

The background features a dark green and blue gradient with abstract financial data visualizations. On the right side, there are two overlapping triangular shapes containing glowing blue and purple line and bar charts. The charts show fluctuating data points and trends. A large, semi-transparent blue circle is positioned in the lower right quadrant. The overall aesthetic is modern and tech-oriented.

**Cloud ARR grew by
32%, consulting
continues to improve**

Q4 2022 Highlights

Juhani Hintikka, President and CEO

Tom Jansson, CFO

Key takeaways from Q4/2022

Growth in cloud-based corporate security products

- Comparable revenue grew by 29% year-on-year to EUR 18.7 million
- Annual recurring revenue (ARR) grew by 32% to EUR 80.2 million
- Elements products performing well, especially EDR
- Market situation causing some slowness in customers' decision-making, delaying orders to the end of quarter
- Revenue of On-premise corporate security products decreased by 11% year-on-year to EUR 6.6 million, according to expectations
- Cyber security consulting revenue on comparable basis increased by 3% to EUR 11.1 million, recruiting, training and retaining talent situation improving

Profitability

- Adjusted EBITDA EUR -6.0 million
- Decline from Q3 caused by further build-up of consulting capacity, investments in CPSF business, some seasonality of spend

Markets and strategy

Market and strategy

- Strong demand for cyber security products and services continues
- Improved security outcomes to customers:
 - Microsoft Teams protection completing the offering for Microsoft 365 Collaboration protection
 - Server share protection introduced as a new feature to Elements EPP
- Several high-profile cyber security breaches and incidents reported in the quarter
 - Recent intelligence-gathering attack was detected via WithSecure Elements and connected by WithSecure researchers to North Korean group Lazarus and identified as a large espionage campaign
- New customer-centric organization was implemented on 1 Jan 2023

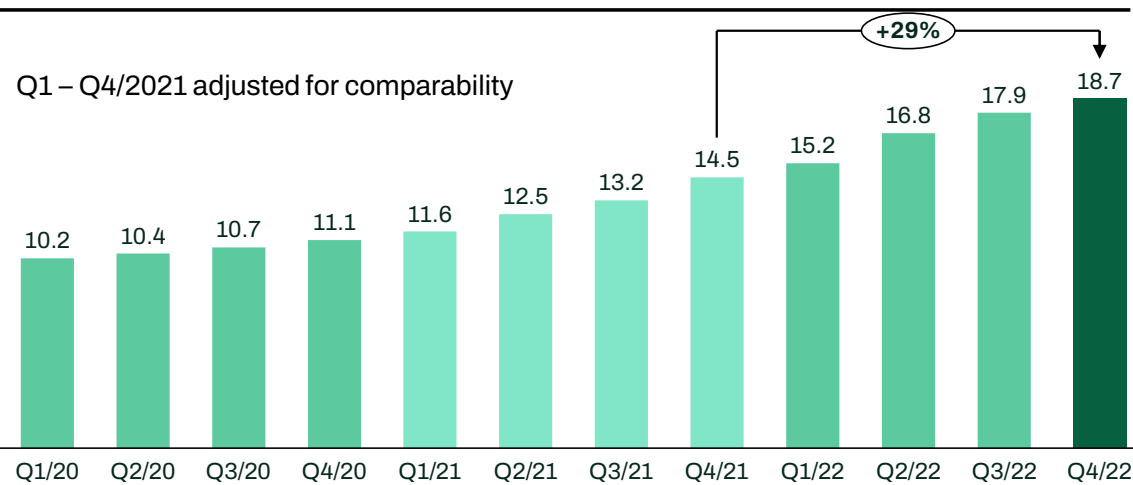
Change negotiations

- WithSecure announced on 9 Feb 2023 that it will start change negotiations, to improve profitability and increase competitiveness
- Estimated annual savings EUR 14 million (reductions of personnel and other cost saving measures), starting in Q2 2023
- Estimated impact 120 positions globally
- Estimated impact at most 34 positions in Finland
- Negotiations expected to be completed by end of March 2023

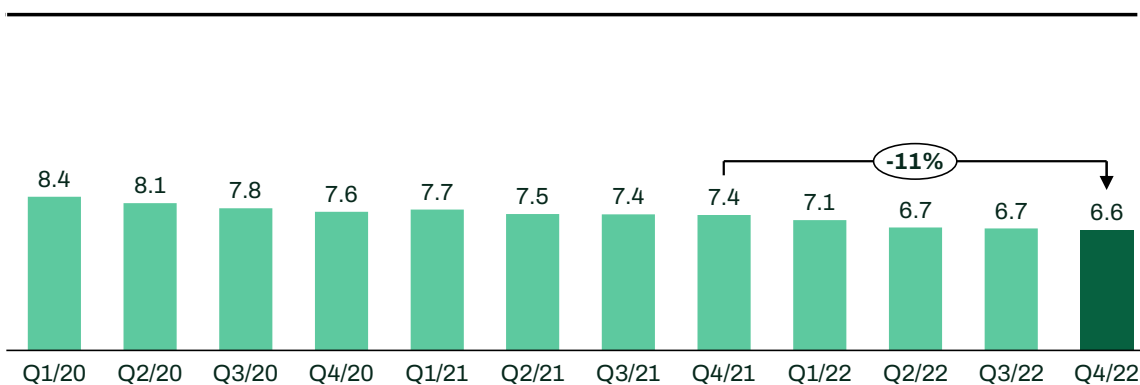
Revenue from Corporate Security Products

(EUR million)

Cloud revenue



On-Premise revenue



Comparable revenue from cloud products grew by 29%

- Some slowness in customer decision-making in Q4, pushing orders to the end of quarter
- Elements platform, especially EDR, continues driving growth

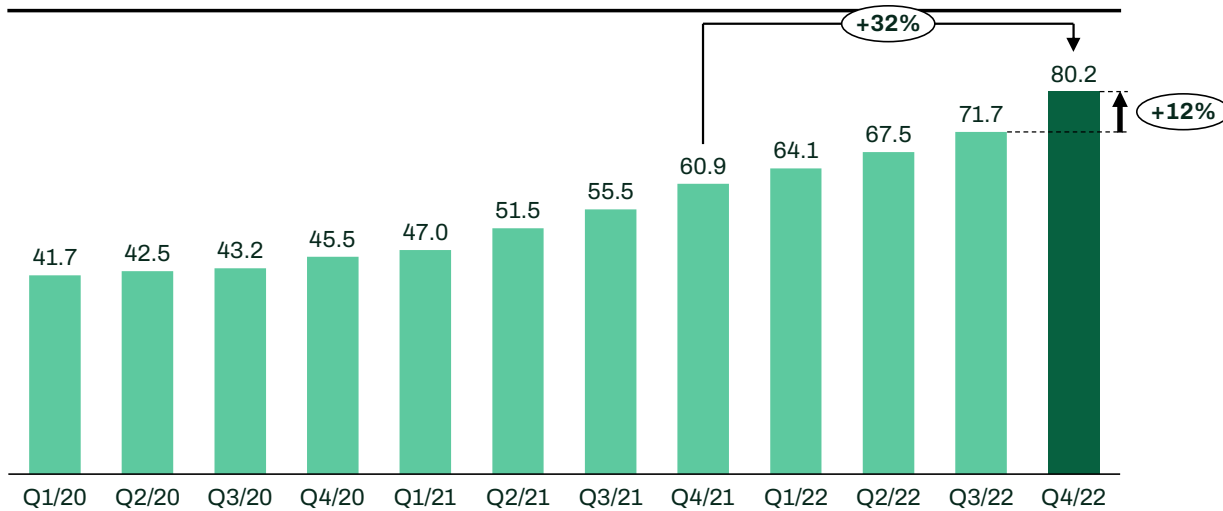
Revenue from on-premise security products decreased

- Y-o-y decrease -11%
- Corporate security customers migrating to cloud-based products
- Declining revenue in line with the WithSecure strategy

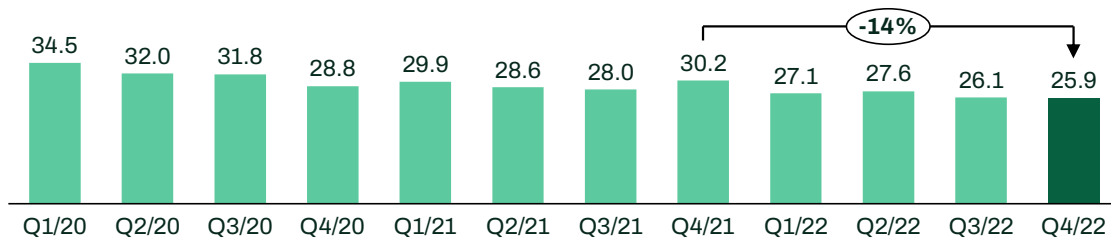
Annual Recurring Revenue

(EUR million)

Cloud ARR



On-Premise ARR



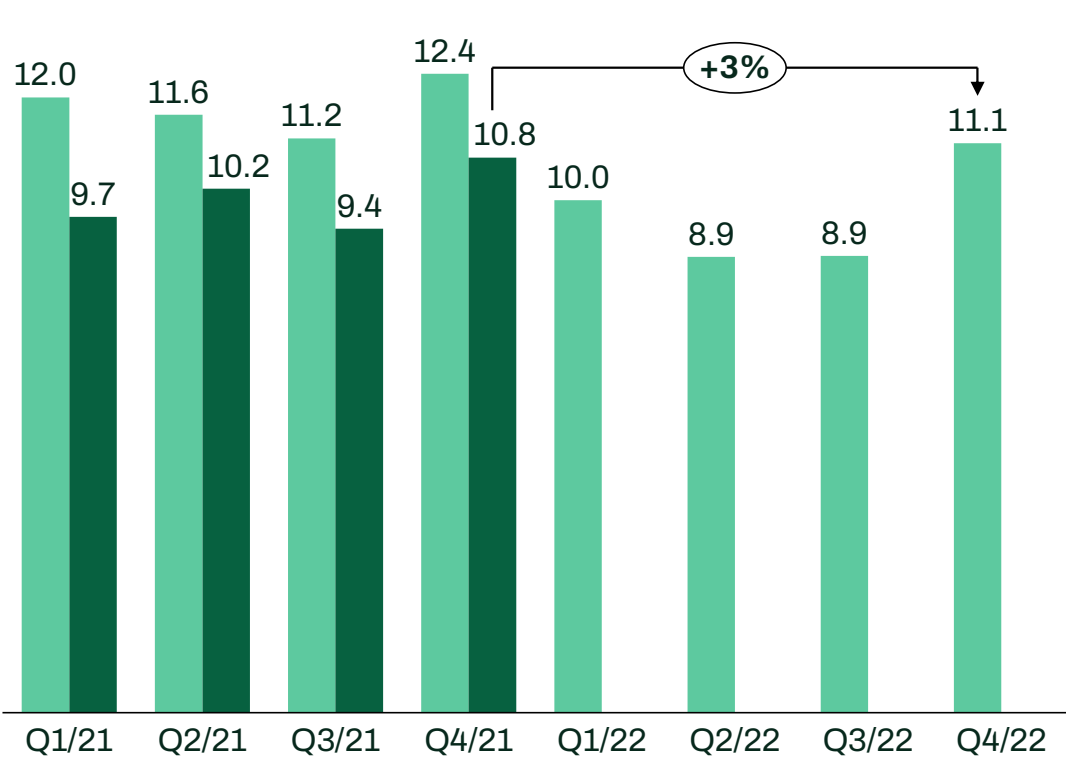
Annual Recurring Revenue (ARR)

- Strong orders in the end of quarter driving ARR growth
- Total ARR 106.1 million – exceeding 100 million threshold for the first time
- ARR for on-premise products declining as expected

Cyber Security Consulting impacted by divestments

(EUR million)

Cyber security consulting revenue



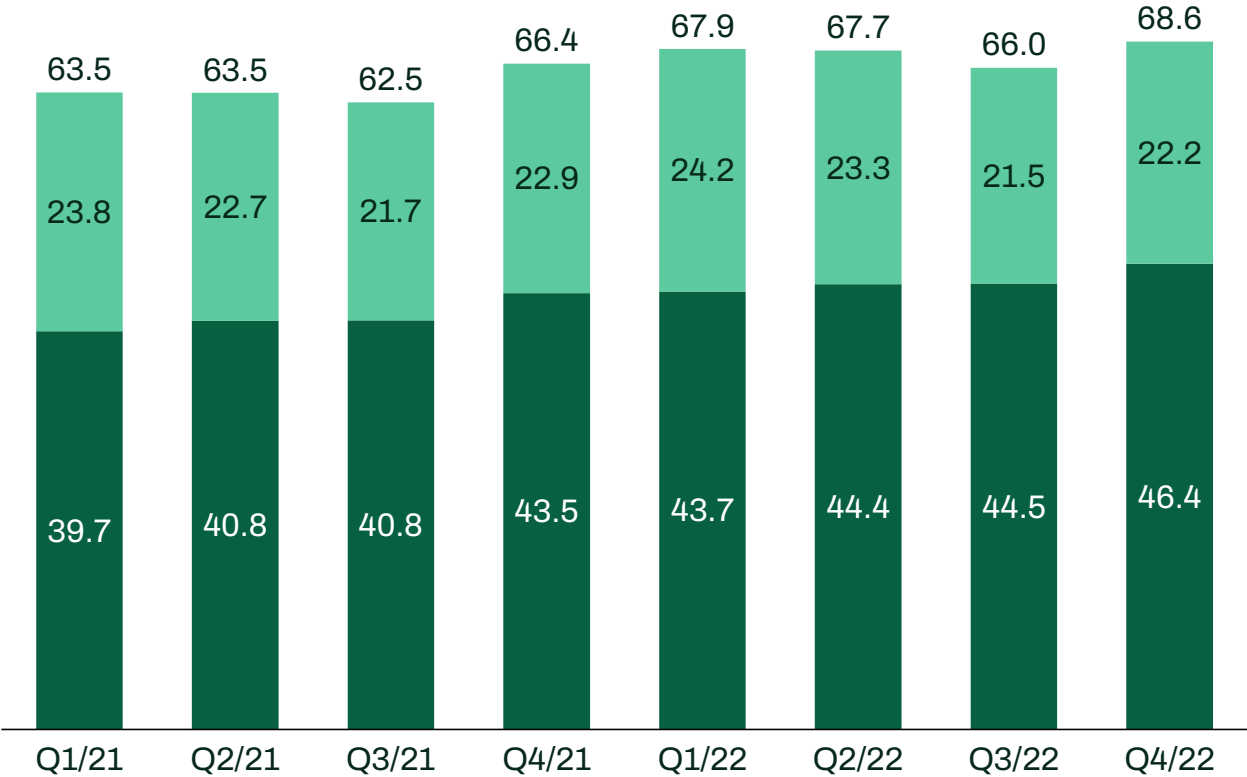
Cyber security consulting revenue

- Divestments of UK public sector consulting (December 2021) and South African subsidiary (February 2022) impact comparability between years
- High attrition in late 2021/early 2022 led to recruitment and training efforts during 2022
- Comparable revenue back to growth in Q4

Revenue
Comparable revenue

Deferred Revenue at strong level

(WithSecure, Deferred Revenue¹, EUR million)



- Orders are recognized after customer commitment, while deferred revenue is recognized according to invoicing schedule
- Some large multi-year contracts are split into several installments. The associated deferred revenue gets recognized according to the invoicing schedule
- Monthly payment subscriptions do not create deferred revenue

■ Non-current
■ Current

¹Non-current deferred revenue = recognized as revenue after the next 12 months onwards
 Current deferred revenue = recognized as revenue within the next 12 months

Q4 profitability – activities increased to regular levels in 2022

WithSecure, EUR million	10-12/2022	10-12/2021	Change %	1-12/2022	1-12/2021	Change %
Revenue	36.4	34.5	5 %	134.7	130.0	4 %
Cloud-based corporate security solutions	18.7	14.7	27 %	68.7	52.7	30 %
On-premise corporate security solutions	6.6	7.4	-11 %	27.2	30.0	-10 %
Cyber security consulting	11.1	12.4	-11 %	38.8	47.2	-18 %
Gross Margin	23.8	23.4	2 %	87.7	88.5	-1 %
<i>of revenue, %</i>	<i>65.4 %</i>	<i>67.8 %</i>		<i>65.1 %</i>	<i>68.1 %</i>	
Adjusted EBITDA 1)	-6.0	-5.5	10 %	-26.7	-17.2	55 %
<i>of revenue, %</i>	<i>-16.5 %</i>	<i>-15.8 %</i>		<i>-19.8 %</i>	<i>-13.3 %</i>	
Estimated comparable EBITDA	-6.0	-4.1	45 %	-23.2	-11.3	106 %
<i>of revenue, %</i>	<i>-16.5 %</i>	<i>-12.0 %</i>		<i>-17.3 %</i>	<i>-8.7 %</i>	

¹⁾ 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

Guidance

Outlook for 2023

Annual recurring revenue (ARR) for cloud products will grow by 28–34% from the end of 2022. At the end of 2022, cloud ARR was EUR 80.2 million.

Revenue from cloud products will grow by 28–34% from previous year. Previous year revenue from cloud products was EUR 68.7 million.

Total revenue of the group will grow by 12–20% from previous year. Previous year revenue was EUR 134.7 million.

Adjusted EBITDA will improve from previous year. Previous year's Adjusted EBITDA (Estimated comparable EBITDA for two first quarters) was EUR -23.2 million. Adjusted EBITDA of fourth quarter of 2023 will be positive.

Medium term financial targets (unchanged)

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

Annual Report 2022

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New, comprehensive Sustainability Report, based on the W/Sustainability program

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