

First break-even and cash-flow positive quarter since the demerger

Q4 2023 Highlights

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Key takeaways from Q4 2023

Cloud portfolio

- Cloud ARR increased by 8% to EUR 86.8 million (EUR 80.2 million)
- Cloud NRR was 99%
- Cloud revenue grew by 13% year-on-year to EUR 21.2 million
 - DACH, France continued to perform well
 - UK and Nordics below expectations
 - Growth in all main products

On-premise products revenue declined by 10% to EUR 5.9 million

Consulting revenue declined by 2% to EUR 10.8 million

- Good progress on demand planning and resourcing
- Strong backlog for Q1 24

Key takeaways from Q4 2023

Profitability

- Adjusted EBITDA EUR +0.2 million
- Comparative opex of Q4 2022 is an estimate without TSA work for F-Secure; not fully comparable
- Impact of 1H2023 cost savings visible already in the Sales & marketing expenses

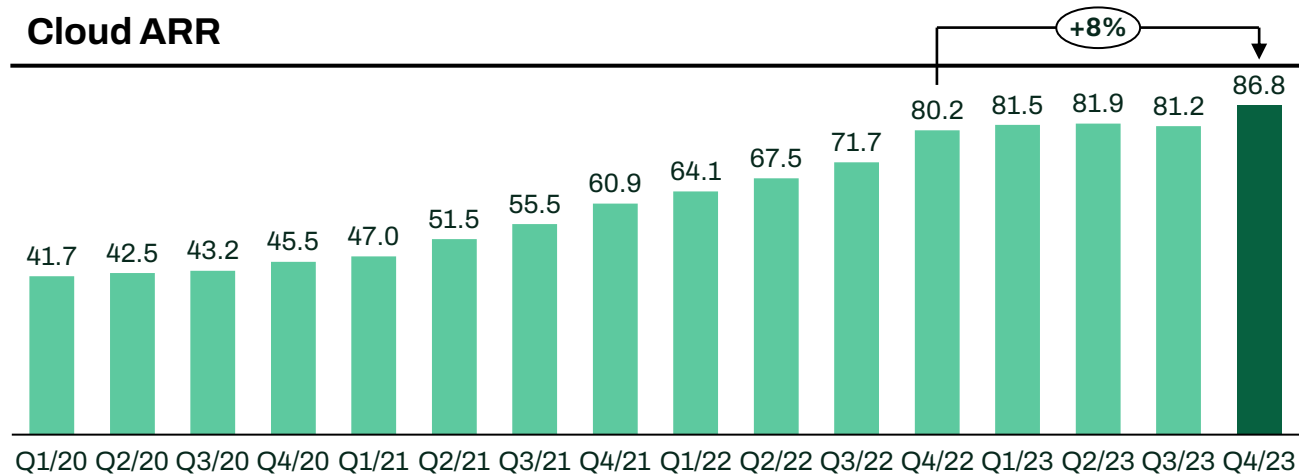
Strategy, products and leadership in 2024

- Focus on Elements, sold via partner network to mid-market customers
- Consulting to be operated as a separate business unit; subject to strategic review
 - Organizational changes came into effect on 1 Jan 2024
- CPSF subject to strategic review
- New Chief Customer Officer Lasse Gerdt started on 1 Jan 2024

Cloud revenue and ARR impacted by market slowness and competition

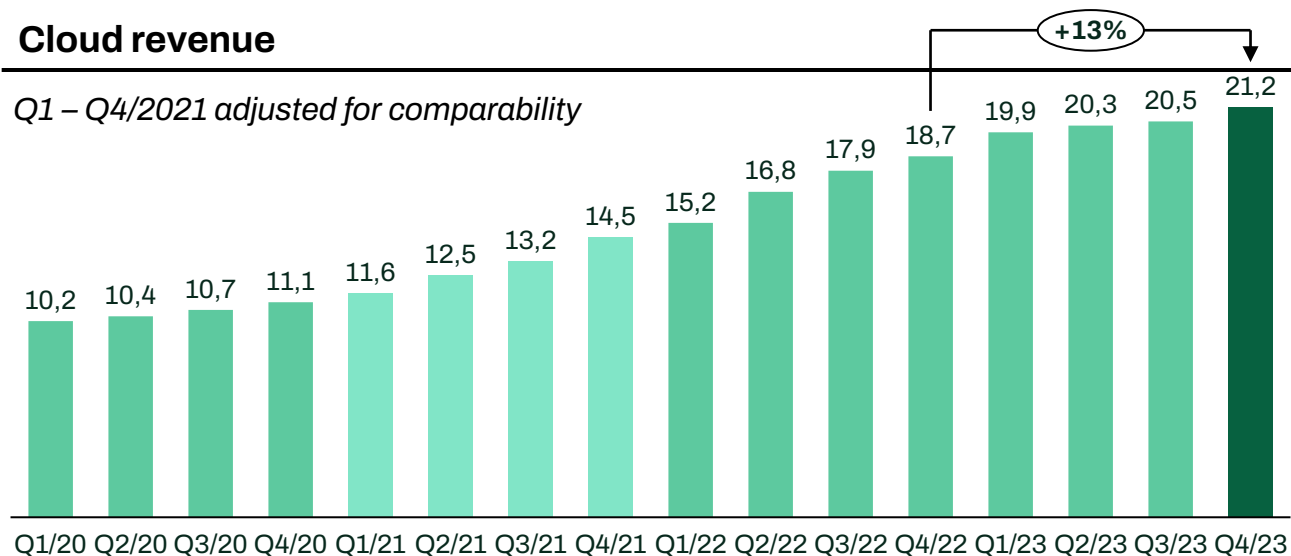
(EUR million)

Cloud ARR



Cloud revenue

Q1 – Q4/2021 adjusted for comparability



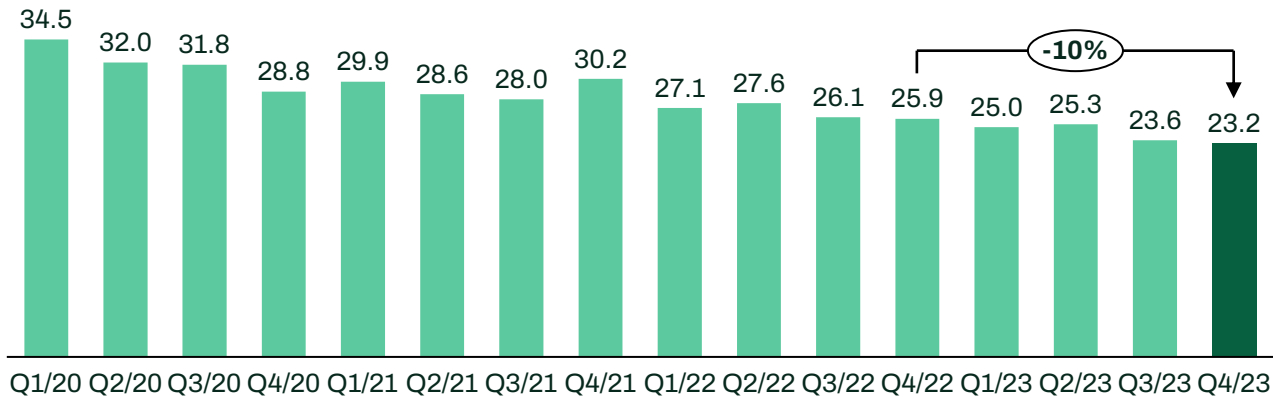
Cloud revenue and ARR

- Cloud revenue impacted by market slowness and competition
- Year-on-year growth in all products
- Growth in France and DACH in line with expectations
- UK and some Nordics below expectations
- Year-end sprint not sufficient to meet the growth outlook from strong Q4/22
- CPSF did not meet growth expectations in 2023, due to enterprise market slowness

On-premise revenue and ARR

(EUR million)

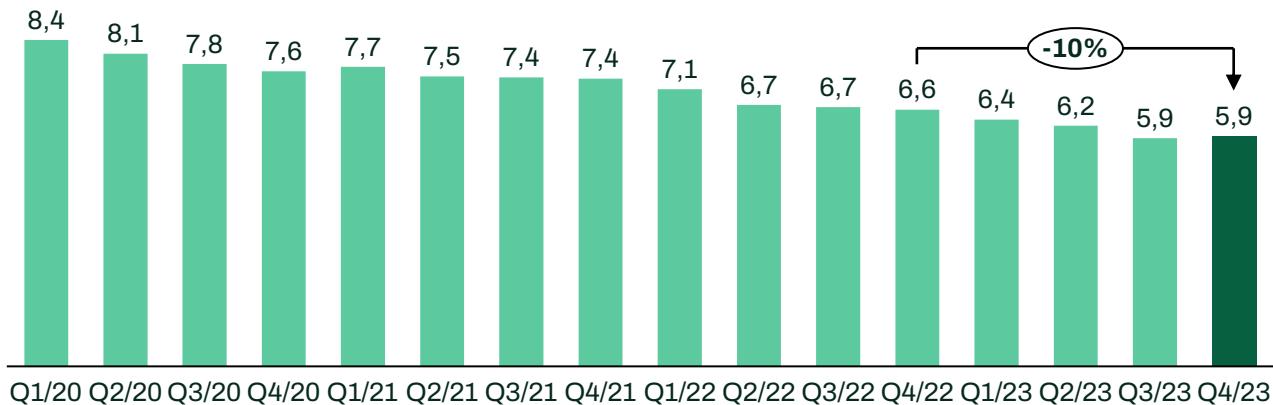
On-Premise ARR



On-premise revenue and ARR

- Revenue and ARR declining
- Customers are transferring to cloud-based environments

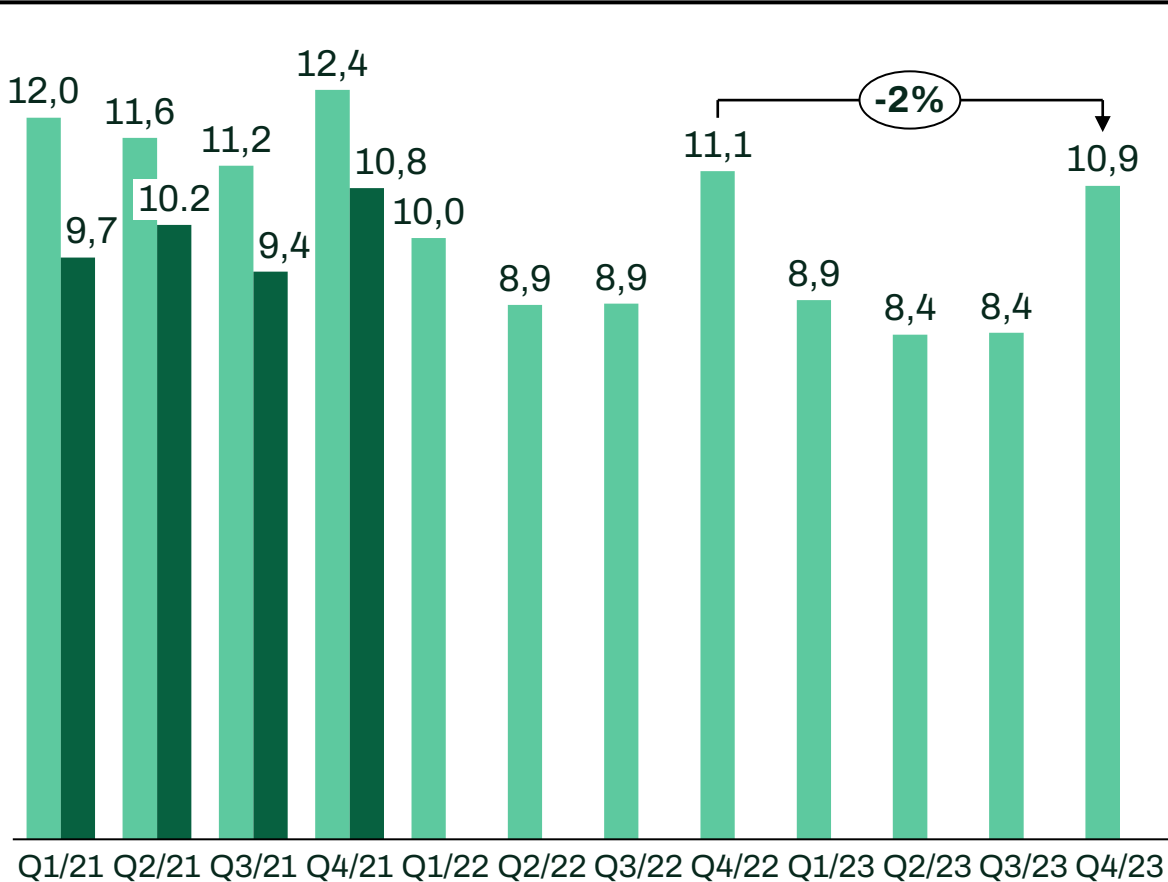
On-premise Revenue



Cyber Security Consulting - improving revenue and profitability

(EUR million)

Cyber security consulting revenue



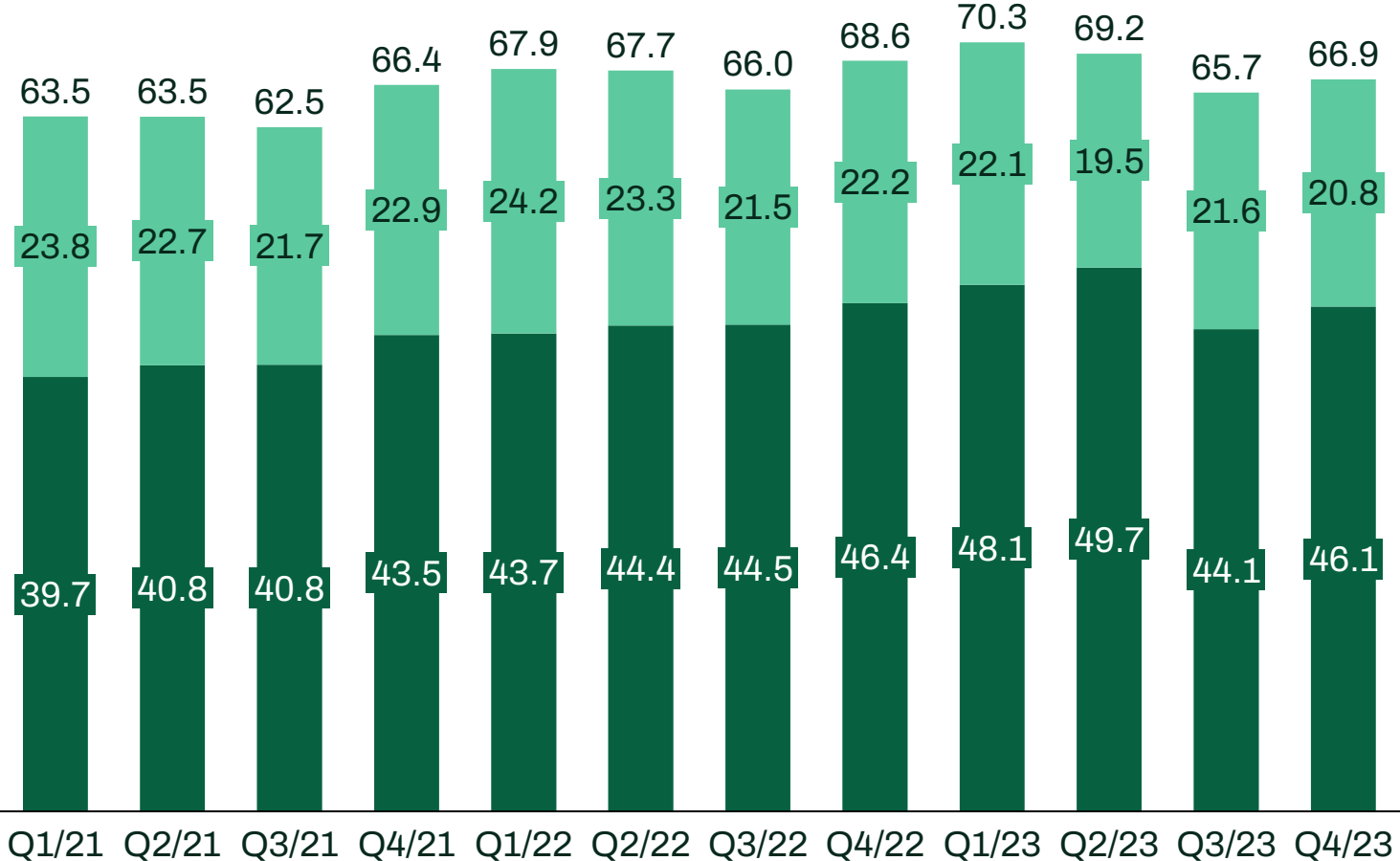
Cyber security consulting revenue

- Revenue nearly at the level of Q4/22
- Profitability improving, thanks to improvements in demand planning

Revenue
Comparable revenue

Deferred Revenue declining for lower revenue and increasing share of SaaS contracts

(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 (reduction of balance over time)

■ Non-current
■ Current

¹ Non-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

(mEUR)	10-12 2023	10-12 2022	Change %	2023	2022	Change%
Revenue	38.0	36.4	4 %	142.8	134.7	6 %
Gross Margin	27.6	23.8	16 %	100.2	87.7	14 %
of revenue, %	73%	65%		70%	65%	
Other operating income ¹⁾	0.4	0.7	-42 %	1.4	2.3	-39 %
Operating expenses ¹⁾	-27.8	-30.5	9 %	-117.7	-116.7	1 %
Sales & Marketing	-15.7	-21.1	26 %	-68.1	-79.1	14 %
Research & Development	-8.8	-6.7	31 %	-36.3	-28.4	28 %
Administration	-3.3	-2.6	24 %	-13.3	-9.2	44 %
Adjusted EBITDA ²⁾	0.2	-6.0	-103 %	-16.1	-26.7	40 %
of revenue, %	0.5 %	-16.5%		-11.3%	-19.8%	
Estimated comparable EBITDA (until Q2/22)				-16.1	-23.2	31 %
of revenue, %				-11.3%	-17.3%	

1) Excluding Items Affecting Comparability (IAC), depreciation and amortization. From Q3 22 excluding also costs of services provided to F-Secure under TSA and equivalent income charged for TSA services.

2) For comparable figures year on year, see Estimated comparable EBITDA

Outlook for 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 73.6 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.

Bridge to 2023 Cloud revenue

	Q1 23	Q2 23	Q3 23	Q4 23	2023 total
Elements Cloud products and services	17.9	18.1	18.5	19.2	73.7
CPSF	2.0	2.2	2.0	2.0	8.2
Cloud revenue (published)	19.9	20.3	20.5	21.2	81.9

Thank you!

