

# WithSecure Q1 2024 Interim report

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

Antti Koskela, Interim CEO

Tom Jansson, CFO

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# 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



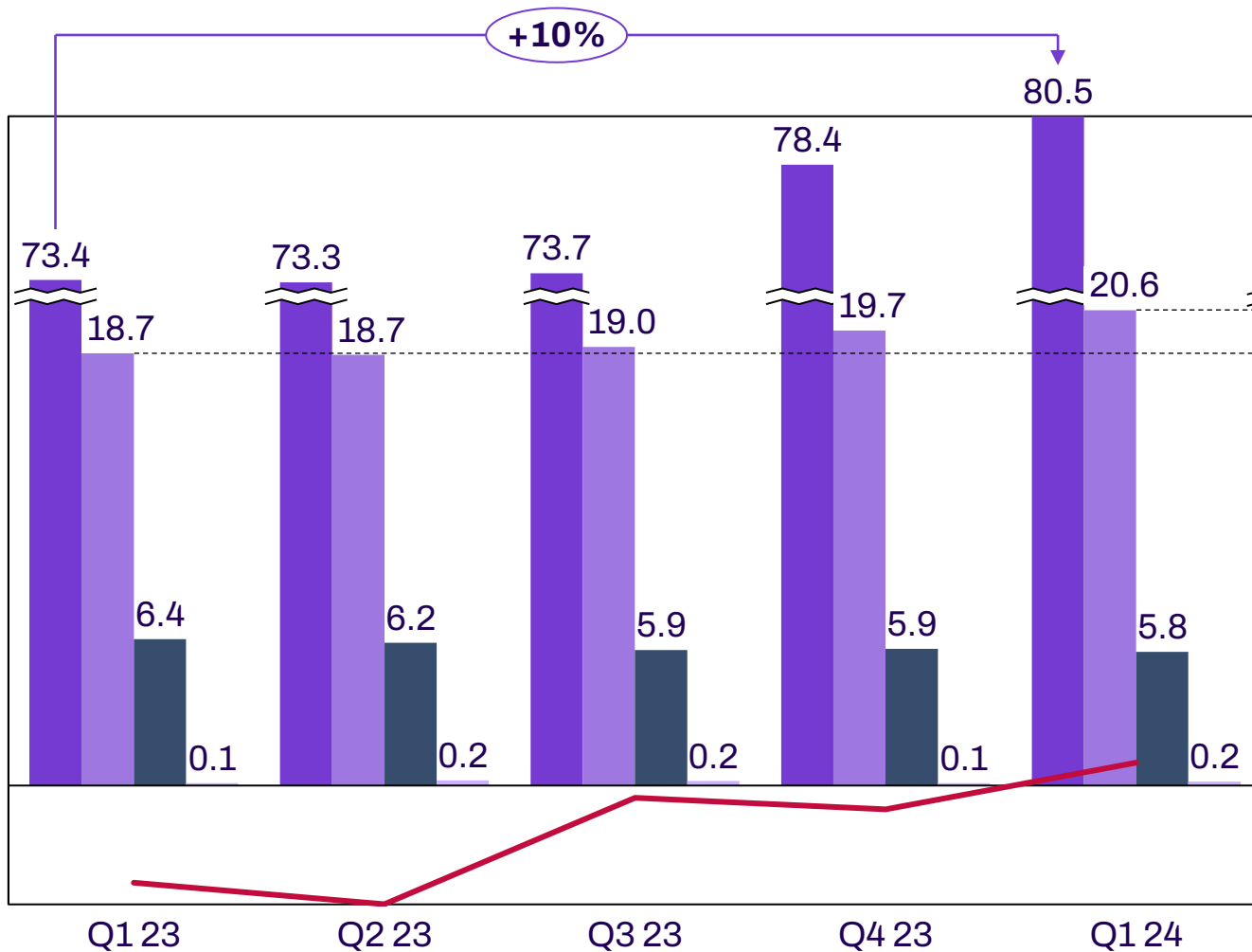
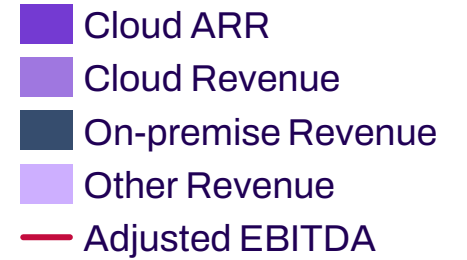
# Highlights of Q1 2024

- 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%

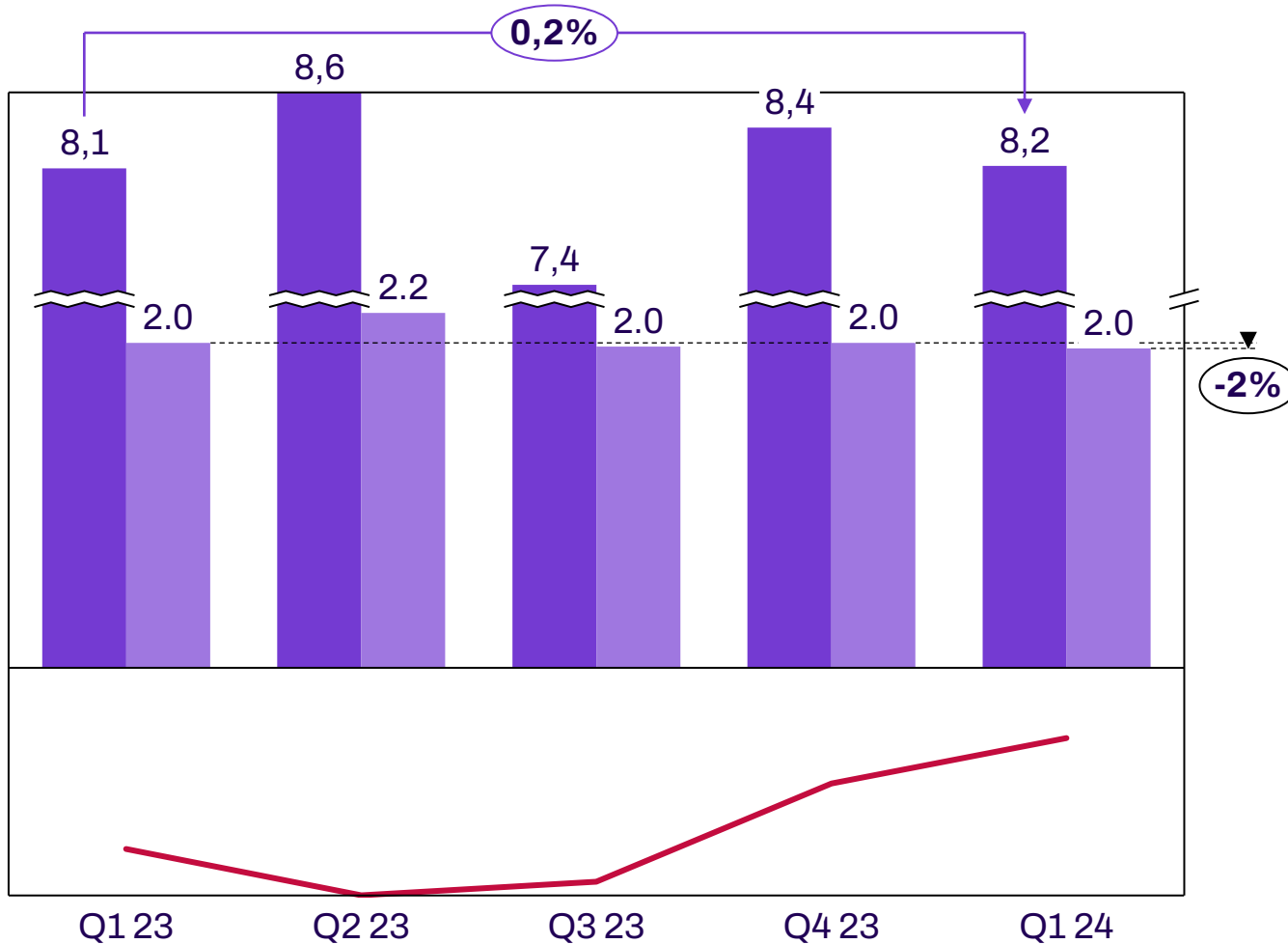
On-premise decline of customers partly offset by price increases

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

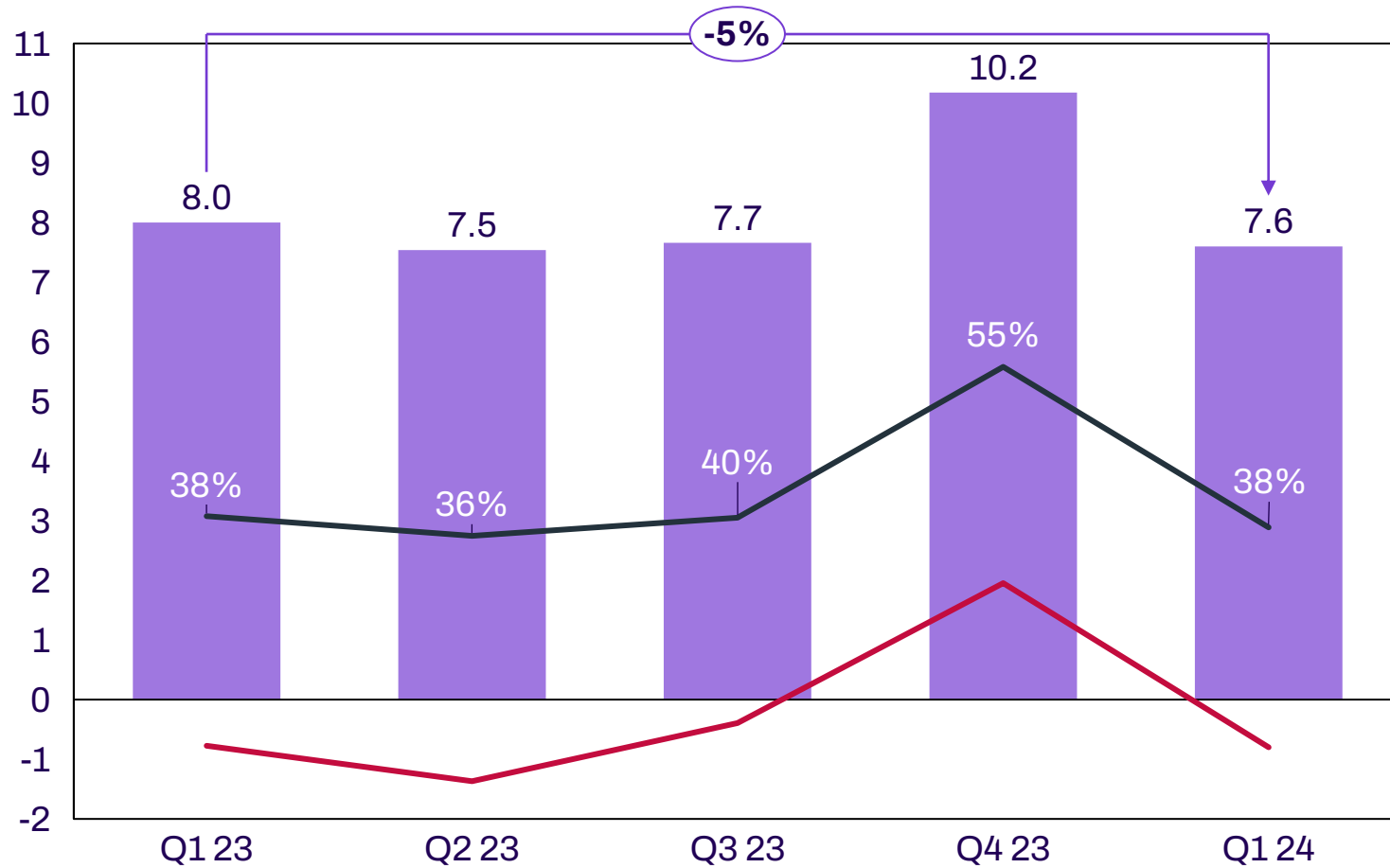
Net Revenue Retention (NRR) was 87%

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    |
|--------------------------------------|-------------|-------------|--------------|--------------|
| <b>Revenue</b>                       | <b>36.2</b> | <b>35.2</b> | <b>3%</b>    | <b>142.8</b> |
| Gross Margin                         | 25.7        | 24.4        | 5%           | 100.2        |
| <i>of revenue, %</i>                 | 70.9 %      | 69.3 %      |              | 70.2 %       |
| Other operating income <sup>1)</sup> | 0.4         | 0.4         | 3%           | 1.4          |
| Operating expenses <sup>1)</sup>     | -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        |
| <b>Adjusted EBITDA</b>               | <b>0.0</b>  | <b>-6.2</b> | <b>-100%</b> | <b>-16.1</b> |
| <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        |
| <b>Total</b>              | <b>81,486</b> | <b>78,058</b> |

Goodwill was previously allocated as follows:

|              | 31 Dec 2023   |
|--------------|---------------|
| MDR          | 26,844        |
| Consulting   | 51,214        |
| <b>Total</b> | <b>78,058</b> |



# 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.

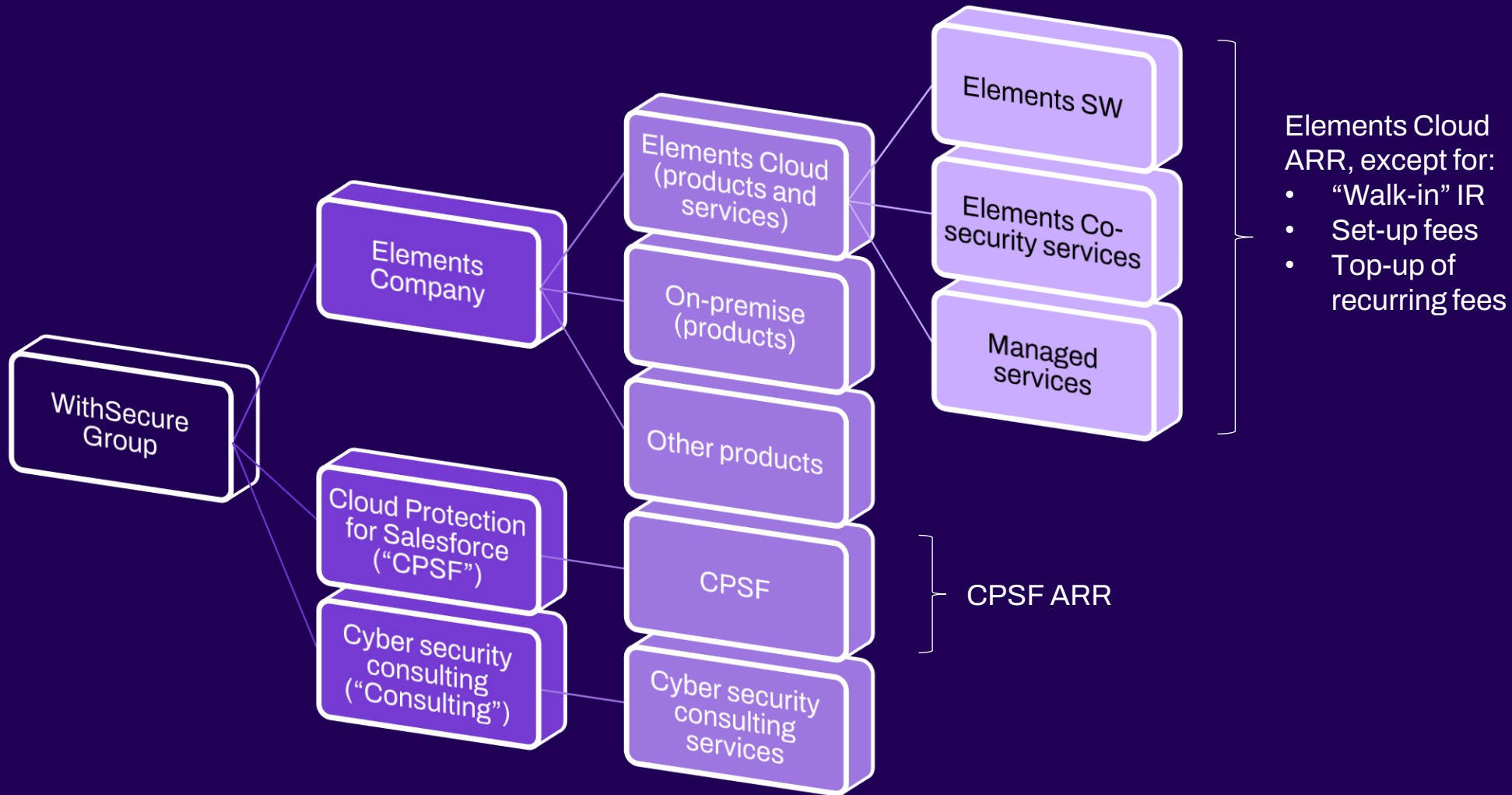
Revenue from Elements Cloud products and services will grow by 10–16 % from previous year. Previous year revenue from Elements Cloud was EUR 76.1 million.

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

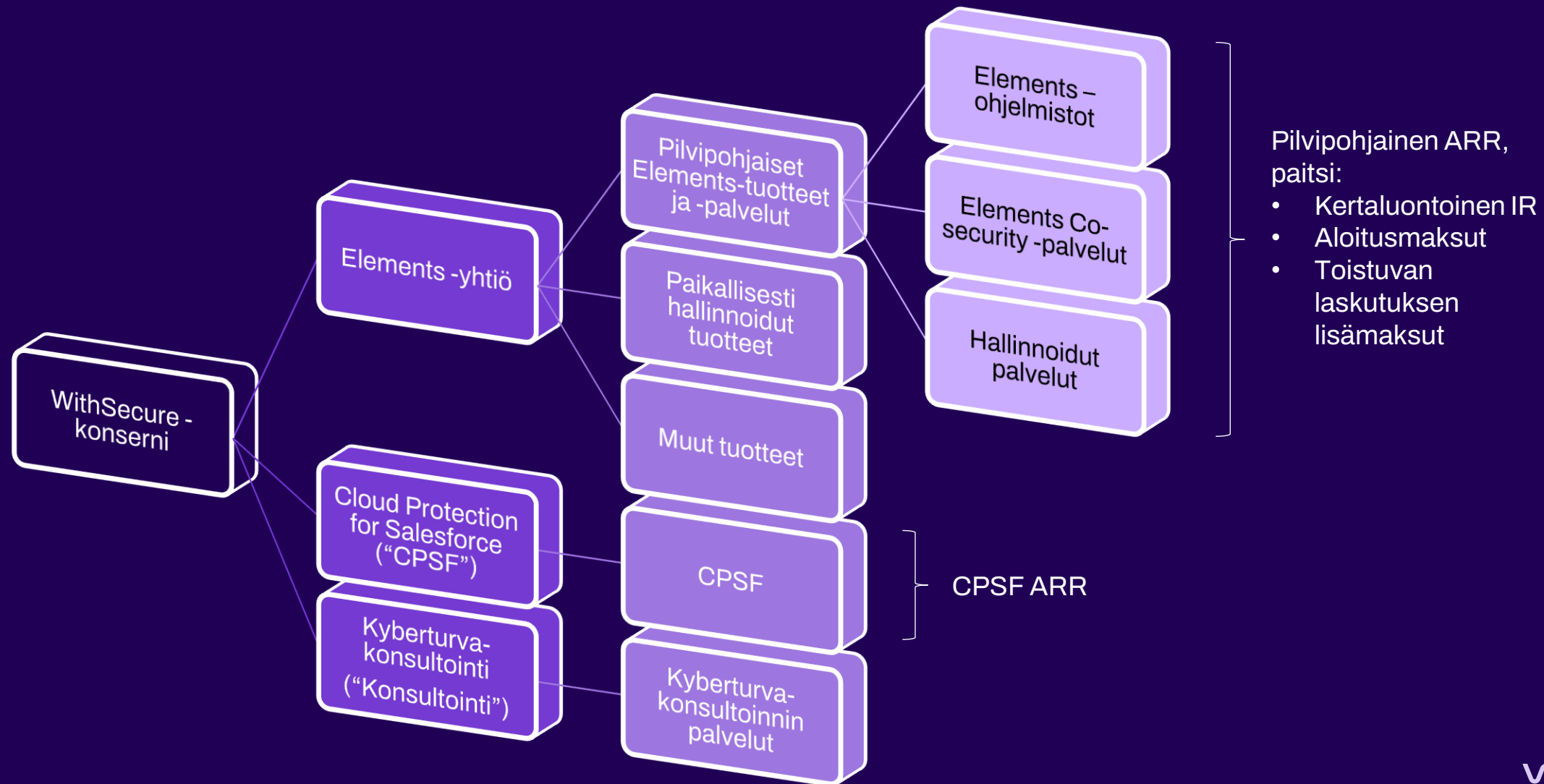
Adjusted EBITDA of full year 2024 will be positive.

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# Segment reporting structure



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