

WithSecure Q1 2024 Interim report

**Elements company profitability developing positively,
despite slow start of the year**

Antti Koskela, Interim CEO

Tom Jansson, CFO

24 April 2024



Highlights of Q1 2024

- New reporting structure, aligned with the company strategy, improving visibility on profitability by business:
 - Elements Company | CPSF | Cyber security consulting presented separately as segments
 - Revenue, GM, Adjusted EBITDA for each segment disclosed
 - Restated 2023 published on a separate release
- Elements Company
 - Cloud ARR growth 10% year-on-year; third growth quarter in a row
 - Cloud revenue growth 10%
 - Elements Company revenue growth 6 %
 - EDR driving growth, MDR at previous year level
 - Growth in DACH, Finland, France – challenges in UK, Japan
- Exposure Management development efforts continue
 - Early access program opened for partners
 - Official launch in SPHERE '24 in the end of May



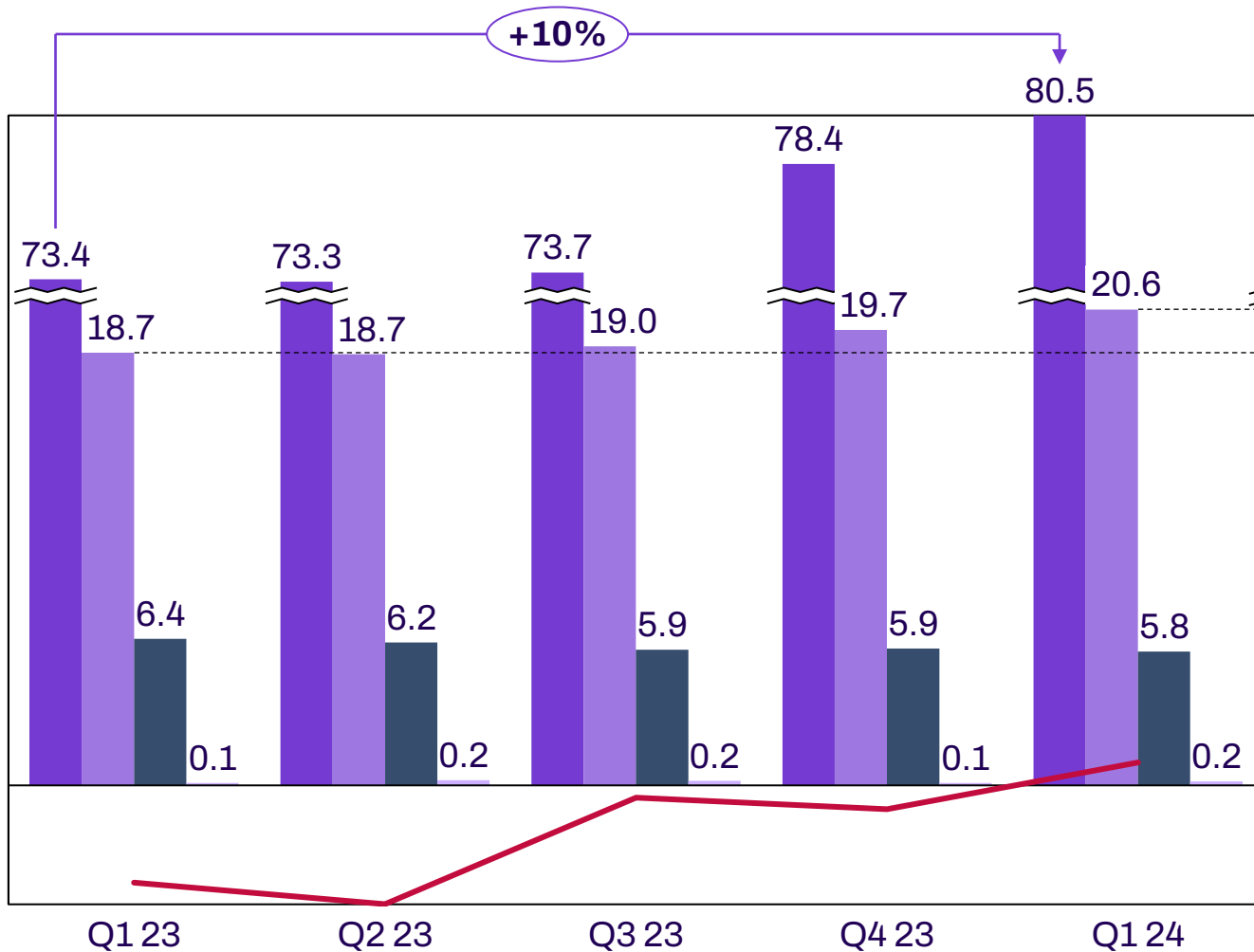
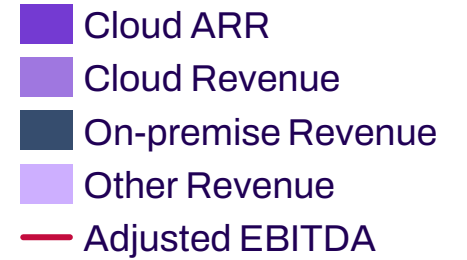
Highlights of Q1 2024

- Cloud Protection for Salesforce
 - ARR at roughly previous year level (EUR 8.2 million)
 - NRR of CPSF was 87%
 - Revenue at previous year level – significant customer contracts delayed from their planned Q1 closing
 - Strategic review continues
- Cyber security consulting
 - Revenue decline -5% year-on-year
 - Delays of large customers' spend on cyber security
 - Strategic review continues
- CEO Juhani Hintikka stepped down from his position on 8 April 2024, following a Supreme Court ruling on a matter dating to 2014
 - WithSecure CPO Antti Koskela appointed as Interim CEO
 - No impact on company strategy or ongoing projects



Elements Company

Elements Cloud SW and Services | Managed Services | On-premise SW | Other



Cloud revenue growth on the low side

- Market sentiment, seasonality
- EDR driving growth, MDR at previous year level
- Growth in DACH, Finland, France
- UK decreased, Japan at previous year level – enhanced focus on sales efforts

Net Revenue Retention (NRR) was 101%

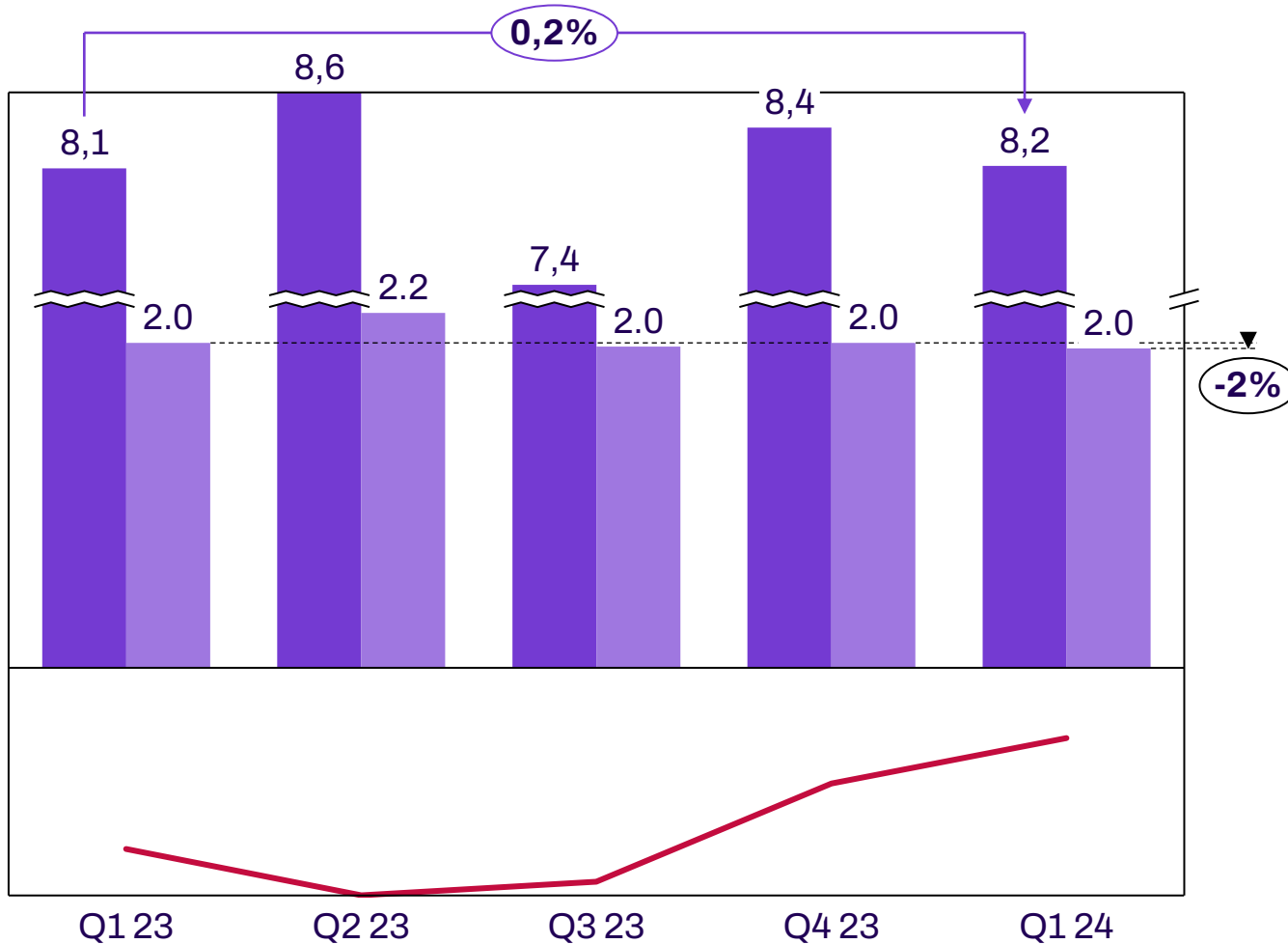
On-premise decline of customers partly offset by price increases

Other – minor products, previously part of Consulting; speaker fees & other occasional revenue

Adjusted EBITDA positive EUR 1 million – 2023 savings visible in the cost structure

Cloud Protection for Salesforce

Content protection for Salesforce external content



ARR and revenue growth impacted by delayed closing of significant customer contracts

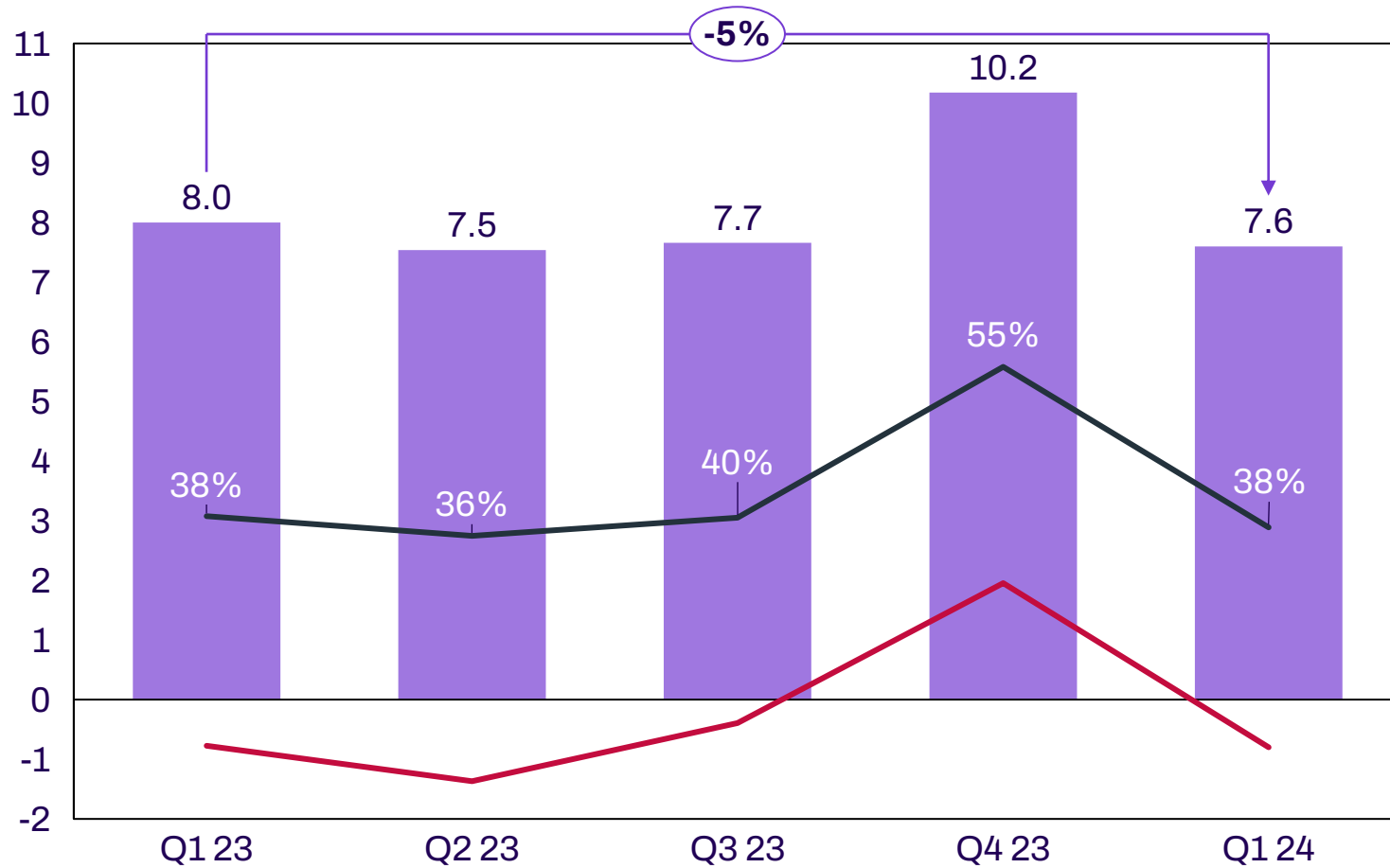
Net Revenue Retention (NRR) was 87%

Profitability improving, result of cost savings and optimization

Cyber security consulting

Offensive cyber security services to enterprise clients

Revenue
Gross margin
Adjusted EBITDA



Revenue decreased by 5% year-on-year, for delays in large customers cyber security spend in the first months of the year

Lower revenue caused lower GM and negative Adjusted EBITDA; cost savings partly offset the impact of lower revenue

Q1 2024 profitability | WithSecure Group

(mEUR)	1-3/2024	1-3/2023	Change %	1-12/2023
Revenue	36.2	35.2	3%	142.8
Gross Margin	25.7	24.4	5%	100.2
<i>of revenue, %</i>	70.9 %	69.3 %		70.2 %
Other operating income ¹⁾	0.4	0.4	3%	1.4
Operating expenses ¹⁾	-26.1	-31.0	16%	-117.7
Sales & Marketing	-13.5	-17.4	22%	-68.1
Research & Development	-9.1	-10.1	-9%	-36.3
Administration	-3.5	-3.6	-3%	-13.3
Adjusted EBITDA	0.0	-6.2	-100%	-16.1
<i>of revenue, %</i>	0.0 %	-17.6 %		-11.3 %

Revenue and EBITDA comments:
see each segment

Operating expenses reduction
EUR -4.9 million y-o-y

In addition, Q1 23 included EUR
2.3 million of opex related to TSA
agreements with F-Secure.

Total opex reduction y-o-y is EUR
7.2 million

1) Excluding Items Affecting Comparability (IAC), depreciation and amortization. In 2023, excluding also costs of services provided to F-Secure under TSA and equivalent income charged for TSA services.

Goodwill reallocation

After changes in reporting structure

	31 Mar 2024	1 Jan 2024
Elements company	36,571	35,032
Cyber security consulting	44,916	43,026
Total	81,486	78,058

Goodwill was previously allocated as follows:

	31 Dec 2023
MDR	26,844
Consulting	51,214
Total	78,058

Outlook 2024

Published in February 2024; technical change to Elements Cloud previous year revenue in April 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.

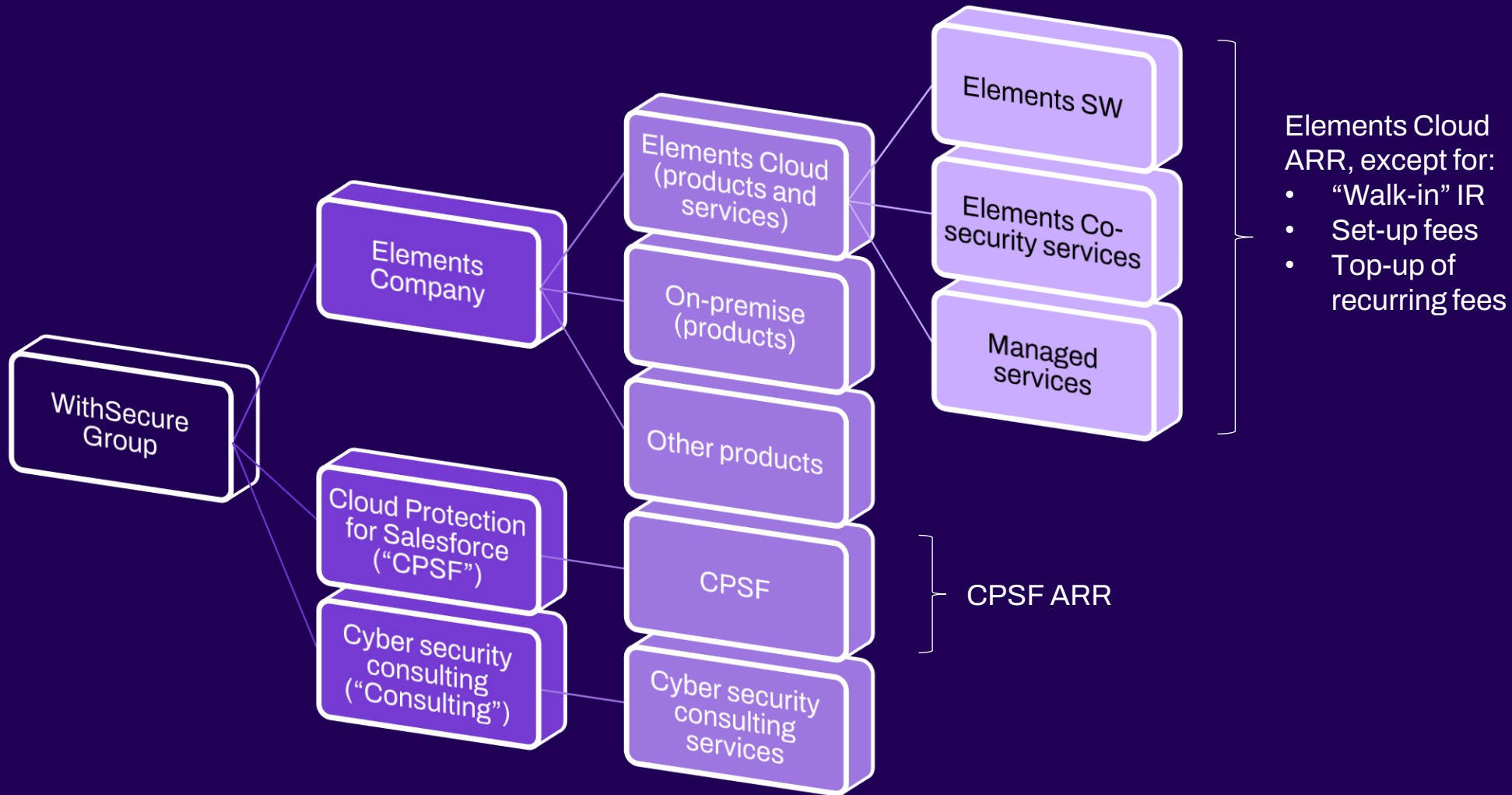
Revenue from Elements Cloud products and services will grow by 10–16 % from previous year. Previous year revenue from Elements Cloud was EUR 76.1 million.

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

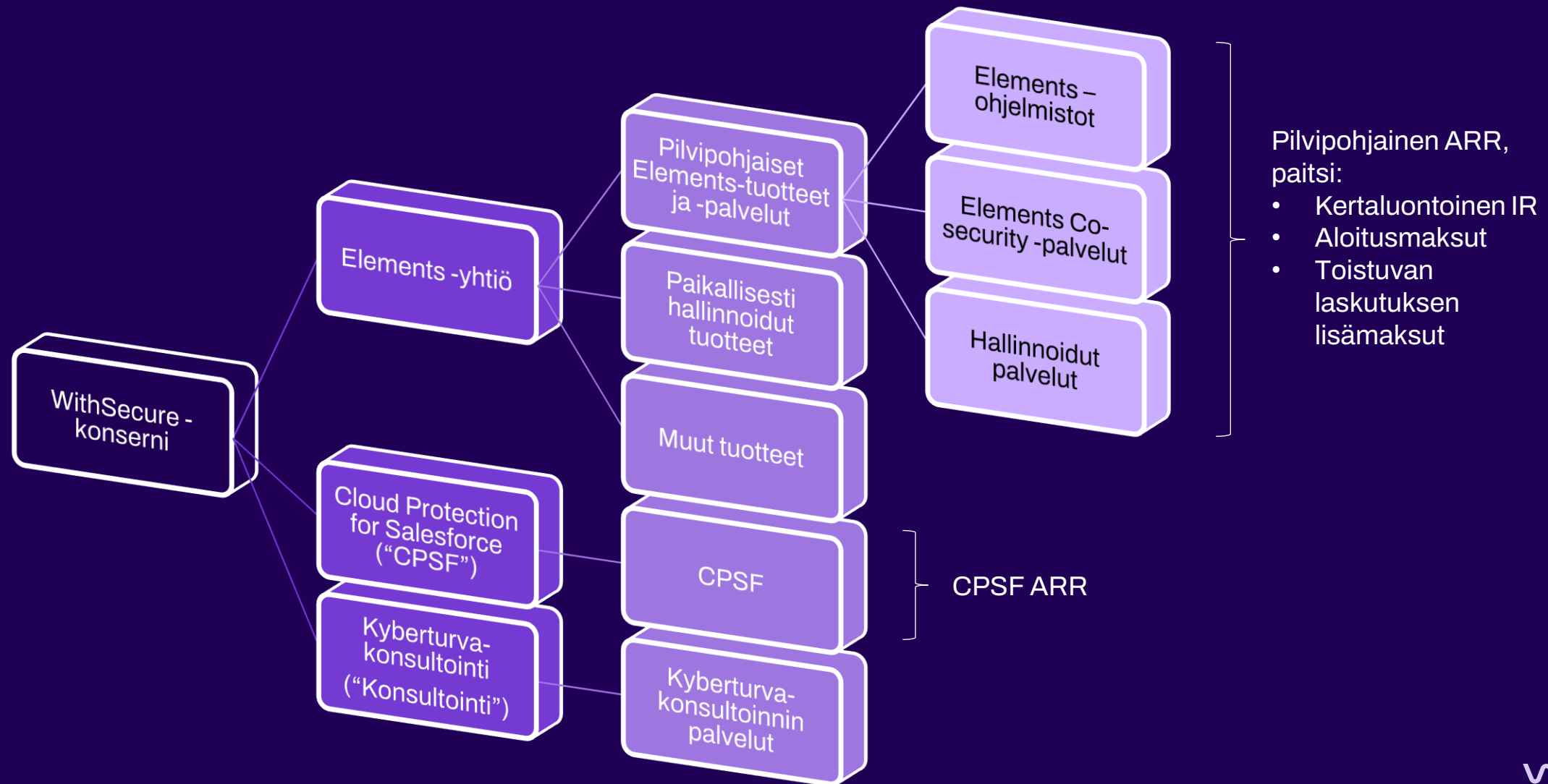
Adjusted EBITDA of full year 2024 will be positive.

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Segment reporting structure



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