks and devices connected to a network, sold, in each case, either directly or indirectly, to consumers.

F-Secure's operations and profitability is reported as a single operating segment which is consistent with the internal reporting and the way that operative decisions and assessment of performance have been made by WithSecure's management team.

### Geographical information

F-Secure has global presence.

Geographical information about revenue is presented in Note 3 Revenue.

<b>(EUR 1,000)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Long-term assets</b>			
Nordic countries	6,016	5,703	5,785
Europe excl. Nordics	163	154	195
North America	223	411	531
Rest of world	7	6	9
<b>Total</b>	<b>6,409</b>	<b>6,273</b>	<b>6,519</b>



### 3. Revenue

The principles of revenue recognition are stated in Note 1 Carve-out principles and accounting principles, section *Revenue recognition*.

#### Disaggregation of revenue

<b>(EUR 1,000)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Sales channels</b>			
<b>Revenue from external customers</b>			
Partner channel	84,156	78,798	74,778
Direct channel (E-commerce)	22,094	21,308	20,066
<b>Total</b>	<b>106,250</b>	<b>100,106</b>	<b>94,844</b>

<b>(EUR 1,000)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Geographical information</b>			
<b>Revenue from external customers</b>			
Europe excl. Nordics	49,644	48,940	46,765
Nordic countries	36,873	33,180	31,216
North America	14,572	13,733	12,607
Rest of world	5,162	4,254	4,255
<b>Total</b>	<b>106,250</b>	<b>100,106</b>	<b>94,844</b>

No single customer represents 10% or more of revenue.

#### Assets and liabilities from contracts with customers

Satisfied performance obligations from contracts with customers that have not yet been invoiced on the reporting date are presented in the balance sheet as Accrued income. The balances relate to products delivered to customers and recognised as revenue but not invoiced. Liabilities from contracts with customers are presented in the balance sheet as Deferred revenue and included in Total non-current liabilities or Total current liabilities depending on the duration of the liability. Prior year current deferred revenue is recognised as revenue in the current period. Remaining performance obligations from contracts with customers represent contracted revenue that has not yet been recognised. These balances are presented as Deferred revenue and relate to obligations to provide software subscription services in contracts with a duration of multiple years.

<b>(EUR 1,000)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Accrued income	1,285	550	469
Deferred revenue, non-current	3,112	3,216	2,911
Deferred revenue, current	16,560	15,981	17,620

Increases in deferred revenue resulting from billing were EUR 16,556 thousand for the year ended December 31, 2021 (EUR 16,286 thousand for 2020 and EUR 17,081 thousand for 2019). Decreases in deferred revenue resulting from satisfying performance obligations were EUR 15,981 thousand for the year ended December 31, 2021 (EUR 17,620 thousand for 2020 and EUR 19,550 thousand for 2019).

## 4. Other operating income

<b>(EUR 1,000)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Government grants	487	273	354
Other	36	75	21
<b>Total</b>	<b>523</b>	<b>348</b>	<b>375</b>

The government grants are received for certain research and development projects and are recognised as income over those periods in which the corresponding expenses arise.

None of the amounts included in Other are individually significant.

## 5. Leases

The principles of lease accounting are stated in Note 1 Carve-out principles and accounting principles, section Leases.

<b>(EUR 1,000)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Depreciation</b>			
<b>Right of use assets</b>			
Cars	207	193	234
<b>Total</b>	<b>207</b>	<b>193</b>	<b>234</b>
<b>Interest expense on lease liabilities</b>	<b>9</b>	<b>8</b>	<b>9</b>
<b>Right of use assets and liabilities</b>			
<b>Right of use assets</b>			
Cars	250	275	269
<b>Total</b>	<b>250</b>	<b>275</b>	<b>269</b>
<b>Lease liabilities</b>			
Cars	245	250	262
<b>Total</b>	<b>245</b>	<b>250</b>	<b>262</b>
<b>Repayments of lease liabilities</b>	<b>225</b>	<b>210</b>	<b>241</b>

Right of use assets related changes are stated in disclosure Note 11 Non-current assets.

Right of use assets related interest payments are stated in disclosure Note 9 Financial income and expenses.

Maturity of lease liabilities is stated in disclosure Note 16 Financial liabilities.

## 6. Depreciation, amortisation, and impairment

(EUR 1,000)	2021	2020	2019
<b>Depreciation and amortisation of non-current assets</b>			
Other intangible assets	-	97	117
Capitalised development	1,303	1,494	2,031
<b>Intangible assets</b>	<b>1,303</b>	<b>1,592</b>	<b>2,148</b>
<b>Machinery and equipment</b>			
Right of use assets	207	193	234
Other tangible assets	13	8	12
<b>Tangible assets</b>	<b>221</b>	<b>201</b>	<b>246</b>
<b>Impairment</b>			
Capitalised development	-	260	-
<b>Total impairment</b>	<b>-</b>	<b>260</b>	<b>-</b>
<b>Total depreciation and amortisation</b>	<b>1,524</b>	<b>2,053</b>	<b>2,394</b>
<b>Depreciation and amortisation by function</b>			
Sales and marketing	211	299	356
Research and development	1,313	1,755	2,038
<b>Total depreciation and amortisation</b>	<b>1,524</b>	<b>2,053</b>	<b>2,394</b>

The impairment expense of capitalised development in 2020 related to one of F-Secure's development projects. The carrying value of the development project was written off based on the latest estimate of the recoverable amount in 2020.

## 7. Personnel expenses

Personnel expenses and the average number of personnel for direct personnel working in the Consumer Security Business are presented in the following tables:

(EUR 1,000)	2021	2020	2019
<b>Personnel expenses</b>			
Wages and salaries	16,114	14,299	16,172
Pension expenses - defined contribution plan	2,246	2,033	2,258
Share-based payments <sup>1</sup>	551	264	562
Other social expenses	1,291	1,158	1,253
<b>Total</b>	<b>20,202</b>	<b>17,754</b>	<b>20,245</b>

<sup>1</sup>Share-based payments include a portion of share based payment costs of WithSecure which have been allocated to the carve-out financial statements based on Group function allocation, and are stated in disclosure Note 15 Share-based payment transactions.

Employee benefits of the management are stated in Note 20 Related party transactions.

(EUR 1,000)	2021	2020	2019
Average number of personnel	245	233	223
<b>Personnel by function December 31</b>			
Delivery	23	17	9
Sales and marketing	95	97	119
Research and development	130	129	99
Administration <sup>1</sup>	-	-	-
<b>Total</b>	<b>248</b>	<b>243</b>	<b>227</b>

<sup>1</sup>Administration personnel belong to shared Group Functions and therefore costs have been allocated to F-Secure. Refer to the section on *Centrally provided shared services* in Note 1 Carve-out principles and accounting principles.

## 8. Audit fees

(EUR 1,000)	2021	2020	2019
<b>WithSecure auditor</b>			
Audit fees, PricewaterhouseCoopers	-134	-126	-122
Audit related fees, PricewaterhouseCoopers	-	-	-9
Other consulting, PricewaterhouseCoopers	-347	-16	-11
<b>Total</b>	<b>-481</b>	<b>-142</b>	<b>-142</b>

The expenses presented in the table above consist of the expenses of the WithSecure auditor, which have been allocated to the carve-out financial statements. PricewaterhouseCoopers Oy has provided permissible non-audit services to entities of WithSecure including the above amounts allocated to F-Secure carve-out financial statements, all of which are related to other services. The non-audit fees in 2021 relate to WithSecure's review and evaluation of different strategic options.

(EUR 1,000)	2021	2020	2019
<b>Other auditors</b>			
Audit fees	-24	-24	-37
<b>Total</b>	<b>-24</b>	<b>-24</b>	<b>-37</b>

## 9. Financial income and expenses

(EUR 1,000)	2021	2020	2019
<b>Financial income</b>			
Exchange gains	266	1,003	470
Interest income from receivables <sup>1</sup>	7	-16	36
Other financial income	3	10	3
<b>Total</b>	<b>276</b>	<b>997</b>	<b>509</b>
<b>Financial expenses</b>			
Exchange losses	-174	-1,952	-686
Other interest expenses	-25	-10	-27
Interest expense from lease liabilities	-9	-8	-9
<b>Total</b>	<b>-208</b>	<b>-1,969</b>	<b>-722</b>

<sup>1</sup> Credit notes related to interest income are presented as negative amounts.

## 10. Income tax

This note presents F-Secure's income tax expenses included in the F-Secure carve-out financial statements. The accounting principles of income taxes are stated in Note 1 Carve-out principles and accounting principles, section *Income tax*.

<b>(EUR 1,000)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Current income tax for the year	9,020	9,124	7,652
Change in deferred tax	128	397	459
<b>Total</b>	<b>9,148</b>	<b>9,520</b>	<b>8,111</b>

A reconciliation of income tax expense in the combined statement of comprehensive income and income tax calculated at the parent company's country of residence income tax rate (20%):

<b>(EUR 1,000)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Result before taxes	43,567	43,682	36,758
Income tax at Finnish tax rate of 20%	-8,713	-8,736	-7,352
Effect of overseas tax rates	-44	-47	-62
Non-deductible expenses/tax-exempt revenue	-263	-341	-239
Recognised tax losses	-	-	-451
Unrecognised tax losses	60	-277	-7
Other	-188	-120	-
<b>Total</b>	<b>-9,148</b>	<b>-9,520</b>	<b>-8,111</b>

Recognised and unrecognised tax losses included in the carve-out financial statements are historically arising from F-Secure's operations in the United States.

## 11. Non-current assets

(EUR 1,000)	Intangible assets			Tangible assets			Total
	Other Intangible	Capitalised development	Advance payments & incomplete development	Machinery & equip.	Right of use assets		
Acquisition cost Dec 31, 2018	350	9,459	2,145	148	-		148
Impact of IFRS 16	-	-	-	-	413		413
<b>Acquisition cost Jan 1, 2019</b>	<b>350</b>	<b>9,459</b>	<b>2,145</b>	<b>148</b>	<b>413</b>		<b>561</b>
Additions	-	-	3,105	6	90		96
Transfers	-	2,799	-2,799	-	-		-
<b>Acquisition cost Dec 31, 2019</b>	<b>350</b>	<b>12,257</b>	<b>2,452</b>	<b>154</b>	<b>503</b>		<b>657</b>
Additions	-	-	1,711	17	198		215
Transfers	-	2,452	-2,452	-	-		-
Impairment	-	-520	-	-	-		-
<b>Acquisition cost Dec 31, 2020</b>	<b>350</b>	<b>14,189</b>	<b>1,711</b>	<b>171</b>	<b>701</b>		<b>872</b>
Additions	-	-	1,643	22	220		242
Transfers	-	2,019	-2,019	-	-		-
Disposals	-	-	-	-	-83		-83
<b>Acquisition cost Dec 31, 2021</b>	<b>350</b>	<b>16,207</b>	<b>1,335</b>	<b>193</b>	<b>837</b>		<b>1,031</b>
<b>Acc. depreciation and amortisation Jan 1, 2019</b>	<b>-136</b>	<b>-7,066</b>	<b>-</b>	<b>-131</b>	<b>-</b>		<b>-131</b>
Depreciation and amortisation for the period	-117	-2,031	-	-12	-234		-246
<b>Acc. depreciation and amortisation Dec 31, 2019</b>	<b>-253</b>	<b>-9,097</b>	<b>-</b>	<b>-144</b>	<b>-234</b>		<b>-377</b>
Depreciation and amortisation for the period	-97	-1,494	-	-8	-193		-201
Amortisation of impaired assets	-	260	-	-	-		-
<b>Acc. depreciation and amortisation Dec 31, 2020</b>	<b>-350</b>	<b>-10,331</b>	<b>-</b>	<b>-152</b>	<b>-426</b>		<b>-578</b>
Depreciation and amortisation for the period	-	-1,303	-	-13	-207		-221
Depreciation of disposals	-	-	-	-	46		46
<b>Acc. depreciation and amortisation Dec 31, 2021</b>	<b>-350</b>	<b>-11,635</b>	<b>-</b>	<b>-165</b>	<b>-587</b>		<b>-752</b>
<b>Book value as at Dec 31, 2019</b>	<b>97</b>	<b>3,160</b>	<b>2,452</b>	<b>10</b>	<b>269</b>		<b>280</b>
<b>Book value as at Dec 31, 2020</b>	<b>-</b>	<b>3,857</b>	<b>1,711</b>	<b>19</b>	<b>275</b>		<b>294</b>
<b>Book value as at Dec 31, 2021</b>	<b>-</b>	<b>4,572</b>	<b>1,335</b>	<b>28</b>	<b>250</b>		<b>278</b>

The book values of the right of use assets presented in the above table relate to cars.

Capitalised development expenses relate to capitalised expenditure for F-Secure's development projects (refer to the section on *Research and development expenditure* included within Intangible assets in Note 1 Carve-out principles and accounting principles). Refer to Note 6, Depreciation, amortisation and impairment for details of the impairment charge in 2020.

## 12. Inventories

The accounting principles of inventories are stated in Note 1 Carve-out principles and accounting principles, section *Inventories*.

<b>(EUR 1,000)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Inventories	51	74	107

The inventory balances included in the carve-out financial statements consist of the packaging used for license key cards.

## 13. Financial assets

This note presents F-Secure's financial assets included in the F-Secure carve-out financial statements. The accounting principles of financial assets are stated in Note 1 Carve-out principles and accounting principles, section *Financial instruments*.

<b>(EUR 1,000)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Related party receivable from WithSecure <sup>1</sup>	12,099	12,174	7,062
Trade receivables	14,890	14,910	16,173
<b>Total</b>	<b>26,990</b>	<b>27,085</b>	<b>23,234</b>

<sup>1</sup>Refer to the section on *Cash management and financing* in Note 1 Carve-out principles and accounting principles

### Trade receivables

<b>(EUR 1,000)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Ageing of trade receivables</b>			
Not due	13,611	13,727	11,843
1–90 days past due	1,292	940	3,388
Over 90 days past due	593	980	1,421
Less allowances for expected credit losses	-606	-737	-479
<b>Total</b>	<b>14,890</b>	<b>14,910</b>	<b>16,173</b>

<b>Movements in loss allowances on trade receivables</b>			
Book value as at Jan 1	737	479	445
Change for the year	-127	362	80
Receivables written off during the year	-4	-105	-46
<b>Book value as at Dec 31</b>	<b>606</b>	<b>737</b>	<b>479</b>

According to management's assessment, the COVID-19 pandemic may have an impact on the liquidity of F-Secure's customers in the short and longer term. In 2020, the expected credit losses according to IFRS 9, Financial Instruments were reassessed to include the increased risk caused by the pandemic. The potential impacts of the pandemic have been reassessed for 2021 and a slight risk element in the allowance for expected credit losses has been maintained.

## 14. Other receivables

(EUR 1,000)	2021	2020	2019
<b>Current receivables</b>			
Other receivables	118	111	125
Prepaid expenses	3,768	2,745	2,539
Accrued income	1,285	550	469
Accrued taxes	329	158	201
<b>Total</b>	<b>5,499</b>	<b>3,564</b>	<b>3,334</b>
<b>Material items included in prepaid expenses</b>			
Prepaid royalty	936	749	766
Grant receivables	242	-120	-51
Other prepaid expenses	2,589	2,116	1,824
<b>Total</b>	<b>3,768</b>	<b>2,745</b>	<b>2,539</b>

## 15. Share-based payment transactions

F-Secure personnel have participated in the incentive plans in WithSecure and the effect of the plans and related expenses attributable to F-Secure for each financial year are presented below. Additionally, the total costs include a portion of share-based payments related to Group Functions which have been allocated to F-Secure carve-out financial statements as part of the centrally provided shared services as described in Note 1, Carve-out principles and accounting principles. Accounting principles for share-based payments are stated in Note 1 Carve-out principles and accounting principles, section *Share-based payment transactions*.

### Share-based incentive programs

During the financial years 2021, 2020 and 2019, WithSecure had several share-based incentive programs as described below. The share-based incentive programs have been established as part of the key employee incentive and retention system within WithSecure. The programs offer the participants a possibility to receive shares of WithSecure as an incentive reward if the financial targets set for the earning period have been achieved. No reward can be given to any participating employee, whose employment has terminated before the end of the lock-up period.

### Share-based incentive program 2017-2019

The share-based incentive program 2017-2019 was established in October 2017. The program's duration was five years and it comprised of three earning periods, 2017-2019 with the grant date in October 2017, 2018-2020 with the grant date in August 2018 and 2019-2021 with the grant date in August 2019. The program ended on December 31, 2021. The value of the WithSecure share at grant date for each program were EUR 4.42 for the 2017-2019 earning period, EUR 3.28 for the 2018-2020 earning period, and EUR 3.09 for the 2019-2021 earning period. The rewards were settled in two phases so that one part was equity settled and the other part was cash settled, the portion to be settled in cash was recognised as a liability and subsequently valued at fair value. On the basis of the program, the maximum total of 4,500,000 shares and a cash payment corresponding to the registration date value of the shares were to be given as reward to employees of WithSecure. The vesting of the rewards for all periods was conditional to the participant remaining in the service of WithSecure. In addition, periods 2017-2019 and 2018-2020 had a performance condition based on WithSecure revenue and the period 2019-2021 based on WithSecure's revenue and the relative total shareholder return of WithSecure's share. The Board approved the metrics, targets and participants on an annual basis for each earning period.

In accordance with the terms of the program, a total of 536,197 shares had vested at the end of the program. The expense arising from the Share-based incentive program 2017-2019 included in the carve-out financial statements was EUR 52 thousand in 2021, EUR 139 thousand in 2020 and EUR 482 thousand in 2019.



## Share-based incentive program 2020-2022

A new share-based incentive program 2020-2022 was established in February 2020. The program's duration is five years and it comprises three earning periods, 2020-2022 with the grant date in April 2020, 2021-2023 with the grant date in April 2021, and 2022-2024 with the grant date in March 2022. Each earning period lasts for three years. The program ends on December 31, 2024. The value of the WithSecure share at grant date for the program were EUR 2.18 for the 2020-2022 earning period, and EUR 3.42 for the 2021-2023 earning period. The rewards will be equity settled. On the basis of the program, the maximum total of 5,950,000 shares corresponding to the registration date value of the shares were to be given as reward. The vesting of the rewards for all periods was conditional to the participant remaining in the service of WithSecure. In addition, the 2020-2022 period has a performance condition based on WithSecure's relative total shareholder return of WithSecure's share and the period 2021-2023 has a performance condition based on the absolute total shareholder return of WithSecure's share. The Board approved the metrics, targets, and participants on an annual basis for each earning period.

In accordance with the terms of the program, no retentions are expected at the date of these carve-out financial statements. The expense arising from the Share-based incentive program 2020-2022 included in the carve-out financial statements was EUR 378 thousand in 2021 and EUR 111 thousand in 2020.

## Restricted share plan

A restricted share plan was established in February 2020. The program's duration is five years. The restricted share plan complements the incentive programs and comprises three earning periods: 2020-2021 with the grant date in October 2020, 2021-2022 with the grant date in August 2021, and 2021-2023 with the grant date in January 2021. The values of the WithSecure share at grant date for each program were EUR 3.42 for the 2020-2021 earning period, EUR 4.04 for the 2021-2022 earning period, and EUR 3.86 for the 2021-2023 earning period. The maximum total of shares to be given is as follows: 300,000 shares on the basis of the earning period 2020-2021, 500,000 shares on the basis of the earning period for 2021-2022, and 500,000 shares on the basis of the earning period for 2021-2023. The rewards will be equity settled.

The vesting of the rewards for all periods is conditional on the participant remaining in the service of WithSecure. The Board approved the metrics, targets and participants on an annual basis for each earning period. In accordance with the terms of the program, no retentions are expected at the date of these carve-out financial statements. The expense arising from the restricted share plan included in carve-out financial statement was EUR 121 thousand in 2021 and EUR 7 thousand in 2020.

The participating employee of a share-based incentive program shall be entitled to the shareholder rights of the reward shares (e.g., dividend) from the moment the shares have been entered into the participating employee's book-entry account.

The costs of equity-settled transactions are measured by reference to the fair value of WithSecure shares at the date on which they are granted. Fair value for performance based programs is based on the WithSecure share price on the grant date. Fair value for market based programs is based on externally accepted valuation methods. The costs of cash-settled transactions are measured by reference to the market price of the WithSecure share on the balance sheet date. WithSecure updates the estimate of the number of equity instruments that will ultimately vest at each reporting date.

## Matching share plan

During 2018, WithSecure launched a matching share plan which was available to all employees. The first retention period began in February 2018 and the matching share plan was extended in November 2018 with a new retention period. The value of the WithSecure share at grant date was EUR 3.97 for the first retention period and EUR 2.65 for the extended period. Every participant was eligible to acquire shares worth a maximum of EUR 10 thousand and after the first quarter of 2020, WithSecure was to give each participant one extra share for each two shares acquired through the plan. The rewards were equity settled, net of tax.

The expense arising from the matching share plan was fully booked by the end of 2019. The cost was measured by the fair value of WithSecure shares at the date on which they were granted net of employee's tax obligation.

The vesting of the rewards was conditional on the participant remaining in the service of WithSecure and on an initial investment. The Board approved the metrics, targets, and participants on an annual basis for each earning period. In accordance with the terms of the program, a total of 121,681 shares had vested at the end of the program. The expense arising from the matching share plan included in carve-out financial statement was EUR 67 thousand in 2019.

## Impacts of share-based payment transactions on carve-out financial statements

(EUR 1,000)	2021	2020	2019
Booked as expense during the period	551	264	562
Booked in invested equity during the period	401	-91	137
Balance sheet liability at the end of the period	263	406	580

## 16. Financial liabilities

F-Secure's interest-bearing liabilities consist of leased cars (see Note 1 Carve-out principles and accounting principles, section Leases and Note 5. Leases).

### Interest-bearing liabilities

(EUR 1,000)	2021	2020	2019
Amount due for settlement within 12 months	136	118	141
Amount due for settlement after 12 months	109	132	121
<b>Total</b>	<b>245</b>	<b>250</b>	<b>262</b>

F-Secure has not withdrawn any external loans during the financial years 2021, 2020 and 2019. In addition, none of the bank loans or other financing agreements of WithSecure have been allocated to F-Secure carve-out financial statements as they are not attributable to F-Secure.

Contractual maturities of financial liabilities 2021	Less				Total contractual cash flows	Carrying amount
	than 1 year	1 to 2 years	2 to 3 years	3 to 4 years		
Lease payments	140	68	33	10	250	245
Trade payables	1,439	-	-	-	1,439	1,439
<b>Total</b>	<b>1,579</b>	<b>68</b>	<b>33</b>	<b>10</b>	<b>1,689</b>	<b>1,684</b>

Contractual maturities of financial liabilities 2020	Less				Total contractual cash flows	Carrying amount
	than 1 year	1 to 2 years	2 to 3 years	3 to 4 years		
Lease payments	128	103	31	6	268	250
Trade payables	1,324	-	-	-	1,324	1,324
<b>Total</b>	<b>1,452</b>	<b>103</b>	<b>31</b>	<b>6</b>	<b>1,592</b>	<b>1,574</b>

Contractual maturities of financial liabilities 2019	Less				Total contractual cash flows	Carrying amount
	than 1 year	1 to 2 years	2 to 3 years	3 to 4 years		
Lease payments	157	65	42	7	271	262
Trade payables	1,291	-	-	-	1,291	1,291
<b>Total</b>	<b>1,448</b>	<b>65</b>	<b>42</b>	<b>7</b>	<b>1,562</b>	<b>1,552</b>

## 17. Financial assets and liabilities

### Classes and categories of financial assets and liabilities and their fair values

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

Level 1: Fair values of financial instruments are based on quoted prices in active markets for identical assets and liabilities

Level 2: Financial instruments are not subject to trading in active and liquid markets. The fair values of financial instruments can be determined based on quoted market prices and deduced valuation.

Level 3: Measurement of financial instruments is not based on verifiable market information, and information on other circumstances affecting the value of the instruments is not available or verifiable.

The fair value hierarchy levels do not apply to F-Secure's financial assets and liabilities included in the carve-out financial statements for the periods presented, based on the nature of the financial assets and liabilities. F-Secure's financial assets and liabilities are presented in the following tables.

2021	Note	Carrying value		TOTAL
		Financial assets	Financial liabilities	
		Amortised cost	Amortised cost	
Related party receivable from WithSecure	13	12,099	-	12,099
Trade receivables	13	14,890	-	14,890
Trade payables	19	-	1,439	1,439

2020	Note	Carrying value		TOTAL
		Financial assets	Financial liabilities	
		Amortised cost	Amortised cost	
Related party receivable from WithSecure	13	12,174	-	12,174
Trade receivables	13	14,910	-	14,910
Trade payables	19	-	1,324	1,324

2019	Note	Carrying value		TOTAL
		Financial assets	Financial liabilities	
		Amortised cost	Amortised cost	
Related party receivable from WithSecure	13	7,062	-	7,062
Trade receivables	13	16,173	-	16,173
Trade payables	19	-	1,291	1,291

### General

Financial risks have been centrally managed by WithSecure in accordance with WithSecure treasury policy. Historically, Consumer Security business has been self-funded with operating cash flow and therefore no external loans have been allocated to the carve-out financial statements. The responsibility for WithSecure's risk management lies with the CEO, management and ultimately with the Board of Directors. The goal of risk management is to identify risks that may hinder the company from achieving its business objectives. The risks related to F-Secure's financial instruments are mainly related to credit risks. Currency risk is monitored also. In connection with the Demerger, F-Secure will establish its own treasury function and develop its own financial risk management policies in order to maintain an effective risk management function.

### Credit risk

F-Secure trades only with recognised, creditworthy third parties. Trade receivables are monitored and collected on an ongoing basis. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables. Trade receivables do not include any major concentrations of credit risk by customer. The top three customers account for 9.3%, 9.2% and 6.1% in 2021 (5.0%, 8.4% and 5.4% in 2020 and 7.8%, 8.6% and 6.3% in 2019) of trade receivables. See Note 13 Financial assets.

## Liquidity risk

Liquidity risk arises if the existing liquidity reserves, net cash flows and available additional financing are not sufficient to cover commitments falling due within the next 12 months. Historically, WithSecure has managed liquidity risk for its businesses by centralising the management of cash and liquid assets and thereby optimising the use of liquid funds for operational and refinancing needs. WithSecure monitors cash balances and cash forecasts across all its businesses to keep liquidity risk at a manageable level. WithSecure's cash and bank balance was at a solid level throughout years 2021, 2020 and 2019. WithSecure has not identified any significant concentrations of liquidity risks in its sources of available financing and accordingly, F-Secure's position is the same.

## Foreign currency risk

F-Secure operates globally and is exposed to a currency risk arising from exchange rate fluctuations against its reporting currency euro. Transaction risk is related to foreign currency transactions in sales and expenses. Translation risk arises from F-Secure's net investments outside the euro zone.

## Transaction risk

Transaction risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The majority of sales is invoiced in Euro. The other main currencies for invoicing are US dollar (USD), the Swedish krona (SEK), the pound sterling (GBP) and the Japanese yen (JPY). The currency risk arising from sales invoicing is reduced by operational expenses arising in the same currencies as the sales invoicing. The transaction risk is managed centrally such that the F-Secure operations mainly have transactions in their legal entities' functional currency and intercompany transactions are carried out in the group entities functional currencies. The main foreign currency risk arises from USD denominated sales invoicing, purchases and intercompany transactions at the WithSecure parent entity level, creating volatility in the financial income and expenses.

<b>Sales in different currencies</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<b>%</b>	<b>%</b>	<b>%</b>
EUR	75	78	78
USD	13	13	13
SEK	4	4	4
GBP	3	2	2
JPY	3	3	1
Other currencies	2	0	1
	100	100	100

The carrying Euro (thousand) amounts of F-Secure's financial assets and liabilities at the reporting date are as follows:

<b>Financial assets</b>	<b>2021</b>	<b>%</b>	<b>2020</b>	<b>%</b>	<b>2019</b>	<b>%</b>
EUR	23,503	87	24,393	90	20,827	89
USD	2,631	10	1,728	6	1,934	8
GBP	455	2	640	2	164	1
Other currencies	401	1	323	1	310	1
	26,989	100	27,084	100	23,234	100
<b>Financial liabilities</b>	<b>2021</b>	<b>%</b>	<b>2020</b>	<b>%</b>	<b>2019</b>	<b>%</b>
EUR	828	49	657	42	732	47
USD	347	21	313	20	176	11
INR	322	19	367	23	410	11
GBP	152	9	179	11	166	26
Other currencies	34	2	58	4	68	4
	1,684	100	1,574	100	1,552	100

Financial liabilities in the above table also include lease liabilities.

The table below demonstrates how sensitive F-Secure's profit before taxes is to foreign exchange rate fluctuations when all other variables are held constant. The open exposure against USD arising from F-Secure trade receivables and trade payables have an impact on F-Secure's profit before taxes. The sensitivity calculation is based on a change of 10% in the Euro exchange rate against the functional currencies F-Secure operates in. There were no other material exposures.

<b>EUR million</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
USD	+/-0.2	+/-0.1	+/-0.1

### Translation risk

Translation risk arises from the F-Secure's net investments in foreign currencies. Translation differences arise from translating balances related to F-Secure operations within WithSecure companies' balance sheets into euro using exchange rates prevailing on the reporting date. Internal loans are granted mainly in subsidiaries' home currencies. According to current policy, WithSecure does not hedge investments made in its subsidiaries.

Foreign exchange translation differences range from EUR 0.1 million to EUR 0.3 million for the periods reported with limited sensitivity to foreign exchange rate fluctuations.

### Capital management

Historically, WithSecure's shareholders' equity is managed as capital. The objective of WithSecure's capital management is to maintain an efficient capital structure that ensures the functioning of business operations and promotes shareholder value. WithSecure's capital structure is reviewed regularly as a part of financial performance monitoring. The capital structure can be adjusted among other things by distribution of dividends, share repurchase or capital repayment. In future, when F-Secure operates on a standalone basis, it will manage its shareholder equity as capital and define its capital management related policies accordingly, including its dividend policy.

## 18. Deferred tax

(EUR 1,000)	2021	2020	2019
<b>Deferred tax assets relate to following:</b>			
Tax losses carried forward	223	411	531
<b>Net deferred tax assets</b>	<b>223</b>	<b>411</b>	<b>531</b>
<b>Change in deferred tax assets:</b>			
<b>Recognised in profit or loss</b>	<b>-188</b>	<b>-120</b>	<b>-451</b>
<b>Deferred tax liabilities relate to the following:</b>			
Accruals and provisions	-227	-287	-11
<b>Net deferred tax liabilities</b>	<b>-227</b>	<b>-287</b>	<b>-11</b>
<b>Change in deferred tax liabilities:</b>			
<b>Recognised in profit or loss</b>	<b>60</b>	<b>-277</b>	<b>-7</b>

At December 31, 2021 F-Secure had EUR 0.2 million losses carried forward that are available to be offset against future taxable profits in the companies in which the losses have been generated. The losses are directly attributable to F-Secure. Expiry dates for the losses carried forward range from 2025 to 2034.

## 19. Other liabilities and provisions

(EUR 1,000)	2021	2020	2019
<b>Non-current liabilities</b>			
Deferred revenue	3,112	3,216	2,911
Other non-current liability	46	281	388
<b>Total</b>	<b>3,158</b>	<b>3,497</b>	<b>3,298</b>
<b>Current liabilities</b>			
Deferred revenue	16,560	15,981	17,620
Trade payables	1,439	1,324	1,291
Other liabilities	1,126	1,654	713
Accrued expenses	6,647	4,949	7,288
<b>Total</b>	<b>25,772</b>	<b>23,908</b>	<b>26,912</b>
<b>Material amounts shown under accrued expenses</b>			
Accrued personnel expenses	5,950	4,584	4,289
Deferred royalty	36	65	139
Other accrued expenses	661	301	2,861
<b>Total</b>	<b>6,647</b>	<b>4,949</b>	<b>7,288</b>
<b>Provisions</b>			
Book value as at 1.1.	-	740	-
Arising during the year	-	-	740
Used during the year	-	-740	-
<b>Book value as at 31.12.</b>	<b>-</b>	<b>-</b>	<b>740</b>

The provision recorded in 2019 relates to restructuring of the Group functions and the costs allocated to F-Secure in the carve-out financial statements. In 2019, WithSecure conducted restructuring and organisational changes that impacted mainly the centrally provided shared services. While there was no direct impact on the Consumer Security Business, the allocated restructuring costs totaled EUR 0.7 million, and were included in administration expenses for the year ended 31 December 2019.

Other liabilities under Current liabilities consist mainly of personnel and VAT related accruals.

## 20. Related party transactions

F-Secure has related party transactions with the parent company WithSecure Corporation, WithSecure Group companies and key management personnel. The key management personnel include WithSecure's CEO and other members of the leadership team and members of the Board of Directors of WithSecure. As F-Secure has not had a separate leadership team and separate Board of Directors during the periods presented, a share of the employee benefits of WithSecure's key management personnel has been allocated to F-Secure and recognised in these carve-out financial statements.

Risto Siilasmaa, one of the Founders of WithSecure, is the Chairman of the Board of Directors of WithSecure since 2006. He held 37.8% of the total outstanding shares and votes in WithSecure as at 31 December 2021. The Extraordinary General Meeting resolving on the Demerger will also elect the members of the Board of Directors of F-Secure for a term commencing upon the completion of the Demerger. The intention is that Risto Siilasmaa will be proposed to be elected as a member of the Board of F-Secure.

Related party transactions and balances with the remaining WithSecure entities are presented in the section *Inter-company transactions and transactions with related parties* in Note 1 Carve-out principles and accounting principles.

The table below presents the portion of the employee benefits of the key employees belonging to WithSecure's management allocated to F-Secure in the carve-out financial statements, as F-Secure has not had a separate management team for the financial years ended 31 December 2021, 2020 and 2019:

### Compensation of key management personnel attributable to F-Secure

<b>(EUR 1,000)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Wages and other short-term employee benefits	823	664	817
Pensions	139	103	142
Share-based payments	73	133	122
<b>Total</b>	<b>1,035</b>	<b>900</b>	<b>1,081</b>

As F-Secure did not operate as a stand-alone public company during the financial periods presented, the amounts presented above are not indicative of the compensation of F-Secure's key management personnel in the future.

The share allocated to F-Secure of share-based payments granted to the key management personnel is included in the share-based payments expense of the share plans (refer to Note 15 Share-based payments transaction). In addition, the rest of the board of directors' expenses allocated to F-Secure in the carve-out financial statements were as follows: EUR 54 thousand in 2021, EUR 53 thousand in 2020 and EUR 46 thousand in 2019.

## 21. Subsequent events

On February 17, 2022, the Board of Directors of WithSecure Corporation announced its decision to pursue the separation of its Consumer security business and approved a demerger plan according to which all assets and liabilities of the Consumer Security Business shall be transferred to a company to be incorporated in connection with the partial demerger and to be named F-Secure Corporation.

WithSecure will hold the EGM concerning the Demerger on May 31, 2022. The EGM shall resolve on the Demerger and other Board proposals based on the demerger plan.

The Board of Directors of WithSecure proposes to the EGM of shareholders that Pertti Ervi be elected as the Chairman and Risto Siilasmaa, Petra Teräsaho, Thomas Jul, Madeleine Lassoued and Calvin Gan as members of the Board of Directors of F-Secure.

The Board of Directors of WithSecure have appointed the following members of F-Secure's Management Team whose appointment will take effect on the effective date of the Demerger: Timo Laaksonen to be the President and Chief Executive Officer of F-Secure, Antero Norkio as Senior Vice President, Corporate Development, Paul Palmer as Senior Vice President, Partner Business, Toby White as the Chief Technology Officer, Sari Somerkallio as the Chief Financial Officer, Kitta Virtavuo as the Chief People & Culture Officer, Richard Larcombe as the Chief Marketing Officer, Perttu Tynkkynen as Senior Vice President, Direct Business, Mikko Kestilä as Vice President, Operations, Steven Offerein as Vice President, Portfolio Management, Michal Iwan as Vice President, Security Suite Business Team and Dmitri Vellikok as Vice President, Network Security Business Team.

WithSecure has negotiated on behalf of F-Secure, a revolving credit facility with Nordea Bank Abp amounting to EUR 10 million with a maturity of three years and with an equity ratio-based margin grid. Financial covenants include Net Debt to EBITDA and an equity ratio and other standard covenants to similar unsecured transactions. The credit facility agreement was signed by Nordea Bank Abp in May 2022. The revolving credit facility will transfer to F-Secure on the Effective Date.

F-Secure has negotiated sublease agreements with WithSecure for certain office premises. The leases will be recognised in F-Secure financial information according to IFRS 16, when a contractual obligation after the contemplated demerger is formed. Additionally, F-Secure is negotiating a lease agreement for one new office premise.

WithSecure has started to implement pre-structuring procedures as described in the Demerger plan to form the future legal standalone group structure for F-Secure Group. The pre-structuring activities are estimated to be completed during June 2022.



# Signing of the Carve-out Financial Statements

The Board of Directors and CEO

Helsinki, May 13, 2022

Risto Siilasmaa  
Chairman

Pertti Ervi

Päivi Rekonen

Tuomas Syrjänen

Keith Bannister

Kirsi Sormunen

Tony Smith

Juhani Hintikka  
CEO



## Auditor's Report (Translation of the Finnish Original)

To the Board of Directors of WithSecure Corporation

### Report on the Audit of the set of carve-out financial statements

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#### Opinion

In our opinion each carve-out financial statement included in the set of carve-out financial statements give a true and fair view of F-Secure's combined financial position and combined financial performance and combined cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with carve-out principles described in the notes of the set of carve-out financial statements.

#### What we have audited

We have audited the carve-out financial statements for the years ended 31 December 2021, 31 December 2020 and 31 December 2019 ("set of carve-out financial statements"). The set of carve-out financial statements have been prepared for the purpose to present an arrangement where WithSecure Corporation's consumer business will transfer in a partial demerger from WithSecure Corporation to a new company that will be established in the demerger, F-Secure Corporation ("F-Secure"). Each carve-out financial statement included in the set of carve-out financial statements includes a combined balance sheet, a combined comprehensive income statement, a combined statement of changes in equity and a combined cash flow statements and notes to the carve-out financial statements, including summaries of significant accounting principles of the carve-out financial statements.

The set of carve-out financial statements has been prepared solely for the inclusion in F-Secure's offering circular described in the notes to the set of carve-out financial statements, which WithSecure Corporation will prepare.

This auditor's report is provided for inclusion in the above-mentioned offering circular only.

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#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under these standards are described in more detail in the Auditor's Responsibilities for the Audit of carve-out 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 are independent of F-Secure with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### Emphasis of matter – principles applied in preparing the carve-out financial statements

We draw attention to the note 1. Carve-out principles and accounting principles, basis of preparation in the set of carve-out financial statements. The note includes a description of the principles applied with regards to the designation of assets and liabilities, as well as revenues and costs and cash flows directly attributable to F-Secure. In addition, the note explains that F-Secure has not formed a separate legal group of entities during the years presented. Thus, the separate carve-out financial statements included in the set of carve-out financial statements are not necessarily indicative of the financial position, financial performance and cash flows of F-

Secure if it had operated as a separate legal group of entities during the financial years presented, nor future performance. Our opinion is not modified in respect of this matter.

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### Responsibilities of the Board of Directors and the Managing Director for the carve-out Financial Statements

WithSecure Corporation's Board of Directors and Managing Director are responsible for the preparation of each carve-out financial statement included in the set of carve-out financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with carve-out principles described in the notes of the set of carve-out financial statements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of carve-out financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the carve-out financial statements, the Board of Directors and the Managing Director are responsible for assessing F-Secure's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The carve-out financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate F-Secure or to cease operations, or there is no realistic alternative but to do so.

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### Auditor's Responsibilities for the Audit of the carve-out Financial Statements

Our objectives are to obtain reasonable assurance about whether the carve-out financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ISA 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 carve-out financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the carve-out financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of F-Secure's internal control.
- Evaluate the appropriateness of accounting principles applied in the carve-out financial statements and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on F-Secure's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the carve-out financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause F-Secure to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the carve-out financial statements, including the disclosures, and whether the carve-out financial statements represent the underlying transactions and events so that the carve-out financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki 13 May 2022

**PricewaterhouseCoopers Oy**  
Authorised Public Accountants

Janne Rajalahti  
Authorised Public Accountant (KHT)