

WithSecure's restated financial information for 2021



As announced in a stock exchange release on 17 February 2022, the Board of Directors of WithSecure Corporation ("WithSecure") decided to pursue towards the separation of the Consumer Security business through a partial demerger (the "Demerger"), whereby WithSecure's Consumer Security business would be transferred into a new independent company, to be named F-Secure Corporation ("F-Secure"), whereas the renamed WithSecure Corporation would carry on the Corporate Security business. The demerger is subject to an approval by an Extraordinary General Meeting of 31 May. The planned completion date of the demerger is on 30 June 2022.

Reflecting the progress of the demerger plans, WithSecure presents consumer security business as Discontinued operations under IFRS 5 from first quarter of 2022.

WithSecure publishes restated quarterly financial information on its 2021 financials. These financials constitute comparative information for WithSecure Corporation when Consumer Security business ("F-Secure") is presented as discontinued operations. Financial information for discontinued operations does not reflect future F-Secure's profitability on a stand-alone basis.

Under IFRS 5, the result from discontinued operations is reported separately from continuing operations' income and expenses in the consolidated income statement. Comparative periods are restated accordingly. The statement of financial position is not restated.

Discontinued operations include revenue and operating expenses directly related to 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 which will be sub-leased to F-Secure are not included in Discontinued operations. To improve comparability between periods, Estimated comparable EBITDA has been added as alternative performance measure. Presentation of WithSecure and F-Secure in accordance with IFRS 5 does not reflect profitability of either continuing or discontinued business on a stand-alone basis prior to the demerger.

The restated financial information included here within is unaudited.

RESTATED INCOME STATEMENT, CONTINUING OPERATIONS (WITHSECURE)

Income statement	Restated				
	1-3/2021	4-6/2021	7-9/2021	10-12/2021	1-12/2021
Revenue	31,5	31,9	32,1	34,5	130,0
Cost of revenue	-10,1	-10,2	-10,1	-11,1	-41,5
Gross margin	21,4	21,7	22,0	23,4	88,5
Other operating income	0,4	0,4	0,3	1,3	2,5
Sales and marketing	-17,4	-18,7	-17,6	-19,6	-73,3
Research and development	-7,3	-7,7	-7,7	-9,3	-32,1
Administration	-3,3	-4,3	-3,1	-5,0	-15,7
EBIT	-6,3	-8,6	-6,1	-9,2	-30,1
Financial net	0,3	-0,4	-0,2	0,0	-0,3
Result before taxes	-6,0	-9,0	-6,3	-9,2	-30,5
Income taxes	0,9	1,6	1,3	1,3	5,0
Result for the period	-5,1	-7,5	-5,0	-7,9	-25,5
Other comprehensive income					
Exchange differences on translating foreign operations	4,4	-0,1	-1,0	0,6	3,9
Total comprehensive income (parent company owners)	-0,7	-7,6	-6,0	-7,3	-21,6

RESTATED INCOME STATEMENT, DISCONTINUED OPERATIONS (F-SECURE)

Income statement	Restated				
	1-3/2021	4-6/2021	7-9/2021	10-12/2021	1-12/2021
Revenue	26,3	26,3	26,5	27,1	106,3
Cost of revenue	-2,1	-2,1	-2,3	-2,6	-9,1
Gross margin	24,1	24,3	24,3	24,5	97,2
Other operating income	0,0	0,1	0,1	0,2	0,3
Sales and marketing	-6,3	-6,7	-6,2	-6,8	-25,9
Research and development	-3,7	-3,5	-3,3	-4,0	-14,5
Administration	-1,8	-3,2	-1,6	-2,6	-9,3
EBIT	12,4	10,9	13,3	11,2	47,8
Financial net	0,0	0,1	0,0	0,0	0,1
Result before taxes	12,4	11,1	13,2	11,2	47,9
Income taxes	-2,4	-2,2	-2,6	-2,5	-9,8
Result for the period	10,0	8,9	10,6	8,7	38,2
Other comprehensive income					
Exchange differences on translating foreign operations	0,0	0,0	-0,1	0,1	0,1
Total comprehensive income (parent company owners)	10,0	8,9	10,5	8,8	38,3

RESTATED CASH FLOWS, DISCONTINUED OPERATIONS (F-SECURE)

Cash flow	Restated				
	1-3/2021	4-6/2021	7-9/2021	10-12/2021	1-12/2021
Net cash flow from operating activities	5,5	13,2	7,0	14,4	40,2
Net cash flow from investing activities	-0,2	-0,5	-0,4	-0,6	-1,6
Net cash flow from financing activities	0,0	0,0	-0,1	0,0	-0,2

RESTATED DISAGGREGATION OF REVENUE, CONTINUING OPERATIONS (WITHSECURE)

By sales channels	Restated				
	1-3/2021	4-6/2021	7-9/2021	10-12/2021	1-12/2021
Corporate security					
Cloud-native solutions	11,8	12,7	13,5	14,7	52,7
On-premise solutions	7,7	7,5	7,4	7,4	30,0
Cyber security consulting	12,0	11,6	11,2	12,4	47,2
Total revenue	31,5	31,9	32,1	34,5	130,0

By geographical area	Restated				
	1-3/2021	4-6/2021	7-9/2021	10-12/2021	1-12/2021
Nordic countries	10,2	10,2	8,9	11,0	40,3
Rest of Europe	13,4	13,8	13,7	14,2	55,1
North America	2,2	2,1	3,0	2,7	10,0
Rest of the world	5,6	5,7	6,7	6,6	24,6
Total revenue	31,5	31,9	32,1	34,5	130,0

RESTATED DISAGGREGATION OF REVENUE, DISCONTINUED OPERATIONS (F-SECURE)

By sales channels	Restated				
	1-3/2021	4-6/2021	7-9/2021	10-12/2021	1-12/2021
Consumer security					
Partner channel	20,8	20,8	21,0	21,6	84,2
Direct channel (E-commerce)	5,5	5,5	5,5	5,5	22,1
Total revenue	26,3	26,3	26,5	27,1	106,3

By geographical area	Restated				
	1-3/2021	4-6/2021	7-9/2021	10-12/2021	1-12/2021
Nordic countries	9,1	9,1	9,3	9,4	36,9
Rest of Europe	12,6	12,4	12,3	12,5	49,6
North America	3,4	3,6	3,7	3,8	14,6
Rest of the world	1,2	1,2	1,3	1,4	5,2
Total revenue	26,3	26,3	26,5	27,1	106,3

ALTERNATIVE PERFORMANCE MEASURES

WithSecure has included certain non-IFRS based alternative performance measures (APM). 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, estimated comparable EBITDA and adjusted EBIT. Depreciations, amortization and impairments are excluded from EBITDA. Also, the adjusted EBITDA and adjusted EBIT exclude 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.

Presentation of WithSecure and F-Secure in accordance with IFRS 5 standard does not reflect profitability of either business on a stand-alone basis. Estimated comparable EBITDA is presented as APM for profitability to improve comparability between periods. Estimated comparable EBITDA excludes (for Discontinued operations: includes) activities related to research and development, and cost of facilities held by WithSecure.

RESTATED RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES, CONTINUING OPERATIONS (WITHSECURE)

EBITDA	Restated				
	1-3/2021	4-6/2021	7-9/2021	10-12/2021	1-12/2021
Estimated comparable EBITDA	-1,5	-4,0	-1,6	-4,1	-11,3
Adjustments to adjusted EBITDA					
Research and development	-1,2	-1,1	-1,1	-0,9	-4,4
Facilities held by WithSecure	-0,4	-0,4	-0,4	-0,4	-1,6
Adjusted EBITDA	-3,2	-5,5	-3,1	-5,5	-17,2
Adjustments to EBITDA					
Divestments				0,5	0,5
Strategy					
EBITDA	-3,2	-5,5	-3,1	-4,9	-16,7
Depreciation, amortization and impairment losses	-3,1	-3,1	-3,0	-4,3	-13,4
EBIT	-6,3	-8,6	-6,1	-9,2	-30,1

EBIT	Restated				
	1-3/2021	4-6/2021	7-9/2021	10-12/2021	1-12/2021
Adjusted EBIT	-5,5	-7,8	-5,4	-8,0	-26,8
Adjustments to EBIT					
PPA amortization	-0,8	-0,7	-0,7	-0,7	-2,8
Impairment				-1,0	-1,0
Divestments				0,5	0,5
Strategy					
EBIT	-6,3	-8,6	-6,1	-9,2	-30,1

RESTATED RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES, DISCONTINUED OPERATIONS (F-SECURE)

EBITDA	Restated				
	1-3/2021	4-6/2021	7-9/2021	10-12/2021	1-12/2021
Estimated comparable EBITDA	11,2	12,2	12,6	11,9	47,8
Adjustments to adjusted EBITDA					
Research and development	1,2	1,1	1,1	0,9	4,4
Facilities held by WithSecure	0,4	0,4	0,4	0,4	1,6
Adjusted EBITDA	12,8	13,7	14,1	13,2	53,7
Adjustments to EBITDA					
Strategy		-2,3	-0,4	-1,5	-4,3
EBITDA	12,8	11,4	13,7	11,6	49,5
Depreciation, amortization and impairment losses	-0,4	-0,4	-0,4	-0,4	-1,6
EBIT	12,4	10,9	13,3	11,2	47,8

EBIT	Restated				
	1-3/2021	4-6/2021	7-9/2021	10-12/2021	1-12/2021
Adjusted EBIT	12,4	13,2	13,7	12,7	52,1
Adjustments to EBIT					
Strategy		-2,3	-0,4	-1,5	-4,3
EBIT	12,4	10,9	13,3	11,2	47,8

RESTATED KEY RATIOS AND OTHER KEY FIGURES, CONTINUING OPERATIONS (WITHSECURE)

Profitability	Restated				
	1-3/2021	4-6/2021	7-9/2021	10-12/2021	1-12/2021
Revenue	31,5	31,9	32,1	34,5	130,0
Cloud-native corporate security solutions	11,8	12,7	13,5	14,7	52,7
On-premise corporate security solutions	7,7	7,5	7,4	7,4	30,0
Cyber security consulting	12,0	11,6	11,2	12,4	47,2
Gross margin	21,4	21,7	22,0	23,4	88,5
Gross margin, % of revenue	68,0%	68,1%	68,5%	67,8%	68,1%
Operating expenses	-28,0	-30,7	-28,4	-33,9	-121,0
Operating expenses for adjusted EBITDA	-24,9	-27,6	-25,4	-29,6	-107,6
Adjustment to other income				0,5	0,5
Adjusted EBITDA	-3,2	-5,5	-3,1	-5,5	-17,2
Adjusted EBITDA, % of revenue	-10,1%	-17,3%	-9,6%	-15,8%	-13,3%
EBITDA	-3,2	-5,5	-3,1	-4,9	-16,7
EBITDA, % of revenue	-10,1%	-17,3%	-9,6%	-14,2%	-12,8%
Adjusted EBIT	-5,5	-7,8	-5,4	-8,0	-26,8
Adjusted EBIT, % of revenue	-17,6%	-24,6%	-16,8%	-23,2%	-20,6%
EBIT	-6,3	-8,6	-6,1	-9,2	-30,1
EBIT, % of revenue	-20,0%	-26,9%	-18,9%	-26,6%	-23,2%
Estimated comarable EBITDA	-1,5	-4,0	-1,6	-4,1	-11,3
Estimated comarable EBITDA, % of revenue	-4,9%	-12,6%	-5,0%	-12,0%	-8,7%

RESTATED KEY RATIOS AND OTHER KEY FIGURES, DISCONTINUED OPERATIONS (F-SECURE)

Profitability	Restated				
	1-3/2021	4-6/2021	7-9/2021	10-12/2021	1-12/2021
Revenue	26,3	26,3	26,5	27,1	106,3
Partner channel	20,8	20,8	21,0	21,6	84,2
Direct channel (e-commerce)	5,5	5,5	5,5	5,5	22,1
Adjusted EBITDA	12,8	13,7	14,1	13,2	53,7
% of revenue	48,7%	51,9%	53,0%	48,6%	50,6%
EBIT	12,4	10,9	13,3	11,2	47,8
EBIT, % of revenue	47,3%	41,6%	50,0%	41,3%	45,0%
Estimated comarable EBITDA	11,2	12,2	12,6	11,9	47,8
Estimated comarable EBITDA, % of revenue	42,6%	46,2%	47,5%	43,7%	45,0%

CALCULATION OF KEY FIGURES

Equity ratio, %	$\frac{\text{Total equity}}{\text{Total assets - deferred revenue}}$
ROI, %	$\frac{\text{Result before taxes + financial expenses (annualized)}}{\text{Total assets - non-interest bearing liabilities (average)}}$
ROE, %	$\frac{\text{Result for the period (annualized)}}{\text{Total equity (average)}}$
Gearing, %	$\frac{\text{Interest bearing liabilities - cash and bank and financial asset through profit and loss}}{\text{Total equity}}$
Earnings per share, EUR	$\frac{\text{Profit attributable to equity holders of the company}}{\text{Weighted average number of outstanding shares}}$
Shareholders' equity per share, EUR	$\frac{\text{Equity attributable to equity holders of the company}}{\text{Number of outstanding shares at the end of period}}$
Operating Expenses	Sales and marketing, research and development, and administration costs
EBITDA	EBIT + Depreciation, amortization and impairment
EBITA	EBIT + Amortization and impairment