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# Financial statement release

## 1 January - 31 December 2023

# First break-even and cash-flow positive quarter since the demerger

## Financial statement release 1 January – 31 December 2023

### Highlights of October – December 2023 (“fourth quarter”)

- Annual Recurring Revenue (ARR)<sup>1</sup> for cloud products<sup>2</sup> increased by 8% to EUR 86.8 million (EUR 80.2 million)
- Cloud ARR increased from previous quarter by 7%
- Net Revenue Retention for cloud products was 99%
- Revenue from cloud products increased by 13% to EUR 21.2 million (EUR 18.7 million)
- Revenue from on-premise products decreased by 10% to EUR 5.9 million (EUR 6.6 million)
- Revenue from cyber security consulting decreased by 2% to EUR 10.8 million (EUR 11.1 million)
- Adjusted EBITDA was EUR 0.2 million (EUR -6.0 million)
- Items affecting comparability (IAC) of EBITDA were EUR -5.6 million (EUR +0.9 million). Of this, approximately EUR -4.5 million relates to the restructuring announced in the fourth quarter of 2023 and EUR -1.0 to strategic projects.

### Highlights of January – December 2023

- Revenue from cloud products increased by 19% to EUR 81.9 million (EUR 68.7 million)
- Revenue from on-premise products decreased by 10% to EUR 24.4 million (EUR 27.2 million)
- Revenue from cyber security consulting decreased by 6% to EUR 36.6 million (EUR 38.8 million)
- Adjusted EBITDA was EUR -16.1 million (EUR -23.2 million – Estimated comparable EBITDA<sup>3</sup>)
- Items affecting comparability (IAC) of EBITDA were EUR -9.0 million (EUR -3.3 million). Of this, EUR -8.9 million related to restructuring activities of the first and last quarter, EUR +1.4 million to valuation of earn-out from previously divested businesses and EUR -1.4 million to strategic projects.

*WithSecure completed the separation of its Consumer security business into an independent company F-Secure through a partial demerger on 30 June 2022. In this report, WithSecure is presenting consumer security business until its demerger in 2022 as Discontinued operations under IFRS 5. Previous income statements are restated accordingly. For full disclosure of demerger-related presentation, please refer to Note 7 (Discontinued operations).*

*Figures in this report are unaudited. Figures in brackets refer to the corresponding period in the previous year, unless otherwise stated. Percentages and figures presented may include rounding differences and might therefore not add up precisely to the totals presented.*

<sup>1</sup> Annual recurring revenue (ARR) of cloud products is calculated by multiplying monthly recurring revenue of last month of quarter by twelve. Monthly recurring revenue includes recognized revenue within the month excluding non-recurring revenue

<sup>2</sup> Cloud products are Elements, Cloud Protection for Salesforce and Managed Services

<sup>3</sup> Estimated comparable EBITDA is used for previous periods to ensure comparability. For explanation, see Note 6 (Reconciliation of alternative performance measures)

# Outlook for 2024

Annual recurring revenue (ARR) for Elements Cloud products and services will grow by 10–20 % from the end of 2023. At the end of 2023, Elements Cloud ARR was EUR 78.4 million.

Revenue from Elements Cloud products and services will grow by 10–16 % from previous year. Previous year revenue from Elements Cloud was EUR 73.7 million.

Total revenue of the group will grow by 6–12 % from previous year. Previous year revenue of the group was EUR 142.8 million.

Adjusted EBITDA of full year 2024 will be positive.

## Bridge to 2023 Cloud revenue

Cloud revenue, as published in financial year 2023, includes Elements Cloud products and services and Cloud Protection for Salesforce (CPSF) product. The split of 2023 revenue is the following:

	Q1 23	Q2 23	Q3 23	Q4 23	2023 total
Elements Cloud products and services	17.9	18.1	18.5	19.2	73.7
CPSF	2.0	2.2	2.0	2.1	8.2
<b>Cloud revenue (published)</b>	<b>19.9</b>	<b>20.3</b>	<b>20.5</b>	<b>21.2</b>	<b>81.9</b>

# CEO Juhani Hintikka



In the last quarter of 2023, WithSecure reached its first ever profitable and cash-flow positive quarter: fourth quarter adjusted EBITDA was EUR 0.2 million (EUR -6.0 million) and operating cash flow EUR 2.7 million (EUR -3.5 million). Improving profitability further will be a focus area for us also in 2024. We are pleased to see the transformation journey starting to deliver results.

WithSecure met its financial outlook, with the exception of our Annual Recurring Revenue (ARR) growth target. Total revenue of the fourth quarter grew by 4 % from previous year and was EUR 38 million (EUR 36.4 million). Cloud revenue grew by 13 % and was EUR 21.2 million (EUR 18.7 million). In cloud ARR, we did not reach a similar stretch as in the end of 2022, and the ARR growth remained at 8 % year-on-year.

Cloud revenue grew in all major products year-on-year. Of our main markets, revenue grew in most geographic regions. We continued a strong development in France and DACH (Germany, Austria, Switzerland) area. In UK and some countries in Nordics, the growth development did not meet our expectations.

The Cloud Protection for Salesforce revenue grew from previous year, and several international enterprise customers have selected the product to protect their Salesforce content. As part of the strategy update in the fourth quarter, we announced that a strategic review will be initiated, to explore alternatives for accelerating the CPSF business.

Cyber security consulting revenue decreased by 2% to EUR 10.8 million (EUR 11.1 million). The revenue and profitability improvement from previous quarters of 2023 are partly resulting from the systematic efforts taken by the team during 2023, to improve coordination between customer demand and resourcing of the work. As part of the updated strategy, we announced that the cyber security consulting will be established as an independent unit serving large enterprise customers in US, Europe, and Asia. It will continue to build a world-leading offensive

security consultancy. A process has been initiated to explore strategic options for the cyber security consulting business.

In October, we announced an updated company strategy. Going forward, WithSecure will focus on serving mid-market customers with the Elements Cloud portfolio and scalable co-security services through the partner channel. Value adding partners are key to reaching the mid-market customers, and the updated strategy enables WithSecure to focus on and further develop its core differentiators: Elements Cloud technology platform, co-security services and the comprehensive partner approach the company is known for. In 2024, we plan to introduce new Exposure management capabilities in the Elements portfolio and leverage AI to a larger extent than before. I believe that the combination of our own in-house software, complemented by world-class supporting services that will become available to all our partners and customers according to their needs, will be a strong differentiating factor for WithSecure in the cyber security market.

Since the demerger of F-Secure in June 2022, WithSecure has gone through a large transformation of its strategy, structure, and financials. We will work hard in 2024 to return the company on the strong growth path, while improving the profitability towards the targeted level.

# Financial performance

(mEUR)	10-12/2023	10-12/2022	Change %	1-12/2023	1-12/2022	Change %	(mEUR)	10-12/2023	10-12/2022	Change %	1-12/2023	1-12/2022	Change %
<b>Revenue</b>	<b>38.0</b>	<b>36.4</b>	<b>4%</b>	<b>142.8</b>	<b>134.7</b>	<b>6%</b>	<b>EBITDA</b>	<b>-5.4</b>	<b>-5.1</b>	<b>-5%</b>	<b>-25.1</b>	<b>-29.9</b>	<b>16%</b>
Cloud-based security products	21.2	18.7	13%	81.9	68.7	19%	of revenue, %	-14.1 %	-14.0 %		-17.6 %	-22.2 %	
On-premise security products	5.9	6.6	-10%	24.4	27.2	-10%	Depreciation & amortization, excluding PPA <sup>3</sup>	-2.6	-2.7	-1%	-10.2	-10.1	-1%
Cyber security consulting	10.8	11.1	-2%	36.6	38.8	-6%	Impairment	0.0			-6.2		
Cost of revenue	-10.4	-12.6	17%	-42.6	-47.0	9%	PPA amortization	-0.6	-0.6	0%	-2.4	-2.5	4%
Gross Margin	27.6	23.8	16%	100.2	87.7	14%	<b>EBIT</b>	<b>-8.6</b>	<b>-8.4</b>	<b>-3%</b>	<b>-43.9</b>	<b>-42.6</b>	<b>-3%</b>
of revenue, %	72.7 %	65.4 %		70.2 %	65.1 %		of revenue, %	-22.7 %	-23.0 %		-30.7 %	-31.6 %	
Other operating income <sup>1</sup>	0.4	0.7	-42%	1.4	2.3	-39%	<b>Estimated comparable EBITDA</b>	<b>0.2</b>	<b>-6.0</b>	<b>103%</b>	<b>-16.1</b>	<b>-23.2</b>	<b>31%</b>
Operating expenses <sup>1</sup>	-27.8	-30.5	9%	-117.7	-116.7	-1%	of revenue, %	0.5 %	-16.5 %		-11.3 %	-17.3 %	
Sales & Marketing	-15.7	-21.1	26%	-68.1	-79.1	14%	<b>Adjusted EBIT<sup>2</sup></b>	<b>-2.4</b>	<b>-8.7</b>	<b>72%</b>	<b>-26.3</b>	<b>-36.8</b>	<b>28%</b>
Research & Development	-8.8	-6.7	-31%	-36.3	-28.4	-28%	of revenue, %	-6.4 %	-23.8 %		-18.4 %	-27.3 %	
Administration	-3.3	-2.6	-24%	-13.3	-9.2	-44%	<b>Result for the period (Discontinued operations)</b>					<b>468.5</b>	<b>100%</b>
<b>Adjusted EBITDA<sup>2</sup></b>	<b>0.2</b>	<b>-6.0</b>	<b>103%</b>	<b>-16.1</b>	<b>-26.7</b>	<b>40%</b>							
of revenue, %	0.5 %	-16.5 %		-11.3 %	-19.8 %								
Items affecting comparability (IAC)													
Other items	-1.0			-1.4									
Restructuring	-4.5			-8.9									
Divestments		1.2	100%	1.4	-1.5	193%							
Demerger		-0.3	100%	-1.8									

1 Excluding Items Affecting Comparability (IAC) and depreciation and amortization. Q3 2022 onwards excludes also costs of services provided to F-Secure under TSA and equivalent income charged for TSA services.

2 Adjustments are material items outside the normal course of business associated with acquisitions, integration, restructuring, gains or losses from sales of businesses and other items affecting comparability. For reconciliation and a breakdown of adjusted costs, see Note 6 (Reconciliation of alternative performance measures)

3 Amortization of intangible assets from business combinations (PPA, purchase price allocation, related amortizations).

(mEUR)	10-12/2023	10-12/2022	Change %	1-12/2023	1-12/2022	Change %
Earnings per share, (EUR) (continuing operations) <sup>1</sup>	-0.07	-0.04	-49%	-0.23	-0.22	-5%
Deferred revenue				66.9	68.6	-2%
Cash flow from operations before financial items and taxes	2.7	-3.5	177%	-19.9	-14.1	-40%
Cash and cash equivalents				36.6	55.1	-34%
ROI, %	-27.5 %	-22.5 %	-22%	-30.5 %	-30.5 %	0%
Equity ratio, %				73.3 %	79.0 %	-7%
Gearing, %				-22.2 %	-39.9 %	44%
Personnel, end of period				1,087	1,295	-16%

1 Based on the weighted average number of outstanding shares during the period 175,593,924 (1-12/2023). Earnings per share has been recalculated for comparative periods using average weighted share amount after share issues.

# Market overview

Digital services are an essential component of society that must always work. Disruptions of the digital services can cause serious damage to society, the well-being of its members, and business operations. The war in Ukraine caused some exceptional consequences to the cyber security landscape, such as highly visible governmental activities, as well as organized civilian response. New situations can lead to uncontrolled cyber security threats that can be difficult to predict. In the new era of greater uncertainty, cyber resilience of organizations has become more important than ever. While advanced cyber-attacks on large enterprises continue, criminals are also targeting smaller businesses and supply chains by taking advantage of vulnerabilities in popular software as well as compromised credentials. Apart from activities carried out by criminals, governments can also use vulnerabilities and malware for surveillance purposes. With the increasingly complex IT environments and new ways of working, such as remote work and bring-your-own-device, the attacks are evolving towards difficult-to-detect fileless techniques and identity-based attacks, rather than malware deployment. Attacks against organizations can go undetected for months, and widespread security skills shortage is holding back organizations' readiness to detect and respond to cyber-attacks.

These trends are expected to continue to drive an increasing demand for detection and response products and services. As part of improved cyber resilience, threat exposure management is becoming more important than ever to proactively reduce the digital attack surface. As organizations are shifting to cloud, they seek managed security services and cloud-based delivery models to help them protect

hybrid workforce and increased use of cloud services. It is also becoming increasingly important that the selected cyber security solutions consolidate point solutions into security platforms, integrate with the existing solutions, and ensure visibility across entire IT and cloud environments. Organizations are increasingly turning into outsourcing of security capabilities to address skills and resource shortages, while stricter position on data protection, particularly in Europe, is driving the demand of alternatives to globally delivered managed security services. This will increase the need for proven services from established cyber security vendors, who can respect the data restrictions of a particular region.

As artificial intelligence (AI) continues to advance, both defenders and attackers are expected to employ more sophisticated techniques, shaping the landscape of cyber threats.

AI-based cyber threats will refer to malicious activities where AI techniques are used to exploit vulnerabilities in computer systems. This includes the use of AI algorithms to automate and enhance various cyber attacks. Examples of AI-based threats include advanced phishing attacks using machine learning to create convincing email content, automated and adaptive malware that evolves to evade traditional defenses, and AI-driven social engineering attacks that leverage sophisticated algorithms to manipulate human behavior.

AI will also significantly impact cybersecurity by enhancing threat detection, automating response mechanisms, and improving overall defense strategies. Machine learning algorithms can analyze

vast amounts of data to identify patterns and anomalies, enabling quicker identification of potential threats. Additionally, AI-driven tools enhance the efficiency of cybersecurity professionals by automating routine tasks and providing real-time insights, ultimately strengthening the resilience of digital systems against evolving cyber threats.

# October-December 2023 ("fourth quarter")

## Revenue

WithSecure revenue in the fourth quarter increased by 4% to EUR 38.0 million (EUR 36.4 million).

## Cloud products

Revenue from cloud products (Elements, Managed Services, Cloud Protection for Salesforce) grew by 13% to EUR 21.2 million (EUR 18.7 million).

Annual Recurring Revenue (ARR) for cloud products was EUR 86.8 million. The ARR grew by 8.3 % year-on-year.

Elements is a modular platform, with currently 5 modules that the customer can select. The largest driver of growth is the Endpoint Detection and Response (EDR) module that is typically acquired by the customer to complement the Endpoint Protection (EPP) product. Also, other modules (Vulnerability Management and Collaboration protection for Microsoft 365) are contributing to the revenue growth. The latest addition to the platform is the Cloud Security Posture Management (CSPM) that provides automated identification and remediation of risks related to cloud infrastructures.

Cloud revenue also includes Managed Services revenue, particularly the Countercept MDR (Managed Detection and Response), as well as revenue for Cloud Protection for Salesforce. Cloud revenue growth rate is impacted by the economic slowness, particularly in Europe, as well as the competition in the cyber security market. Despite the lower than expected growth rates, cloud revenue grew year-on-year in all products. France and DACH area continued

strong revenue performance, while the UK and Nordics remained below expectations.

## On-premise products

Revenue from on-premise product WithSecure Business Suite (and other legacy products) declined by 10% to EUR 5.9 million (EUR 6.6 million). Decrease of on-premise revenue is part of WithSecure's strategic transition to cloud-based environments. The customers are increasingly switching to cloud-based products, leading to a decline in the on-premise revenue over time.

## Cyber security consulting

Revenue from cyber security consulting declined by 2% to EUR 10.8 million (EUR 11.1 million). In the fourth quarter, cyber security consulting improved its utilization rates. This led to a strengthening revenue and improving profitability of the consulting business.

## Gross margin

WithSecure gross margin improved to EUR 27.6 million (EUR 23.8 million) and was 72.7% of revenue (65.4%). The improvements of gross margin are related to improving efficiency of the cyber security consulting unit, as well as the continuous optimization of data processing expenses.

## Operating expenses

Operating expenses (excluding depreciation, amortization and impairment and items impacting comparability) were EUR 27.8 million (EUR 30.5 million). Comparative figures of the previous year are impacted by the work volumes related to F-Secure demerger. The reduction of expenses resulting from the restructuring activities of the first half of 2023 is visible in the Sales and marketing expense. Depreciation and amortization were EUR 2.6 million (EUR 2.7 million) and amortization of PPA was EUR 0.6 million (EUR 0.6 million).

## Profitability

Adjusted EBITDA was EUR 0.2 million (EUR -6.0 million). Items affecting comparability (IAC) of EBITDA were EUR -5.6 million (EUR +0.9 million). Of this, approximately EUR -4.5 million relates to the restructuring announced in the fourth quarter of 2023. EBITDA was EUR -5.4 million (EUR -5.1 million).

## Cash flow

Cash flow from operating activities before financial items and taxes was EUR 2.7 million (EUR -3.5 million). Apart from the operative result for the period, cash flow was driven by timing of individually large items in net working capital. Cash flow from operating activities was 1.7 million (EUR -1.9 million).

Cash flow from investments EUR 6.6 million (EUR -15.8 million) includes returned investments in corporate commercial papers and short-term deposits.



# January – December 2023

## Revenue

WithSecure revenue in January – December increased by 6% to EUR 142.8 million (EUR 134.7 million).

## Cloud products

Revenue from cloud products (Elements, Managed services, Cloud Protection for Salesforce) grew by 19% to EUR 81.9 million (EUR 68.7 million).

## On-premise products

Revenue from on-premise product WithSecure Business Suite declined by 10% to EUR 24.4 million (EUR 27.2 million).

## Cyber security consulting

Revenue from cyber security consulting declined by 6% to EUR 36.6 million (EUR 38.8 million).

## Gross margin

WithSecure gross margin improved to EUR 100.2 million (EUR 87.7 million) and was 70.2% of revenue (65.1%). The improvements of gross margin are related to improving efficiency of the cyber security consulting unit, as well as the continuous optimization of data processing expenses.

## Operating expenses

Operating expenses (excluding depreciation, amortization and impairment and items impacting comparability) were EUR 117.7 million (EUR 116.7 million).

Depreciation and amortization was EUR 10.2 million (EUR 10.1 million), amortization of PPA was EUR 2.4 million (EUR 2.5 million) and impairment was EUR 6.2 million (EUR 0.0 million). For breakdown of depreciation, amortization, and impairment, see Note 4 (Intangible and Tangible assets).

## Profitability

Adjusted EBITDA was EUR -16.1 million (EUR -23.2 million of Estimated comparable EBITDA<sup>3</sup>).

Items affecting comparability (IAC) of EBITDA were EUR -9.0 million (EUR -3.3 million). Of this, EUR -8.9 million related to restructuring activities of the first and last quarter, EUR +1.4 million to valuation of earn-out from previously divested businesses and EUR -1.4 million to strategic projects.

EBITDA was EUR -25.1 million (EUR -29.9 million). Comparability of previous year's figure is impacted by the operating expenses related to F-Secure operations. For full disclosure of comparable profitability figures, refer to Note 6 (Reconciliation of alternative performance measures).

## Cash flow

Cash flow from operating activities before financial items and taxes was EUR -19.9 million (EUR -14.2 million including discontinued operations). Cash flow was driven by negative operative result for the period and payments related to share-based and short-term incentive programs and restructuring. Cash flow from operating activities was -23.1 million (EUR -20.2 million including discontinued operations).

Cash flow from investments EUR 11.3 million (EUR 19.5 million) includes returned investments in corporate commercial papers and short-term deposits.

## Discontinued operations (in 2022)

Result of the discontinued operations of 2022 includes the revenue and expenses directly derived from the Consumer security (F-Secure) business, demerged on 30 June 2022. For full disclosure of demerger-related presentation, please refer to Note 7 (Discontinued operations).

# Financing, capital structure and capital expenses

(mEUR)	10-12/2023	10-12/2022	Change %	1-12/2023	1-12/2022	Change %
Cash and cash equivalents				36.6	55.1	-34%
Financial assets at amortized cost					14.0	100%
Lease liabilities, non-current				4.8	4.8	1%
Other loans, non-current				3.6	3.6	-1%
Lease liabilities, current				5.4	4.8	11%
Capital expenditure, excl. lease assets	0.2	1.8	-86%	5.2	4.8	7%
Capitalized development expenses	0.6	0.7	-12%	3.0	2.4	23%
ROI, %	-27.5 %	-22.5 %	-22%	-30.5 %	-30.5 %	0%
Equity ratio, %				73.3 %	79.0 %	-7%
Gearing, %				-22.2 %	-39.9 %	44%

Liquidity remained at a solid level, but the operative loss and annual payments for incentives and restructuring expenses have impacted the full year's cash flow. At the end of the quarter, the company had liquid assets in total of EUR 36.6 million (EUR 69.1 million) and an unused EUR 20 million revolving credit facility (RCF). Cash and cash equivalents include cash in bank accounts and short-term investments in money market instruments with maturity of less than three months.

# Organization and leadership

## Personnel

At the end of the quarter, WithSecure had 1,087 employees, which shows a net decrease of 60 employees (5%) since the previous quarter-end (1,147 on Q3 2023), and a net decrease of 208 employees (16%) compared to the end of December 2022 (1,295). The change during the fourth quarter of 2023 is partly due to restructuring and other savings, and partly due to normal attrition.

## Global Leadership team

In October 2023, WithSecure announced strategy changes impacting the operating model of the company. Cyber security consulting will operate as a separate business unit, led by Scott Reininga. Other parts of the Solutions business unit will be integrated to other units of the company.

In December, Chief Technology Officer Tim Orchard announced that he will leave the company. CTO role will be included in the Chief Product Officer role going forward.

All changes became applicable on 1 January 2024.

At the end of the quarter, the composition of the Global Leadership Team was the following:

Juhani Hintikka (President and CEO, acting CCO), Christine Bejerasco (Chief Information Security Officer), Charlotte Guillou (Chief People Officer), Tom Jansson (Chief Financial Officer), Antti Koskela (Chief Product Officer), Tim Orchard (Chief Technology Officer), Scott Reininga (EVP, Solutions, became EVP, Consulting on 1 January 2024), Tiina Sarhimaa (Chief Legal Officer) and Ari Vanttinen (Chief Marketing Officer).

Lasse Gerdt joined the Global Leadership Team on 1 January 2024 as Chief Customer Officer.

# Shares, Shareholders' Equity, Own Shares

In the fourth quarter, 10.1 million (28.0 million) of WithSecure shares were traded on Nasdaq Helsinki. The highest trading price was EUR 1.08 (1.71), and the lowest price was EUR 0.74 (1.27). The volume weighted average price of WithSecure shares in the fourth quarter of 2023 was EUR 0.92 (1.43).

The share's closing price on the last trading day of the quarter, 29 December 2023, was EUR 1.04 (1.37). Based on that closing price, the market value of the company's shares, excluding the treasury shares held by the company, was EUR 182 million (EUR 240 million).

The company has market-based long-term share-based incentive programs for key employees. Information about the programs is disclosed in Note 3 (Share-based payments) and Annual Report of 2023.

# Annual General Meeting

The Annual General Meeting (AGM) of WithSecure Corporation was held on 21 March 2023. The meeting confirmed the financial statements for the financial year 2022 and reviewed the remuneration report for governing bodies. The members of the Board and the President and CEO were discharged from liability.

The meeting approved the proposal of the Board of Directors that no dividend will be paid for the financial year 2022 due to the loss-making net result of the year. The company will focus on funding its growth and developing the business.

The AGM decided that the annual remuneration of the Board of Directors will remain unchanged: EUR 80,000 for the Chair of the Board of Directors, EUR 48,000 for the Committee Chairs, EUR 38,000 for the members of the Board of Directors, and EUR 12,667 for the member of the Board of Directors employed by the Company. Approximately 40% of the remuneration will be paid as shares in the Company.

The AGM decided that the number of Board members shall be seven. The following current Board members were re-elected: Risto Siilasmaa, Keith Bannister, Päivi Rekonen, Tuomas Syrjänen and Kirsi Sormunen. Ciaran Martin and Camilla Perselli, who belongs to the personnel of WithSecure Corporation, were elected as new members of the Board of Directors.

The Board elected Risto Siilasmaa as the Chair of the Board. Tuomas Syrjänen was nominated as the Chair of the Personnel Committee and Risto Siilasmaa and Päivi Rekonen as members of the

Personnel Committee. Kirsi Sormunen was nominated as the Chair of the Audit Committee and Keith Bannister, Ciaran Martin and Camilla Perselli were nominated as members of the Audit Committee.

Audit firm PricewaterhouseCoopers Oy was re-elected as Auditor of the Company. Mr. Jukka Karinen, APA, acts as the responsible auditor.

The AGM authorised the Board of Directors to decide upon the repurchase of a maximum of 17,459,800 of the Company's own shares in total. The maximum amount equals to approximately 10% of all the shares in the Company, in one or several tranches with the Company's unrestricted equity. The authorization is valid until the conclusion of the next Annual General Meeting, in any case no later than until 30 June 2024.

The AGM authorised the Board of Directors to decide on the issuance of a maximum of 17,459,800 shares in total through a share issue as well as by issuing options and other special rights entitling to shares pursuant to chapter 10, section 1 of the Companies Act in one or several tranches. The maximum number of shares corresponds to 10% of all shares in the Company. The authorisation concerns both the issuance of new shares and the transfer of treasury shares held by the Company. The authorisation is valid until the conclusion of the next Annual General Meeting, in any case until no later than 30 June 2024.

The AGM decided to change Article 10 of the Company's Articles of Association concerning the Annual General Meeting be amended to allow for the General Meeting to be held completely without a meeting venue as a remote meeting.

Full disclosure of the AGM resolutions, as well as the organizing meeting of the Board of Directors held on the same day, has been provided in the Stock Exchange release of 21 March 2023.

# Risks and uncertainties

WithSecure operations are subject to risks and uncertainties that can impact the business performance, profitability, financial position, market share, reputation, share price or the achievement of its short-term and long-term objectives. The risks and uncertainties described here should not be considered as an exhaustive list.

The objective of WithSecure risk management is to identify various risks that could have an impact on the business, and to implement appropriate measures to mitigate the risks. In assessing the risks, WithSecure considers both the probability and the potential impact of each risk, as well as the resources required to manage and mitigate the risk. Ensuring business continuity in all situations is an essential part of the risk management. WithSecure risk management principles and process are described in the Corporate Governance Statement of 2023.

## Risks related to cyber security market

### Market consolidation

The cyber security market is scattered to many providers of software and services. The large market participants are investing heavily in the development of embedded security and winning market share. Market consolidation is considered a likely development. WithSecure must succeed in its chosen strategy as well as in finding the right acquisition targets, and in integrating the acquired companies into its operations. As one of the smaller players in the market, the company must always keep itself relevant to the customers, by ensuring both up to date technology and good quality, timely services.

### Geopolitical risks

Geopolitical uncertainties, such as the war in Ukraine, have significantly increased the risk of unexpected disruptions of the world economy and security stability. Likelihood of acts of terror impacting societal infrastructures has increased with this development. Any such events could also impact WithSecure's ability to run its business. The increasing activity of nation-state cyber criminals will continue to impose business interruptions also during 2024.

For corporate responsibility reasons, WithSecure is not conducting business with any Russian or Belarussian parties, even in cases where it would be permitted by the export control regulations.

WithSecure operates in different countries and is therefore exposed to country risks of each location. Changing circumstances and regulation in different operating countries is exposing WithSecure to risks, such as unfavorable tax treatment or export controls.

### Environmental risks

As part of the sustainability materiality analysis, WithSecure has assessed the impact of the environmental risks, especially climate change, on its business. The company is a provider of software and services, and as such not significantly impacted by the environmental risks. Business continuity planning covers scenarios related to unavailability of resources due to natural disasters or other hazards.

## Risks related to WithSecure operations and products

### Attracting and retaining talent

Unavailability of skilled personnel may result in inability of providing high-quality products and services to customers. Competition for skilled personnel is increasing and there is structural undersupply of talent in the cyber security industry. WithSecure is continuously developing and adopting new ways of recruitment, building its own talent and knowledge pools, and investing in training and development of personnel.

### Partners

WithSecure's cyber security products and services market model is vastly depending on functioning partner channel and network. It is critical for WithSecure to ensure it has the right partners in the regions and that the partners receive the needed support and that WithSecure's cyber security offering is made available according to the local demand. Not being able to serve the needs of the partners needs could result to negative impact on WithSecure's business performance.

### Product risks

WithSecure operates in a highly competitive market. Cybercrime is growing fast and becoming more innovative and professional. Large vendors make significant investments in their development and marketing activities, while new vendors are emerging in the market, and the operating system manufacturers are increasing their focus on built-in security features.

WithSecure must succeed in maintaining in-depth understanding of cyber security threat landscape, following the hacker techniques and technologies, as well as continuing to innovate in defensive technologies. Investments in new technologies and products come with the risk of not meeting the future requirements of the market. Agile methods are applied by WithSecure to ensure that its decisions regarding future technologies are aligned with the best information and expectations of the market developments.

### Cyber security incident

Exposure to cyber security incidents threatens the confidentiality, integrity, and availability of WithSecure products and services, and their mitigation is considered as high priority in all parts of the company. WithSecure builds cyber resilience by continuously improving its capability to identify, protect, detect, and respond to relevant threats. Continuous efforts are taken to protect sensitive data of the company and its customers.

### Intellectual property rights (IPR)

WithSecure protects its technologies and innovations through copyrights, patents, trademarks, and technology partnerships. While WithSecure uses all available protection mechanisms, the businesses are exposed to risks relating intellectual property claims, particularly in the US markets.

## Financial risks

### Inflation and interest rates

Cost inflation in the countries where WithSecure operates increases the risk for negative development of the cost structure. This is monitored very

closely, and inflation will also most likely require mitigation actions to retain workforce in the company. Increasing interest rates could limit the possibilities of external funding.

### Liquidity risk

As a company still improving its profitability, WithSecure must focus on accurate cash planning and prompt collections to ensure liquidity of all group companies and to avoid needs of short-term financing.

### Currency fluctuations

Increasing volume of operations outside the Euro zone in different currencies exposes WithSecure to an increased risk related to currency fluctuations. To mitigate the impact of currency fluctuations on future cash flows, the group can use forward contracts.

## Events after period-end

No material changes regarding the company's business or financial position have taken place after the end of the quarter.

## Financial calendar

WithSecure will publish its financial information in 2024 as follows:

- 24 April 2024: Interim Report for January–March 2024
- 16 July 2024: Half-Year Report for January–June 2024
- 23 October 2024: Interim Report for January–September 2024

WithSecure observes at least a three-week (21 days) silent period prior to publication of financial reports, during which it refrains from engaging in discussions with capital market representatives or the media regarding WithSecure's financial position or the factors affecting it.

The Annual General Meeting is scheduled for Wednesday, 20 March 2024. The Board of Directors will convene the meeting.

## Contact information

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# Key ratios and other key figures

PROFITABILITY	10-12/2023	10-12/2022	1-12/2023	1-12/2022	PROFITABILITY	10-12/2023	10-12/2022	1-12/2023	1-12/2022
<b>Revenue</b>	<b>37,975</b>	<b>36,382</b>	<b>142,812</b>	<b>134,700</b>	<b>Discontinued operations</b>				
Cloud-based security products	21,193	18,686	81,870	68,711	Profit after taxes of the operations transferred to F-Secure				13,574
On-premise security products	5,932	6,607	24,356	27,152	Fair value gain recognised from valuation of discontinued operations' net assets				450,499
Cyber security consulting	10,850	11,090	36,586	38,837	Demerger expenses, net of taxes				3,060
Gross margin	27,592	23,805	100,192	87,728	Translation difference				1,393
Gross margin, % of revenue	72.7%	65.4 %	70.2%	65.1 %	Result for the period				468,526
Operating expenses	-38,003	-37,910	-153,818	-142,605					
Operating expenses for adjusted EBITDA <sup>1</sup>	-27,782	-30,494	-117,732	-116,709					
Other income, adjusted <sup>2</sup>	396	688	1,423	2,345					
<b>Adjusted EBITDA</b>	<b>206</b>	<b>-6,002</b>	<b>-16,116</b>	<b>-26,672</b>					
Adjusted EBITDA, % of revenue	0.5%	-16.5 %	-11.3 %	-19.8 %					
<b>EBITDA</b>	<b>-5,359</b>	<b>-5,094</b>	<b>-25,066</b>	<b>-29,946</b>					
EBITDA, % of revenue	-14.1%	-14.0 %	-17.6%	-22.2 %					
<b>Adjusted EBIT</b>	<b>-2,437</b>	<b>-8,660</b>	<b>-26,338</b>	<b>-36,761</b>					
Adjusted EBIT, % of revenue	-6.4%	-23.8 %	-18.4%	-27.3 %					
<b>EBIT</b>	<b>-8,611</b>	<b>-8,361</b>	<b>-43,891</b>	<b>-42,552</b>					
EBIT, % of revenue	-22.7%	-23.0 %	-30.7%	-31.6 %					
<b>Estimated comparable EBITDA<sup>3</sup></b>	<b>206</b>	<b>-6,002</b>	<b>-16,116</b>	<b>-23,248</b>					
Estimated comparable EBITDA, % of revenue	0.5%	-16.5 %	-11.3%	-17.3 %					
ROI, % <sup>4</sup>	-27.5%	-22.5 %	-30.5%	-30.5 %					
ROE, % <sup>4</sup>	-43.2 %	-22.0 %	-32.9 %	-32.5 %					

1 From Q3 2022 onwards excludes also costs of services provided to F-Secure under Transitional Services Agreement (TSA).

2 Fees charged from F-Secure equivalent to costs under TSA are adjusted from Other income in calculating Alternative Performance Measures. In addition, changes to fair value of deferred considerations from divestments are treated as adjustments.

3 For periods after the demerger date (30 June 2022), Estimated comparable EBITDA is equivalent to Adjusted EBITDA.

4 Comparative information of full year 2022 is still affected by periods of combined operations

CAPITAL STRUCTURE	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Equity ratio, % <sup>1</sup>			73.3%	79.0 %
Gearing, % <sup>1</sup>			-22.2%	-39.9 %
Interest bearing liabilities			13,736	13,208
Cash and cash equivalents			36,604	55,129

1 Comparative information of full year 2022 is still affected by periods of combined operations

SHARE RELATED	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Earnings per share, basic and diluted <sup>1</sup>	-0.07	-0.04	-0.23	-0.22
Shareholders' equity per share, EUR <sup>2</sup>			0.59	0.80

1 Earnings per share has been recalculated for comparative periods using average weighted share amount after share issues.

2 Comparative information of full year 2022 is still affected by periods of combined operations

OTHER	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Capital expenditure, excl. lease assets <sup>1</sup>	246	1,787	5,174	4,845
Capitalized development expenses <sup>1</sup>	579	660	3,007	2,439
Depreciation, amortization and impairment, excl. PPA amortization	-2,643	-2,658	-16,420	-10,091
Depreciation, amortization and impairment	-3,252	-3,267	-18,824	-12,606
Personnel, average <sup>1</sup>	1,122	1,300	1,191	1,438
Personnel, period end			1,087	1,295

1 Comparative information of full year 2022 is still affected by periods of combined operations

# 2023 fourth quarter financial statement release table section

This financial statement release has been prepared in accordance with IAS 34 Interim Financial Reporting.

The accounting principles are the same as in the Annual Report 2023. All figures in the following tables are EUR thousands unless otherwise stated. This financial statement release is unaudited.

# Income statement

	10-12/2023	10-12/2022	Change %	1-12/2023	1-12/2022	Change %
Revenue	37,975	36,382	4%	142,812	134,700	6%
Cost of revenue	-10,383	-12,577	-17%	-42,620	-46,972	-9%
<b>Gross margin</b>	<b>27,592</b>	<b>23,805</b>	<b>16%</b>	<b>100,192</b>	<b>87,728</b>	<b>14%</b>
Other operating income <sup>1,2</sup>	1,800	5,744	-69%	9,735	12,325	-21%
Sales and marketing <sup>3</sup>	-16,823	-22,271	-24%	-72,190	-83,118	-13%
Research and development <sup>3</sup>	-11,340	-10,689	6%	-47,254	-39,143	21%
Administration <sup>1,4</sup>	-9,840	-4,950	99%	-34,374	-20,344	69%
<b>EBIT</b>	<b>-8,611</b>	<b>-8,361</b>	<b>-3%</b>	<b>-43,891</b>	<b>-42,552</b>	<b>-3%</b>
Financial net	-295	-814	64%	205	-1,619	113%
<b>Result before taxes</b>	<b>-8,906</b>	<b>-9,174</b>	<b>3%</b>	<b>-43,686</b>	<b>-44,171</b>	<b>1%</b>
Income taxes	-2,811	1,301	-316%	3,655	5,961	-39%
<b>Result for the period, continuing operations</b>	<b>-11,717</b>	<b>-7,873</b>	<b>-49%</b>	<b>-40,030</b>	<b>-38,210</b>	<b>-5%</b>
<b>Result for the period, discontinued operations<sup>5</sup></b>				<b>468,526</b>	<b>100%</b>	
<b>Result for the period, group total</b>	<b>-11,717</b>	<b>-7,873</b>	<b>-49%</b>	<b>-40,030</b>	<b>430,316</b>	<b>-109%</b>
<b>Other comprehensive income</b>						
Exchange differences on translating foreign operations, continuing operations	355	520	-32%	1,319	-1,066	224%

	10-12/2023	10-12/2022	Change %	1-12/2023	1-12/2022	Change %
Exchange differences on translating foreign operations, discontinued operations					-934	100%
<b>Total other comprehensive income, continuing operations</b>	<b>-11,362</b>	<b>-7,354</b>	<b>-55%</b>	<b>-38,712</b>	<b>-39,276</b>	<b>1%</b>
<b>Total other comprehensive income, discontinued operations</b>					<b>467,592</b>	<b>100%</b>
<b>Total other comprehensive income, group (parent company owners)</b>	<b>-11,362</b>	<b>-7,354</b>	<b>-55%</b>	<b>-38,712</b>	<b>428,316</b>	<b>-109%</b>

1 From Q3 2022 onwards Other operating income includes fees invoiced from F-Secure under Transitional Services Agreement (TSA, EUR 1.4 million in the fourth quarter and EUR 6.9 million for the full year 2023). Costs related to services provided under TSA are included in operating expenses for Research and Development and Administration (EUR 1.4 million in the fourth quarter and EUR 6.9 million for the full year 2023).

2 Other operating income includes impact of revised deferred consideration from divestment of UK public sector consulting business in 2021 of EUR 1,4 million for 1-12/2023.

3 From Q3 2022 onwards Other operating income includes fees invoiced from F-Secure under Transitional Services Agreement (TSA, EUR 1.4 million in the fourth quarter and EUR 6.9 million for the full year 2023). Costs related to services provided under TSA are included in operating expenses for Research and Development and Administration (EUR 1.4 million in the fourth quarter and EUR 6.9 million for the full year 2023).

4 Includes consulting goodwill impairment (6.2 million) in Q3 2023.

5 Discontinued operations' result includes also the distribution gain, demerger expenses and cumulative translation difference related to disposed business.

Earnings per share <sup>1</sup>	10-12/2023	10-12/2022	Change %	1-12/2023	1-12/2022	Change %
Earnings per share, basic and diluted, EUR, combined operations	-0.07	-0.04	-49%	-0.23	2.45	-109%
Earnings per share, basic and diluted, EUR, continuing operations	-0.07	-0.04	-49%	-0.23	-0.22	-5%
Earnings per share, basic and diluted, EUR, discontinued operations					2.67	100%

1 Earnings per share has been recalculated for comparative periods using average weighted share amount after share issues.

# Statement of financial position

Assets	31 Dec 2023	31 Dec 2022
Tangible assets	13,032	10,749
Intangible assets	20,552	23,519
Goodwill	78,058	82,998
Deferred tax assets	10,682	6,767
Interest bearing receivables, non-current <sup>1</sup>	6,059	7,865
Other receivables	1,866	1,271
<b>Total non-current assets</b>	<b>130,249</b>	<b>133,169</b>
Accrued income	5,577	5,497
Trade and other receivables	31,683	34,875
Income tax receivables	1,199	932
Interest bearing receivables, current <sup>1</sup>	2,074	2,220
Other financial asset at fair value through profit and loss	26	26
Other financial assets at amortized cost		13,977
Cash and cash equivalents	36,604	55,129
<b>Total current assets</b>	<b>77,163</b>	<b>112,658</b>
<b>Total assets</b>	<b>207,412</b>	<b>245,827</b>

<sup>1</sup> Interest bearing receivables include receivables related to premises subleased to F-Secure, receivables related to asset transfers in Group subsidiaries in relation to demerger and receivables from divestments.

Shareholders' equity and liabilities	31 Dec 2023	31 Dec 2022
<b>Equity</b>	<b>102,980</b>	<b>140,089</b>
Interest bearing liabilities, non-current	8,370	8,369
Deferred tax liability	1,273	1,623
Deferred revenue, non-current	20,772	22,153
Other non-current liabilities	388	317
<b>Total non-current liabilities</b>	<b>30,804</b>	<b>32,462</b>
Interest bearing liabilities, current	5,366	4,839
Trade and other payables	18,034	19,868
Provisions <sup>1</sup>	3,486	
Income tax liabilities	620	2,126
Deferred revenue, current	46,125	46,446
<b>Total current liabilities</b>	<b>73,631</b>	<b>73,279</b>
<b>Total liabilities and equity</b>	<b>207,412</b>	<b>245,827</b>

<sup>1</sup> Provision related to restructuring in Q4 2023.

# Cash flow statement

	10-12/2023	10-12/2022	1-12/2023	1-12/2022 <sup>1</sup>		10-12/2023	10-12/2022	1-12/2023	1-12/2022 <sup>1</sup>
<b>Cash flow from operations</b>					<b>Cash flow from financing activities</b>				
Result for the period	-11,717	-7,873	-40,030	430,316	Increase in share capital				75,988
Adjustments	6,350	2,667	15,181	-433,293	Repayments of interest bearing liabilities				-19,000
Depreciation and amortization	3,252	4,688	18,824	13,025	Repayments of lease liabilities	-1,762	-1,979	-6,139	-5,989
Non-cash adjustments related to demerger				-447,828	<b>Cash flow from financing activities</b>	<b>-1,762</b>	<b>-1,979</b>	<b>-6,139</b>	<b>50,999</b>
Financial items and taxes	3,106	-462	-3,860	1,562	<b>Change in cash</b>	<b>6,447</b>	<b>-19,696</b>	<b>-17,921</b>	<b>11,273</b>
Other adjustments	-8	-138	217	-52	Cash and cash equivalents at the beginning of the period	30,026	75,059	55,129	52,940
<b>Cash flow from operations before change in working capital</b>	<b>-5,367</b>	<b>-5,206</b>	<b>-24,849</b>	<b>-2,977</b>	Effect of exchange rate changes on cash	130	-234	-604	-129
Change in net working capital	4,819	1,753	1,478	-11,171	Demerger effect in cash <sup>3</sup>				-8,955
Change in provisions	3,204		3,515		Cash and cash equivalents at period end <sup>2</sup>	36,604	55,129	36,604	55,129
<b>Cash flow from operating activities before financial items and taxes</b>	<b>2,656</b>	<b>-3,453</b>	<b>-19,856</b>	<b>-14,148</b>					
Net financial items and taxes	-976	1,565	-3,206	-6,096					
<b>Cash flows from operating activities</b>	<b>1,680</b>	<b>-1,888</b>	<b>-23,063</b>	<b>-20,244</b>					
<b>Cash flow from investments</b>									
Net investments in tangible and intangible assets	-248	-1,852	-5,159	-4,770					
Divestments of businesses, net of cash			1,585	-734					
Net cash flow from investments into financial instruments <sup>2</sup>	6,777	-13,977	14,854	-13,979					
<b>Cash flow from investments</b>	<b>6,529</b>	<b>-15,829</b>	<b>11,280</b>	<b>-19,483</b>					

1 Cash flow statement includes both continuing and discontinued operations for periods before Q3 2022.

2 Investments into financial instruments are Group's investments in financial assets measured at amortized cost, such as corporate commercial papers. Investments in short term money market instruments with maturity less than three months are presented as Cash and cash equivalents.

3 Demerger effect in cash includes cash transferred to F-Secure from parent company and cash held by F-Secure subsidiaries.

# Statement of changes in shareholders' equity

	Share capital	Share premium fund	Unrestricted equity reserve	Treasury shares	Retained earnings	Translation difference	Total
<b>Equity 31 Dec 2021</b>	<b>1,551</b>	<b>165</b>	<b>6,789</b>	<b>-849</b>	<b>87,831</b>	<b>-124</b>	<b>95,363</b>
Total comprehensive income for the year, continuing operations					-38,210	-1,066	-39,276
Total comprehensive income for the year, discontinued operations					468,526	-934	467,592
Share issue			75,988				75,988
Dividend					20		20
Reduction of share capital and share premium reserve	-1,471	-165			1,636		
Cost of share based payments			861	694	1,854		3,410
Assets transferred in the demerger at fair value					-463,020		-463,020
<b>Equity 31 Dec 2022</b>	<b>80</b>		<b>83,638</b>	<b>-155</b>	<b>58,649</b>	<b>-2,124</b>	<b>140,089</b>
	Share capital		Unrestricted equity reserve	Treasury shares	Retained earnings	Translation difference	Total
<b>Equity 31 Dec 2022</b>	<b>80</b>		<b>83,638</b>	<b>-155</b>	<b>58,649</b>	<b>-2,124</b>	<b>140,089</b>
Total comprehensive income for the year					-40,030	1,319	-38,712
Share based payments					1,603		1,603
<b>Equity 31 Dec 2023</b>	<b>80</b>		<b>83,638</b>	<b>-155</b>	<b>20,222</b>	<b>-805</b>	<b>102,980</b>



# Notes to the interim financial statements

## 1 Significant exchange rates and sensitivity to exchange rate changes

One Euro is	Average rates				End rates	
	10-12/2023	10-12/2022	1-12/2023	1-12/2022	31 Dec 2023	31 Dec 2022
USD	1.0715	1.0013	1.0796	1.0555	1.0594	1.0666
GBP	0.8673	0.8697	0.8703	0.8509	0.8646	0.8869
JPY	159.86	144.23	151.87	137.28	158.10	140.66

Effect of changes in exchange rates on profit before taxes

+/-10 % FX rate change, mEUR	1-12/2023	1-12/2022
USD	+0,2/-0,3	+0,3/-0,3
GBP	-0,2/+0,3	-0,4/+0,5
JPY	+0,0/-0,0	-0,3/+0,4

Group has forward contracts to hedge internal loan receivable in USD. As of 31 December 2023 the nominal value of the forward contracts was EUR 7 million and the market value was EUR -1 thousand.

## 2 Segment information

The Group has only one segment (security).

### Disaggregation of revenue

By sales channels	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Cloud-based security products	21,193	18,686	81,870	68,711
On-premise security products	5,932	6,607	24,356	27,152
Cyber security consulting	10,850	11,090	36,586	38,837
<b>Total revenue</b>	<b>37,975</b>	<b>36,382</b>	<b>142,812</b>	<b>134,700</b>

By geographical area	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Nordic countries	10,458	10,992	39,781	40,985
Rest of Europe	18,133	16,728	67,733	60,383
North America	4,371	3,127	14,025	11,664
Rest of the world	5,013	5,535	21,273	21,668
<b>Total revenue</b>	<b>37,975</b>	<b>36,382</b>	<b>142,812</b>	<b>134,700</b>

## 3 Share-based payments

In December 2022, WithSecure's Board of Directors decided on a new Performance Share Plan for years 2023-2025 within a share-based long-term incentive scheme first announced in February 2020. The plan is offered to the management and selected key employees. The performance criteria for the new plan is WithSecure's total shareholder return (TSR). The aggregate maximum number of shares to be paid based on the plan is approximately 4,700,000 shares. Expected total cost of the program is EUR 3.3 million, and the rewards have been granted to approximately 110 employees.

In December 2022, WithSecure's Board of Directors also decided on a new Restricted Share Plan for years 2023-2025 within a restricted share plan scheme first announced in September 2020. The plan is offered to selected key employees. The aggregate maximum number of shares to be paid based on the plan is approximately 1,100,000 shares.

In September 2023, WithSecure's Board of Directors has decided to launch a new Plan period 2024-2026 within the ESSP for the employees of WithSecure Corporation and its subsidiaries, first announced in August 2022. The employees will have an opportunity to save a proportion of their salaries and invest those savings in WithSecure shares. The savings will be used for acquiring WithSecure shares quarterly after the publication of the respective interim reports. As a reward for the commitment, WithSecure grants the participating employees a gross award of one matching share for every two shares acquired with their savings. The maximum number of matching shares (gross number before taxes) for the plan period is approximately 1,000,000 shares.

## 4 Intangible and tangible assets

	31 Dec 2023	31 Dec 2022
<b>Book value at the beginning of the financial year</b>	<b>117,266</b>	<b>130,889</b>
Business combinations and divestments		-562
Additions	14,003	11,542
Disposals	-2,216	-2,183
Depreciation and amortization	-12,626	-12,606
Impairment	-6,198	
Translation differences	1,413	-2,670
Demerger effect <sup>1</sup>		-7,143
<b>Book value at the end of the period</b>	<b>111,642</b>	<b>117,266</b>

<sup>1</sup> Demerger effect in Q2 2022 includes all WithSecure's Consumer business related tangible and intangible assets which were transferred to F-Secure on June 30, 2022.

## 5 Fair value measurement of financial assets and liabilities

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.

	Fair value hierarchy	2023	2022
<b>Financial assets at fair value through profit or loss</b>			
Current			
Investments in unlisted shares	Level 3	26	26
<b>Financial assets at amortized cost</b>			
Non-current			
Interest bearing receivables	Level 3	6,059	7,865
Current			
Interest bearing receivables	Level 3	2,126	2,260
Trade receivables	Level 2	25,237	26,354
Corporate commercial papers	Level 2		13,977
Cash and cash equivalents		36,604	55,129
<b>Total</b>		<b>70,052</b>	<b>105,613</b>

	Fair value hierarchy	2023	2022
<b>Financial liabilities at amortized cost</b>			
Non-current			
Interest bearing liabilities			
Other loans	Level 3	3,554	3,596
Lease liabilities	Level 2	4,851	4,547
Current			
Interest bearing liabilities			
Lease liabilities	Level 2	5,331	5,065
Trade and other payables		3,376	4,409
<b>Total</b>		<b>17,112</b>	<b>17,618</b>

Contractual maturities of financial liabilities	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Total contractual cash flows	Carrying amount
Lease liabilities	5,331	1,607	1,537	1,227	480	10,182	10,182
Other loans		3,554				3,554	3,554
<b>Total financial liabilities</b>	<b>5,331</b>	<b>5,162</b>	<b>1,537</b>	<b>1,227</b>	<b>480</b>	<b>13,736</b>	<b>13,737</b>

On 31 December EUR 15.0 million of Group cash assets were invested in short term deposits for maturity of maximum 3 months. These deposits are included in the balance for Cash and cash equivalents, and their fair value is equivalent to their carrying value. Group's investments in corporate commercial papers are presented as financial assets at amortized cost, and their fair value is equivalent to their carrying value.

Interest bearing receivables include receivables related to premises subleased to F-Secure, receivables related to the deferred consideration and receivables related to asset transfers in Group subsidiaries in relation to demerger.

Other loans are liabilities related to asset transfers in Group subsidiaries in relation to the demerger.

## 6 Reconciliation of alternative performance measures

WithSecure has included certain non-IFRS based alternative performance measures (APM) in financial reporting. Alternative performance measures are provided to reflect the underlying business performance, and to exclude certain non-operational or non-cash valuation items affecting comparability (IAC). The aim is to improve comparability, and alternative performance measures should not be regarded as substitutes for IFRS based measures. Alternative performance measures include EBITDA, adjusted EBITDA and adjusted EBIT. Estimated comparable EBITDA was introduced as additional APM in first half of 2022 to improve comparability during period when Consumer business financials were presented as discontinued operations. Presentation of WithSecure and F-Secure in accordance with IFRS5 did not reflect profitability of neither continuing nor discontinued business on a stand-alone basis prior to the demerger. From Q3 2022 onwards Adjusted EBITDA is equivalent to Estimated comparable EBITDA.

Depreciations, amortization and impairments are excluded from EBITDA. Adjusted EBITDA and adjusted EBIT exclude also IACs which are material items outside the normal course of business. These items are associated with acquisitions, integration costs, gains and losses from the sale of businesses and other items affecting comparability. During the Transitional Services Agreement (TSA) Group's operating expenses include costs of services provided to F-Secure. These costs together with income equivalent to the costs are excluded from APMs. Net impact on APMs from TSA related items is zero. Estimated comparable EBITDA in first and second quarter of 2022 excluded also costs related to research and development provided by WithSecure to F-Secure and cost of premises held by WithSecure but sub-leased to F-Secure.

	10-12/2023	10-12/2022	1-12/2023	1-12/2022
<b>Estimated comparable EBITDA</b>	<b>206</b>	<b>-6,002</b>	<b>-16,116</b>	<b>-23,248</b>
Adjustments to adjusted EBITDA				
Research and development				-2,558
Facilities held by WithSecure				-865
<b>Adjusted EBITDA</b>	<b>206</b>	<b>-6,002</b>	<b>-16,116</b>	<b>-26,672</b>
Adjustments to EBITDA				
Other items	-1,046		-1,441	
Restructuring	-4,519		-8,881	
Divestments		1,245	1,372	-1,480
Demerger		-336		-1,796
Income for costs under TSA	1,404	4,170	6,939	8,708
Costs of services under TSA	-1,404	-4,170	-6,939	-8,708
<b>EBITDA</b>	<b>-5,359</b>	<b>-5,094</b>	<b>-25,066</b>	<b>-29,946</b>
Depreciation, amortization and impairment losses	-3,252	-3,267	-18,824	-12,606
<b>EBIT</b>	<b>-8,611</b>	<b>-8,361</b>	<b>-43,891</b>	<b>-42,552</b>

	10-12/2023	10-12/2022	1-12/2023	1-12/2022
<b>Adjusted EBIT</b>	<b>-2,437</b>	<b>-8,660</b>	<b>-26,338</b>	<b>-36,761</b>
Adjustments to EBIT				
PPA amortization	-609	-610	-2,404	-2,515
Impairment			-6,198	
Other items	-1,046		-1,441	
Restructuring	-4,519		-8,881	
Divestments		1,245	1,372	-1,480
Demerger		-336		-1,796
Income for costs under TSA	1,404	4,170	6,939	8,708
Costs of services under TSA	-1,404	-4,170	-6,939	-8,708
<b>EBIT</b>	<b>-8,611</b>	<b>-8,361</b>	<b>-43,891</b>	<b>-42,552</b>

## Classification of adjusted costs in operating expenses

	Operating Expenses Q4 2023	Costs under TSA	Restructuring	Other items	Expenses for adjusted EBIT	Depreciation	PPA amortization	Operating Expenses for Adjusted EBITDA Q4 2023
Sales and marketing	-16,823				-16,823	1,117		-15,706
Research and development	-11,340	1,220			-10,119	1,333		-8,786
Administration	-9,840	184	4,519	1,046	-4,092	193	609	-3,290
<b>Operating expenses</b>	<b>-38,003</b>	<b>1,404</b>	<b>4,519</b>	<b>1,046</b>	<b>-31,033</b>	<b>2,643</b>	<b>609</b>	<b>-27,782</b>

	Operating Expenses 1-12/2023	Costs under TSA	Restructuring	Other items	Expenses for adjusted EBIT	Depreciation	Impairment	PPA amortization	Operating Expenses for Adjusted EBITDA 1-12/2023
Sales and marketing	-72,190				-72,190	4,112			-68,078
Research and development	-47,254	5,582			-41,673	5,324			-36,349
Administration	-34,374	1,358	8,881	1,441	-22,693	786	6,198	2,404	-13,305
<b>Operating expenses</b>	<b>-153,818</b>	<b>6,939</b>	<b>8,881</b>	<b>1,441</b>	<b>-136,556</b>	<b>10,222</b>	<b>6,198</b>	<b>2,404</b>	<b>-117,732</b>

## Classification of adjusted income in other operating income

	Other operating income	Income for costs under TSA	Divestments	Other income for adjusted EBITDA
Other operating income, 10-12/2023	1,800	-1,404		396
Other operating income, 1-12/2023	9,735	-6,939	-1,372	1,423

## 7 Discontinued operations

On 17 February 2022 WithSecure announced a plan to pursue towards the separation of the company's consumer security business through a partial demerger. The demerger was completed on June 30, 2022. Starting from the first quarter of 2022, WithSecure has applied the requirements of IFRS5 Non-current Assets Held for Sale and Discontinued Operations in classifying, presenting and accounting for the demerger financial reporting. Result from discontinued operations is reported separately from continuing operations' income and expenses in the consolidated income statement. Comparative periods have been restated accordingly. At the completion of the demerger on June 30, the assets and liabilities related to the discontinued operations were distributed to F-Secure.

On June 30, the demerger was accounted for as a disposal to owners in accordance with IFRIC 17 Distributions of non-cash assets to owners. A distribution gain was calculated based on the difference of the fair value of consumer security business and the book value of the distributed assets and liabilities in consolidated statement of financial position. The distribution gain was recorded in the discontinued operations' profit for the period. The fair value of the consumer security business (EUR 463.0 million) was determined by multiplying the average share price of F-Secure on the first trading day, July 1, (EUR 2,653) by the number of F-Secure shares given as demerger consideration (174,526,944). Book value of the distributed asset and liabilities was EUR 12.5 million resulting in distribution gain of EUR 450.5 million in second quarter.

Demerger-related costs (EUR 3.9 million) were presented under discontinued operations. According to the demerger plan, WithSecure recharged majority of the demerger related costs from F-Secure. The recharge was recognized on the demerger date and reduced the total amount of demerger costs in discontinued operations by EUR 3.8 million. In addition, cumulative translation difference of EUR 1.4 million related to discontinued operations was recognized as income at completion of the demerger in second quarter.

Following information includes discontinued operations' income statement, statement of financial position and cash flow. Statement of financial position represents assets and liabilities related to Consumer security business right before the demerger on 30 June 2022. Income statement for discontinued operations includes revenue and operating expenses which directly derived from Consumer security business and discontinued for continuing business after the demerger. Certain costs related to supporting F-Secure during transition period

and costs of premises sub-leased to F-Secure after demerger are not included in Discontinued operations.

### Income statement for discontinued operations

	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Revenue				54,828
Cost of revenue				-4,360
<b>Gross margin</b>				<b>50,468</b>
Other operating income				348
Sales and marketing				-14,637
Research and development				-7,903
Administration				-9,503
<b>EBIT</b>				<b>18,774</b>
Financial net				201
<b>Result before taxes</b>				<b>18,975</b>
Income taxes				-5,402
<b>Profit after taxes of the operations transferred to F-Secure</b>				<b>13,574</b>
Fair value gain recognised from valuation of discontinued operations' net assets				450,499
Demerger expenses				3,762
Taxes related to demerger expenses				-702
Translation difference				1,393
<b>Result for the period</b>				<b>468,526</b>

## Statement of financial position for discontinued operations

Assets	30-Jun-22
Tangible assets	900
Intangible assets	6,244
Deferred tax assets	102
Other long-term receivables	87
<b>Total non-current assets</b>	<b>7,332</b>
Inventories	44
Accrued income	2,090
Trade and other receivables	19,032
Cash and bank accounts	12,716
<b>Total non-current assets</b>	<b>33,882</b>
<b>Total assets</b>	<b>41,214</b>

Liabilities	30-Jun-22
Deferred tax liability	314
Deferred revenue, non-current	3,310
Other non-current liabilities	75
<b>Total non-current liabilities</b>	<b>3,699</b>
Current interest bearing liabilities	56
Trade and other payables	4,912
Deferred revenue, current	17,303
Income tax liabilities	878
<b>Total current liabilities</b>	<b>23,148</b>
<b>Total liabilities</b>	<b>26,847</b>

## Cash flows for discontinued operations

	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Net cash flow from operating activities				18,300
Net cash flow from investing activities				-600
Net cash flow from financing activities				0



# Calculation of key ratios

Equity ratio, %	$\frac{\text{Total equity}}{\text{Total assets - deferred revenue}}$	x 100
ROI, %	$\frac{\text{Result before taxes + financial expenses}}{\text{Total assets - non-interest bearing liabilities (average)}}$	x 100
ROE, %	$\frac{\text{Result for the period}}{\text{Total equity (average)}}$	x 100
Gearing, %	$\frac{\text{Interest bearing liabilities - cash and cash equivalents and liquid financial assets}}{\text{Total equity}}$	x 100
Earnings per share, euro	$\frac{\text{Profit attributable to equity holders of the company}}{\text{Weighted average number of outstanding shares}}$	
Shareholders' equity per share, euro	$\frac{\text{Equity attributable to equity holders of the company}}{\text{Number of outstanding shares at the end of period}}$	
P/E ratio	$\frac{\text{Closing price of the share, end of period}}{\text{Earnings per share}}$	
Dividend per earnings (%)	$\frac{\text{Dividend per share}}{\text{Earnings per share}}$	x 100
Effective dividends (%)	$\frac{\text{Dividend per share}}{\text{Closing price of the share, end of period}}$	x 100
Operating expenses	Sales and marketing, research and development and administration costs	
EBITDA	EBIT + depreciation, amortization and impairment	
Adjusted EBITDA	EBITDA +/- items affecting comparability	
Adjusted EBIT	EBIT +/- items affecting comparability	
Annual Recurring Revenue (ARR)	Monthly Recurring Revenue of last month of the quarter x 12	
Monthly Recurring Revenue (MRR)	Recognized revenue within the month excluding non-recurring revenues	
Net Revenue Retention (NRR)	100 % x (MRR of last month of the quarter/MRR of same month last year for the same customers). NRR includes expansion revenue, downgrades and customer churn.	



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