



Half-year Report

1 January – 30 June 2024

ARR growth developing favorably, consulting performance improving

Half-year Report 1 January – 30 June 2024

Highlights of April – June 2024 (“second quarter”)

- Annual Recurring Revenue (ARR)¹ for Elements Cloud² increased by 13% to EUR 82.5 million (EUR 73.3 million)
- Elements Cloud ARR increase from previous quarter was 2%
- Net Revenue Retention for Elements Cloud was 103 %
- Revenue for Elements Cloud increased by 10% to EUR 20.5 million (EUR 18.7 million)
- ARR for Cloud Protection for Salesforce increased by 5% to EUR 9.1 million (EUR 8.6 million)
- Net Revenue Retention for CPSF was 88 %
- CPSF Revenue decreased by 2% to EUR 2.2 million (EUR 2.2 million)
- Cyber security consulting revenue increased by 12% to EUR 8.5 million (EUR 7.5 million)
- Adjusted EBITDA by segment was EUR -0.5 million (EUR -5.1 million) for Elements Company, EUR -0.4 million (EUR -1.4 million) for CPSF and EUR -0.3 million (EUR -1.4 million) for Cyber security consulting
- Adjusted EBITDA for WithSecure was EUR -1.1 million (EUR -7.9 million)
- Items affecting comparability (IAC) of EBITDA were EUR -0.5 million (EUR 1.4 million). Of this, approximately EUR -0.3 million relates to strategy projects, EUR -0.5 million to restructuring and EUR +0.3 million to valuation of earn-out from previously divested business.

Highlights of January – June 2024 (“first half”)

- Revenue for Elements Cloud increased by 10% to EUR 41.1 million (EUR 37.4 million)
- CPSF revenue decreased by 1% to EUR 4.2 million (EUR 4.3 million)
- Cyber security consulting revenue increased by 4% to EUR 16.1 million (EUR 15.5 million)
- Adjusted EBITDA by segment was EUR 0.5 million (EUR -9.4 million) for Elements Company, EUR -0.8 million (EUR -2.6 million) for CPSF and EUR -0.8 million (EUR -2.1 million) for Cyber security consulting
- Adjusted EBITDA for WithSecure was EUR -1.1 million (EUR -14.1 million)
- Items affecting comparability (IAC) of EBITDA were EUR -0.5 million (EUR -3.2 million). Of this, approximately EUR -1.0 million relates to strategy projects, EUR +0.0 million to reversals of restructuring provisions and +0.6 million to valuation of earn-out from previously divested business.

¹ Annual recurring revenue (ARR) of cloud 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 revenue

² Elements Cloud includes Elements Cloud portfolio software and services as well as the managed services

Outlook for 2024 (unchanged)

Annual recurring revenue (ARR) for Elements Cloud products and services will grow by 10–20 % from the end of 2023. At the end of 2023, Elements Cloud ARR was EUR 78.4 million.

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

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

Adjusted EBITDA of full year 2024 will be positive.

Figures in this report are unaudited. Figures in brackets refer to the corresponding period in the previous year, unless otherwise stated. Percentages and figures presented may include rounding differences and might therefore not add up precisely to the totals presented.

CEO Antti Koskela



In the second quarter of 2024, WithSecure Elements Cloud ARR grew by 13% to EUR 82.5 million (EUR 73.3 million). Elements Cloud revenue grew by 10% to EUR 20.5 million (EUR 18.7 million). The growth was driven by the Elements software products, while the Managed services revenue was slightly below previous year's level. According to the strategy, Managed Detection and Response (MDR) product Countercept is focusing its new sales on the

mid-market customers. However, the new customers did not yet fully compensate for the previously churned larger accounts.

Revenue growth continued in all other markets except Japan and UK, which both had lower revenue than in previous year. Japan revenue was impacted by the currency exchange rate, while UK has been impacted by the Countercept direct business churn. France and DACH (Germany, Austria, Switzerland) countries were the strongest performing markets in revenue growth.

WithSecure held its main marketing event for the year, SPHERE, for the third time. Several new additions to the product portfolio were launched, WithSecure Exposure Management being the most important one. First agreements with the customers were signed in June. WithSecure Exposure Management offers new possibilities of shifting from reactive to proactive cyber security to our partners and end-customers.

Elements Company Adjusted EBITDA was EUR -0.5 million (EUR -5.1 million). Second quarter expenses exceeded the customary level, mostly due to the cost related to the SPHERE 24 event of EUR 1.2 million.

In June, WithSecure signed an agreement of the divestment of a business combining software and services, out of scope of the current strategy, to an external party. Closing of the divestment, pending on regulatory approvals, is planned in the second half of 2024. We were delighted to find a new owner who will continue developing the product and the related team of 10 professionals who will transfer to the buyer at closing.

Cloud Protection for Salesforce (CPSF) ARR increased by 5% to EUR 9.1 million (EUR 8.6 million). CPSF revenue remained at previous year level of EUR 2.2 million (EUR 2.2 million). The pipeline for CPSF is currently developing well and we expect that to contribute positively on revenue in the future.

Cyber security consulting developed positively. The consulting revenue increased by 12% to EUR 8.5 million (EUR 7.5 million). Consulting EBITDA was EUR -0.3 million (EUR -1.4 million).

The focus of both these businesses, subject to strategic review as announced in October 2023, has been on increasing their respective operative independence. WithSecure intends to provide further updates regarding both strategic reviews in the context of the third quarter 2024 interim report at the latest.

I was appointed as President and CEO of WithSecure with effect of 1 July 2024. I am both humbled and extremely excited of the new role. WithSecure is a company with world-class research and development, exceptional technological foundation, unique offering of products and services, as well as a talented team of people to support our future growth. In our third SPHERE event in May, I also had an excellent opportunity to meet in person many of our partners, who are an integral part of the company's success.

Financial performance

(mEUR)	4-6/2024	4-6/2023	Change %	1-6/2024	1-6/2023	Change %	1-12/2023
Revenue	36.8	34.8	6%	73.1	70.1	4%	142.8
Gross Margin	26.5	24.0	10%	52.1	48.4	8%	100.2
<i>% of revenue</i>	71.9 %	68.9 %		71.4 %	69.1 %		70.2 %
Other operating income ¹	0.5	0.4	17%	0.9	0.8	9%	1.4
Operating expenses ¹	-28.1	-32.0	12%	-54.2	-63.3	14%	-117.7
Sales & Marketing	-15.8	-19.9	21%	-29.3	-37.3	21%	-68.1
Research & Development	-8.9	-9.2	3%	-18.1	-20.9	14%	-36.3
Administration	-3.4	-2.9	-17%	-6.8	-5.1	34%	-13.3
Adjusted EBITDA²	-1.1	-7.9	86%	-1.1	-14.1	92%	-16.1
<i>% of revenue</i>	-3.1 %	-22.6 %		-1.5 %	-20.1 %		-11.3 %
Items affecting comparability (IAC)							
Other items	-0.3	-0.2	-116%	-1.0	-0.3	-239%	-1.4
Restructuring	-0.5	0.3	-285%	0.0	-4.3	99%	-8.9
Divestments	0.3	1.3	-80%	0.6	1.4	-60%	1.4
EBITDA	-1.7	-6.4	74%	-1.6	-17.2	91%	-25.1
<i>% of revenue</i>	-4.6 %	-18.5 %		-2.2 %	-24.6 %		-17.6 %
Depreciation & amortization, excluding PPA ³	-2.4	-2.5	4%	-4.8	-5.1	5%	-10.2

(mEUR)	4-6/2024	4-6/2023	Change %	1-6/2024	1-6/2023	Change %	1-12/2023
Impairment							-6.2
PPA amortization	-0.6	-0.6	1%	-1.2	-1.2	2%	-2.4
EBIT	-4.7	-9.6	51%	-7.6	-23.5	68%	-43.9
<i>% of revenue</i>	-12.8 %	-27.5 %		-10.4 %	-33.6 %		-30.7 %
Adjusted EBIT²	-3.5	-10.4	66%	-5.9	-19.1	69%	-26.3
<i>% of revenue</i>	-9.6 %	-29.8 %		-8.1 %	-27.3 %		-18.4 %

¹ Excluding Items Affecting Comparability (IAC) and depreciation and amortization. In 2023 excludes also costs of services provided to F-Secure under TSA and equivalent income charged for TSA services.

² Adjustments are material items outside the normal course of business associated with acquisitions, integration, restructuring, gains or losses from sales of businesses and other items affecting comparability. For reconciliation and a breakdown of adjusted costs, see Note 6 (Reconciliation of alternative performance measures)

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

(mEUR)	4-6/2024	4-6/2023	Change %	1-6/2024	1-6/2023	Change %	1-12/2023
Earnings per share, (EUR) ¹	-0.02	-0.04	47%	-0.03	-0.10	68%	-0.23
Deferred revenue				69.3	69.2	0%	66.9
Cash flow from operations before financial items and taxes	-2.6	-8.2	68%	-5.1	-13.5	62%	-19.9
Cash and cash equivalents				25.7	28.8	-11%	36.6
ROI, %	-14.2 %	-23.9 %	40%	-10.6 %	-29.7 %	64%	-30.5 %
Equity ratio, %				75.6 %	79.0 %	-4%	73.3 %
Gearing, %				-12.4 %	-28.1 %	56%	-22.2 %
Personnel, end of period				993	1,195	-17%	1,087

¹ Based on the weighted average number of outstanding shares during the period 175,955,491 (1-6/2024).

Earnings per share has been recalculated for comparative periods using average weighted share amount after share issues.

WithSecure Group

April - June 2024

Revenue

Revenue of WithSecure Group increased by 6% to EUR 36.8 million (EUR 34.8). Further analysis on revenue is disclosed in the segments section of this report.

Operating expenses

Operating expenses (excluding depreciation, amortization and impairment and items impacting comparability) were EUR -28.1 million (EUR -32.0 million). Second quarter operating expenses exceeded the customary levels. Main reason were the expenses related to the SPHERE 24 event, approximately EUR 1.2 million. In addition, some cumulative adjustments of personnel expenses of EUR 0.3 million were recognized in the expenses of the second quarter. The reduction of expenses results from cost savings and other efficiency measures carried out during 2023 by WithSecure. Depreciation and amortization were EUR -2.4 million (EUR -2.5 million) and amortization of PPA was EUR -0.6 million (EUR -0.6 million).

Profitability

Adjusted EBITDA of the group was EUR -1.1 million (EUR -7.9 million). Items affecting comparability (IAC) of EBITDA were EUR -0.5 million (EUR 1.4 million). Of this, approximately EUR -0.3 million relates to strategy projects, EUR -0.5 million to restructuring and +0.3 million to valuation of earn-out from previously divested business.

Cash flow

Cash flow from operating activities before financial items and taxes was EUR -2.6 million (EUR -8.2 million). Cash flow was driven by negative operative result which was affected by SHPERE 24 event related costs and some cumulative adjustments of personnel expenses recognized in the second quarter. Cash flow from operating activities was -3.3 million (EUR -5.5 million).

Cash flow from investments EUR -1.3 million (EUR 4.8 million) is related to investments in intangible and tangible assets, mostly related to new office premises

in several locations and ongoing IT projects. Comparison period includes also returned investments in corporate commercial papers and short-term deposits.

January - June 2024

Revenue

Revenue of WithSecure Group increased by 4% to EUR 73.1 million (EUR 70.1 million). Further analysis on revenue is disclosed in the segments section of this report.

Operating expenses

Operating expenses (excluding depreciation, amortization and impairment and items impacting comparability) were EUR -54.2 million (EUR -63.3 million). The reduction of expenses results from cost savings and other efficiency measures carried out by WithSecure. Depreciation and amortization were EUR -4.8 million (EUR -5.1 million) and amortization of PPA was EUR -1.2 million (EUR -1.2 million)

Profitability

Adjusted EBITDA of the group was EUR -1.1 million (EUR -14.1 million). Items affecting comparability (IAC) of EBITDA were EUR -0.5 million (EUR -3.2 million). Of this, approximately EUR -1.0 million relates to strategy projects, EUR +0.0 million to restructuring and +0.6 million to valuation of earn-out from previously divested business.

Cash flow

Cash flow from operating activities before financial items and taxes was EUR -5.1 million (EUR -13.5 million). Cash flow was driven by negative operative result, affected by SHPERE 24 event related costs and some cumulative adjustments of personnel expenses recognized in the second quarter, and by restructuring related payments of EUR 2.9 million. Cash flow from operating activities was -5.5 million (EUR -15.1 million).

Cash flow from investments EUR -1.9 million (EUR -7.6 million) is related to investments in intangible and tangible assets, mostly related to new office premises in several locations and ongoing IT projects. Comparison period includes also investments in corporate commercial papers and short-term deposits.

Elements Company

(mEUR)	4-6/2024	4-6/2023	Change %	1-6/2024	1-6/2023	Change %	1-12/2023
Revenue	26.2	25.1	4%	52.8	50.3	5%	101.1
Elements Cloud	20.5	18.7	10%	41.1	37.4	10%	76.1
On-premise	5.4	6.2	-13%	11.2	12.5	-11%	24.4
Other	0.3	0.2	30%	0.5	0.3	47%	0.7
Gross margin	20.9	19.5	7%	42.0	39.3	7%	79.6
% of revenue	79.6%	77.8%	2%	79.5%	78.1%	2%	78.7%
Adjusted EBITDA	-0.5	-5.1	91%	0.5	-9.4	105%	-10.9
% of revenue	-1.8%	-20.3%	91%	0.9%	-18.6%	105%	-10.8%
Annual Recurring Revenue (ARR)	82.5	73.3	13%	82.5	73.3	13%	78.4

Elements Company segment includes Elements Cloud products and services, managed services (including Countercept Managed Detection and Response, MDR), on-premise products, and Other products.

Elements is a modular platform, with modules that the customer can select according to their needs. The largest driver of growth is the Endpoint Detection and Response (EDR) module that is typically acquired by the customer to complement the Endpoint Protection (EPP) product. Other modules are Vulnerability Management, Collaboration protection for Microsoft 365 and Cloud Security Posture Management (CSPM). WithSecure Exposure Management was launched in May 2024. It is a continuous proactive solution to predict and prevent breaches against the company's assets and business operations.

On-premise products revenue includes WithSecure Business Suite endpoint protection software, as well as some other legacy products.

Other products revenue includes minor products combining software and service work, as well as speaker fees and other occasional revenue streams.

April - June 2024

Revenue and ARR

Elements Company revenue increased by 4% to EUR 26.2 million (EUR 25.1 million). The change is a result of growing Elements Cloud revenue and declining On-premise revenue.

Elements Cloud revenue increased by 10% to EUR 20.5 million (EUR 18.7 million).

Elements Cloud NRR was 103%.

Growth of revenue was driven by the Elements software products. Managed services revenue was slightly below previous year's level. According to the WithSecure strategy, Countercept MDR is focusing its new sales on the mid-market customers. However, the new customers did not yet fully compensate for the previously churned larger accounts. Revenue grew in all main markets except Japan and UK, which both had lower revenue than in previous year. Japan revenue was impacted by the negative currency exchange rate, while UK has been impacted by the churn of the larger Countercept customers. France and DACH (Germany, Austria, Switzerland) countries were the strongest performing markets in revenue growth.

Elements Cloud Annual Recurring Revenue (ARR) increased by 13% to EUR 82.5 million (EUR 73.3 million).

On-premise revenue decreased by 13% to EUR 5.4 million (EUR 6.2 million). Decrease of on-premise revenue is part of WithSecure's strategic transition to cloud-based environments. The customers are increasingly switching to cloud-based products, leading to a decline in the on-premise revenue over time.

Other revenue was EUR 0.3 million (EUR 0.2 million). In June 2024, WithSecure signed an agreement of the divestment of a business combining software and services, out of scope of the current strategy, to an external party. Closing of the divestment, pending on regulatory approvals, is planned in the second half of 2024. Revenue for the product to be divested is included in the Other group of Elements Company. Impact of the divestment on revenue and profitability of WithSecure is not significant.

Profitability

Elements Company gross margin was 79.6% (77.8%) of revenue. The improvement in gross margin is driven by increasing share of software, as well as continuous optimization of data processing expenses. Other variants, such as fluctuation of currencies, can cause variations of gross margin.

Elements Company adjusted EBITDA was EUR -0.5 million (EUR -5.1 million). The improvement from previous year is largely resulting from cost savings and other efficiency measures carried out during 2023 by WithSecure.

January - June 2024

Revenue

Elements Company revenue increased by 5% to EUR 52.8 million (EUR 50.3 million). The change is a result of growing Elements Cloud revenue and declining On-premise revenue.

Elements Cloud revenue increased by 10% to EUR 41.1 million (EUR 37.4 million).

On-premise revenue decreased by 11% to EUR 11.2 million (EUR 12.5 million).

Profitability

Elements Company gross margin was 79.5% (78.1%) of revenue. The improvement in gross margin is driven by increasing share of software, as well as continuous optimization of data processing expenses. Other variants, such as fluctuation of currencies, can cause variations of gross margin.

Elements Company adjusted EBITDA was EUR 0.5 million (EUR -9.4 million). The improvement from previous year is largely resulting from cost savings and other efficiency measures carried out during 2023 by WithSecure.

Cloud Protection for Salesforce ("CPSF")

(mEUR)	4-6/2024	4-6/2023	Change %	1-6/2024	1-6/2023	Change %	1-12/2023
Revenue	2.2	2.2	-2%	4.2	4.3	-1%	8.3
Gross margin	1.8	1.7	4%	3.5	3.3	5%	6.1
% of revenue	82.4%	77.7%	6%	82.7%	77.9%	6%	73.9%
Adjusted EBITDA	-0.4	-1.4	74%	-0.8	-2.6	68%	-4.6
% of revenue	-17.0%	-64.0%	73%	-19.3%	-60.2%	68%	-55.8%
Annual Recurring Revenue (ARR)	9.1	8.6	5%	9.1	8.6	5%	8.4

Cloud Protection for Salesforce (CPSF) segment includes revenue from the CPSF product. It is a software product, ensuring scanning of external content for potential malware, before it is loaded into Salesforce. Customers are primarily enterprise-sized companies, with extensive use of Salesforce platforms. Sales of the product mostly take place directly from WithSecure to the end customers

April - June 2024

Revenue and ARR

CPSF revenue was at the previous year level of EUR 2.2 million (EUR 2.2 million). Annual Recurring Revenue (ARR) grew by 5% and was EUR 9.1 million (EUR 8.6 million).

CPSF sales pipeline is currently developing well, and expected to impact the revenue growth positively going forward.

CPSF NRR was 88%.

Profitability

Adjusted EBITDA of CPSF was EUR -0.4 million (EUR -1.4 million). The improvement from previous year is largely resulting from cost savings and other efficiency measures carried out during 2023 by WithSecure.

January - June 2024

Revenue

CPSF revenue was slightly below the previous year level and was EUR 4.2 million (EUR 4.3 million).

Profitability

Adjusted EBITDA of CPSF was EUR -0.8 million (EUR -2.6 million). The improvement from previous year is largely resulting from cost savings and other efficiency measures carried out during 2023 by WithSecure.

Cyber security consulting ("Consulting")

(mEUR)	4-6/2024	4-6/2023	Change %	1-6/2024	1-6/2023	Change %	1-12/2023
Revenue	8.5	7.5	12%	16.1	15.5	4%	33.4
Gross margin	3.8	2.7	39%	6.7	5.8	15%	14.4
% of revenue	45.1%	36.5%	24%	41.6%	37.5%	11%	43.3%
Adjusted EBITDA	-0.3	-1.4	79%	-0.8	-2.1	62%	-0.6
% of revenue	-3.4%	-18.0%	81%	-5.0%	-13.8%	64%	-1.8%

Cyber security consulting segment includes revenue from large, enterprise-size customers. The offering is related to offensive security services and building the customer's cyber resilience.

April - June 2024

Revenue

Cyber security consulting revenue increased by 12% to EUR 8.5 million (EUR 7.5 million).

Revenue was driven by strong performance in the Nordic countries, especially within the financial sector customers. In North America significant order volumes from key customers continued, and WithSecure was able to strengthen and expand its presence in their ecosystems.

Profitability

Adjusted EBITDA was EUR -0.3 million (EUR -1.4 million). Cost savings and other efficiency measures carried out during 2023 by WithSecure drive the improvement of profitability from previous year.

January - June 2024

Revenue

Cyber security consulting revenue increased by 4% to EUR 16.1 million (EUR 15.5 million).

Profitability

Adjusted EBITDA was EUR -0.8 million (EUR -2.1 million).

Financing, capital structure and capital expenses

(mEUR)	4-6/2024	4-6/2023	Change %	1-6/2024	1-6/2023	Change %	1-12/2023
Cash and cash equivalents				25.7	28.8	-11%	36.6
Financial assets at amortized cost					18.8	-100%	
Lease liabilities, non-current				5.9	3.2	85%	4.8
Other loans, non-current					3.6	-100%	3.6
Lease liabilities, current				3.8	5.9	-35%	5.4
Other loans, current				3.7			
Capital expenditure, excl. lease assets	1.5	1.9	-23%	3.0	3.4	-11%	5.2
Capitalized development expenses	0.4	0.9	-59%	0.8	1.7	-55%	3.0
ROI, %	-14.2 %	-23.9 %	40%	-10.6 %	-29.7 %	64%	-30.5 %
Equity ratio, %				75.6 %	79.0 %	-4%	73.3 %
Gearing, %				-12.4 %	-28.1 %	56%	-22.2 %

Liquidity remained at a solid level, but the operative loss and annual payments for incentives and restructuring expenses have impacted the cash flow. At the end of the quarter, the company had liquid assets in total of EUR 25.7 million (EUR 47.6 million) and an unused EUR 20 million revolving credit facility (RCF). Cash and cash equivalents include cash in bank accounts and short-term investments in money market instruments with maturity of less than three months.

Market overview

Digital services are an essential component of society that must always work. Disruptions of the digital services can cause serious damage to society, the well-being of its members, and business operations. The war in Ukraine and the global geopolitical tensions have caused some exceptional consequences to the cyber security landscape, such as highly visible governmental activities, as well as organized civilian response. New situations can lead to uncontrolled cyber security threats that can be difficult to predict. In the new era of greater uncertainty, cyber resilience of organizations has become more important than ever. While advanced cyber-attacks on large enterprises continue, criminals are also targeting smaller businesses and supply chains by taking advantage of vulnerabilities in popular software as well as compromised credentials. Apart from activities carried out by criminals, governments can also use vulnerabilities and malware for surveillance purposes.

With the increasingly complex IT environments and new ways of working, such as remote work and bring-your-own-device, the attacks are evolving towards difficult-to-detect fileless techniques and identity based attacks, rather than malware deployment. Attacks against organizations can go undetected for months, and widespread security skills shortage is holding back organizations' readiness to detect and respond to cyber-attacks. These trends are expected to continue to drive an increasing demand for detection and response products and services. As part of improved cyber resilience, threat exposure management is becoming more important than ever to proactively reduce the digital attack surface. As organizations are shifting to cloud, they seek managed security services and cloud-based delivery models to

help them protect hybrid workforce and increased use of cloud services.

It is also becoming increasingly important that the selected cyber security solutions consolidate point solutions into security platforms, integrate with the existing solutions, and ensure visibility across entire IT and cloud environments. Organizations are increasingly turning into outsourcing of security capabilities to address skills and resource shortages, while stricter position on data protection and new regulation, particularly in Europe, is driving the demand of alternatives to globally delivered managed security services. This will increase the need for proven services from established cyber security vendors, who can respect the data restrictions and regulations of a particular region.

As artificial intelligence (AI) continues to advance, both defenders and attackers are expected to employ more sophisticated techniques, shaping the landscape of cyber threats. AI-based cyber threats will refer to malicious activities where AI techniques are used to exploit vulnerabilities in computer systems. This includes the use of AI algorithms to automate and enhance various cyber attacks. Examples of AI-based threats include advanced phishing attacks using machine learning to create convincing email content, automated and adaptive malware that evolves to evade traditional defences, and AI-driven social engineering attacks that leverage sophisticated algorithms to manipulate human behaviour.

AI will also significantly impact cybersecurity by enhancing threat detection, automating response mechanisms, and improving overall defence

strategies. Machine learning algorithms can analyse vast amounts of data to identify patterns and anomalies, enabling quicker identification of potential threats. Additionally, AI-driven tools enhance the efficiency of cybersecurity professionals by automating routine tasks and providing real-time insights, ultimately strengthening the resilience of digital systems against evolving cyber threats.

Organization and leadership

Personnel

At the end of the quarter, WithSecure had 993 employees, which shows a net decrease of 3 employees (0%) since the previous quarter-end (996 on Q1 2024), and a net decrease of 202 employees (17%) compared to the end of June 2023 (1,195). The change from June 2023 is partly due to restructuring and other savings, and partly due to normal attrition.

Global Leadership team

On 8 April 2024, Juhani Hintikka, President and CEO of WithSecure, announced that he steps down from his position in the company. The decision to step down follows the Supreme Court ruling of 5 April 2024 where Juhani Hintikka was found guilty of abuse of inside information related to a matter dating back to 2014, years before he joined WithSecure. Chief Product Officer Antti Koskela was appointed as Interim CEO. As of 1 July 2024, Antti Koskela was appointed as President and CEO of WithSecure.

At the end of the quarter, the composition of the Global Leadership Team was the following:

Antti Koskela (President and CEO), Christine Bejerasco (Chief Information Security Officer), Lasse Gerdt (Chief Customer Officer), Charlotte Guillou (Chief People Officer), Tom Jansson (Chief Financial Officer), Scott Reininga (EVP, Consulting), Tiina Sarhimaa (Chief Legal Officer), Pilvi Tunturi (interim Chief Product Officer), and Ari Vanttinen (Chief Marketing Officer).

Shares, Shareholders' Equity, Own Shares

WithSecure has one share class. At the end of the second quarter the total number of shares was 176,098,739. Of this, 176,016,849 were outstanding and 81,890 were held by the company.

In the second quarter, 4.3 million (17.3 million) of WithSecure shares were traded on Nasdaq Helsinki. The highest trading price was EUR 1.14 (1.67), and the lowest price was EUR 1.00 (1.17). The volume weighted average price of WithSecure shares in the second quarter of 2024 was EUR 1.08 (1.43).

The share's closing price on the last trading day of the quarter, 28th June 2024, was EUR 1.03 (1.17). Based on that closing price, the market value of the company's shares, excluding the treasury shares held by the company, was EUR 180.6 million (EUR 205.9 million).

The company has market-based long-term share-based incentive programs for key employees. Information about the programs is disclosed in [Note 3](#) (Share-based payments) and Annual Report of 2023.

Annual General Meeting

The Annual General Meeting (AGM) of WithSecure Corporation was held on 20 March 2024. The meeting confirmed the financial statements for the financial year 2023 and reviewed the remuneration report for governing bodies. The members of the Board and the President and CEO were discharged from liability.

The meeting approved the proposal of the Board of Directors that no dividend will be paid for the financial year 2023 due to the loss-making net result of the year. The company will focus on funding its growth and developing the business.

The AGM decided that the annual remuneration of the Board of Directors will remain unchanged: EUR 80,000 for the Chair of the Board of Directors, EUR 48,000 for the Committee Chairs, EUR 38,000 for the members of the Board of Directors, and EUR 12,667 for the member of the Board of Directors employed by the Company. Approximately 40% of the compensation will be paid in company shares.

The AGM decided that the number of Board members shall be seven. The following current Board members were re-elected: Risto Siilasmaa, Tuomas Syrjänen, Kirsi Sormunen and Ciaran Martin. Amanda Bedborough, Niilo Fredrikson and Harri Ruusinen who belongs to the personnel of WithSecure Corporation, were elected as new members of the Board of Directors.

The Board elected Risto Siilasmaa as the Chair of the Board. Tuomas Syrjänen was nominated as the Chair of the Personnel Committee and Risto Siilasmaa and Niilo Fredrikson as members of the

Personnel Committee. Kirsi Sormunen was nominated as the Chair of the Audit Committee and Ciaran Martin, Amanda Bedborough and Harri Ruusinen were nominated as members of the Audit Committee.

Audit firm PricewaterhouseCoopers Oy was re-elected as Auditor of the Company. Mr. Jukka Karinen, APA, acts as the responsible auditor.

Sustainability audit firm PricewaterhouseCoopers Oy was elected as the Company's sustainability auditor. Mr. Jukka Karinen, ASA, will act as the responsible sustainability auditor.

The AGM authorised the Board of Directors to resolve upon the repurchase of a maximum of 17,609,870 of the Company's own shares in total. The maximum amount equals to approximately 10% of all the shares in the Company, in one or several tranches with the Company's unrestricted equity.

The AGM authorised the Board of Directors to resolve on the issuance of a maximum of 17,609,870 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 Companies Act in one or several tranches. The maximum number of shares corresponds to 10% of all shares in the Company. The authorisation concerns both the issuance of new shares and the transfer of treasury shares held by the Company.

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 20 March 2024.

Risks and uncertainties

WithSecure operations are subject to risks and uncertainties that can impact the business performance, profitability, financial position, market share, reputation, share price or the achievement of its short-term and long-term objectives. The risks and uncertainties described here should not be considered as an exhaustive list.

The objective of WithSecure risk management is to identify various risks that could have an impact on the business, and to implement appropriate measures to mitigate the risks. In assessing the risks, WithSecure considers both the probability and the potential impact of each risk, as well as the resources required to manage and mitigate the risk. Ensuring business continuity in all situations is an essential part of the risk management. WithSecure risk management principles and process are described in the Corporate Governance Statement of 2023.

Risks related to cyber security market

Market consolidation

The cyber security market is scattered to many providers of software and services. The large market participants are investing heavily in the development of embedded security and winning market share. Market consolidation is considered a likely development. WithSecure must succeed in its chosen strategy as well as in finding the right acquisition targets, and in integrating the acquired companies into its operations. As one of the smaller players in the market, the company must always keep itself relevant to the customers, by ensuring both up to date technology and good quality, timely services.

Geopolitical risks

Geopolitical uncertainties, such as the war in Ukraine, have significantly increased the risk of unexpected disruptions of the world economy and security stability. Likelihood of acts of terror impacting societal infrastructures has increased with this development. Any such events could also impact WithSecure's ability to run its business. The increasing activity of nation-state cyber criminals will continue to impose business interruptions also during 2024.

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.

WithSecure operates in different countries and is therefore exposed to country risks of each location. Changing circumstances and regulation in different operating countries is exposing WithSecure to risks, such as unfavourable tax treatment or export controls.

Environmental risks

As part of the sustainability materiality analysis, WithSecure has assessed the impact of the environmental risks, especially climate change, on its business. The company is a provider of software and services, and as such not significantly impacted by the environmental risks. Business continuity planning covers scenarios related to unavailability of resources due to natural disasters or other hazards.

Risks related to WithSecure operations and products

Attracting and retaining talent

Unavailability of skilled personnel may result in inability of providing high-quality products and services to customers. Competition for skilled 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.

Partners

WithSecure's cyber security products and services market model is vastly depending on functioning partner channel and network. It is critical for WithSecure to ensure it has the right partners in the regions and that the partners receive the needed support and that WithSecure's cyber security offering is made available according to the local demand. Not being able to serve the needs of the partners needs could result to negative impact on WithSecure's business performance.

Product risks

WithSecure operates in a highly competitive market. Cybercrime is growing fast and becoming more innovative and professional. Large vendors make significant investments in their development and marketing activities, while new vendors are emerging in the market, and the operating system manufacturers are increasing their focus on built-in security features.

WithSecure must succeed in maintaining in-depth understanding of cyber security threat landscape, following the hacker techniques and technologies, as well as continuing to innovate in defensive technologies. Investments in new technologies and products come with the risk of not meeting the future requirements of the market. Agile methods are applied by WithSecure to ensure that its decisions regarding future technologies are aligned with the best information and expectations of the market developments.

Cyber security incident

Exposure to cyber security incidents threatens the confidentiality, integrity, and availability of WithSecure products and services, and their mitigation is considered as high priority in all parts of the company. WithSecure builds cyber resilience by continuously improving its capability to identify, protect, detect, and respond to relevant threats. Continuous efforts are taken to protect sensitive data of the company and its customers.

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.

Financial risks

Inflation and interest rates

Cost inflation in the countries where WithSecure operates increases the risk for negative development of the cost structure. This is monitored very

closely, and inflation will also most likely require mitigation actions to retain workforce in the company. Increasing interest rates could limit the possibilities of external funding.

Liquidity risk

As a company still improving its profitability, WithSecure must focus on accurate cash planning and prompt collections to ensure liquidity of all group companies and to avoid needs of short-term financing.

Currency fluctuations

Increasing volume of operations outside the Euro zone in different currencies exposes WithSecure to an increased risk related to currency fluctuations. To mitigate the impact of currency fluctuations on future cash flows, the group can use forward contracts.

Events after period-end

On 1 July 2024, WithSecure took over new headquarter premises in Wood City, Helsinki. The effect of the lease agreement on WithSecure's balance sheet is approximately EUR 13 million on right-of-use assets and EUR 13 million on lease liabilities. Part of the premises have been subleased.

Financial calendar

WithSecure will publish its financial information in 2024 as follows:

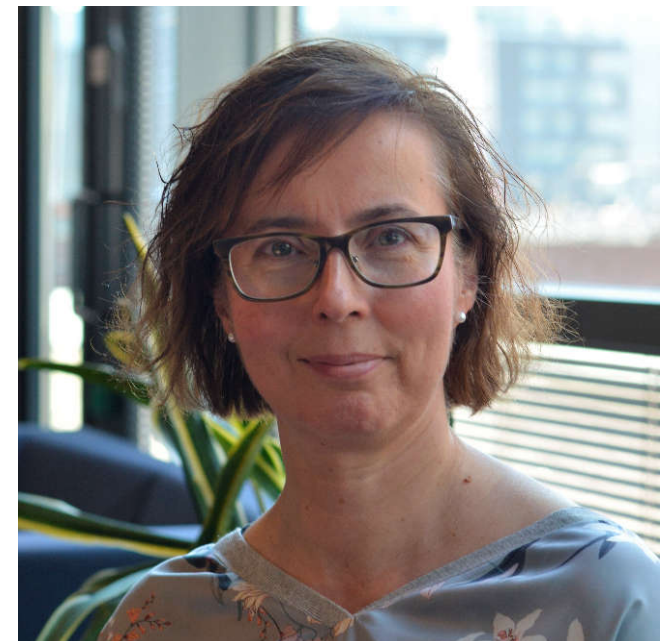
- 23 October 2024: Interim Report for January–September 2024

WithSecure observes at least a three-week (21 days) silent period prior to publication of financial reports, during which it refrains from engaging in discussions with capital market representatives or the media regarding WithSecure's financial position or the factors affecting it.

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Key ratios and other key figures

PROFITABILITY	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Revenue	36,838	34,844	73,075	70,071	142,812
Gross margin	26,475	23,998	52,149	48,423	100,192
Gross margin, % of revenue	71.9%	68.9 %	71.4%	69.1 %	70.2 %
Operating expenses	-31,900	-37,070	-61,228	-78,203	-153,818
Operating expenses for adjusted EBITDA	-28,061	-31,989	-54,182	-63,302	-117,732
Other income, adjusted ¹	453	389	900	823	1,423
Adjusted EBITDA	-1,131	-7,865	-1,132	-14,056	-16,116
Adjusted EBITDA, % of revenue	-3.1%	-22.6 %	-1.5%	-20.1 %	-11.3 %
EBITDA	-1,680	-6,450	-1,600	-17,237	-25,066
EBITDA, % of revenue	-4.6%	-18.5 %	-2.2%	-24.6 %	-17.6 %
Adjusted EBIT	-3,546	-10,381	-5,929	-19,128	-26,338
Adjusted EBIT, % of revenue	-9.6%	-29.8 %	-8.1%	-27.3 %	-18.4 %
EBIT	-4,710	-9,575	-7,626	-23,519	-43,891
EBIT, % of revenue	-12.8%	-27.5 %	-10.4%	-33.6 %	-30.7 %
ROI, %	-14.2%	-23.9 %	-10.6%	-29.7 %	-30.5 %
ROE, %	-14.5 %	-21.5 %	-11.5 %	-27.1 %	-32.9 %

¹ Fees charged from F-Secure equivalent to costs under TSA are adjusted from Other income in calculating Alternative Performance Measures in 2023. In addition, changes to fair value of deferred considerations from divestments are treated as adjustments.

CAPITAL STRUCTURE	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Equity ratio, %			75.6%	79.0%	73.3 %
Gearing, %			-12.4%	-28.1%	-22.2 %
Interest bearing liabilities			13,422	12,688	13,736
Cash and cash equivalents			25,651	28,776	36,604

SHARE RELATED	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Earnings per share, basic and diluted ¹	-0.02	-0.04	-0.03	-0.10	-0.23
Shareholders' equity per share, EUR			0.56	0.71	0.59

¹ Earnings per share has been recalculated for comparative periods using average weighted share amount after share issues.

OTHER	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Capital expenditure, excl. lease assets	1,495	1,946	3,050	3,413	5,174
Capitalized development expenses	368	903	763	1,679	3,007
Depreciation, amortization and impairment, excl. PPA amortization	-2,415	-2,516	-4,797	-5,072	-16,420
Depreciation, amortization and impairment	-3,030	-3,125	-6,026	-6,282	-18,824
Personnel, average	992	1,200	998	1,247	1,191
Personnel, period end			993	1,195	1,087

Half-year report 2024 table section

This half-year report has been prepared in accordance with IAS 34 Interim Financial Reporting.

The accounting principles are the same as in the Annual Report 2023, except for the changes in reportable segments (see [Note 2 Segment information](#)). All figures in the following tables are EUR thousands unless otherwise stated. This half-year report is unaudited.

Condensed Income statement

Income statement	4-6/2024	4-6/2023	Change %	1-6/2024	1-6/2023	Change %	1-12/2023
Revenue	36,838	34,844	6%	73,075	70,071	4%	142,812
Cost of revenue	-10,363	-10,846	4%	-20,926	-21,648	3%	-42,620
Gross margin	26,475	23,998	10%	52,149	48,423	8%	100,192
Other operating income ^{1,2}	714	3,498	-80%	1,452	6,261	-77%	9,735
Sales and marketing	-16,722	-20,919	20%	-31,205	-39,334	21%	-72,190
Research and development ¹	-10,212	-11,904	14%	-20,585	-25,007	18%	-47,254
Administration ^{1,3}	-4,967	-4,247	17%	-9,438	-13,862	32%	-34,374
EBIT	-4,710	-9,575	51%	-7,626	-23,519	68%	-43,891
Financial net	83	421	-80%	356	438	-19%	205
Result before taxes	-4,627	-9,155	49%	-7,271	-23,081	68%	-43,686
Income taxes	993	2,300	-57%	1,475	5,141	-71%	3,655
Result for the period	-3,634	-6,854	47%	-5,795	-17,939	68%	-40,030
Other comprehensive income							
Exchange differences on translating foreign operations	363	1,209	-70%	860	1,763	-51%	1,319

Income statement	4-6/2024	4-6/2023	Change %	1-6/2024	1-6/2023	Change %	1-12/2023
Total other comprehensive income	-3,271	-5,645	42%	-4,935	-16,176	69%	-38,712

¹ In 2023 Other operating income includes fees invoiced from F-Secure under Transitional Services Agreement (TSA, EUR 1.8 million in the second quarter and EUR 4.1 million in the first half). Costs related to services provided under TSA are included in operating expenses for Research and Development and Administration (EUR 1.8 million in the second quarter and EUR 4.1 million in the first half).

² Other operating income includes impact of revised deferred consideration from divestments (EUR 0.3 million in the second quarter of 2024 and 0.6 million in the first half of 2024).

³ Includes consulting goodwill impairment (6.2 million) in 2023.

Earnings per share ¹	4-6/2024	4-6/2023	Change %	1-6/2024	1-6/2023	Change %	1-12/2023
Earnings per share, basic and diluted, EUR	-0.02	-0.04	47%	-0.03	-0.10	68%	-0.23

¹ Earnings per share has been recalculated for comparative periods using average weighted share amount after share issues.

Condensed Statement of financial position

Assets	30 Jun 2024	30 Jun 2023	31 Dec 2023	Shareholders' equity and liabilities	30 Jun 2024	30 Jun 2023	31 Dec 2023
Tangible assets	14,223	11,271	13,032	Equity	99,153	124,539	102,980
Intangible assets	18,484	22,426	20,552	Interest bearing liabilities, non-current	5,932	6,789	8,370
Goodwill	79,559	84,962	78,058	Deferred tax liability	1,193	312	1,273
Deferred tax assets	12,006	10,776	10,682	Deferred revenue, non-current	19,373	19,549	20,772
Interest bearing receivables, non-current ¹	402	7,010	6,059	Other non-current liabilities	420	348	388
Other receivables	1,161	1,884	1,866	Total non-current liabilities	26,917	26,998	30,804
Total non-current assets	125,835	138,330	130,249	Interest bearing liabilities, current	7,490	5,899	5,366
Accrued income	6,764	5,794	5,577	Trade and other payables	16,604	17,996	18,034
Trade and other receivables	33,595	31,692	31,683	Provisions ¹	182	854	3,486
Income tax receivables	1,074	1,113	1,199	Income tax liabilities	229	873	620
Interest bearing receivables, current ¹	7,579	2,286	2,074	Deferred revenue, current	49,950	49,685	46,125
Other financial asset at fair value through profit and loss	26	26	26	Total current liabilities	74,454	75,307	73,631
Other financial assets at amortized cost		18,825		Total liabilities and equity	200,523	226,841	207,412
Cash and cash equivalents	25,651	28,776	36,604				
Total current assets	74,689	88,512	77,163				
Total assets	200,523	226,841	207,412				

¹ Interest bearing receivables include receivables related to premises subleased to F-Secure, receivables related to asset transfers in Group subsidiaries due to demerger and receivables from divestments.

¹ Provision related to restructuring in Q4 2023.

Condensed Cash flow statement

	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023		4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Cash flow from operations						Cash flow from financing activities					
Result for the period	-3,634	-6,854	-5,795	-17,939	-40,030	Repayments of lease liabilities	-1,787	-1,535	-3,126	-3,031	-6,139
Adjustments	2,335	-1,317	4,754	4,474	15,181	Cash flow from financing activities	-1,847	-1,535	-3,126	-3,031	-6,139
Depreciation and amortization	3,030	3,125	6,026	13,025	18,824	Change in cash	-6,454	-5,353	-10,574	-25,676	-17,921
Financial income and expenses	-83	-421	-356	-438	-205	Cash and cash equivalents at the beginning of the period	32,308*	34,487	36,604	55,129	55,129
Income taxes	-993	-2,300	-1,475	-5,141	-3,655	Effect of exchange rate changes on cash	-204	-358	-381	-678	-604
Other adjustments	381	-1,721	560	-2,971	217	Cash and cash equivalents at period end	25,651	28,776	25,651	28,776	36,604
Cash flow from operations before change in working capital	-1,300	-8,171	-1,041	-13,465	-24,849						
Change in net working capital	-750	3,344	-740	3,357	1,478						
Change in provisions	-586	-3,411	-3,303	-3,411	3,515						
Cash flow from operating activities before financial items and taxes	-2,636	-8,238	-5,084	-13,519	-19,856						
Net financial items and taxes	-680	-355	-449	-1,561	-3,206						
Cash flows from operating activities	-3,315	-8,593	-5,533	-15,080	-23,063						
Cash flow from investments											
Net investments in tangible and intangible assets	-1,495	-1,963	-3,050	-3,414	-5,159						
Divestments of businesses, net of cash	203		1,135	697	1,585						
Net cash flow from investments into financial instruments ¹		6,738		-4,848	14,854						
Cash flow from investments	-1,292	4,775	-1,915	-7,564	11,280						

¹ Investments into financial instruments are Group's investments in financial assets measured at amortized cost, such as corporate commercial papers. Investments in short term money market instruments with maturity less than three months are presented as Cash and cash equivalents.

*Corrected from the originally published version

Condensed Statement of changes in shareholders' equity

	Share capital	Unrestricted equity reserve	Treasury shares	Retained earnings	Translation difference	Total
Equity 31 Dec 2022	80	83,638	-155	58,649	-2,124	140,089
Total comprehensive income for the year				-17,939	1,763	-16,176
Cost of share based payments				627		627
Equity 30 Jun 2023	80	83,638	-155	41,335	-361	124,539
	Share capital	Unrestricted equity reserve	Treasury shares	Retained earnings	Translation difference	Total
Equity 31 Dec 2023	80	83,638	-155	20,222	-805	102,980
Total comprehensive income for the year				-5,795	860	-4,935
Share based payments				1,107		1,107
Equity 30 Jun 2024	80	83,638	-155	15,534	55	99,153

Notes to the interim financial statements

1 Significant exchange rates and sensitivity to exchange rate changes

One Euro is	Average rates					End rates		
	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023	30 Jun 2024	30 Jun 2023	31 Dec 2023
USD	1.0794	1.0846	1.0849	1.0776	1.0796	1.0705	1.0866	1.0594
GBP	0.8545	0.8746	0.8572	0.8781	0.8703	0.8464	0.8583	0.8646
JPY	167.41	147.77	163.55	145.08	151.87	171.94	157.16	158.10

Effect of changes in exchange rates on profit before taxes

+/-10 % FX rate change, mEUR	1-6/2024	1-6/2023	1-12/2023
USD	+0,1/-0,1	+0,3/-0,3	+0,2/-0,3
GBP	-0,1/+0,2	-0,5/+0,6	-0,2/+0,3
JPY	+0,0/-0,0	+0,2/-0,3	+0,0/-0,0

Group has forward contracts to hedge internal loan receivable in USD. As of 30.6.2024 the nominal value of the forward contracts was EUR 2 million and the market value was EUR -3 thousand.

2 Segment information

From 1 January 2024 onwards, WithSecure Group reports three segments: Elements Company, Cloud Protection for Salesforce (CPSF) and Cyber security consulting. The operating segments are reported in a manner consistent with the internal reporting provided to the Group Leadership Team, which has been identified as WithSecure's chief operating decision maker being responsible for allocating resources and assessing performance of the operating segments as well as deciding on strategy. The Group Leadership Team assesses the profitability of segments principally on the basis of adjusted EBITDA.

Elements Company segment includes Elements Cloud products and services, on-premise products, managed services (including Countercept Managed Detection and Response, MDR), and Other products. Elements Company revenue is presented separately for Cloud, On-premise and Other products.

Cloud Protection for Salesforce (CPSF) segment includes revenue from the CPSF product. It is a software product, ensuring scanning of external content for potential malware, before it is loaded into Salesforce. Customers are primarily enterprise-sized companies, with extensive use of Salesforce platforms.

Cyber security consulting segment includes only the consulting services sold to large, enterprise customers. Incident response services and other minor consulting products have been transferred to the Elements segment.

Revenue by segment	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Elements Company	26,205	25,088	52,793	50,285	101,143
Elements Cloud	20,493	18,663	41,120	37,400	76,132
On-premise	5,409	6,193	11,174	12,546	24,356
Other	303	232	498	339	656
Cloud Protection for Salesforce	2,173	2,221	4,193	4,255	8,299
Cyber security consulting	8,459	7,535	16,089	15,531	33,370
Total revenue	36,838	34,844	73,075	70,071	142,812

Gross margin by segment	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Elements Company	20,867	19,526	41,989	39,286	79,609
<i>% of revenue</i>	79.6%	77.8%	79.5%	78.1%	78.7%
Cloud Protection for Salesforce	1,791	1,725	3,466	3,316	6,133
<i>% of revenue</i>	82.4%	77.7%	82.7%	77.9%	73.9%
Cyber security consulting	3,817	2,746	6,694	5,821	14,449
<i>% of revenue</i>	45.1%	36.5%	41.6%	37.5%	43.3%
Total gross margin	26,475	23,998	52,149	48,423	100,192

Adjusted EBITDA by segment	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Elements Company	-472	-5,091	489	-9,354	-10,906
<i>% of revenue</i>	-1.8%	-20.3%	0.9%	-18.6%	-10.8%
Cloud Protection for Salesforce	-369	-1,421	-811	-2,561	-4,627
<i>% of revenue</i>	-17.0%	-64.0%	-19.3%	-60.2%	-55.8%
Cyber security consulting	-290	-1,356	-810	-2,144	-584
<i>% of revenue</i>	-3.4%	-18.0%	-5.0%	-13.8%	-1.8%
Total adjusted EBITDA	-1,131	-7,865	-1,132	-14,056	-16,116

Revenue by geographical area	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Nordic countries	10,865	9,735	21,787	20,546	39,781
Rest of Europe	17,168	16,650	34,050	32,471	67,733
North America	3,756	3,027	7,106	6,010	14,025
Rest of the world	5,049	5,432	10,132	11,045	21,273
Total revenue	36,838	34,844	73,075	70,071	142,812

3 Share-based payments

During the period Group has had share-based incentive plans covering management and the key personnel of the Group and a share savings plan available to all employees as described below. The programs have been established as part of incentive and retention system within WithSecure. The programs offer the participants a possibility to receive WithSecure shares as an incentive reward if the financial targets set for the earning period have been achieved. No reward can be given to a participating employee whose employment has terminated before the end of the lock-up period. WithSecure's current plans consist of Performance Share Plans, Restricted Share Plans, a Performance Matching Share Plan and an Employee Share Savings Plan. For further information regarding these programs, please refer to [WithSecure Remuneration Report 2023](#).

In March 2024, the Board of Directors of WithSecure Corporation has decided on a new Performance Share Plan for the years 2024–2026. The new plan will commence in 2024 and the performance criterion for this plan will be WithSecure's revenue growth over the 3-year performance period. The aggregate maximum number of share rewards to be paid in the first half of 2027 is approximately 6,600,000 shares. This number of shares represents gross earning, from which the applicable payroll tax is withheld, and the remaining net value is paid in shares to the key employees participating in the plan. The plan is offered to the management and selected key employees of WithSecure.

Also in March 2024, the Board of Directors of WithSecure Corporation has decided on a new Restricted Share Plan for the years 2024–2026. The aggregate maximum number of shares which may become payable based on RSP 2024–2026 in the first half of 2027 is 500,000 shares. The amount of shares represents gross earnings, from which the applicable payroll tax is withheld, and the remaining net value is paid to the participants in shares. If the individual's employment with WithSecure terminates before the payment date of the share reward, the individual is not, as a main rule, entitled to any reward based on the plan.

4 Intangible and tangible assets

	30 Jun 2024	30 Jun 2023	31 Dec 2023
Book value at the beginning of the financial year	111,642	117,266	117,266
Additions	6,110	7,086	14,003
Disposals	-1,335	-1,671	-2,216
Depreciation and amortization	-6,026	-6,282	-12,626
Impairment			-6,198
Translation differences	1,874	2,260	1,413
Book value at the end of the period	112,266	118,659	111,642

5 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.

	Fair value hierarchy	30 Jun 2024	30 Jun 2023	31 Dec 2023
Financial assets at fair value through profit or loss				
Current				
Investments in unlisted shares	Level 3	26	26	26
Financial assets at amortized cost				
Non-current				
Interest bearing receivables	Level 3	402	7,010	6,059
Current				
Interest bearing receivables	Level 3	7,579	2,286	2,126
Trade receivables	Level 2	24,905	21,551	25,237
Corporate commercial papers	Level 2		18,825	
Cash and cash equivalents		25,651	28,776	36,604
Total		58,563	78,474	70,052

	Fair value hierarchy	30 Jun 2024	30 Jun 2023	31 Dec 2023
Financial liabilities at amortized cost				
Non-current				
Interest bearing liabilities				
Other loans	Level 3		3,608	3,554
Current				
Interest bearing liabilities				
Other loans	Level 3	3,661		
Trade and other payables		2,579	3,382	3,376
Total		6,239	6,990	6,931

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	3,794	2,060	1,806	1,272	308	521	9,761	9,761
Other loans	3,661						3,661	3,661
Total financial liabilities	7,455	2,061	1,806	1,272	308	521	13,422	13,422

On 30.6.2024 EUR 8.0 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, receivables related to the deferred consideration and receivables related to asset transfers in Group subsidiaries in relation to demerger.

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

6 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.

	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Adjusted EBITDA	-1,131	-7,865	-1,132	-14,056	-16,116
Adjustments to EBITDA					
Other items	-324	-150	-977	-288	-1,441
Restructuring	-485	263	-43	-4,265	-8,881
Divestments	260	1,303	552	1,372	1,372
Income for costs under TSA		1,806		4,066	6,939
Costs of services under TSA		-1,806		-4,066	-6,939
EBITDA	-1,680	-6,450	-1,600	-17,237	-25,066
Depreciation, amortization and impairment losses	-3,030	-3,125	-6,026	-6,282	-18,824
EBIT	-4,710	-9,575	-7,626	-23,519	-43,891

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) in 2023, Group's operating expenses included costs of services provided to F-Secure. These costs together with income equivalent to the costs were excluded from APMs.

	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Adjusted EBIT	-3,546	-10,381	-5,929	-19,128	-26,338
Adjustments to EBIT					
PPA amortization	-615	-609	-1,229	-1,211	-2,404
Impairment					-6,198
Other items	-324	-150	-977	-288	-1,441
Restructuring	-485	263	-43	-4,265	-8,881
Divestments	260	1,303	552	1,372	1,372
Income for costs under TSA		1,806		4,066	6,939
Costs of services under TSA		-1,806		-4,066	-6,939
EBIT	-4,710	-9,575	-7,626	-23,519	-43,891

Classification of adjusted costs in operating expenses

	Operating Expenses Q2 2024	Restructuring	Other items	Expenses for adjusted EBIT	Depreciation	PPA amortization	Operating Expenses for Adjusted EBITDA Q2 2024
Sales and marketing	-16,722			-16,722	969		-15,753
Research and development	-10,212			-10,212	1,264		-8,947
Administration	-4,967	485	324	-4,157	182	615	-3,359
Operating expenses	-31,900	485	324	-31,091	2,415	615	-28,060

	Operating Expenses Q2 2023	Costs under TSA	Other items	Expenses for adjusted EBIT	Depreciation	PPA amortization	Operating Expenses for Adjusted EBITDA Q2 2023
Sales and marketing	-20,919			-20,919	1,033		-19,886
Research and development	-11,904	1,373		-10,531	1,293		-9,238
Administration	-4,247	433	150	-3,664	190	609	-2,865
Operating expenses	-37,070	1,806	150	-35,114	2,516	609	-31,989

	Operating Expenses 1-6/2024	Restructuring	Other items	Expenses for adjusted EBIT	Depreciation	PPA amortization	Operating Expenses for Adjusted EBITDA 1-6/2024
Sales and marketing	-31,205			-31,205	1,920		-29,285
Research and development	-20,585			-20,585	2,515		-18,070
Administration	-9,438	43	977	-8,418	362	1,229	-6,827
Operating expenses	-61,228	43	977	-60,208	4,797	1,229	-54,182

	Operating Expenses	Costs under TSA	Restructuring	Other items	Expenses for adjusted EBIT	Depreciation	PPA amortization	Operating Expenses for Adjusted EBITDA
	1-6/2023							1-6/2023
Sales and marketing	-39,334				-39,334	2,046		-37,288
Research and development	-25,007	1,462			-23,545	2,649		-20,896
Administration	-13,862	2,604	4,265	288	-6,705	376	1,211	-5,118
Operating expenses	-78,203	4,066	4,265	288	-69,584	5,072	1,211	-63,302

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, 4-6/2024	714		-260	453
Other operating income, 4-6/2023	3,498	-1,806	-1,303	389
Other operating income, 1-6/2024	1,452		-552	900
Other operating income, 1-6/2023	6,261	-4,066	-1,372	823
Other operating income, 1-12/2023	9,735	-6,939	-1,372	1,423

Calculation of key ratios

Equity ratio, %	$\frac{\text{Total equity}}{\text{Total assets - deferred revenue}}$	x 100
ROI, %	$\frac{\text{Result before taxes + financial expenses}}{\text{Total assets - non-interest bearing liabilities (average)}}$	x 100
ROE, %	$\frac{\text{Result for the period}}{\text{Total equity (average)}}$	x 100
Gearing, %	$\frac{\text{Interest bearing liabilities - cash and cash equivalents and liquid financial assets}}{\text{Total equity}}$	x 100
Earnings per share, euro	$\frac{\text{Profit attributable to equity holders of the company}}{\text{Weighted average number of outstanding shares}}$	
Shareholders' equity per share, euro	$\frac{\text{Equity attributable to equity holders of the company}}{\text{Number of outstanding shares at the end of period}}$	
P/E ratio	$\frac{\text{Closing price of the share, end of period}}{\text{Earnings per share}}$	
Dividend per earnings (%)	$\frac{\text{Dividend per share}}{\text{Earnings per share}}$	x 100
Effective dividends (%)	$\frac{\text{Dividend per share}}{\text{Closing price of the share, end of period}}$	x 100
Operating expenses	Sales and marketing, research and development and administration costs	
EBITDA	EBIT + depreciation, amortization and impairment	
Adjusted EBITDA	EBITDA +/- items affecting comparability	
Adjusted EBIT	EBIT +/- items affecting comparability	
Annual Recurring Revenue (ARR)	Monthly Recurring Revenue of last month of the quarter x 12	
Monthly Recurring Revenue (MRR)	Recognized revenue within the month excluding non-recurring revenues	
Net Revenue Retention (NRR)	100 % x (MRR of last month of the quarter/MRR of same month last year for the same customers). NRR includes expansion revenue, downgrades and customer churn.	



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