Cloud revenue in steady growth, demerger of Consumer security into F-Secure completed successfully

Q2 2022 Highlights

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Key takeaways from Q2/2022

Growth in cloud-native corporate security products

- Revenue grew by 32% year-on-year to EUR 16.8 million
- Annual recurring revenue (ARR) grew by 31% to EUR 67.5 million
- Elements products performing well, especially EDR
- Growth in MDR revenue, average deal size increasing, after exceptionally strong Q1, Q2 orders slightly behind expectations

- Revenue of On-premise corporate security products decreased by 10% year-on-year to EUR 6.7 million, according to expectations
- Cyber security consulting revenue on comparable basis decreased by 13% to EUR 8.9 million due to attrition and onboarding of new consultants

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Markets and strategy

Market

- Geopolitical situation remains tense
- Strong demand for cyber security products and services continues
- Land and expand strategy works well, strong NRR

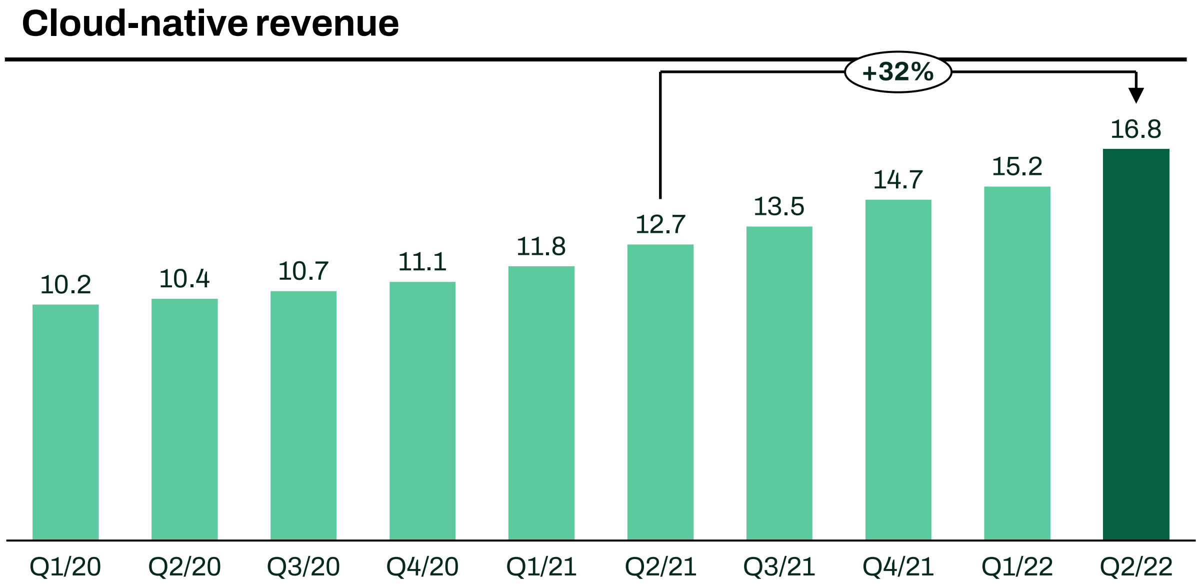
Demerger of consumer security business into F-Secure Corporation completed successfully

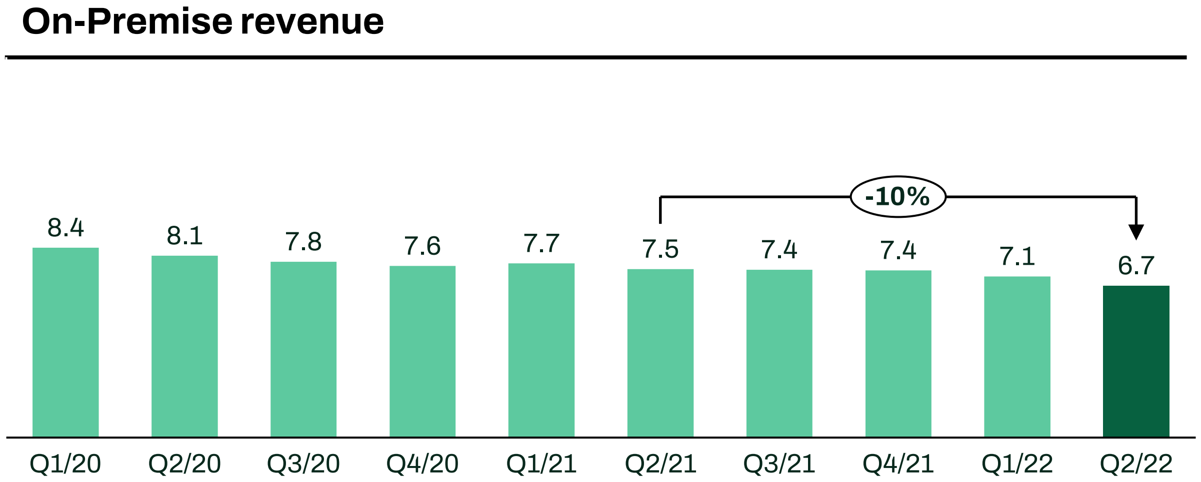
- Trading of F-Secure started on 1 July 2022 in Nasdaq Helsinki
- Discontinued operations result of EUR 459 million, relates to demerger related accounting standards

Sphere 2022 conference and Capital Markets Day held in June

Revenue from Corporate Security Products

(EUR million)





Revenue from cloud-native security products grew

- Expansion of Elements platform, especially EDR, continues
- Managed Detection and Response (MDR) revenue grew, Q2 orders slightly below expectations
- Steady growth of Cloud Protection for Salesforce revenue

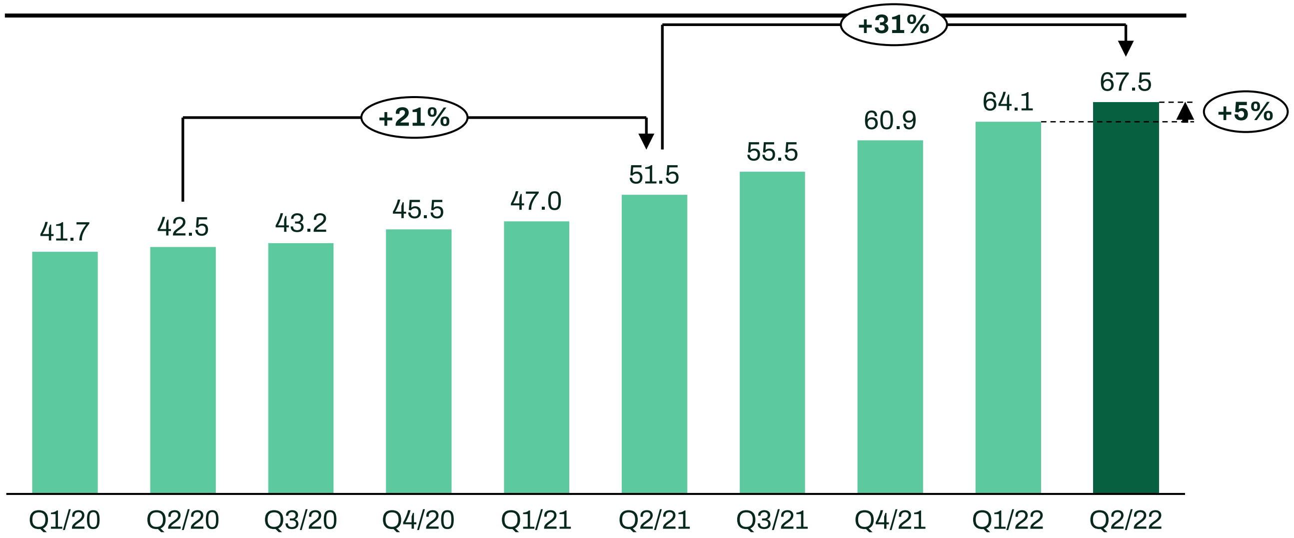
Revenue from on-premise security products decreased

- Y-o-y decrease -10%
- Corporate security customers migrating to cloud-based products
- Declining revenue in line with the WithSecure strategy but some customer segments preferring on-premise products

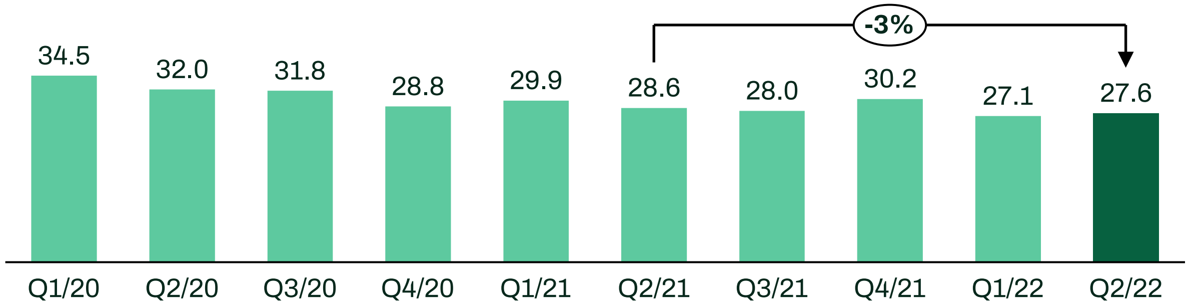
Annual Recurring Revenue

(EUR million)

Cloud-native products



On-Premise products



Annual Recurring Revenue (ARR)

- Year-on-year growth driven by all products
- Quarter-on-quarter growth driven especially by strong orders in Q1
- ARR for on-premise products grew slightly, overall trend declining

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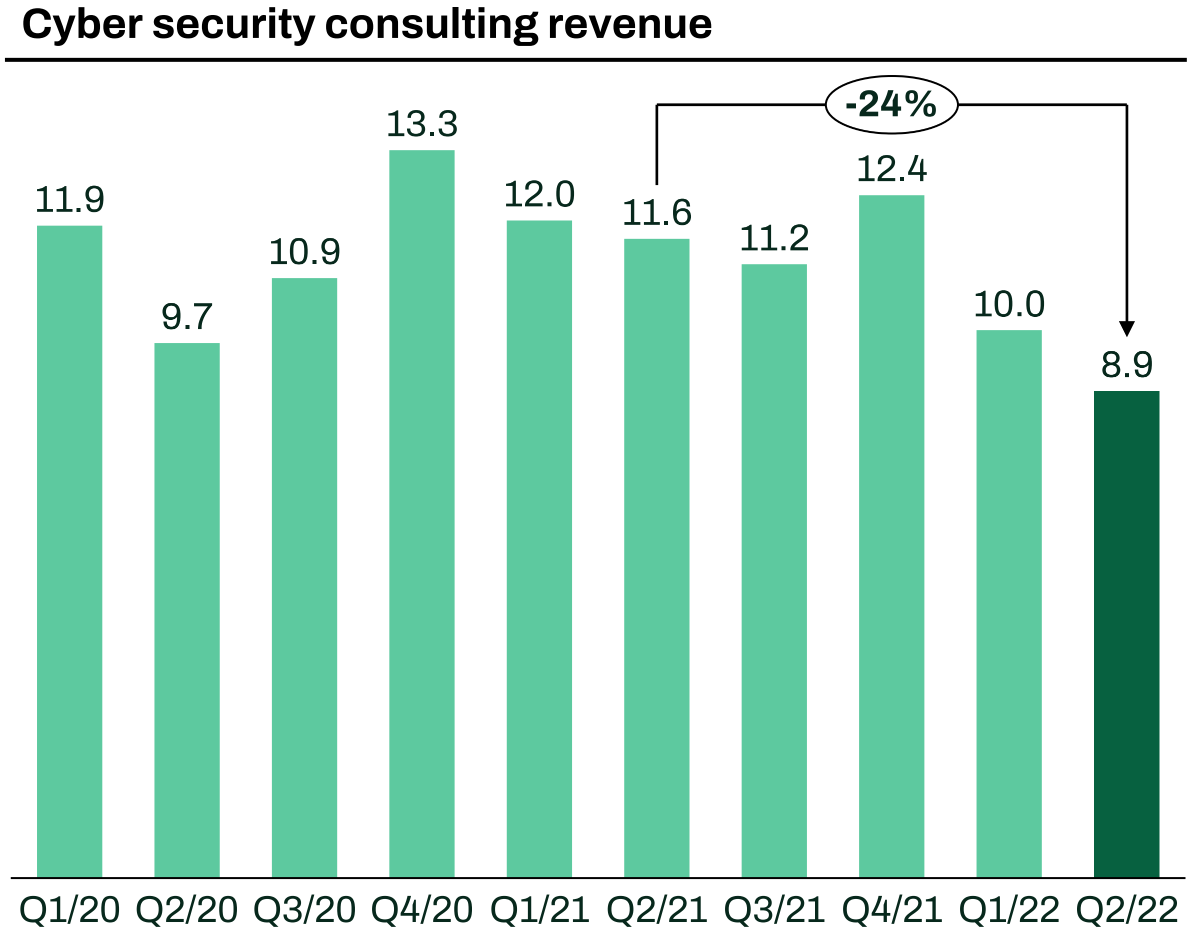
Cyber Security Consulting impacted by divestments

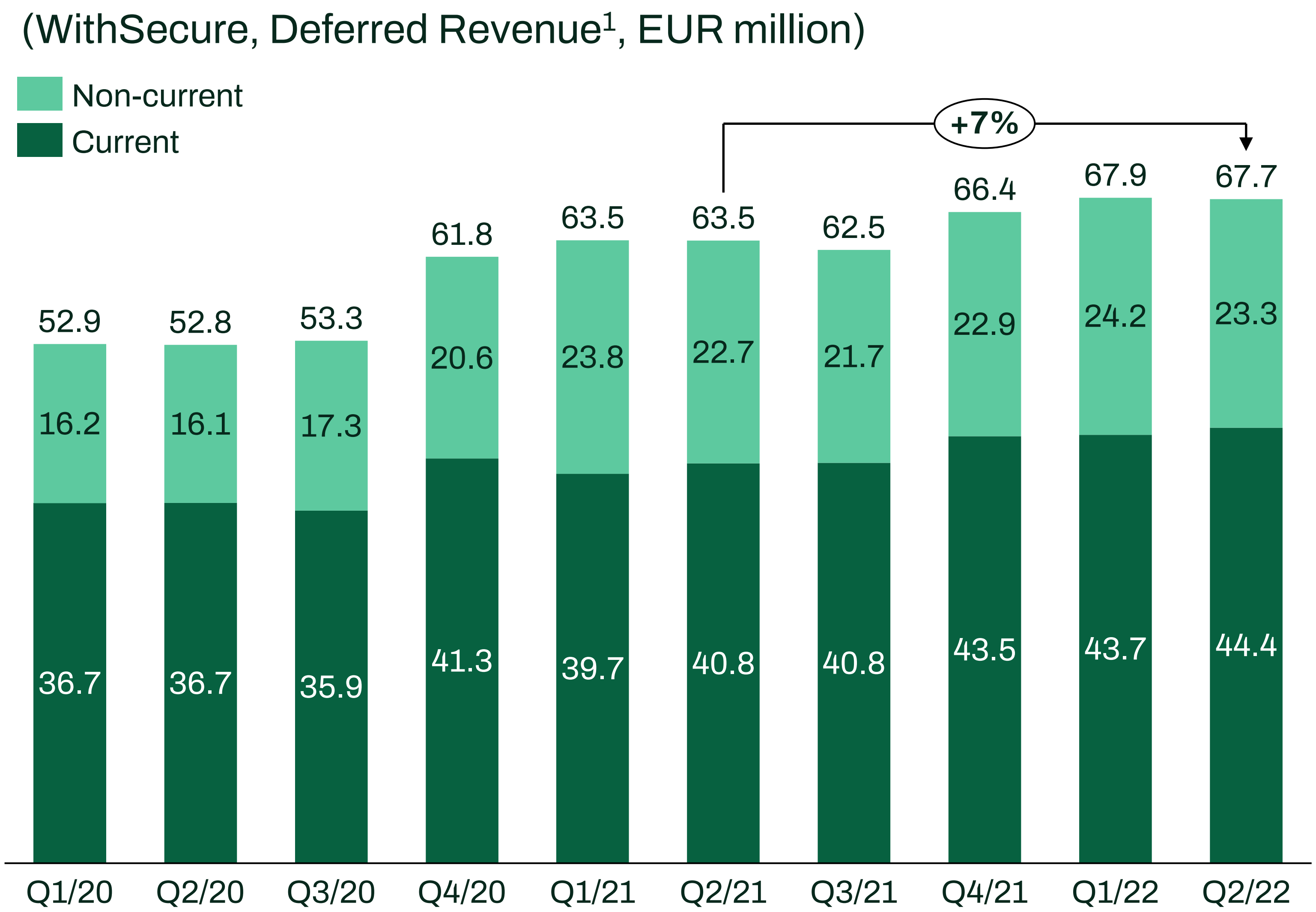
(EUR million)



Cyber security consulting revenue

- Divestments of UK public sector consulting (December 2021) and South African subsidiary (February 2022) impact comparability
- Impact of divestments EUR 7 million on annual level; impact on Q2 2022 approximately EUR 1.4 million – comparable basis decrease was -13%
- Demand for advanced cyber security consulting remains high
- Attrition continues to be a challenge
- WithSecure has been successful in recruiting new talents but being fully operational requires time

Deferred Revenue remained stable



- 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

[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

Estimated comparable EBITDA

- Future F-Secure financials are presented as Discontinued operations according to IFRS 5 standard
- Resulting IFRS 5 figures do not fully reflect the profitability of either business on a stand-alone basis
- Operating expenses are split according to actual ownership of assets, liabilities and resources after the de-merger
- 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 of both businesses

EUR million,	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Adjusted EBITDA (calculated on the basis of IFRS 5)	-9.7	-5.5	-16.6	-8.7	-17.2
Research and development	1.3	1.1	2.6	2.3	4.4
Facilities held by WithSecure	0.4	0.4	0.8	0.8	1.6
Estimated comparable EBITDA	-8.0	-4.0	-13.2	-5.6	-11.3

Q2 profitability - impacted by ongoing transformation

WithSecure, EUR million	4-6/2022	4-6/2021	Change %	1-6/2022	1-6/2021	Change %	1-12/2021
Revenue	**32,5**	**31,9**	**2 %**	**64,8**	**63,4**	**2 %**	**130,0**
Cloud-native corporate security solutions	16,8	12,7	32 %	32,1	24,6	31 %	52,7
On-premise corporate security solutions	6,7	7,5	-10 %	13,9	15,2	-9 %	30,0
Cyber security consulting	8,9	11,6	-24 %	18,9	23,6	-20 %	47,2
Gross Margin	20,7	21,7	-4 %	42,0	43,1	-2 %	88,5
of revenue, %	63,9 %	68,1 %		64,9 %	68,0 %		68,1 %
Adjusted EBITDA 1), IFRS 5	**-9,7**	**-5,5**		**-16,6**	**-8,7**		**-17,2**
of revenue, %	-29,9 %	-17,3 %		-25,6 %	-13,7 %		-13,3 %
Estimated comparable EBITDA	**-8,0**	**-4,0**		**-13,2**	**-5,6**		**-11,3**
of revenue, %	-24,7 %	-12,6 %		-20,4 %	-8,8 %		-8,7 %

[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

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Discontinued operations – what happened?

Discontinued Operations	EUR million
Profit after taxes of the operations transferred to F-Secure	**4.3**
Distribution gain – fair value of Consumer business	463.0
Distributed net assets	-12.5
Demerger expenses recharged to F-Secure, net of taxes	3.1
Cumulative translation differences from Consumer business	1.4
Result for the period, Discontinued operations	**459.2**

Consumer business fair value, calculated by multiplying average F-Secure share price on first trading day by number of shares distributed to owners as demerger consideration. (IFRIC 17). Impact is offset by a liability entry directly in the group equity.

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Guidance

Outlook

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

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