

**Interim report  
1 January – 30 September 2022**

**Growth of  
cloud revenue  
continues, 33%  
growth year-on-year**

WithSecure completed the separation of its Consumer security business into an independent company F-Secure through a partial demerger on 30 June 2022, according to the plan first announced on 17 February 2022 by the Board of Directors. In this interim report, WithSecure is presenting consumer security business until its demerger as Discontinued operations under IFRS 5. Previous income statements are restated accordingly.

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Figures in this report are unaudited. Figures in brackets refer to the corresponding period in the previous year, unless otherwise stated. Comparative period figures related to income statement have been restated due to the application of IFRS 5. Percentages and figures presented herein may include rounding differences and therefore may not add up precisely to the totals presented.

# Highlights of July–September 2022 (Q3)

## Continuing operations

- Revenue of WithSecure increased by 4% to EUR 33.5 million (EUR 32.1 million)
  - Revenue from cloud-native security products <sup>1)</sup> increased by 33% to EUR 17.9 million (EUR 13.5 million)
  - Revenue from on-premise security products decreased by 10% to EUR 6.7 million (EUR 7.4 million)
  - Revenue from cyber security consulting decreased by 20% EUR to 8.9 million (EUR 11.2 million). On a comparable <sup>2)</sup> basis, the revenue decreased by 6%
- On a comparable <sup>2)</sup> basis, the revenue growth was 10%
- Annual recurring revenue (ARR) <sup>3)</sup> of cloud-native security products grew by 29% to EUR 71.7 million (EUR 55.5 million). ARR growth from previous quarter was 6%
- Adjusted EBITDA <sup>4)</sup> of WithSecure decreased to EUR –4.0 million (EUR –1.6 million)
- Items affecting comparability (IAC) for Adjusted EBITDA were EUR 1.0 million (EUR 0.0)
- EBITDA was EUR –3.0 million (EUR –3.1 million)
- Cash flow from operating activities before financial items and taxes was EUR –11.8 million (EUR 3.9 million). Cash flow for comparative period includes both continuing and discontinued operations.

# Highlights of January–September 2022

## Continuing operations

- Revenue of WithSecure increased by 3% to EUR 98.3 million (EUR 95.5 million)
  - Revenue from cloud-native security products <sup>1)</sup> increased by 31% to EUR 50.0 million (EUR 38.1 million)
  - Revenue from on-premise security products decreased by 9% to EUR 20.5 million (EUR 22.6 million)
  - Revenue from cyber security consulting decreased by 20% to EUR 27.7 million (EUR 34.8 million). On a comparable <sup>2)</sup> basis, the revenue decreased by 5%
- On a comparable <sup>2)</sup> basis, the revenue growth was 9%
- Estimated comparable EBITDA <sup>4)</sup> of WithSecure decreased to EUR –17.2 million (EUR –7.2 million)
- Items affecting comparability (IAC) for Adjusted EBITDA were EUR –4.3 million (EUR 0.0 million)
- Cash flow from operating activities before financial items and taxes was EUR –10.7 million (EUR 23.1 million). Cash flow for comparative period includes both continuing and discontinued operations.

<sup>1)</sup> Corporate security products excluding on-premise (Business Suite). Cloud Portfolio includes Elements Cloud, Cloud Protection for Salesforce and Countercept.

<sup>2)</sup> Comparability of revenue is impacted by the divestments of the UK public sector consulting in December 2021, as well as the divestment of the subsidiary in South Africa in February 2022.

<sup>3)</sup> Annual recurring revenue (ARR) of corporate security 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 revenues.

<sup>4)</sup> Estimated comparable EBITDA used as comparison for previous year periods. For explanation of the Estimated comparable EBITDA, see paragraph in the end of Highlights section.

## Discontinued operations

- Result of the discontinued operations includes the revenue and expenses directly derived from the Consumer security (F-Secure) business, demerged on 30 June 2022.
- In addition, a distribution gain of EUR 450.5 million for the fair value of the transferring business, net of transferred assets and liabilities at book values, has been recognized in the result of the discontinued operations. The recognition of the liability for the fair value of the transferring business offsets the impact in the company equity.

Starting from the first quarter of 2022, Consumer security (new F-Secure) financials are presented as Discontinued operations according to IFRS 5 standard. The operating expenses are split according to actual ownership of assets, liabilities and resources after the demerger. The resulting figures do not fully reflect the profitability of either business on a stand-alone basis. WithSecure (Continuing operations) expenses include the cost of resources allocated to supporting F-Secure during the transition period. WithSecure will receive compensation for such expenses under the Transitional Service Agreements (“TSA”). **Estimated comparable EBITDA** is presented as alternative performance measure (“APM”) for profitability to improve comparability between periods until second quarter of 2022. From third quarter of 2022, Adjusted EBITDA includes compensation of F-Secure transition period costs, and no additional adjustments are necessary. Estimated comparable EBITDA excludes activities related to research and development, and cost of facilities held by WithSecure. Comparative periods are adjusted accordingly. For a full bridge between the different performance measures, please refer to Note 5 Reconciliation of alternative performance measures.

EUR million,	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Adjusted EBITDA (calculated on the basis of IFRS 5)	-4.0	-3.1	-20.6	-11.8	-17.2
Research and development		1.1	2.5	3.4	4.4
Facilities held by WithSecure		0.4	0.8	1.2	1.6
Estimated comparable EBITDA	-4.0	-1.6	-17.2	-7.2	-11.3

## Outlook (unchanged)

WithSecure's financial outlook for 2022 was issued by the Board of Directors on 3 June 2022.

Revenue from cloud-native products will grow by approximately 30% from previous year, accelerating in the second half of 2022. Previous year revenue from cloud-native products was EUR 51.8 million.

Comparable revenue of the group will grow at a low double-digit rate from previous year. Previous year's comparable revenue, adjusted for divested consulting businesses, was EUR 122.8 million.

Estimated comparable EBITDA will decrease from previous year. The decrease is mainly due to increased investments in new product areas, as well as sales and marketing efforts including brand renewal related to company demerger. The Estimated comparable EBITDA will improve in second half of 2022 compared to the first half.

## Medium term financial targets (unchanged)

Medium term financial targets for WithSecure:

- Growth Target: To double revenue organically by the end of 2025 (from year 2021 comparable revenue of EUR 122.8 million)
- Profitability Target: Adjusted EBITDA break-even by the end of 2023 and adjusted EBITDA margin of some 20% by 2025

# CEO Juhani Hintikka

WithSecure's third quarter of 2022, first one after the demerger of the consumer business, was marked by continued stable growth of the cloud-native revenue. We also made progress on our profitability that improved, as planned, from the second quarter.

Annual recurring revenue (ARR) for the cloud-native security products grew by 29% to EUR 71.7 million (EUR 55.5 million). Revenue for the cloud-native products grew by 33% from the previous year to EUR 17.9 million (EUR 13.5 million) in the third quarter.

WithSecure's profitability (measured as Adjusted EBITDA) was EUR –4.0 million (EUR –1.6 million).

Our sales pipeline continued to develop favorably across our portfolio; however, the third quarter was from a business cycle point of view heavily back-end loaded. This had some adverse impact on the third quarter ARR.

The Elements portfolio continued on a stable growth path with Endpoint detection and response (EDR) generating the biggest growth. Revenue from the on-premise security products remained at the previous quarter level of EUR 6.7 million. This is a decline of 10% from the previous year (EUR 7.4 million).

Cloud Protection for Salesforce delivered a strong growth on year-on-year basis. We will continue driving this business as a separate unit within our organization to ensure that we maximize scaling of the opportunity.

During Q3 we launched the Europe only Countercept service delivery mode, where the data collected by the service is, in addition to being stored, also accessed only inside Europe. Going forward, we expect this to contribute significantly to our Countercept growth. In September, WithSecure was recognized as one of the top 12 MDR solution providers in a CSO Online study.

Revenue from our cyber security consulting decreased from previous year and was EUR 8.9 million (EUR 11.2 million). On a comparable basis, the reduction of revenue was approximately 6% from previous year (EUR 9.5 million excluding divested operations). Comparability is impacted by the divestments of the UK public sector consulting in December 2021, as well as the divestment of our subsidiary in South Africa in February 2022. During third quarter, we increased our delivery capabilities through hiring and training consultants. We did not yet see the full financial impacts of this but expect to

see improvements of performance over the next quarters, supported by the high demand of consulting services.

Operative cash flow for third quarter was EUR –11.8 million. In addition to operative result, this was caused by the payment of significant demerger related costs in the third quarter, as well as delaying some large payments to third quarter as part of the demerger related arrangements.

In October, we announced plans to introduce a new operating model for the company starting from 1.1.2023. In order for us to further develop our operating model and our strategy execution capability, the proposed model will combine our sales teams to one unified sales organization, making us even more customer-centric than before and enabling us to unlock the opportunities of cross-selling and up-selling our portfolio. We are also combining our R&D teams into one, unified product organization to maximize our product development capabilities.



“Our new customer-centric operating model will help to deliver even better security outcomes to our customers”

In September, WithSecure won the Forrester Program of the Year award for creating and launching our new B2B brand. The brand was achieved by using a crowd-sourced approach of engaging a large group of employees, customers, partners and other stakeholders.

In a recent study published by WithSecure, we polled over 3,000 IT decision makers, IT influencers, and top management from organizations in 12 different countries about a variety of business and cyber security topics, including their top priorities and challenges in the near future. Preventing data breaches was by far the most common security priority brought up by the respondents. Safeguarding the remote/hybrid workforce was the most sought security outcome of the survey audience.

We believe that our new customer-centric operating model fully supports our strategy execution and will help to deliver even better security outcomes to our customers.

CEO Juhani Hintikka

# Financial performance

EUR million	7-9/2022	7-9/2021	Change %	1-9/2022	1-9/2021	Change %	1-12/2021
<b>WithSecure (Continuing operations)</b>							
<b>Revenue</b>	<b>33.5</b>	<b>32.1</b>	<b>4%</b>	<b>98.3</b>	<b>95.5</b>	<b>3%</b>	<b>130.0</b>
Cloud-native security products	17.9	13.5	33%	50.0	38.1	31%	52.7
On-premise security products	6.7	7.4	-10%	20.5	22.6	-9%	30.0
Cyber security consulting	8.9	11.2	-20%	27.7	34.8	-20%	47.2
Cost of revenue	-11.6	-10.1	15%	-34.4	-30.4	13%	-41.5
Gross Margin	21.9	22.0	-1%	63.9	65.1	-2%	88.5
of revenue, %	65.3%	68.5%		65.0%	68.2%		68.1%
Other operating income <sup>1)</sup>	0.9	0.3		1.8	1.2		2.0
Operating expenses <sup>1)</sup>	-26.8	-25.4	5%	-86.4	-77.9	11%	-107.6
Sales & Marketing	-18.6	-16.2	15%	-57.9	-49.7	17%	-68.0
Research & Development	-5.9	-6.9	-14%	-21.8	-20.4	7%	-28.5
Administration	-2.3	-2.2	0%	-6.6	-7.9	-16%	-11.1
<b>Adjusted EBITDA <sup>2)</sup></b>	<b>-4.0</b>	<b>-3.1</b>	<b>30%</b>	<b>-20.6</b>	<b>-11.8</b>	<b>75%</b>	<b>-17.2</b>
of revenue, %	-12.0%	-9.6%		-21.0%	-12.3%		-13.3%
Items affecting comparability (IAC)							
Divestments	0.4			-2.8			0.5
Demerger	0.7			-1.5			
<b>EBITDA</b>	<b>-3.0</b>	<b>-3.1</b>	<b>-3%</b>	<b>-24.9</b>	<b>-11.8</b>	<b>111%</b>	<b>-16.7</b>
of revenue, %	-8.9%	-9.6%		-25.3%	-12.3%		-12.8%
Depreciation & amortization, excluding PPA <sup>3)</sup>	-2.5	-2.3	8%	-7.4	-7.0	6%	-9.6
Impairment							-1.0
PPA amortization	-0.6	-0.7	-8%	-1.9	-2.1	-11%	-2.8
<b>EBIT</b>	<b>-6.1</b>	<b>-6.1</b>	<b>0%</b>	<b>-34.2</b>	<b>-20.9</b>	<b>63%</b>	<b>-30.1</b>
of revenue, %	-18.2%	-18.9%		-34.8%	-21.9%		-23.2%
<b>Estimated comparable EBITDA</b>	<b>-4.0</b>	<b>-1.6</b>	<b>151%</b>	<b>-17.2</b>	<b>-7.2</b>	<b>141%</b>	<b>-11.3</b>
of revenue, %	-12.0%	-5.0%		-17.5%	-7.5%		-8.7%
<b>Adjusted EBIT <sup>2)</sup></b>	<b>-6.5</b>	<b>-5.4</b>	<b>21%</b>	<b>-28.1</b>	<b>-18.8</b>	<b>50%</b>	<b>-26.8</b>
of revenue, %	-19.4%	-16.8%		-28.6%	-19.7%		-20.6%
<b>Result for the period (Discontinued operations)</b>		<b>10.6</b>	<b>-100%</b>	<b>468.5</b>	<b>29.4</b>	<b>n/a</b>	<b>38.2</b>

<sup>1)</sup> Excluding Items Affecting Comparability (IAC) and depreciation and amortization. From third quarter onwards excludes also costs of services provided to F-Secure under TSA and equivalent income charged for TSA services.

<sup>2)</sup> Adjustments are material items outside normal course of business associated with acquisitions, integration, restructuring, gains or losses from sales of businesses and other items affecting comparability. Reconciliation and a breakdown of adjusted costs is in note 5 of the Table Section of this report.

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

EUR m	7-9/2022	7-9/2021	Change %	1-9/2022	1-9/2021	Change %	1-12/2021
<b>Performance indicators <sup>5)</sup></b>							
Earnings per share, (EUR) (continuing operations) <sup>4)</sup>	-0.03	-0.03	-2%	-0.18	-0.10	73%	-0.15
Deferred revenue (continuing operations)				66.0	62.5	6%	66.4
Cash flow from operations before financial items and taxes	-11.8	3.9	-407%	-10.7	23.1	-146%	38.7
Cash and cash equivalents				75.1	43.6	72%	52.9
ROI, %	-15.5%	24.2%	-164%	-31.3%	17.9%	-275%	15.6%
Equity ratio, %				79.7%*	61.2%	30%	59.5%
Gearing, %				-41.9%	-13.8%	202%	-25.8%
Personnel, end of period				1,280	1,689	-24%	1,656

<sup>1)</sup> Excluding Items Affecting Comparability (IAC) and depreciation and amortization. From third quarter onwards excludes also costs of services provided to F-Secure under TSA and equivalent income charged for TSA services.

<sup>2)</sup> Adjustments are material items outside normal course of business associated with acquisitions, integration, restructuring, gains or losses from sales of businesses and other items affecting comparability. Reconciliation and a breakdown of adjusted costs is in note 5 of the Table Section of this report.

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

<sup>4)</sup> Based on the weighted average number of outstanding shares during the period 170,202,808 (1-9/2022). Earnings per share has been recalculated for comparative periods using average weighted share amount after share issue in first quarter of 2022.

<sup>5)</sup> Unless otherwise indicated, the comparative periods include both Continuing operations (WithSecure) and Discontinued operations (F-Secure)

\* Figure adjusted after original publication



# Market overview

Digital networks are becoming an essential component of society that must always work. Disruptions of the digital network can cause serious damage to the society and well-being of its members.

The war in Ukraine has caused some exceptional consequences to the cyber security landscape, such as highly visible governmental activities, as well as organized civilian response to the war efforts. New situations can lead to uncontrolled cyber security threats that can be difficult to predict.

While advanced cyber-attacks on visible targets are becoming more common and persistent, criminals are also targeting companies of all sizes along with consumers by taking advantage of vulnerabilities in popular software, both traditional and new connected devices as well as online services. Apart from pure criminal activity, governments can use vulnerabilities and malware for surveillance purposes.

Attacks against corporations can go undetected for months. It is estimated that the demand for both Endpoint Detection and Response (EDR) solutions and WithSecure Managed Detection and Response (MDR) product will continue to increase rapidly. The new detection and response capabilities are supplementing existing endpoint protection solutions (EPP). Overall, as organizations are increasingly adopting cloud services, they seek managed security services and cloud-based delivery to help them maintain control of their security.

## July–September 2022 (third quarter)

### Revenue

WithSecure revenue in July–September increased by 4% to EUR 33.5 million (EUR 32.1 million).

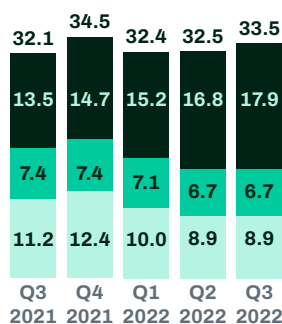
On a comparable basis, the revenue growth was 10%.

### Cloud-native security products

Revenue from cloud-native security products increased by 33% to EUR 17.9 million (EUR 13.5 million).

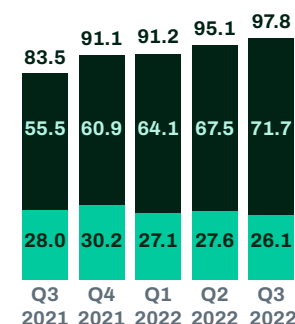
Annual recurring revenue (ARR) of cloud-native security products grew by 29% to EUR 71.7 million (EUR 55.5 million). ARR growth from previous quarter was 6%.

Revenue split  
(WithSecure), MEUR



Cloud-native corporate security solutions  
On-premise corporate security solutions  
Cyber security consulting

Annual Recurring Revenue  
(WithSecure), MEUR



Cloud-native corporate security solutions  
On-premise corporate security solutions

Growth of the corporate security products is driven by customers expanding their EPP (Endpoint Protection) to cover other products available through the Elements platform, most typically the EDR (Endpoint Detection and Response), as well as the other products. Cloud Protection for Salesforce revenue has grown at a steady rate year-on-year, due to both new customers and high retention rates. Revenue is growing in all major geographical areas.

Revenue from Countercept managed detection and response (MDR) continued a strong growth year-on-year. Finland, Germany and the US have been the strongest drivers of growth, together with some of our new countries in Europe, in the third quarter.

#### **On-premise security products**

Revenue from on-premise security products decreased by 10% to EUR 6.7 million (EUR 7.4 million).

ARR related to the on-premise security products decreased by 37% to EUR 26.1 million (EUR 28.0 million). ARR change from the previous quarter was a decrease of 6%.

The overall decrease of on-premise products is part of the WithSecure's strategic transitioning to cloud-based environments. Our customers are increasingly switching to the cloud-native Elements products, leading to a decline over time of the on-premise solutions revenue.

#### **Cyber security consulting**

Revenue from cyber security consulting decreased by 20% to EUR 8.9 million (EUR 11.2 million). The decrease is partly explained by the divestment of the UK public sector consulting in December 2021, and the divestment of the South African subsidiary in February 2022. On a comparable basis, the revenue decreased by 6% (previous year comparable revenue was EUR 9.5 million).

Partly driven by the geo-political tensions, the demand for advanced cyber security consulting services continues to be strong. There are shortages of highly specialized experts on the market, especially in the industries with high digitalization rates. WithSecure has been successful in improving the delivery capacity through hiring and training consultants. However, the capacity was not yet in full use in the third quarter, causing a slight decrease in the year-on-year comparable revenue.

#### **Gross margin**

Gross margin decreased by EUR 0.1 million to 21.9 million (EUR 22.0 million) and was 65.3% of revenue (68.5%). The decrease from previous year is mainly caused by the ongoing onboarding of new consulting team members, but improvements from the second quarter have already taken place. Some variances are caused by the changes in product mix, as well as the USD based hosting cost.

#### **Operating expenses**

Operating expenses, excluding depreciation and amortization and items affecting comparability (IAC) increased by EUR 1.4 million to EUR 26.8 million (EUR 25.4 million). Cost increases were mainly due to higher sales and marketing activities and COVID-19 pandemic impacts on the comparative period.

Items affecting comparability (IAC) decreased operating expenses by EUR 0.7 million due to post-demerger activities including separation of long-term incentive programs.

Depreciation and amortization were EUR 3.1 million (3.0 million), where PPA amortization from acquisitions was EUR 0.6 million (0.7 million).

#### **Profitability**

In third quarter, Estimated comparable EBITDA becomes identical with Adjusted EBITDA. Adjusted EBITDA of WithSecure was EUR –4.0 million and –12.0% of revenue (Estimated comparable EBITDA in Q3 2021 EUR –1.6 million, –5.0%). Adjusted EBIT was EUR –6.5 million and –19.4% of revenue (EUR –5.4 million, –16.8%).

EBITDA was EUR –3.0 million and –8.9% of revenue (EUR –3.1 million, –9.6%). EBIT was EUR –6.1 million and –18.2% of revenue (EUR –6.1 million, –18.9%), including EUR 0.6 million of PPA amortization (EUR 0.7 million) and EUR +1.0 million of IAC items. In addition to impact on operating expenses, update to fair value of deferred consideration from UK public sector consulting divestment (EUR 0.4 million) is presented as IAC in Other operating income.

## Cash flow

Cash flow from operating activities before financial items and taxes was EUR –11.8 million (3.9 million). Cash flow for comparative period includes both continuing and discontinued operations. Negative operative cash flow was driven by operative result as well as payment of significant demerger related costs (EUR 3.7 million) in the third quarter. In addition, some large payments were delayed from second quarter to early July as part of the demerger related arrangements.

On 30 June WithSecure held EUR 6.8 million of cash belonging to F-Secure. Cash, net of transaction costs belonging to F-Secure (EUR 3.0 million), was transferred in July.

# January–September 2022

## Continuing operations

### Revenue

Revenue for WithSecure in January–September increased by 3% to EUR 98.3 million (EUR 95.5 million).

On a comparable basis, the revenue growth was 9%.

### Cloud-native security products

Revenue from cloud-native security products increased by 31% to EUR 50.0 million (EUR 38.1 million)

### On-premise security products

Revenue from on-premise security products decreased by 9% to EUR 20.5 million (EUR 22.6 million).

### Cyber security consulting

Revenue from cyber security consulting decreased by 20% to EUR 27.7 million (EUR 34.8 million). The decrease is partly explained by the divestment of the UK public sector consulting in December 2021, and the divestment of the South African subsidiary in February 2022. On a comparable basis, the revenue decreased by 5% (previous year comparable revenue of January–September was EUR 29.3 million).

### Gross margin

Gross margin decreased by EUR 1.2 million to 63.9 million (EUR 65.1 million) and was 65.0% of revenue (68.2%).

### Operating expenses

Operating expenses, excluding depreciation and amortization and items affecting comparability (IAC) increased by EUR 8.5 million to EUR 86.4 million (EUR 77.9 million). Cost increases were due to research and development as well as sales and marketing, where the brand renewal had an impact on costs. In addition, COVID-19 pandemic decreased operating expenses during the comparative period. Items affecting comparability (IAC) totaled EUR –4.6 million and consisted of costs related to the execution of the company's strategy in preparation for the planned demerger, impact of the actual demerger and impacts of divestment of the South African subsidiary.

Depreciation and amortization were EUR 9.3 million (EUR 9.2 million), where PPA amortization from acquisitions was EUR 1.9 million (EUR 2.1 million).

### Profitability

Estimated comparable EBITDA of WithSecure was EUR –17.2 million and –17.5% of revenue (EUR –7.2 million, –7.5%).

Adjusted EBITDA was EUR –20.6 million and –21.0% of revenue (EUR –11.8 million, –12.3%). Adjusted EBIT was EUR –28.1 million and –28.6% of revenue (EUR –18.8 million, –19.7%).

EBITDA was EUR –24.9 million and –25.3% of revenue (EUR –18.8 million, –19.7%). EBIT was EUR –34.2 million and –34.8% of revenue (EUR –20.9 million, –21.9%), including EUR 1.9 million of PPA amortization (EUR 2.1 million) and EUR –4.3 million of IAC items.

In IAC items, net impact of the company's strategy execution was EUR –1.6 million including post-demerger separation of long-term incentive plans (+0.8 million) and the impact of the sub-leased premises (EUR +0.3 million). Impacts of the divestment of South African subsidiary were EUR –3.1 million including recognition of translation difference of EUR –2.1 million and estimated capital loss of EUR - 0.7 million. Final result of the divestment is dependent on deferred consideration based on the future business performance and will be measured at fair value quarterly.

### Cash flow

Cash flow from operating activities before financial items and taxes was EUR –10.7 million (EUR 23.1 million). Cash flow for comparative period includes both continuing and discontinued operations. Negative operative cash flow was driven by operative result as well as significant demerger related costs.

### Discontinued operations

Result of the discontinued operations includes the revenue and expenses directly derived from the Consumer security (F-Secure) business, demerged on 30 June 2022.

In addition, a distribution gain of EUR 450.5 million for the fair value of the transferring business, net of transferred assets and liabilities at book values, has been recognized in the result of the discontinued operations. The recognition of the liability for the fair value of the transferring business offsets the impact in the company equity.

# Financing, Capital Structure and Capital Expenditure

Unless otherwise indicated, the comparative periods include both continuing operations (WithSecure) and discontinued operations (F-Secure)

EUR m	7-9/2022	7-9/2021	Change %	1-9/2022	1-9/2021	Change %	1-12/2021
Cash and cash equivalents				75.1	43.6	72%	52.9
Bank loans, non-current					16.0	-100%	13.0
Lease liabilities, non-current				5.0	4.2	20%	4.6
Other loans, non-current				3.8			
Bank loans, current					6.0	-100%	6.0
Lease liabilities, current				4.8	4.6	5%	4.8
Capital expenditure, excl. lease assets	0.8	1.5	-48 %	3.1	5.0	-38%	6.6
Capitalized development expenses	0.3	1.3	-77%	2.8	4.2	-34%	5.6
ROI, %	-15.5%	24.2%		-31.3%	17.9%		15.6%
Equity ratio, %				79.7%*	61.2%		59.5%
Gearing, %				-41.9%	-13.8%		-25.8%

On 23 March, WithSecure strengthened its financial position with a directed share issue where EUR 76.8 million of new capital was raised.

On 30 June, WithSecure made an early repayment of the bank loan (EUR 19.0 million). The committed revolving credit facility was also cancelled. Other loans are liabilities related to asset transfers in Group subsidiaries in relation to demerger.

Liquidity remained at solid level. At the end of the quarter, the company had liquid assets in total of EUR 75.1 million (43.6 m). At the end of second quarter the company held EUR 6.8 million of cash belonging to F-Secure. Cash has been settled during third quarter. Equity ratio has improved due to the new capital raised through share issue. Gearing was negative -41.9% due to strong liquidity.

\* Figure adjusted after original publication

# Demerger of F-Secure

Following the announcement of 17 February 2022 to pursue towards the separation of the Consumer Security business through a partial demerger, the demerger was completed on 30 June 2022. Trading of F-Secure Corporation at Nasdaq Helsinki began on 1 July 2022.

F-Secure and WithSecure have agreed on certain services that will be provided on a transitional basis by WithSecure to support continuous operations of F-Secure (as described in more detail in the demerger plan approved by WithSecure's board of directors and announced by WithSecure on 17 February 2022), and to perform development and migration tasks towards ensuring that both companies' businesses are operationally separated at the termination of the Transitional Services Agreement ("TSA"). The services are related to jointly used technology, as well as transitional services that are general in nature, covering for example IT, HR, finance and other areas. The parties' intention is to replace the services latest by the end of the transition period with similar services procured or provided independently by F-Secure.

# Organization and leadership

## Personnel

At the end of the quarter, WithSecure had 1,280 employees, which shows a net increase of 16 employees (1%) since the previous quarter-end (1,264 on 30 June 2022), and a net decrease of 409 employees (24%) compared to the end of September 2021 (1,689). Majority of the decrease is due to the demerger of 30 June 2022 where 366 employees transferred to F-Secure group. The decrease is also affected by the divestment of the Group's South African subsidiary in February 2022, as well as the divestment of UK public sector consulting in December 2021.

## Leadership team

No changes to the Leadership team took place during the quarter. At the end of the quarter, the composition of the Leadership team was the following:

Juhani Hintikka (President & CEO), Christine Bejerasco (CTO), Charlotte Guillou (Chief People Officer), Tom Jansson (CFO), Juha Kivikoski (EVP, Business Security), Antti Koskela (CPO), Tim Orchard (EVP, Solutions), Tiina Sarhimaa (CLO) and Ari Vanttinen (CMO).

In October, WithSecure decided on a new operating model for the company. As part of the new model, sales teams will be combined into one unified Customer Operations organization, led by Juha Kivikoski. Research and development teams are combined into one unified product organization, led by Antti Koskela. Chief Information Security Officer (CISO) will become part of the Leadership team, current CTO Christine Bejerasco will assume the role of CISO. Tim Orchard will assume the role of CTO, and the new EVP, Solutions position becomes vacant. Tim Orchard will be interim lead of Solutions until the role is filled. In addition, Cloud Protection for Salesforce becomes an independent unit, reporting directly to the President & CEO. All changes will become applicable on 1 January 2023.

# Shares, Shareholders' Equity, Own Shares

On 23 March 2022, WithSecure issued 15,800,000 new shares in an accelerated book-built offering deviating from the shareholders' pre-emptive subscription rights. The total number of company shares is currently 174,598,739. The company's registered shareholders' equity is EUR 80,000. The company held 71,795 of its own shares at the end of the quarter.

Based on resolution of the Extraordinary General Meeting, WithSecure Corporation reduced its share capital by EUR 1,417,311.18 to EUR 80,000 in relation to the demerger. Share premium reserve of EUR 164,543.23 was also dissolved.

The company holds its own shares to be used in the incentive compensation plans, for making acquisitions or implementing other arrangements related to the company's business, to improve the company's financial structure or to be otherwise assigned or cancelled.

The separation of WithSecure's Consumer security business into an independent listed company named F-Secure Corporation took place on 30 June 2022. At the end of the first trading day of the two separate companies (1 July 2022), WithSecure's share price was EUR 2.53 and F-Secure's share price EUR 2.70.

In July-September, 14,970,470 (6,188,753) of WithSecure's shares were traded on Nasdaq Helsinki. The highest trading price was EUR 2.64 (5.10), and the lowest price was EUR 1.49 (4.00). The volume weighted average price of WithSecure shares in third quarter of 2022 was EUR 1.85 (4.50).

The share's closing price on the last trading day of the quarter, 30 September 2022, was EUR 1.60 (4.80). Based on that closing price, the market value of the company's shares, excluding the treasury shares held by the company, was EUR 280 million (EUR 760 million).

The company has market-based long-term share-based incentive programs for key employees.

In September 2022, WithSecure established an Employee Share Savings Plan (ESSP) for all employees. It consists of annually commencing plan periods, each one comprising of a 12-month savings period and a holding period following the savings period. The savings will be used for acquiring WithSecure shares quarterly after the publication of the respective interim

reports. The potential award will be settled in shares, or partly in shares and partly in cash, after the end of the holding period. 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. Continuity of employment and holding of acquired shares for the duration of the holding period are the prerequisites for receiving the award. The first plan period will commence on 1 October 2022 and end on 30 September 2025. The holding period of the first plan period begins at the first acquisition of savings shares and ends on 30 September 2025. The maximum number of matching shares (gross number before taxes) for the first plan period is approximately 1,300,000 shares, calculated at prevalent share price. The final number of matching shares depends on the employees' participation and savings rate in the plan, and the fulfilment of the prerequisites for receiving matching shares, as well as the number of shares acquired from the market with savings. The Board of Directors will decide on potential following plan periods and their details separately.

In September 2022, WithSecure launched a Performance Matching Share Plan (PMSP) for its key leaders. It includes one performance period, starting on 1 September 2022 and ending on 30 November 2026. Plan participants are given an opportunity to earn WithSecure shares as a reward based on the development of WithSecure Corporation's market value. The achievement of the targets set for the company's market value will determine the proportion out of the maximum reward that will be paid as reward to participants. The prerequisite for participation in the plan and receiving reward on the basis of the plan is that a participant personally has acquired WithSecure shares up to the number determined by the Board of Directors. Participants can invest in aggregate 1.8 – 2.3 million euros in WithSecure shares. Payment of reward is based on the participant's valid employment or service upon reward payment. The rewards from the plan will be paid partly in the company's shares and partly in cash after the end of the performance period. The target group of the plan consists of a maximum of 21 persons, including the CEO and other members of the Leadership Team. The rewards to be paid on the basis of the plan will amount up to the value corresponding to an approximate maximum total of 7,900,000 WithSecure shares, including also the proportion to be paid in cash.

# Annual General Meeting

Annual General Meeting (AGM) of F-Secure Corporation was held on 16 March 2022. The meeting confirmed the financial statements for the financial year 2021 and reviewed the remuneration policy and remuneration report for governing bodies. The members of the Board and the President and CEO were discharged from liability.

The AGM approved the proposal of the Board of Directors that no dividend will be paid for the financial year 2021 due to the contemplated separation of the company's consumer security business.

The AGM decided that the number of Board members shall be seven. The following current Board members were re-elected: Risto Siilasmaa, Keith Bannister, Pertti Ervi, Päivi Rekonen and Tuomas Syrjänen. Kirsi Sormunen was elected as a new member to the Board of Directors. Tony Smith, who belongs to the personnel of F-Secure Corporation, was elected as a new member of the Board of Directors.

The Board elected Risto Siilasmaa as the Chairman of the Board. Tuomas Syrjänen was nominated as the Chairman of the Personnel Committee and Risto Siilasmaa and Päivi Rekonen as members of the Personnel Committee. Pertti Ervi was nominated as the Chairman of the Audit Committee and Keith Bannister, Kirsi Sormunen and Tony Smith were nominated as members of the Audit Committee.

Audit firm PricewaterhouseCoopers Oy was re-elected as Auditor of the company. Mr. Janne Rajalahti, APA, acts as the Responsible Auditor.

The AGM authorized the Board of Directors to decide upon the repurchase of a maximum of 10,000,000 of the company's own shares in total in one or several tranches and with the company's unrestricted equity. The authorization is valid until the conclusion of the next Annual General Meeting, in any case until no later than 30 June 2023.

The AGM authorized the Board of Directors to decide on the issuance of a maximum of 31,759,748 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 Limited Liability Companies Act in one or several tranches. The proposed maximum number of the shares corresponds to 20% of the Company's registered number of shares. The authorization is valid until the conclusion of the next Annual General Meeting, in any case until no later than 30 June 2023.

The AGM also decided to change the company's business name to WithSecure Corporation.

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 16 March 2022.



# Extraordinary General Meeting

Extraordinary General Meeting (EGM) of WithSecure Corporation was held on 31 May 2022.

The EGM resolved, among other things, to approve the demerger plan and the according partial demerger, in which all assets and liabilities relating to the company's consumer security business transfer without a liquidation procedure to F-Secure Corporation, which shall be established in connection with the registration of the completion of the demerger. The General Meeting resolved that the shareholders of WithSecure will receive as demerger consideration one (1) new share in F-Secure for each share they hold in WithSecure on the effective date. The effective date of the Demerger was 30 June 2022.

The EGM resolved, conditionally upon the completion of the demerger, to reduce WithSecure's share capital to EUR 80,000, and to dissolve WithSecure's share premium reserve.

The EGM resolved, conditionally upon the completion of the demerger, to authorize the Board of Directors of F-Secure to decide upon the repurchase of a maximum of 15,000,000 of F-Secure's own shares with F-Secure's own unrestricted equity. The authorization is proposed to be valid until the conclusion of the first Annual General Meeting of F-Secure following the effective date, in any case until no later than 30 June 2023.

The EGM resolved, conditionally upon the implementation of the demerger, to authorize the Board of Directors of F-Secure to decide on the issuance of a maximum of 15,000,000 shares in total through a share issue as well as by issuing options and other special rights entitling to shares. The authorization will be valid until the conclusion of the first Annual General Meeting of F-Secure following the Effective Date as set forth in the Demerger Plan, in any case until no later than 30 June 2023.

The EGM resolved, conditionally upon the completion of the demerger, that the number of members of the Board of Directors of F-Secure shall be six (6). Pertti Ervi, Thomas Jul, Madeleine Lassoued, Risto Siilasmaa, Petra Teräsaho and Calvin Gan, who belongs to the personnel of F-Secure, were elected as members of the Board of Directors of F-Secure.

The EGM resolved, conditionally upon the implementation of the demerger and in accordance with the Board of Directors' recommendation, to elect PricewaterhouseCoopers Oy as auditor of F-Secure. PricewaterhouseCoopers Oy has stated that Mr Janne Rajalahti, APA, will act as the Responsible Auditor.

In addition, the EGM amended WithSecure's Articles of Association.

Full disclosure of the EGM resolutions has been provided in the Stock Exchange release of 31 May 2022.

## Change in the Board committee after the AGM

On 1 August 2022, Kirsi Sormunen was nominated as Chair of the Audit Committee, replacing Pertti Ervi in this role. Pertti Ervi, Keith Bannister and Tony Smith remain as members of the Audit Committee.

## Risks and uncertainties

The following risks and uncertainties can adversely impact WithSecure's sales, profitability, financial condition, market share, reputation, share price or the achievement of the company's short- and long-term objectives. The matters described here should not be construed as an exhaustive list. The most significant risks are:

### Ukraine War

The Ukraine war has significantly increased the uncertainty in the world and the risk of unexpected disruptions of the world economy. Any such events would also impact the WithSecure business. The war has increased the awareness of the importance of cyber security, especially for companies, and it will continue impacting the corporate cyber security market.

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.

### Inflation

Inflation has increased the risk for negative development of the cost structure. This is monitored very closely, and inflation will also most likely require mitigation actions during the year to retain workforce in the company.

### COVID-19 pandemic

The impact of COVID-19 pandemic is decreasing to WithSecure business as the restrictions are being reduced around the world. There are still pockets of markets in Asia and elsewhere that have restrictions in place. However, the risk of large impacts to WithSecure business has reduced significantly.

### Cyber security incident

Cyber security attacks threaten the confidentiality, integrity and availability of WithSecure products, services and the enterprise. WithSecure builds cyber resilience by continuously improving its capability to identify, protect, detect and respond to relevant threats.

### Endpoint protection market disruption

Endpoint security market is highly competitive. Operating system manufacturers have increased their focus to built-in security features and at the same time new vendors and technologies have emerged. WithSecure must succeed in maintaining in-depth understanding of cyber security threat

# Events after period-end

landscape, hacker techniques and technologies used as well as continue to innovate in defense technologies.

## Market consolidation

The cyber security market is consolidating due to economies of scale. WithSecure must succeed in finding the right acquisition targets, as well as successfully integrating the target companies.

## Risks relating to launch of new technologies

In a rapidly evolving industry, it is vital to keep products and services relevant to customers while introducing new technologies to the market on-time. WithSecure is driving technology simplification and R&D effectivization initiatives as well as investments in artificial intelligence to ensure a competitive product portfolio.

## 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.

## Attracting and retaining talent

Competition for capable 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.

## Geopolitical risks

WithSecure operates globally in different countries, and local regulation is exposing the company to geopolitical risks, including, for instance, unfavorable tax matters or export controls. Changes in regulations or their application, applicable to current or new technologies or services, may adversely affect WithSecure's business operations.

## Currency fluctuations

Increased number of operations and sites outside the Euro zone in different currencies exposes WithSecure to an increased risk related to currency fluctuations.

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

# Additional information

## Financial calendar

WithSecure will publish its financial calendar for 2023 later in the year 2022.

## Contact information



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# Key ratios and other key figures

Profitability	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
<b>Continuing operations</b>					
Revenue	33.5	32.1	98.3	95.5	130.0
Cloud-native security products	17.9	13.5	50.0	38.1	52.7
On-premise security products	6.7	7.4	20.5	22.6	30.0
Cyber security consulting	8.9	11.2	27.7	34.8	47.2
<b>Gross margin</b>	21.9	22.0	63.9	65.1	88.5
Gross margin, % of revenue	65.3%	68.5%	65.0%	68.2%	68.1%
Operating expenses	-33.6	-28.4	-104.7	-87.1	-121.0
Operating expenses for adjusted EBITDA <sup>1)</sup>	-26.8	-25.4	-86.4	-77.9	-107.6
Other income, adjusted <sup>2)</sup>	0.9	0.3	1.8	1.2	2.0
Adjusted EBITDA	-4.0	-3.1	-20.6	-11.8	-17.2
Adjusted EBITDA, % of revenue	-12.0%	-9.6%	-21.0%	-12.3%	-13.3%
EBITDA	-3.0	-3.1	-24.9	-11.8	-16.7
EBITDA, % of revenue	-8.9%	-9.6%	-25.3%	-12.3%	-12.8%
Adjusted EBIT	-6.5	-5.4	-28.1	-18.8	-26.8
Adjusted EBIT, % of revenue	-19.4%	-16.8%	-28.6%	-19.7%	-20.6%
<b>EBIT</b>	-6.1	-6.1	-34.2	-20.9	-30.1
EBIT, % of revenue	-18.2%	-18.9%	-34.8%	-21.9%	-23.2%
Estimated comparable EBITDA <sup>3)</sup>	-4.0	-1.6	-17.2	-7.2	-11.3
Estimated comparable EBITDA, % of revenue	-12.0%	-5.0%	-17.5%	-7.5%	-8.7%
ROI, % <sup>4)</sup>	-15.5%	24.2%	-31.3%	17.9%	15.6%
ROE, % <sup>4)</sup>	-13.1%	24.6%	-33.3%	18.0%	14.3%
<b>Discontinued operations</b>					
Profit after taxes of the operations transferred to F-Secure			13.6		
Fair value gain recognised from valuation of discontinued operations' net assets			450.5		
Demerger expenses, net of taxes			3.1		
Translation difference			1.4		
Result for the period		10.6	468.5	29.4	38.2

<sup>1)</sup> From third quarter onwards excludes also costs of services provided to F-Secure under Transitional Services Agreement (TSA).

<sup>2)</sup> 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.

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

<sup>4)</sup> Comparative information is presented for combined operations

Capital structure	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Equity ratio, % <sup>4)</sup>			79.7%*	61.2%	59.5%
Gearing, % <sup>4)</sup>			-41.9%	-13.8%	-25.8%
Interest bearing liabilities <sup>4)</sup>			-13.7	30.8	28.4
Cash and cash equivalents <sup>4)</sup>			75.1	43.7	53.0
<b>Share related</b>					
Earnings per share, basic and diluted <sup>5)</sup>	-0.03	-0.03	-0.18	-0.10	-0.15
Shareholders' equity per share, EUR <sup>4)</sup>			0.84	0.59	0.60
<b>Other</b>					
Capital expenditure, excl. lease assets <sup>4)</sup>	0.8	1.5	3.1	5.0	6.6
Capitalized development expenses <sup>4)</sup>	0.3	1.3	2.8	4.2	5.6
Depreciation and amortization excl. PPA amortization	-2.5	-2.3	-7.4	-7.0	-10.6
Depreciation and amortization	-3.1	-3.0	-9.3	-9.2	-13.4
Personnel, average <sup>4)</sup>	1,268	1,687	1,479	1,678	1,678
Personnel, period end <sup>4)</sup>			1,280	1,689	1,656

<sup>4)</sup> Comparative information is presented for combined operations

<sup>5)</sup> Earnings per share has been recalculated for comparative periods using average weighted share amount after share issue in first quarter of 2022.

\* Figure adjusted after original publication

# Interim report Q3 2022 table section

The Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting.

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.

Otherwise, the accounting principles are the same as in the annual report 2021. After demerger, Covid-19 impacts on the accounting principles of this financial statement report are limited to a small premium in provision for expected credit losses.

All comparative income statement figures in this Interim Report have been adjusted according to the restatement. A stock exchange release on the restatement has been published on 16 May 2022.

All figures in the following tables are EUR million unless otherwise stated. This Interim Report is unaudited.

# Income statement

	7-9/2022	Restated 7-9/2021	Change %	1-9/2022	Restated 1-9/2021	Change %	Restated 1-12/2021
<b>Continuing operations</b>							
Revenue	33.5	32.1	4%	98.3	95.5	3%	130.0
Cost of revenue	-11.6	-10.1	15%	-34.4	-30.4	13%	-41.5
<b>Gross margin</b>	<b>21.9</b>	<b>22.0</b>	<b>-1%</b>	<b>63.9</b>	<b>65.1</b>	<b>-2%</b>	<b>88.5</b>
Other operating income <sup>1) 2)</sup>	5.6	0.3	n/a	6.6	1.2	n/a	2.5
Sales and marketing <sup>1)</sup>	-19.6	-17.6	12%	-60.8	-53.7	13%	-73.3
Research and development <sup>1)</sup>	-9.9	-7.7	28%	-28.5	-22.8	25%	-32.1
Administration <sup>1) 3)</sup>	-4.1	-3.1	31%	-15.4	-10.7	44%	-15.7
<b>EBIT</b>	<b>-6.1</b>	<b>-6.1</b>	<b>0%</b>	<b>-34.2</b>	<b>-20.9</b>	<b>63%</b>	<b>-30.1</b>
Financial net	-0.3	-0.2	62%	-0.8	-0.4	114%	-0.3
<b>Result before taxes</b>	<b>-6.4</b>	<b>-6.3</b>	<b>2%</b>	<b>-35.0</b>	<b>-21.3</b>	<b>64%</b>	<b>-30.5</b>
Income taxes	1.5	1.3	19%	4.7	3.8	24%	5.0
<b>Result for the period, continuing operations</b>	<b>-4.9</b>	<b>-5.0</b>	<b>-2%</b>	<b>-30.3</b>	<b>-17.6</b>	<b>73%</b>	<b>-25.5</b>
<b>Result for the period, discontinued operations <sup>4)</sup></b>		<b>10.6</b>	<b>-100%</b>	<b>468.5</b>	<b>29.4</b>	<b>n/a</b>	<b>38.2</b>
<b>Result for the period, group total</b>	<b>-4.9</b>	<b>5.6</b>	<b>-188%</b>	<b>438.2</b>	<b>11.9</b>	<b>n/a</b>	<b>12.7</b>
<b>Other comprehensive income</b>							
Exchange differences on translating foreign operations, continuing operations	-2.3	-1.0	135%	-1.6	3.3	-148%	3.9
Exchange differences on translating foreign operations, discontinued operations		-0.1	-100%	-0.9	0.0	n/a	0.1
<b>Total other comprehensive income, continuing operations</b>	<b>-7.2</b>	<b>-6.0</b>	<b>20%</b>	<b>-31.9</b>	<b>-14.2</b>	<b>124%</b>	<b>-21.5</b>
<b>Total other comprehensive income, discontinued operations</b>		<b>10.5</b>	<b>-100%</b>	<b>467.6</b>	<b>29.4</b>	<b>n/a</b>	<b>38.2</b>
<b>Total other comprehensive income, group (parent company owners)</b>	<b>-7.2</b>	<b>4.5</b>	<b>-260%</b>	<b>435.7</b>	<b>15.2</b>	<b>n/a</b>	<b>16.7</b>
<b>Earnings per share <sup>5)</sup></b>	<b>7-9/2022</b>	<b>7-9/2021</b>	<b>Change %</b>	<b>1-9/2022</b>	<b>1-9/2021</b>	<b>Change %</b>	<b>1-12/2021</b>
Earnings per share, basic and diluted, EUR, combined operations	-0.03	0.03	-188%	2.57	0.07	n/a	0.07
Earnings per share, basic and diluted, EUR, continuing operations	-0.03	-0.03	-2%	-0.18	-0.10	73%	-0.15
Earnings per share, basic and diluted, EUR, discontinued operations		0.06	-100%	2.75	0.17	n/a	0.22

<sup>1)</sup> From third quarter onwards Other operating income includes fees invoiced from F-Secure under Transitional Services Agreement (TSA, EUR 4.5m). Costs related to services provided under TSA are included in operating expenses for Research and Development and Administration (EUR 4.4m).

<sup>2)</sup> Other operating income includes impact of revised deferred consideration from divestment of UK government consulting business in December 2021 (EUR 0.4 million).

<sup>3)</sup> Net impact of demerger related costs and adjustments in third quarter is positive EUR 0.8 million. Cumulative costs for F-Secure participants in share-based payment plans was cancelled in third quarter in relation to modification of the plans. YTD net impact of the demerger on continuing operations' costs is EUR 0.0 million.

<sup>4)</sup> Discontinued operations' result includes also the distribution gain, demerger expenses and cumulative translation difference related to disposed business.

<sup>5)</sup> Earnings per share has been recalculated for comparative periods using average weighted share amount after share issue in first quarter of 2022.



# Statement of financial position

Reported balance sheet figures include both continuing and discontinued operations for the comparative periods.

Assets	30 Sep 2022	30 Sep 2021	31 Dec 2021
Tangible assets	10.1	12.6	12.7
Intangible assets	24.5	34.3	33.0
Goodwill	83.3	84.7	85.1
Deferred tax assets	5.4*	4.1	4.1
Interest bearing receivables, non-current <sup>1)</sup>	6.6		
Other receivables	2.7	1.1	1.9
<b>Total non-current assets</b>	<b>132.5*</b>	<b>136.8</b>	<b>136.9</b>
Inventories		0.1	0.1
Interest bearing receivables, current <sup>1)</sup>	1.0		
Accrued income	6.2	5.1	4.7
Trade and other receivables	32.0	46.5	49.9
Income tax receivables	3.0	1.8	1.7
Financial asset at fair value through profit and loss	0.0	0.1	0.1
Cash and cash equivalents	75.1	43.6	52.9
<b>Total current assets</b>	<b>117.3</b>	<b>97.2</b>	<b>109.4</b>
<b>Total assets</b>	<b>249.7*</b>	<b>234.0</b>	<b>246.2</b>
<b>Shareholders' equity and liabilities</b>	<b>30 Sep 2022</b>	<b>30 Sep 2021</b>	<b>31 Dec 2021</b>
<b>Equity</b>	<b>146.5*</b>	<b>93.3</b>	<b>95.4</b>
Interest bearing liabilities, non-current	8.8	20.2	17.6
Deferred tax liability	2.2	0.9	1.9
Deferred revenue, non-current	21.5	24.8	26.0
Other non-current liabilities	0.3	0.3	0.3
<b>Total non-current liabilities</b>	<b>32.9</b>	<b>46.3</b>	<b>45.8</b>
Interest bearing liabilities, current	4.8	10.6	10.8
Trade and other payables	19.4	22.6	30.0
Income tax liabilities	1.6	4.5	4.2
Deferred revenue, current	44.5	56.7	60.1
<b>Total current liabilities</b>	<b>70.3</b>	<b>94.4</b>	<b>105.1</b>
<b>Total liabilities and equity</b>	<b>249.7*</b>	<b>234.0</b>	<b>246.2</b>

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

\* Figure adjusted after original publication

# Cash flow statement

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

	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
<b>Cash flow from operations</b>					
Result for the period	-4.9*	5.6	438.2*	11.9	12.7
Adjustments	1.6*	6.6	-436.0*	17.3	22.7
Depreciation and amortization	3.1	3.4	9.8	10.4	15.1
Non-cash adjustments related to demerger			-451.8		
Other adjustments	-1.5*	3.2	6.1*	6.9	7.7
Cash flow from operations before change in working capital	-3.3	12.2	2.2	29.1	35.4
Change in net working capital	-8.5	-8.3	-12.9	-6.1	3.3
<b>Cash flow from operating activities before financial items and taxes</b>	<b>-11.8</b>	<b>3.9</b>	<b>-10.7</b>	<b>23.1</b>	<b>38.7</b>
Net financial items and taxes	-1.3	-1.7	-7.7	-7.2	-7.9
<b>Cash flows from operating activities</b>	<b>-13.1</b>	<b>2.1</b>	<b>-18.4</b>	<b>15.9</b>	<b>30.7</b>
<b>Cash flow from investments</b>					
Net investments in tangible and intangible assets	-0.5	-1.5	-2.9	-4.9	-6.1
Divestments of subsidiaries, net of cash	0.4		-0.7		
<b>Cash flow from investments</b>	<b>-0.1</b>	<b>-1.5</b>	<b>-3.7</b>	<b>-4.9</b>	<b>-6.1</b>
<b>Cash flow from financing activities</b>					
Proceeds from issue of shares			76.0		
Repayments of interest bearing liabilities			-19.0	-8.0	-11.0
Repayments of lease liabilities	-1.1	-1.5	-4.0	-4.6	-6.0
Dividends paid				-6.3	-6.3
<b>Cash flow from financing activities</b>	<b>-1.1</b>	<b>-1.5</b>	<b>53.0</b>	<b>-18.9</b>	<b>-23.3</b>
<b>Change in cash</b>	<b>-14.2</b>	<b>-0.9</b>	<b>31.0</b>	<b>-7.9</b>	<b>1.3</b>
Cash and cash equivalents at the beginning of the period	92.2	44.3	52.9	51.4	51.4
Effect of exchange rate changes on cash	0.1	0.2	0.1	0.2	0.3
Demerger effect in cash <sup>1)</sup>	-3.0		-9.0		
Cash and cash equivalents at period end <sup>2)</sup>	75.1	43.6	75.1	43.6	52.9

<sup>1)</sup> Cash held by parent company at completion of the demerger was divided between WithSecure and F-Secure as determined in the demerger plan. F-Secure's share of the cash remaining at WithSecure on 30 June net of F-Secure's share of transaction costs was transferred in July. Demerger cash effect in second quarter arises from cash held by F-Secure's subsidiaries at the time of demerger.

<sup>2)</sup> Cash and cash equivalents includes also investments to short term financial instruments with high liquidity.

\* Figure adjusted after original publication

# 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 2020</b>	<b>1.6</b>	<b>0.2</b>	<b>6.5</b>	<b>-1.3</b>	<b>79.6</b>	<b>-4.1</b>	<b>82.3</b>
Total comprehensive income for the year					11.9	3.4	15.3
Dividend					-6.3		-6.3
Cost of share based payments			0.3	0.4	1.3		2.0
<b>Equity 30 Sep 2021</b>	<b>1.6</b>	<b>0.2</b>	<b>6.8</b>	<b>-0.8</b>	<b>86.4</b>	<b>-0.7</b>	<b>93.3</b>
	Share capital	Share premium fund	Unrestricted equity reserve	Treasury shares	Retained earnings	Translation difference	Total
<b>Equity 31 Dec 2021</b>	<b>1.6</b>	<b>0.2</b>	<b>6.8</b>	<b>-0.8</b>	<b>87.8</b>	<b>-0.1</b>	<b>95.4</b>
Total comprehensive income for the year, continuing operations					-30.3	-1.6	-31.9
Total comprehensive income for the year, discontinued operations					468.5	-0.9	467.6
Share issue			76.0				76.0
Dividend					0.0		0.0
Reduction of share capital and share premium reserve	-1.5	-0.2			1.6		0.0
Cost of share based payments			0.9	0.7	0.9		2.4
Assets transferred in the demerger at fair value					-463.0		-463.0
<b>Equity 30 Sep 2022</b>	<b>0.1</b>	<b>0.0</b>	<b>83.6</b>	<b>-0.2</b>	<b>65.6</b>	<b>-2.6</b>	<b>146.5</b>

Based on resolution of the Extraordinary General Meeting, WithSecure Corporation reduced share capital to EUR 80,000 and dissolved share premium fund in relation to the demerger.

Liability for the assets transferring in the demerger at fair value was recognized after resolution of the Extraordinary General Meeting. Impact of the liability recognition is offsetting the impact of distribution gain through income statement in Company's equity.

# 1 Significant exchange rates and sensitivity to exchange rate changes

One Euro is	Average rates			End rates		
	1-9/2022	1-9/2021	1-12/2021	30 Sep 2022	30 Sep 2021	31 Sep 2021
USD	1.0934	1.2016	1.1894	0.9748	1.1579	1.1326
GBP	0.8447	0.8669	0.8633	0.8830	0.8605	0.8403
JPY	133.77	129.94	130.00	141.01	129.67	130.38

Effect of changes in exchange rates on profit before taxes

+/-10% FX rate change	1-9/2022	1-9/2021	1-12/2021
USD	+0.2/-0.2	-0.4/+0.5	-0.3/+0.3
GBP	-0.3/+0.4	-0.1/+0.0	-0.2/+0.2
JPY	-0.3/+0.4	+/-0.1	-0.3/+0.3

## 2 Segment information

The Group has only one segment (security).

### Disaggregation of revenue

Disaggregation of revenue is only presented for continuing operations.

By sales channels	7–9/2022	7–9/2021	1–9/2022	1–9/2021	1–12/2021
Cloud-native security products	17.9	13.5	50.0	38.1	52.7
On-premise security products	6.7	7.4	20.5	22.6	30.0
Cyber security consulting	8.9	11.2	27.7	34.8	47.2
<b>Total revenue</b>	<b>33.5</b>	<b>32.1</b>	<b>98.3</b>	<b>95.5</b>	<b>130.0</b>

By geographical area	7–9/2022	7–9/2021	1–9/2022	1–9/2021	1–12/2021
Nordic countries	9.6	8.9	30.0	29.3	40.3
Rest of Europe	15.5	13.7	43.7	40.9	55.1
North America	3.1	3.0	8.5	7.3	10.0
Rest of the world	5.3	6.7	16.1	18.0	24.6
<b>Total revenue</b>	<b>33.5</b>	<b>32.1</b>	<b>98.3</b>	<b>95.5</b>	<b>130.0</b>

### 3 Intangible and tangible assets

Reported figures include both continuing and discontinued operations for the comparative periods.

	30 Sep 2022	30 Sep 2021	31 Dec 2021
<b>Book value at the beginning of the financial year</b>	<b>130.9</b>	<b>140.6</b>	<b>130.0</b>
Acquisitions and divestments	-0.6		
Additions	9.0	12.2	12.7
Disposals	-2.8	-0.2	-1.2
Depreciation and amortization	-9.3	-11.8	-14.2
Impairment		-0.3	-1.0
Translation differences	-2.2	-11.8	4.5
Demerger effect <sup>1)</sup>	-7.1		
<b>Book value at the end of the period</b>	<b>117.8</b>	<b>128.7</b>	<b>130.9</b>

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

## 4 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.

Carrying value				Fair value			
Financial assets		Financial liabilities	Total	Hierarchy level			Total
FVTPL	Amortized cost	Amortized cost		1	2	3	
Cash and cash equivalents	75.1		75.1				
Interest bearing receivables	7.5		7.5			7.5	7.5
Trade receivables	25.9		25.9				
Trade and other payables		6.4	6.4				

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	Over 5 years	Total contractual cash flows	Carrying amount
Lease liabilities	4.8	3.9	0.9	0.1	0.1	0.0	9.9	9.9
Other loans			3.8				3.8	3.8
<b>Total financial liabilities</b>	<b>4.8</b>	<b>3.9</b>	<b>4.7</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>13.7</b>	<b>13.7</b>

On 30 September EUR 40.0 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.

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

On 30 June, WithSecure made an early repayment of EUR 19.0 million to the bank loan. The committed revolving credit facility was also cancelled.

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

## 5 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 or discontinued business on a stand-alone basis prior to the demerger. From third quarter 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 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.

	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
<b>Estimated comparable EBITDA</b>	<b>-4.0</b>	<b>-1.6</b>	<b>-17.2</b>	<b>-7.2</b>	<b>-11.3</b>
Adjustments to adjusted EBITDA					
Research and development		-1.1	-2.5	-3.4	-4.4
Facilities held by WithSecure		-0.4	-0.8	-1.2	-1.6
<b>Adjusted EBITDA</b>	<b>-4.0</b>	<b>-3.1</b>	<b>-20.6</b>	<b>-11.8</b>	<b>-17.2</b>
Adjustments to EBITDA					
Divestments	0.4		-2.8		0.5
Demerger	0.7		-1.5		
Income for costs under TSA	4.4		4.4		
Costs of services under TSA	-4.4		-4.4		
<b>EBITDA</b>	<b>-3.0</b>	<b>-3.1</b>	<b>-24.9</b>	<b>-11.8</b>	<b>-16.7</b>
Depreciation, amortization and impairment losses	-3.1	-3.0	-9.3	-9.2	-13.4
<b>EBIT</b>	<b>-6.1</b>	<b>-6.1</b>	<b>-34.2</b>	<b>-20.9</b>	<b>-30.1</b>
	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
<b>Adjusted EBIT</b>	<b>-6.5</b>	<b>-5.4</b>	<b>-28.1</b>	<b>-18.8</b>	<b>-26.8</b>
Adjustments to EBIT					
PPA amortization	-0.6	-0.7	-1.9	-2.1	-2.8
Impairment					-1.0
Divestments	0.4		-2.8		0.5
Demerger	0.7		-1.5		
TSA fees in Other income	4.4		4.4		
Costs of services under TSA	-4.4		-4.4		
<b>EBIT</b>	<b>-6.1</b>	<b>-6.1</b>	<b>-34.2</b>	<b>-20.9</b>	<b>-30.1</b>



## Classification of adjusted costs in operating expenses

From third quarter onwards, operating expenses for alternative performance measures exclude also costs of services provided to F-Secure under Transitional Services Agreement.

	Operating Expenses Q3 2022	Costs under TSA	Demerger	Expenses for adjusted EBIT	Depreciation	PPA amortization	Operating Expenses for Adjusted EBITDA Q3 2022
Sales and marketing	-19.6			-19.6	1.0		-18.6
Research and development	-9.9	2.7		-7.2	1.3		-5.9
Administration	-4.1	1.7	-0.7	-3.0	0.2	0.6	-2.3
<b>Operating expenses</b>	<b>-33.6</b>	<b>4.4</b>	<b>-0.7</b>	<b>-29.9</b>	<b>2.5</b>	<b>0.6</b>	<b>-26.8</b>

	Operating Expenses 1-9/2022	Costs under TSA	Demerger	Divestments	Expenses for adjusted EBIT	Depreciation	PPA amortization	Operating Expenses for Adjusted EBITDA 1-9/2022
Sales and marketing	-60.8				-60.8	2.9		-57.9
Research and development	-28.5	2.7			-25.8	4.0		-21.8
Administration	-15.4	1.7	1.5	3.2	-9.1	0.5	1.9	-6.6
<b>Operating expenses</b>	<b>-104.7</b>	<b>4.4</b>	<b>1.5</b>	<b>3.2</b>	<b>-95.7</b>	<b>7.4</b>	<b>1.9</b>	<b>-86.4</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, 7-9/2022	5.6	-4.4	-0.4	0.9
Other operating income, 1-9/2022	6.6	-4.4	-0.4	1.8

## 6 Discontinued operations

On 17 February 2022 WithSecure announced a plan to pursue towards the separation of the company's consumer security business (F-Secure) through a partial demerger. Demerger was completed on June 30, 2022. 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. Income statement for discontinued operations include 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

	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Revenue		26.5	54.8	79.2	106.3
Cost of revenue		-2.3	-4.4	-6.5	-9.1
<b>Gross margin</b>		<b>24.3</b>	<b>50.5</b>	<b>72.7</b>	<b>97.2</b>
Other operating income		0.1	0.3	0.2	0.3
Sales and marketing		-6.2	-14.6	-19.2	-25.9
Research and development		-3.3	-7.9	-10.5	-14.5
Administration		-1.6	-9.5	-6.7	-9.3
<b>EBIT</b>		<b>13.3</b>	<b>18.8</b>	<b>36.6</b>	<b>47.8</b>
Financial net		0.0	0.2	0.1	0.1
<b>Result before taxes</b>		<b>13.2</b>	<b>19.0</b>	<b>36.7</b>	<b>47.9</b>
Income taxes		-2.6	-5.4	-7.3	-9.8
<b>Profit after taxes of the operations transferred to F-Secure</b>			<b>13.6</b>		
Fair value gain recognised from valuation of discontinued operations' net assets			450.5		
Demerger expenses			3.8		
Taxes related to demerger expenses			-0.7		
Translation difference			1.4		
<b>Result for the period</b>		<b>10.6</b>	<b>468.5</b>	<b>29.4</b>	<b>38.2</b>

# Statement of financial position for discontinued operations

Assets	30 Jun 2022
Tangible assets	0.9
Intangible assets	6.2
Deferred tax assets	0.1
Other long-term receivables	0.1
<b>Total non-current assets</b>	<b>7.3</b>
Inventories	0.0
Accrued income	2.1
Trade and other receivables	19.0
Cash and bank accounts	12.7
<b>Total non-current assets</b>	<b>33.9</b>
<b>Total assets</b>	<b>41.2</b>

Equity and liabilities	30 Jun 2022
Deferred tax liability	0.3
Deferred revenue, non-current	3.3
Other non-current liabilities	0.1
<b>Total non-current liabilities</b>	<b>3.7</b>
Current interest bearing liabilities	0.1
Trade and other payables	4.9
Deferred revenue, current	17.3
Income tax liabilities	0.9
<b>Total current liabilities</b>	<b>23.1</b>
<b>Total liabilities</b>	<b>26.8</b>

## Cash flows for discontinued operations

	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Net cash flow from operating activities		7.0	18.3	25.7	40.2
Net cash flow from investing activities		-0.4	-0.6	-1.1	-1.6
Net cash flow from financing activities		-0.1	0.0	-0.2	-0.2

# Calculation of key figures

Equity ratio, %	$\frac{\text{Total equity}}{\text{Total assets – deferred revenue}} \times 100$
ROI, %	$\frac{\text{Result before taxes + financial expenses (annualized)}}{\text{Total assets – non-interest bearing liabilities (average)}} \times 100$
ROE, %	$\frac{\text{Result for the period (annualized)}}{\text{Total equity (average)}} \times 100$
Gearing, %	$\frac{\text{Interest bearing liabilities – cash and bank – current investments}}{\text{Total equity}} \times 100$
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



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