

WithSecure
Interim Report Q3 2024

Elements software continues growth,
profitability maintained despite
challenges in services

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Highlights of Q3 2024

Elements Company

- Elements Cloud ARR growth 11 % year-on-year
- Elements Cloud revenue growth 9 %
- Elements Cloud NRR 104 %

- Elements Cloud software growth continued
- Managed services slightly below previous year level due to churn of larger customers
- DACH region growth still strong but some delays vs. forecast due to slowdown of German economy
- Elements Company revenue growth 4 % year-on-year
- Adjusted EBITDA 2.0 million EUR for the third quarter



- General Availability of Exposure Management, high interest among customers
- AI assistant Luminen now available for all Elements customers
- As one of 15 global vendors, Gartner recognized WithSecure in the 2024 Gartner® Magic Quadrant™ for Endpoint Protection Platforms for our Ability to Execute and Completeness of Vision

NIS2 Directive

NIS2 Directive entered into force on 17 October 2024

- Updated EU-wide legislation aimed at enhancing cybersecurity across the Union
- Organizations should set up and maintain an information security management system that enables a systematic, proactive approach to risk management.
- Scope of companies expanded from the predecessor legislation
- WithSecure is uniquely positioned to meet the needs of European small and mid-sized companies

**Secure your European
business the European Way
with a European partner.**

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Highlights of Q3 2024

Cloud Protection for Salesforce

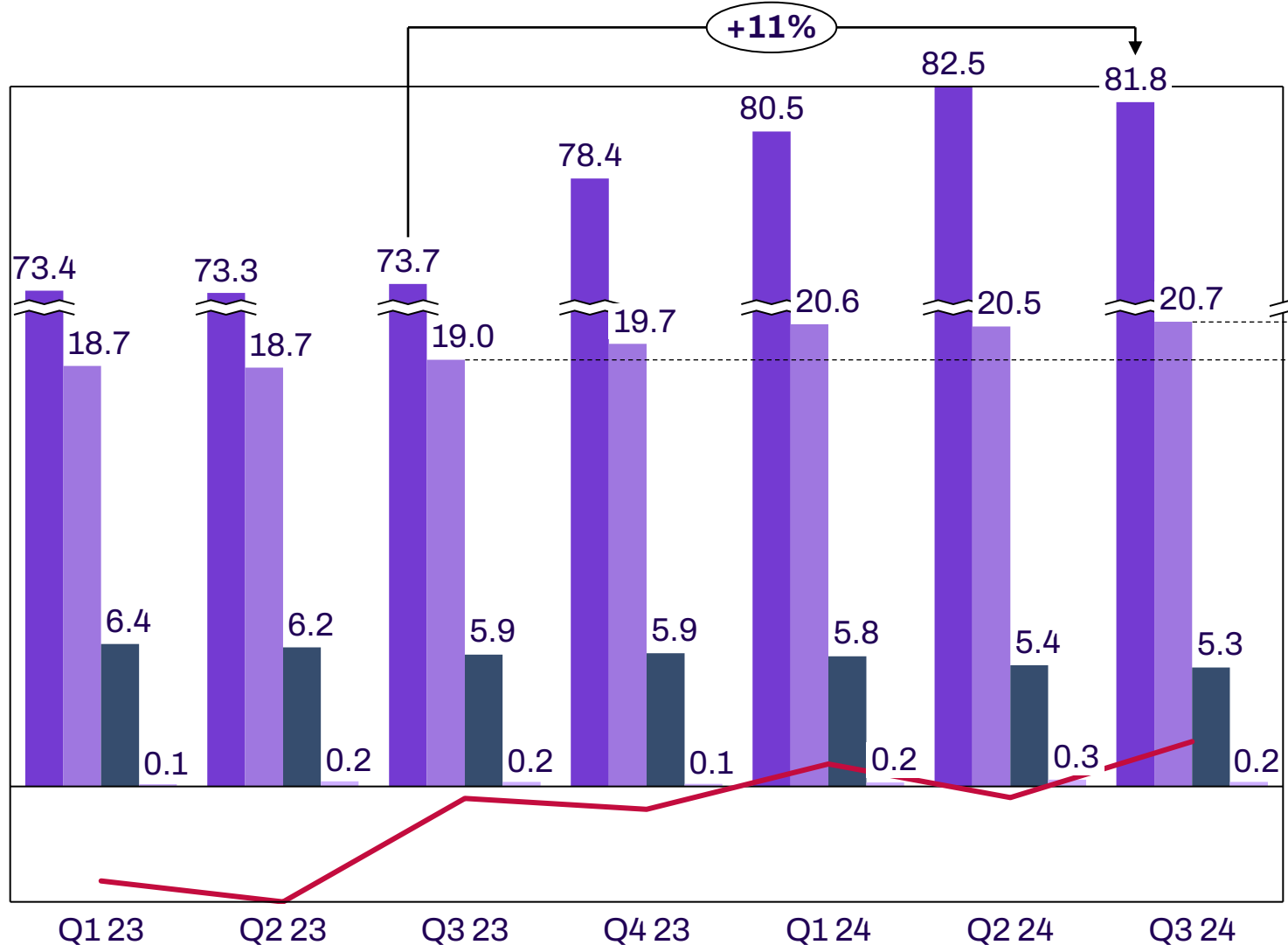
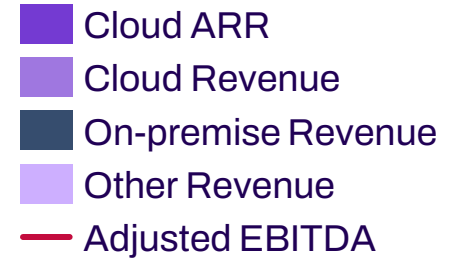
- ARR reached 10 million for the first time – ARR growth 38 % year-on-year
- NRR improved to 108 %
- Profitability improving with the overall performance improvement

Cyber security consulting

- Revenue slightly below previous year's Q3
 - Financial constraints in some key accounts
 - Long-term demand is expected to remain solid
- Adjusted EBITDA at break-even, despite declining revenue
- Goodwill impaired by EUR 15.5 million
 - changed revenue estimate, increased equity market risk
- Active discussions regarding divestment ongoing, no decisions taken so far

Elements Company

Elements Cloud software and services | Managed Services | On-premise software | Other



Elements Cloud ARR growth of 11 %

- Elements software growth continued
- Managed Services churn not fully compensated by new business
- UK, US regions impacted by the MS churn
- DACH growing but at slower rate due to German economy weakness

Elements Cloud Net Revenue Retention (NRR) was 104 %

On-premise revenue decline as expected

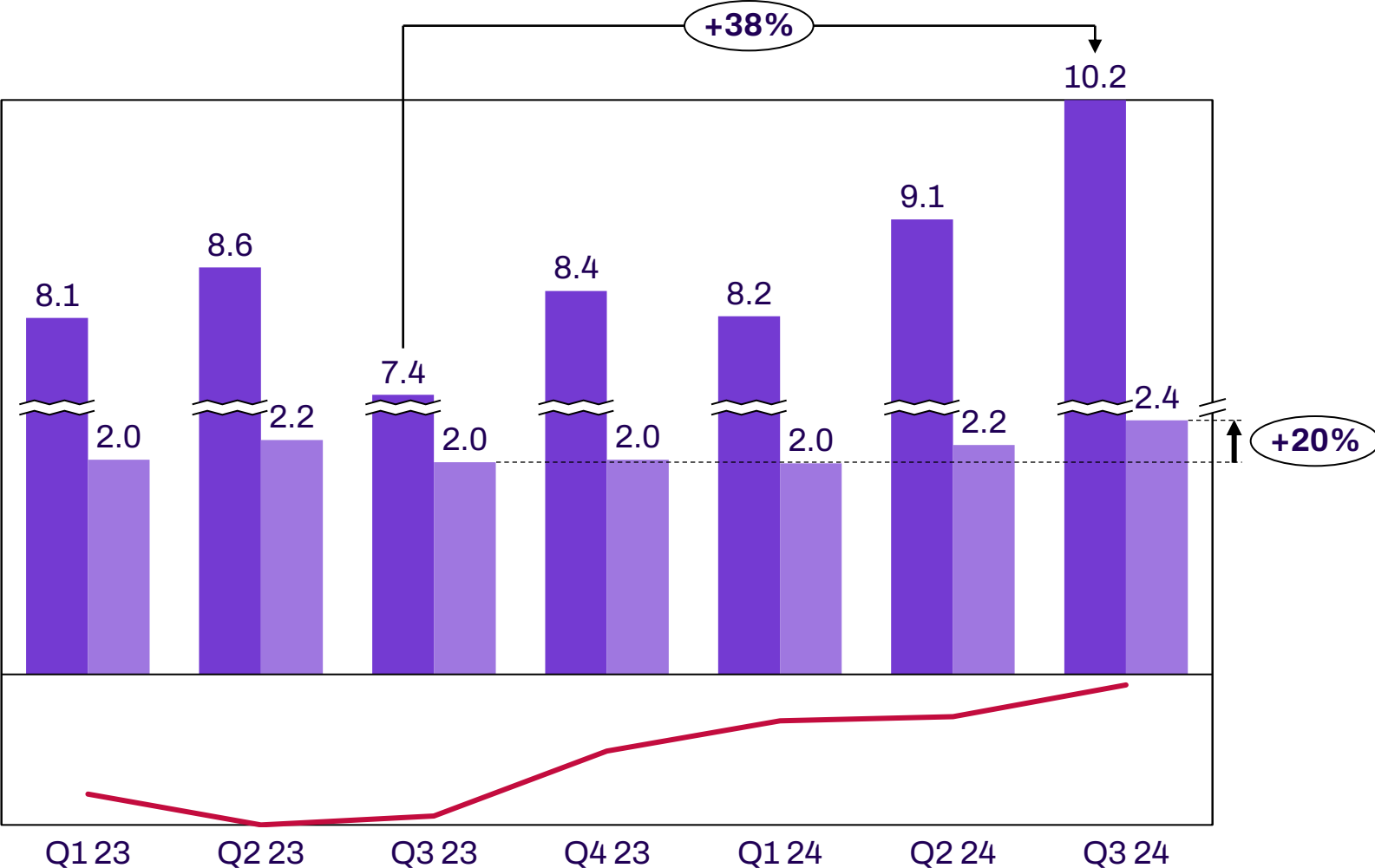
Other – minor products & other occasional revenue; partial divestment of a product on 1 October 2024

Adjusted EBITDA EUR 2.0 million

Cloud Protection for Salesforce

Content protection for Salesforce external content

ARR
Revenue
Adjusted EBITDA



ARR over 10 million EUR for the first time

Comparison period impacted by exceptional value churn of one customer

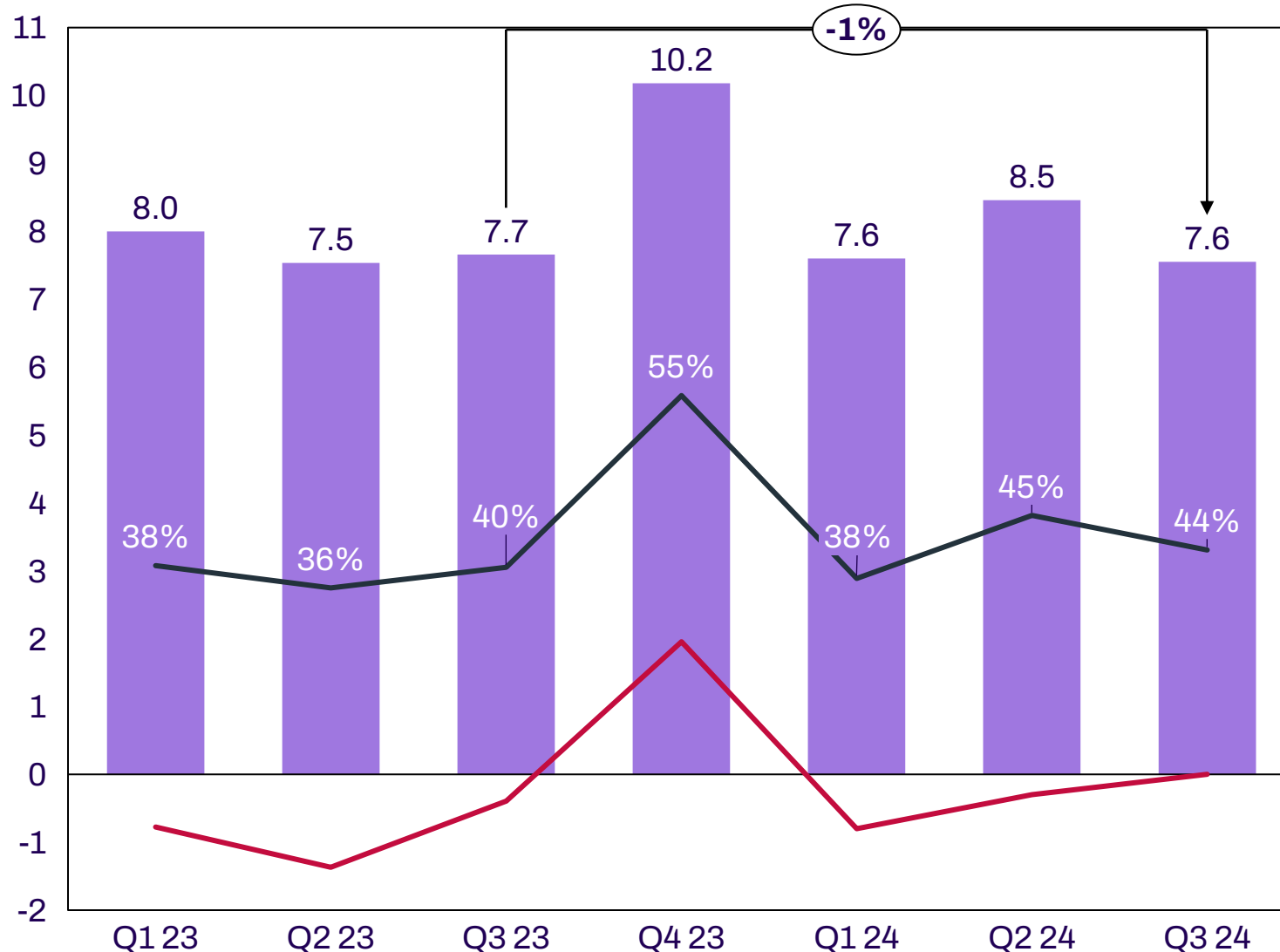
Net Revenue Retention (NRR) was 108%

Adjusted EBITDA EUR -0.1 million, negative but improving with performance

Cyber security consulting

Offensive cyber security services to enterprise clients

■ Revenue
— Gross margin
— Adjusted EBITDA



Revenue slightly below previous year's Q3

- Financial constraints in some key accounts
- Long-term demand is expected to remain solid

Adjusted EBITDA EUR 0.0 million

- Profitability improvement driven by cost savings and improved utilization

Consulting goodwill impairment of EUR 15.5 million

- Changes in revenue forecast
- Increased equity market risk premium

Q3 2024 profitability | WithSecure Group

(mEUR)	7-9/2024	7-9/2023	Change %	1-9/2024	1-9/2023	Change %	1-12/2023
Revenue	36.1	34.8	4%	109.2	104.8	4%	142.8
Gross Margin	26.2	24.2	9%	78.4	72.6	8%	100.2
<i>of revenue, %</i>	72.6 %	69.5 %		71.8 %	69.3 %		70.2 %
Other operating income ¹⁾	0.7	0.2	227%	1.6	1.0	53%	1.4
Operating expenses ¹⁾	-25.0	-26.6	6%	-79.2	-90.0	12%	-117.7
Sales & Marketing	-13.7	-15.2	10%	-42.9	-52.4	18%	-68.1
Research & Development	-8.4	-8.2	3%	-26.5	-27.6	4%	-36.3
Administration	-3.0	-3.3	10%	-9.8	-10.0	2%	-13.3
Adjusted EBITDA	1.9	-2.3		0.7	-16.3		-16.1
<i>of revenue, %</i>	5.2 %	-6.5 %		0.7 %	-15.6 %		-11.3 %

Revenue comments: see each segment

Operating expenses reduction EUR 1.6 million y-o-y

In addition, Q3 23 included EUR 1.5 million of opex related to TSA agreements with F-Secure.

Total opex reduction y-o-y is EUR 3.1 million

In addition, savings and optimizations above GM

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.

Outlook 2024

Updated on 11 October 2024

Annual recurring revenue (ARR) for Elements Cloud products and services will grow by 6–14 % 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 8–12 % from previous year. Previous year revenue from Elements Cloud was EUR 76.1 million.

Total revenue of the group will grow by 2–5 % from previous year. Previous year revenue of the group was EUR 142.8 million.

Adjusted EBITDA of full year 2024 will be positive.

Coming Up:

WithSecure's Investor Day will be held on

22 November 2024
At 9 – 12.30

At the Wood City office and live webcast

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