

**Half year report
1 January - 30 June 2022**

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

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secure

WithSecure completed the separation of its Consumer security business into an independent company F-Secure through a partial demerger on 30 June 2022, according to the plan first announced on 17 February 2022 by the Board of Directors. In this half-year report, WithSecure is presenting consumer security business as Discontinued operations under IFRS 5. Previous quarters' income statements are restated accordingly.

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Figures in this report are unaudited. Figures in brackets refer to the corresponding period in the previous year, unless otherwise stated. Comparative period figures related to income statement have been restated due to the application of IFRS 5. Percentages and figures presented herein may include rounding differences and therefore may not add up precisely to the totals presented.

Highlights of April-June 2022 (Q2)

Continuing operations

- Revenue of WithSecure increased by 2% to EUR 32.5 million (EUR 31.9 million)
 - Revenue from cloud-native corporate security solutions¹⁾ increased by 32% to EUR 16.8 million (EUR 12.7 million)
 - Revenue from on-premise corporate security solutions decreased by 10% to EUR 6.7 million (EUR 7.5 million)
 - Revenue from cyber security consulting decreased by 24% EUR to 8.9 million (EUR 11.6 million). On a comparable basis, the revenue decreased by 13%
- On a comparable basis, the revenue growth was 7%
- Annual recurring revenue (ARR)²⁾ of cloud-native corporate security solutions grew by 31% to EUR 67.5 million (EUR 51.5 million). ARR growth from previous quarter was 5%
- Estimated comparable EBITDA³⁾ of WithSecure decreased to EUR –8.0 million (EUR –4.0 million)
- Items affecting comparability (IAC) for Adjusted EBITDA were EUR –0.8 million (EUR 0.0)
- Cash flow from operating activities before financial items and taxes was EUR –0.0 million (EUR 12.9 million). Cash flow includes both continuing and discontinued operations. It was impacted by high demerger related costs.

¹⁾ Corporate security products excluding on-premise (Business Suite). Cloud Portfolio includes Elements Cloud, Cloud Protection for Salesforce and Countercept.

²⁾ Annual recurring revenue (ARR) of corporate security 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 revenues.

³⁾ For explanation of the Estimated comparable EBITDA, see paragraph in the end of Highlights section.

Highlights of January-June 2022 (H1)

Continuing operations

- Revenue of WithSecure increased by 2% to EUR 64.8 million (EUR 63.4 million)
 - Revenue from cloud-native corporate security solutions¹⁾ increased by 31% to EUR 32.1 million (EUR 24.6 million)
 - Revenue from on-premise corporate security solutions decreased by 9% to EUR 13.9 million (EUR 15.2 million)
 - Revenue from cyber security consulting decreased by 20% EUR to 18.9 million (EUR 23.6 million). On a comparable basis, the revenue decreased by 5%
- On a comparable basis, the revenue growth was 9%
- Estimated comparable EBITDA³⁾ of WithSecure decreased to EUR –13.2 million (EUR –5.6 million)
- Items affecting comparability (IAC) for Adjusted EBITDA were EUR –5.2 million (EUR 0.0 million)
- Cash flow from operating activities before financial items and taxes was EUR 1.1 million (EUR 19.2 million). Cash flow includes both continuing and discontinued operations. It was impacted by high demerger related costs.

Discontinued operations

- Result of the discontinued operations includes the revenue and expenses directly derived from the Consumer security (F-Secure) business, demerged on 30 June 2022.
- In addition, a distribution gain of EUR 450.5 million for the fair value of the transferring business, net of transferred assets and liabilities at book values, has been recognized in the result of the discontinued operations. The recognition of the liability for the fair value of the transferring business offsets the impact in the company equity.

Starting from the first quarter of 2022, Consumer security (new F-Secure) financials are presented as Discontinued operations according to IFRS 5 standard. The operating expenses are split according to actual ownership of assets, liabilities and resources after the demerger. The resulting figures do not fully reflect the profitability of either business on a stand-alone basis. 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 between periods. It excludes (for Discontinued operations: includes) activities related to research and development, and cost of facilities held by WithSecure. Comparative periods are adjusted accordingly. For a full bridge between the different performance measures, please refer to Note 6 Reconciliation of alternative performance measures.

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	2.5	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

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

CEO Juhani Hintikka

WithSecure's second quarter of 2022 was marked by the strong growth of cloud-native revenue. Annual recurring revenue (ARR) for the cloud-native corporate security products grew by 31% from the previous year to EUR 67.5 million (EUR 51.5 million). Revenue for the cloud-native products grew by 32% to EUR 16.8 million (EUR 12.7 million) in the second quarter.

We continue to support our customers' cloud transition by providing a comprehensive portfolio of cyber security solutions through the WithSecure Elements platform. The growth of orders and revenue was particularly strong in the Elements portfolio that complements the traditional endpoint protection products.

In Managed Detection and Response (MDR), significant growth of revenue continued, while after an exceptionally strong Q1, the order intake in Q2 was slightly below expectations. The average contract size is increasing, and some of the large customers remaining in legacy platforms have been migrated to WithSecure's aligned technology platform. This is creating synergies for both customers and WithSecure.

The growth of the cloud revenue was complemented by the Cloud Protection for Salesforce, with steady revenue growth rates extending to all geographic areas.

Revenue from the on-premise corporate security products continued to decline by 10% to EUR 6.7 million (EUR 7.5 million). This is in line with our strategy of rapidly increasing our Security-as-a-Service (SaaS) offering and its share of company revenue.

Revenue from our cyber security consulting decreased from previous year and was EUR 8.9 million (EUR 11.6 million). Comparability is impacted by the divestment of the UK public sector consulting in December 2021, as well as the divestment of our subsidiary in South Africa in February 2022. On a comparable basis, the revenue from cyber security consulting decreased by approximately 13% to EUR 8.9 million (EUR 10.2 million excluding divestments). The decrease is mainly resulting from the attrition that has continued at a high level. We have been quite successful in recruitment but there is a delay before new consultants become fully operational.

“On 30 June, our journey of separating the consumer security business to an independent company was completed”



WithSecure's profitability (measured as Estimated comparable EBITDA) was EUR –8.0 million (EUR –4.0 million). This is in line with our expectations.

As previously communicated, we expect our growth in the second half to accelerate and profitability to improve.

In June, we had the pleasure of inviting our partners to the first post-pandemic event Sphere 2022 in Helsinki. The two days were filled with introductions, reunions, excellent presentations and discussions on the future of cyber security.

On 30 June, our journey of separating the consumer security business to an independent company was completed. New F-Secure started trading successfully on Nasdaq Helsinki on 1 July, after the two teams had come together to ring the opening bell. I would like to thank our team and advisors for their work in making the demerger happen in a very short time. I also wish all the best for the new F-Secure in creating their own success story – we will stay close but operate independently from now on.

CEO Juhani Hintikka

Financial performance

EUR m	4-6/2022	4-6/2021	Change %	1-6/2022	1-6/2021	Change %	1-12/2021
WithSecure (Continuing operations)							
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
Cost of revenue	-11.7	-10.2	15%	-22.8	-20.2	13%	-41.5
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%
Other operating income ¹⁾	0.5	0.4		0.9	0.8		2.5
Operating expenses ¹⁾	-30.9	-27.6	12%	-59.6	-52.5	14%	-107.6
Sales & Marketing	-20.5	-17.4	18%	-39.3	-36.1	9%	-68.0
Research & Development	-8.0	-6.9	15%	-15.9	-15.0	6%	-28.5
Administration	-2.5	-3.3	-26%	-4.5	-7.6	-41%	-12.7
Adjusted EBITDA ²⁾	-9.7	-5.5	76%	-16.6	-8.7	91%	-17.2
of revenue. %	-29.9%	-17.3%		-25.6%	-13.7%		-13.3%
Items affecting comparability (IAC)							
Divestments				-3.1			0.5
Demerger	-0.8	0.0	n/a	-2.1			
EBITDA	-10.5	-5.5	91%	-21.9	-8.7	152%	-16.7
of revenue %	-32.4%	-17.3%		-33.8%	-13.7%		-12.8%
Depreciation & amortization. excluding PPA ³⁾	2.4	2.4	1%	-4.9	-4.7	5%	-9.6
Impairment							-1.0
PPA amortization	0.6	0.7	-16%	-1.3	-1.5	-13%	-2.8
EBIT	-13.5	-8.6	58%	-28.1	-14.9	89%	-30.1
of revenue %	-41.7%	-26.9%		-43.4%	-23.5%		-23.2%
Estimated comparable EBITDA	-8.0	-4.0	99%	-13.2	-5.6	136%	-11.3
of revenue %	-24.7%	-12.6%		-20.4%	-8.8%		-8.7%
Adjusted EBIT ²⁾	-12.1	-7.8	54%	-21.6	-13.4	61%	-26.8
of revenue %	-37.3%	-24.6%		-33.3%	-21.1%		-20.6%
Result for the period (Discontinued operations)	459.2	8.9	n/a	468.5	18.9	n/a	38.2

¹⁾ Excluding Items Affecting Comparability (IAC) and depreciation and amortization

²⁾ 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. Reconciliation and a breakdown of adjusted costs is in note 6 of the Table Section of this report.

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

EUR m	4-6/2022	4-6/2021	Change %	1-6/2022	1-6/2021	Change %	1-12/2021
Performance indicators ⁵⁾							
Earnings per share,(EUR) (continuing operations) ⁴⁾	-0.07	-0.04	65%	-0.15	-0.08	101%	-0.15
Deferred revenue (continuing operations)				67.7	63.5	7%	66.4
Cash flow from operations before financial items and taxes	0.0	12.9	-100%	1.1	19.2	-94%	38.7
Cash and financial assets at fair value through P&L				92.2	44.3	108%	52.9
ROI, %	-35.2%	7.8%	-550%	-37.4%	15.2%	-346%	15.6%
Equity ratio, %				74.7%	57.3%	30%	59.5%
Gearing, %				-50.7%	-14.4%	252%	-25.8%
Personnel, end of period				1,264	1,694	-25%	1,656

⁴⁾ Based on the weighted average number of outstanding shares during the period 167,992,694 (1-6/2022).

⁵⁾ Unless otherwise indicated, the comparative periods include both Continuing operations (WithSecure) and Discontinued operations (F-Secure)

Market overview

Digital networks are becoming an essential component of society that must always work. Disruptions of the digital network can cause serious damage to the society and well-being of its members.

The war in Ukraine has caused some exceptional consequences to the cyber security landscape, such as highly visible governmental activities, as well as organized civilian response to the war efforts. New situations can lead to uncontrolled cyber security threats that can be difficult to predict.

While advanced cyber-attacks on visible targets are becoming more common and persistent, criminals are also targeting companies of all sizes along with consumers by taking advantage of vulnerabilities in popular software, both traditional and new connected devices as well as online services. Apart from pure criminal activity, governments can use vulnerabilities and malware for surveillance purposes.

Attacks against corporations can go undetected for months. It is estimated that the demand for both Endpoint Detection and Response (EDR) solutions and WithSecure Managed Detection and Response, (MDR) product will continue to increase rapidly. The new detection and response capabilities are supplementing existing endpoint protection solutions (EPP). Overall, as organizations are increasingly adopting cloud services, they seek managed security services and cloud-based delivery to help them maintain control of their security.

April-June 2022 (second quarter)

Continuing operations

Revenue

WithSecure revenue in April-June increased by 2% to EUR 32.5 million (EUR 31.9 million).

On a comparable basis, the revenue growth was 7%

Cloud-native corporate security

Revenue from cloud-native corporate security products increased by 32% to EUR 16.8 million (EUR 12.7 million).

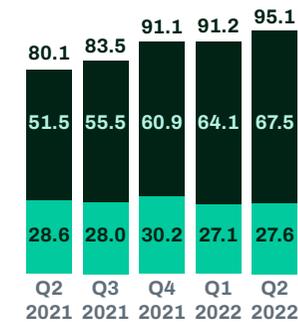
Annual recurring revenue (ARR)¹⁾ of cloud-native corporate security products grew by 31% to EUR 67.5 million (EUR 51.5 million). ARR growth from previous quarter was 5%.

¹⁾ Annual recurring revenue (ARR) of corporate security products is calculated by multiplying monthly recurring revenue by twelve. Monthly recurring revenue includes recognized revenue within the month excluding non-recurring revenues.

Revenue split (WithSecure), MEUR



Annual Recurring Revenue (WithSecure), MEUR



- Cloud-native corporate security solutions
- On-premise corporate security solutions
- Cyber security consulting

Growth of the corporate security products is driven by customers expanding their EPP (Endpoint Protection) to cover other products available through the Elements platform, most typically the EDR (Endpoint Detection and Response). Cloud Protection for Salesforce revenue has grown at a steady rate year-on-year, due to both new customers and high retention rates. Revenue is growing in all major geographic areas.

Revenue from Managed Detection and Response (MDR) continued a strong growth year-on-year. Finland, Germany and the US have been the strongest drivers of growth in the second quarter.

On-premise corporate security

Revenue from on-premise corporate security products decreased by 10% to EUR 6.7 million (EUR 7.5 million).

ARR related to the on-premise products decreased by 3% to EUR 27.6 million (EUR 28.6 million). ARR change from the previous quarter was an increase of 2%.

The overall decrease of on-premise products is part of the WithSecure's strategic transitioning to cloud-based environments. Our customers are increasingly switching to the cloud-native Elements products, leading to a decline over time of the on-premise solutions revenue.

Cyber security consulting

Revenue from cyber security consulting decreased by 24% to EUR 8.9 million (EUR 11.6 million). The decrease is partly explained by the divestment of the UK public sector consulting in December 2021, and the divestment of the South African subsidiary in February 2022. On a comparable basis, the revenue decreased by 13% (previous year comparable revenue was EUR 10.2 million).

Partly driven by the geo-political tensions, the demand for advanced cyber security consulting services is currently very strong. There are shortages of highly specialized experts on the market, especially in areas with high digitalization rates. The increased demand for cyber security services is in many cases increasing in-housing of the critical services and creating additional pressure in the market. WithSecure has been successful in recruitment but there is a delay before new consultants become fully operational.

Gross margin

Gross margin decreased by EUR 1.0 million to 20.7 million (EUR 21.7 million) and was 63.9% of revenue (68.1%). The decrease is caused by increasing volume of Endpoint Detection and Response causing slightly higher hosting cost, and onboarding of new consultants resulting in a lower gross margin in consulting.

Operating expenses

Operating expenses excluding depreciation and amortization, and items affecting comparability (IAC) increased by EUR 3.3 million to EUR 30.9 million (EUR 27.6 million). Cost increases were due to research and development as well as sales and marketing, where the brand renewal had an impact on costs. In addition, COVID-19 pandemic decreased operating expenses during the comparative period. Items affecting comparability (IAC) totaled EUR 0.8 million and consisted of costs related to the execution of the company's strategy in preparation for the planned demerger and impacts of the actual demerger.

Depreciation and amortization were EUR 3.0 million (3.1 million), where PPA amortization from acquisitions was EUR 0.6 million (0.7 million).

Profitability

Estimated comparable EBITDA of WithSecure was EUR –8.0 million and –24.7% of revenue (EUR –4.0 million, –12.6%).

Adjusted EBITDA was EUR –9.7 million and –29.9% of revenue (EUR –5.5 million, –17.3%). Adjusted EBIT was EUR –12.1 million and –37.3% of revenue (EUR –7.8 million, –24.6%).

EBITDA was EUR –10.5 million and –32.4% of revenue (EUR –5.5 million, –17.3%). EBIT was EUR –13.5 million and –41.7% of revenue (EUR –8.6 million, –26.9%), including EUR 0.6 million of PPA amortization (EUR 0.7 million) and EUR 0.8 million of IAC items.

In IAC items, costs related to demerger were EUR –1.1 million and the impact of the sub-leased premises through P&L was EUR 0.3 million.

January–June 2022 (first half)

Continuing operations

Cash flow

Cash flow from operating activities before financial items and taxes was EUR –0.0 million (12.9 million). The group cash flow statement includes both Continuing operations (WithSecure) and Discontinued operations (F-Secure) until the demerger effective day of 30 June 2022. Operative cash flow was impacted by demerger related costs. The impact of cash transferred to F-Secure as part of the demerger is presented separately as a change in Cash and cash equivalents. Cash of the parent company belonging to F-Secure Corporation will be transferred during Q3.

Revenue

Revenue for WithSecure in January–June increased by 2% to EUR 64.8 million (EUR 63.4 million).

On a comparable basis, the revenue growth was 9%.

Cloud-native corporate security

Revenue from cloud-native corporate security products increased by 31% to EUR 32.1 million (EUR 24.6 million)

On-premise corporate security

Revenue from on-premise corporate security products decreased by 9% to EUR 13.9 million (EUR 15.2 million).

Cyber security consulting

Revenue from cyber security consulting decreased by 20% to EUR 18.9 million (EUR 23.6 million). The decrease is partly explained by the divestment of the UK public sector consulting in December 2021, and the divestment of the South African subsidiary in February 2022. On a comparable basis, the revenue decreased by 5% (previous year first half comparable revenue was EUR 19.9 million).

Gross margin

Gross margin decreased by EUR 1.1 million to 42.0 million (EUR 43.1 million) and was 64.9% of revenue (68.0%).

Operating expenses

Operating expenses excluding depreciation and amortization, and items affecting comparability (IAC) increased by EUR 7.1 million to EUR 59.6 million (EUR 52.5 million). Cost increases were due to research and development as well as sales and marketing, where the brand renewal had an impact on costs. In addition, COVID-19 pandemic decreased operating expenses during the comparative period. Items affecting comparability (IAC) totaled EUR 5.2 million and consisted of costs related to the execution of the company's strategy in preparation for the planned demerger, impact of the actual demerger and impacts of divestment of the South African subsidiary.

Discontinued operations

Depreciation and amortization were EUR 6.2 million (EUR 6.2 million), where PPA amortization from acquisitions was EUR 1.3 million (EUR 1.5 million).

Profitability

Estimated comparable EBITDA of WithSecure was EUR –13.2 million and –20.4% of revenue (EUR –5.6 million, –8.8%).

Adjusted EBITDA was EUR –16.6 million and –25.6% of revenue (EUR –8.7 million, –13.7%). Adjusted EBIT was EUR –21.6 million and –33.3% of revenue (EUR –13.4 million, –21.1%).

EBITDA was EUR –21.9 million and –33.8% of revenue (EUR –8.7 million, 13.7%). EBIT was EUR –28.1 million and –43.4% of revenue (EUR –14.9 million, –23.5%), including EUR 1.3 million of PPA amortization (EUR 1.5 million) and EUR 5.2 million of IAC items.

In IAC items, costs related to the company's strategy execution were EUR –2.4 million, the impact of the sub-leased premises was EUR 0.3 million and impacts of divestment of the Group's South African subsidiary were EUR –3.1 million including recognition of translation difference of EUR –2.1 million. The estimated capital loss from the divestment was EUR 0.7 million. The final result of the divestment is dependent on deferred consideration based on the future business performance and will be measured at fair value quarterly.

Cash flow

Cash flow from operating activities before financial items and taxes was EUR 1.1 million (EUR 19.2 million). The group cash flow statement includes both Continuing activities (WithSecure) and Discontinued operations (F-Secure) until the demerger effective day of 30 June 2022. The impact of cash transferred to F-Secure as part of the demerger is presented separately as a change in Cash and cash equivalents. Cash of the parent company belonging to F-Secure Corporation will be transferred during Q3.

Result of the discontinued operations includes the revenue and expenses directly derived from the Consumer security (F-Secure) business, demerged on 30 June 2022.

In addition, a distribution gain of EUR 450.5 million for the fair value of the transferring business, net of transferred assets and liabilities at book values, has been recognized in the result of the discontinued operations. The recognition of the liability for the fair value of the transferring business offsets the impact in the company equity.

Full disclosure of the discontinued operations result is provided in the Note 3 of this report.

Financing, Capital Structure and Capital Expenditure

Unless otherwise indicated, the comparative periods include both continuing operations (WithSecure) and discontinued operations (F-Secure)

EUR m	4-6/2022	4-6/2021	Change %	1-6/2022	1-6/2021	Change %	1-12/2021
Cash and financial assets at fair value through P&L				92.2	44.3	108%	52.9
Bank loans, non-current					16.0	-100%	13.0
Lease liabilities, non-current				6.1	5.6	9%	4.6
Other loans, non-current				3.7			
Bank loans, current					6.0	-100%	6.0
Lease liabilities, current				4.5	4.1	9%	4.8
Capital expenditure	1.8	3.3	-46%	6.2	7.1	-12%	12.7
Capitalized development expenses	1.4	1.7	-17%	2.6	3.0	-14%	5.6
ROI, %	-35.2%	7.8%		-37.4%	15.2%		15.6%
Equity ratio, %				74.7%	57.3%		59.5%
Gearing, %				-50.7%	-14.4%		-25.8%

On 23 March, WithSecure strengthened its financial position with a directed share issue where EUR 76.8 million of new capital was raised.

On 30 June, WithSecure made an early repayment of the bank loan (EUR 19.0 million). The committed revolving credit facility was also cancelled.

At the end of the quarter, the company had liquid assets of EUR 92.2 million (44.3m). Cash of the parent company belonging to F-Secure Corporation will be transferred during Q3. Gearing was negative -50.7% due to strong liquidity.

Status of announced demerger

Following the announcement of 17 February 2022 to pursue towards the separation of the Consumer Security business through a partial demerger, the demerger was completed on 30 June 2022. Trading of F-Secure Corporation at Nasdaq Helsinki began on 1 July 2022.

F-Secure and WithSecure have agreed on certain services that will be provided on a transitional basis by WithSecure to support continuous operations of F-Secure (as described in more detail in the demerger plan approved by WithSecure's board of directors and announced by WithSecure on 17 February 2022), and to perform development and migration tasks towards ensuring that both companies' businesses are operationally separated at the termination of the Transitional Services Agreement ("TSA"). The services are related to jointly used technology, as well as transitional services that are general in nature, covering for example IT, HR, finance and other areas. The parties' intention is to replace the services latest by the end of the transition period with similar services procured or provided independently by F-Secure.

Organization and leadership

Personnel

At the end of the quarter, WithSecure had 1,264 employees, which shows a net decrease of 325 employees (20%) since the previous quarter-end (1,589 on 31 March 2022), and a net decrease of 430 employees (25%) compared to the end of June 2021 (1,694). Majority of the decrease is due to the demerger of 30 June 2022 where 366 employees transferred to F-Secure group. The decrease is also affected by the divestment of the Group's South African subsidiary in February 2022, as well as the divestment of UK public sector consulting in December 2021.

Leadership team

As a consequence of the demerger of Consumer security business into a separate company, Timo Laaksonen became the CEO of F-Secure and is no longer a member of the Leadership Team.

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

Juhani Hintikka (CEO & President), Christine Bejerasco (CTO), Charlotte Guillou (EVP, People Operations & Culture), Tom Jansson (CFO), Juha Kivikoski (EVP, Business Security), Antti Koskela (CPO), Tim Orchard (EVP, Solutions), Tiina Sarhimaa (CLO) and Ari Vanttinen (CMO).

Shares, Shareholders' Equity, Own Shares

On 23 March 2022, WithSecure issued 15,800,000 new shares in an accelerated book-built offering deviating from the shareholders' pre-emptive subscription rights. The total number of company shares is currently 174,598,739. The company's registered shareholders' equity is EUR 80,000. The company held 71,795 of its own shares at the end of the quarter.

Based on resolution of the Extraordinary General Meeting, WithSecure Corporation reduced its share capital by EUR 1,417,311.18 to EUR 80,000 in relation to the demerger. Share premium reserve of EUR 164,543.23 was also dissolved.

The company holds its own shares to be used in the incentive compensation plans, for making acquisitions or implementing other arrangements related to the company's business, to improve the company's financial structure or to be otherwise assigned or cancelled.

In April–June, 11,424,891 (4,257,862) of WithSecure's shares were traded on Nasdaq Helsinki. The highest trading price was EUR 5.57 (4.34) and the lowest price was EUR 4.49 (3.90). The volume weighted average price of WithSecure shares in second quarter of 2022 was EUR 4.95 (4.07).

The share's closing price on the last trading day of the quarter, 30 June 2022, was EUR 5.00 (4.03). Based on that closing price, the market value of the company's shares, excluding the treasury shares held by the company, was EUR 873 million (EUR 638 million).

The separation of WithSecure's Consumer security business into an independent listed company named F-Secure Corporation took place on 30 June 2022. At the end of the first trading day of the two separate companies (1 July 2022), WithSecure's share price was EUR 2.53 and F-Secure's share price EUR 2.70.

The company currently has market-based long-term share-based incentive programs for key employees.

Annual General Meeting

Annual General Meeting (AGM) of F-Secure Corporation was held on 16 March 2022. The meeting confirmed the financial statements for the financial year 2021 and reviewed the remuneration policy and remuneration report for governing bodies. The members of the Board and the President and CEO were discharged from liability.

The AGM approved the proposal of the Board of Directors that no dividend will be paid for the financial year 2021 due to the contemplated separation of the company's consumer security business.

The AGM decided that the number of Board members shall be seven. The following current Board members were re-elected: Risto Siilasmaa, Keith Bannister, Pertti Ervi, Päivi Rekonen and Tuomas Syrjänen. Kirsi Sormunen was elected as a new member to the Board of Directors. Tony Smith, who belongs to the personnel of F-Secure Corporation, was elected as a new member of the Board of Directors.

The Board elected Risto Siilasmaa as the Chairman of the Board. Tuomas Syrjänen was nominated as the Chairman of the Personnel Committee and Risto Siilasmaa and Päivi Rekonen as members of the Personnel Committee. Pertti Ervi was nominated as the Chairman of the Audit Committee and Keith Bannister, Kirsi Sormunen and Tony Smith were nominated as members of the Audit Committee.

Audit firm PricewaterhouseCoopers Oy was re-elected as Auditor of the company. Mr. Janne Rajalahti, APA, acts as the Responsible Auditor.

The AGM authorized the Board of Directors to decide upon the repurchase of a maximum of 10,000,000 of the company's own shares in total in one or several tranches and with the company's unrestricted equity. The authorization is valid until the conclusion of the next Annual General Meeting, in any case until no later than 30 June 2023.

The AGM authorized the Board of Directors to decide on the issuance of a maximum of 31,759,748 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 Limited Liability Companies Act in one or several tranches. The proposed maximum number of the shares corresponds to 20% of the Company's registered number of shares. The authorization is valid until the conclusion of the next Annual General Meeting, in any case until no later than 30 June 2023.

Extraordinary General Meeting

The AGM also decided to change the company's business name to WithSecure Corporation.

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 16 March 2022.

Extraordinary General Meeting (EGM) of WithSecure Corporation was held on 31 May 2022.

The EGM resolved, among other things, to approve the demerger plan and the according partial demerger, in which all assets and liabilities relating to the company's consumer security business transfer without a liquidation procedure to F-Secure Corporation, which shall be established in connection with the registration of the completion of the demerger. The General Meeting resolved that the shareholders of WithSecure will receive as demerger consideration one (1) new share in F-Secure for each share they hold in WithSecure on the effective date. The effective date of the Demerger was 30 June 2022.

The EGM resolved, conditionally upon the completion of the demerger, to reduce WithSecure's share capital to EUR 80,000, and to dissolve WithSecure's share premium reserve.

The EGM resolved, conditionally upon the completion of the demerger, to authorize the Board of Directors of F-Secure to decide upon the repurchase of a maximum of 15,000,000 of F-Secure's own shares with F-Secure's own unrestricted equity. The authorization is proposed to be valid until the conclusion of the first Annual General Meeting of F-Secure following the effective date, in any case until no later than 30 June 2023.

The EGM resolved, conditionally upon the implementation of the demerger, to authorize the Board of Directors of F-Secure to decide on the issuance of a maximum of 15,000,000 shares in total through a share issue as well as by issuing options and other special rights entitling to shares. The authorization will be valid until the conclusion of the first Annual General Meeting of F-Secure following the Effective Date as set forth in the Demerger Plan, in any case until no later than 30 June 2023.

The EGM resolved, conditionally upon the completion of the demerger, that the number of members of the Board of Directors of F-Secure shall be six (6). Pertti Ervi, Thomas Jul, Madeleine Lassoued, Risto Siilasmaa, Petra Teräsaho and Calvin Gan, who belongs to the personnel of F-Secure, were elected as members of the Board of Directors of F-Secure.

Risks and uncertainties

The EGM resolved, conditionally upon the implementation of the demerger and in accordance with the Board of Directors' recommendation, to elect PricewaterhouseCoopers Oy as auditor of F-Secure. PricewaterhouseCoopers Oy has stated that Mr Janne Rajalahti, APA, will act as the Responsible Auditor.

In addition, the EGM amended WithSecure's Articles of Association.

Full disclosure of the EGM resolutions has been provided in the Stock Exchange release of 31 May 2022.

The following risks and uncertainties can adversely impact WithSecure's sales, profitability, financial condition, market share, reputation, share price or the achievement of the company's short- and long-term objectives. The matters described here should not be construed as an exhaustive list. The most significant risks are:

Ukraine War

The Ukraine war has significantly increased the uncertainty in the world and the risk of unexpected disruptions of the world economy. Any such events would also impact the WithSecure business. The war has increased the awareness of the importance of cyber security, especially for companies, and it will continue impacting the corporate cyber security market.

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.

Inflation

Inflation has increased the risk for negative development of the cost structure. This is monitored very closely, and inflation will also most likely require mitigation actions during the year to retain workforce in the company.

COVID-19 pandemic

The impact of COVID-19 pandemic is decreasing to WithSecure business as the restrictions are being reduced around the world. There are still pockets of markets in Asia and elsewhere that have restrictions in place. However, the risk of large impacts to WithSecure business has reduced significantly.

Cyber security incident

Cyber security attacks threaten the confidentiality, integrity and availability of WithSecure products, services and the enterprise. WithSecure builds cyber resilience by continuously improving its capability to identify, protect, detect and respond to relevant threats.

Endpoint protection market disruption

Endpoint security market is highly competitive. Operating system manufacturers have increased their focus to built-in security features and at the same time new vendors and technologies have emerged. WithSecure must succeed in maintaining in-depth understanding of cyber security threat landscape, hacker techniques and technologies used as well as continue to innovate in defense technologies.

Market consolidation

The cyber security market is consolidating due to economies of scale. WithSecure must succeed in finding the right acquisition targets, as well as successfully integrating the target companies.

Risks relating to launch of new technologies

In a rapidly evolving industry, it is vital to keep products and services relevant to customers while introducing new technologies to the market on-time. WithSecure is driving technology simplification and R&D effectivization initiatives as well as investments in artificial intelligence to ensure a competitive product portfolio.

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.

Attracting and retaining talent

Competition for capable 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.

Geopolitical risks

WithSecure operates globally in different countries, and local regulation is exposing the company to geopolitical risks, including, for instance, unfavorable tax matters or export controls. Changes in regulations or their application, applicable to current or new technologies or services, may adversely affect WithSecure's business operations.

Currency fluctuations

Increased number of operations and sites outside the Euro zone in different currencies exposes WithSecure to an increased risk related to currency fluctuations.

Events after period-end

No material changes regarding the company's business or financial position have taken place after the end of the quarter.

Additional information

Financial calendar

During the year 2022, WithSecure Corporation will publish financial information as follows:

- Interim Report for January–September 2022, October 27, 2022

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Key ratios and other key figures

Profitability	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Continuing operations					
Revenue	32.5	31.9	64.8	63.4	130.0
Cloud-native corporate security solutions	16.8	12.7	32.1	24.6	52.7
On-premise corporate security solutions	6.7	7.5	13.9	15.2	30.0
Cyber security consulting	8.9	11.6	18.9	23.6	47.2
Gross margin	20.7	21.7	42.0	43.1	88.5
Gross margin, % of revenue	63.9%	68.1%	64.9%	68.1%	68.1%
Operating expenses	-34.8	-30.7	-71.1	-58.7	-121.0
Operating expenses for adjusted EBITDA	-30.9	-27.6	-59.6	-52.5	-107.6
Adjustment to other income					0.5
Adjusted EBITDA	-9.7	-5.5	-16.6	-8.7	-17.2
Adjusted EBITDA, % of revenue	-29.9%	-17.3%	-25.6%	-13.7%	-13.3%
EBITDA	-10.5	-5.5	-21.9	-8.7	-16.7
EBITDA, % of revenue	-32.4%	-17.3%	-33.8%	-13.7%	-12.8%
Adjusted EBIT	-12.1	-7.8	-21.6	-13.4	-26.8
Adjusted EBIT, % of revenue	-37.3%	-24.6%	-33.3%	-21.1%	-20.6%
EBIT	-13.5	-8.6	-28.1	-14.9	-30.1
EBIT, % of revenue	-41.7%	-26.9%	-43.4%	-23.5%	-23.2%
Estimated comparable EBITDA	-8.0	-4.0	-13.2	-5.6	-11.3
Estimated comparable EBITDA, % of revenue	-24.7%	-12.6%	-20.4%	-8.8%	-8.7%
ROI, %	-35.2%	7.8%	-37.4%	15.2%	15.6%
ROE, %	-30.3%	6.4%	-40.6%	14.8%	14.3%
Discontinued operations					
Profit after taxes of the operations transferred to F-Secure	4.3		13.6		
Fair value gain recognised from valuation of discontinued operations' net assets	450.5		450.5		
Demerger expenses, net of taxes	3.1		3.1		
Translation difference	1.4		1.4		
Result for the period	459.2	8.9	468.5	18.9	38.2

Capital structure	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Continuing operations ¹⁾					
Equity ratio, %			74.7%	57.3%	59.5%
Gearing, %			-50.7%	-14.4%	-25.8%
Interest bearing liabilities			14.3	31.7	28.4
Cash and financial assets at FVTPL			92.3	44.4	53.0
Share related					
Continuing operations					
Earnings per share, basic and diluted	-0.07	-0.04	-0.15	-0.08	-0.15
Shareholders' equity per share, EUR ¹⁾			0.88	0.55	0.60
Other					
Continuing operations					
Capital expenditure, MEUR excl. Acquisition ¹⁾	1.8	3.3	6.2	7.1	12.7
Capitalized development expenses, MEUR ¹⁾	1.4	1.7	2.6	3.0	5.6
Depreciation and amortization excl. PPA amortization, MEUR	-2.4	-2.3	-4.9	-4.7	-10.6
Depreciation and amortization, MEUR	-3.0	-3.1	-6.2	-6.2	-13.4
Personnel, average ¹⁾	1,490	1,678	1,570	1,674	1,678
Personnel, period end ¹⁾			1,264	1,694	1,656

¹⁾ Comparative information is presented for combined operations

Half year report Q2 2022 table section

The Half Year Report has been prepared in accordance with IAS 34 Interim Financial Reporting. COVID-19 impacts on the accounting principles of this financial statement report are limited, and have been presented in the table section within relevant items.

On 17 February 2022 WithSecure announced a plan to pursue towards the separation of the company's consumer security business through a partial demerger. The demerger was completed on June 30, 2022. Starting from the first quarter of 2022, WithSecure has applied the requirements of IFRS5 Non-current Assets Held for Sale and Discontinued Operations in classifying, presenting and accounting for the demerger financial reporting. Result from discontinued operations is reported separately from continuing operations' income and expenses in the consolidated income statement. Comparative periods have been restated accordingly. At the completion of the demerger on June 30, the assets and liabilities related to the discontinued operations were distributed to F-Secure. Statement of financial position as of 30 June includes assets and liabilities after the demerger.

At completion, the demerger has been accounted for as a disposal to owners in accordance with IFRIC 17 Distributions of non-cash assets to owners. A distribution gain has been calculated based on the difference of the fair value of consumer security business and the book value of the distributed assets and liabilities in consolidated statement of financial position. The distribution gain has been recorded in the discontinued operations' profit for the period. The fair value of the consumer security business (EUR 463.0 million) has been determined by multiplying the average share price of F-Secure on the first trading day, July 1, (EUR 2,653) by the number of F-Secure shares given as demerger consideration (174,526,944). Book value of the distributed asset and liabilities was EUR 12.5 million resulting in distribution gain of EUR 450.5 million.

Demerger related costs (EUR 3.9 million) are presented under discontinued operations. Based on the demerger plan, WithSecure has a right to recharge majority of the demerger related costs from F-Secure. The recharge recognized on the demerger date reduces the total amount of demerger costs in discontinued operations by EUR 3.8 million. In addition, cumulative translation difference of EUR 1.4 million related to discontinued operations was recognized as income at completion of the demerger.

Otherwise, the accounting principles are the same as in the annual report 2021.

All comparative income statement figures in this Half Year Report have been adjusted according to a restatement. A stock exchange release on the restatement has been published on 16 May 2022.

All figures in the following tables are EUR million unless otherwise stated. This half year report is unaudited.

Income statement

	4-6/2022	Restated 4-6/2021	Change %	1-6/2022	Restated 1-6/2021	Change %	Restated 1-12/2021
Continuing operations							
Revenue	32.5	31.9	2%	64.8	63.4	2%	130.0
Cost of revenue	-11.7	-10.2	15%	-22.8	-20.2	13%	-41.5
Gross margin	20.7	21.7	-4%	42.0	43.1	-3%	88.5
Other operating income	0.5	0.4	17%	0.9	0.8	12%	2.5
Sales and marketing	-21.3	-18.7	14%	-41.2	-36.1	14%	-73.3
Research and development	-9.4	-7.7	22%	-18.6	-15.0	23%	-32.1
Administration ¹⁾	-4.1	-4.3	-5%	-11.3	-7.6	50%	-15.7
EBIT	-13.5	-8.6	58%	-28.1	-14.9	89%	-30.1
Financial net	-0.2	-0.4	-66%	-0.5	-0.2	175%	-0.3
Result before taxes	-13.7	-9.0	51%	-28.6	-15.0	90%	-30.5
Income taxes	1.4	1.6	-12%	3.2	2.5	30%	5.0
Result for the period, continuing operations	-12.3	-7.5	65%	-25.3	-12.6	102%	-25.5
Result for the period, discontinued operations ²⁾	459.2	8.9	n/a	468.5	18.9	n/a	38.2
Result for the period, group total	446.8	1.4	n/a	443.1	6.3	n/a	12.7
Other comprehensive income							
Exchange differences on translating foreign operations, continuing operations	-1.7	-0.1	n/a	0.7	4.3	-84%	3.9
Exchange differences on translating foreign operations, discontinued operations	-0.6	0.0	n/a	0.9	0.1	n/a	0.1
Total other comprehensive income, continuing operations	-14.0	-7.6	84%	-24.7	-8.3	199%	-21.5
Total other comprehensive income, discontinued operations	458.5	8.9	n/a	467.6	18.9	n/a	38.2
Total comprehensive income (parent company owners)	444.5	1.3	n/a	442.9	10.7	n/a	16.7
Earnings per share ³⁾							
Earnings per share, basic and diluted, EUR, combined operations	2.66	0.01	n/a	2.64	0.04	n/a	0.08
Earnings per share, basic and diluted, EUR, continuing operations	-0.07	-0.04	65%	-0.15	-0.08	101%	-0.15
Earnings per share, basic and diluted, EUR, discontinued operations	2.73	0.05	n/a	2.79	0.11	n/a	0.23

¹⁾ Net impact of demerger related costs for continuing operations in second quarter is EUR 0.8 million.

²⁾ Discontinued operations' result for the period includes also the distribution gain, demerger expenses and cumulative translation difference related to disposed business.

³⁾ Earnings per share has been recalculated for comparative periods using average weighted share amount after share issue in first quarter of 2022.

Statement of financial position

Reported balance sheet figures include both continuing and discontinued operations for the comparative periods. At completion of the demerger, assets and liabilities related to consumer security business were transferred to F-Secure. Thus, balance sheet 30 June 2022 includes only WithSecure's assets and liabilities.

Assets	30 Jun 2022	30 Jun 2021	31 Dec 2021
Tangible assets	10.7	13.9	12.7
Intangible assets	26.1	34.5	33.0
Goodwill	85.0	85.8	85.1
Deferred tax assets	4.7	4.1	4.1
Interest bearing receivables, non-current	6.4		
Other receivables	3.1	1.1	1.9
Total non-current assets	135.9	139.3	136.9
Inventories		0.1	0.1
Interest bearing receivables, current	0.9		
Accrued income	5.1	4.3	4.7
Trade and other receivables ¹⁾	38.4	47.4	49.9
Income tax receivables	1.3	1.0	1.7
Financial asset at fair value through profit and loss	0.0	0.1	0.1
Cash and bank accounts	92.2	44.3	52.9
Total current assets	138.0	97.1	109.4
Total assets	273.9	236.4	246.2
Shareholders' equity and liabilities	30 Jun 2022	30 Jun 2021	31 Dec 2021
Equity	154.0	87.8	95.4
Interest bearing liabilities, non-current	9.8	21.6	17.6
Deferred tax liability	2.3	0.9	1.9
Deferred revenue, non-current	23.3	25.9	26.0
Other non-current liabilities	0.3	0.3	0.3
Total non-current liabilities	35.7	48.8	45.8
Interest bearing liabilities, current	4.5	10.1	10.8
Trade and other payables	33.8	28.7	30.0
Income tax liabilities	1.6	3.7	4.2
Deferred revenue, current	44.4	57.3	60.1
Total current liabilities	84.3	99.8	105.1
Total liabilities and equity	273.9	236.4	246.2

¹⁾ Provision for expected credit losses continues to include a small increase due to the COVID-19 pandemic.

Cash flow statement

Cash flow statement includes continuing and discontinued operations.

	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Cash flow from operations					
Result for the financial year	446.8	1.4	443.1	6.3	12.7
Adjustments	-445.4	5.5	-437.6	10.7	22.7
Depreciation and amortization	3.0	3.5	6.6	7.0	15.1
Non-cash adjustments related to demerger	-451.8		-451.8		
Other adjustments	3.4	2.0	7.6	3.7	7.7
Cash flow from operations before change in working capital	1.4	6.9	5.5	17.0	35.4
Change in net working capital	-1.4	6.0	-4.4	2.2	3.3
Cash flow from operating activities before financial items and taxes	0.0	12.9	1.1	19.2	38.7
Net financial items and taxes	-2.0	-2.7	-6.4	-5.5	-7.9
Cash flows from operating activities	-2.0	10.2	-5.3	13.8	30.7
Cash flow from investments					
Net investments in tangible and intangible assets	-1.2	-2.0	-2.5	-3.4	-6.1
Divestments of subsidiaries, net of cash			-1.1		
Cash flow from investments	-1.2	-2.0	-3.6	-3.4	-6.1
Cash flow from financing activities					
Proceeds from issue of shares			76.0		
Repayments of interest bearing liabilities	-19.0	-3.0	-19.0	-8.0	-11.0
Repayments of lease liabilities	-1.2	-1.5	-2.9	-3.0	-6.0
Dividends paid		-6.3		-6.3	-6.3
Cash flow from financing activities	-20.2	-10.9	54.1	-17.4	-23.3
Change in cash	-23.4	-2.6	45.2	-7.0	1.3
Cash and bank at the beginning of the period	121.5	47.1	52.9	51.4	51.4
Effect of exchange rate changes on cash	0.0	-0.1	0.0	0.0	0.3
Demerger effect in cash ¹⁾	-5.9		-5.9		
Cash and bank at period end	92.2	44.3	92.2	44.3	52.9

¹⁾ Demerger effect in cash includes cash held by F-Secure's subsidiaries at the time of demerger. Cash held by parent company at completion of the demerger will be divided between WithSecure and F-Secure as determined in the demerger plan. F-Secure share of the cash remaining at WithSecure on 30 June is EUR 6.8 million and it has been recorded as a liability towards F-Secure. Cash will be transferred in July.

Statement of changes in shareholders' equity

	Share capital	Share premium fund	Unrestricted equity reserve	Treasury shares	Retained earnings	Translation difference	Total
Equity 31 Dec 2020	1.6	0.2	6.5	-1.3	79.6	-4.1	82.3
Total comprehensive income for the year					6.3	4.4	10.7
Dividend					-6.3		-6.3
Cost of share based payments			0.3	0.4	0.4		1.1
Equity 30 Jun 2021	1.6	0.2	6.8	-0.8	79.9	0.3	87.8
	Share capital	Share premium fund	Unrestricted equity reserve	Treasury shares	Retained earnings	Translation difference	Total
Equity 31 Dec 2021	1.6	0.2	6.8	-0.8	87.8	-0.1	95.4
Total comprehensive income for the year, continuing operations					-25.3	0.7	-24.7
Total comprehensive income for the year, discontinued operations					468.5	-0.9	467.6
Share issue			76.0				76.0
Dividend					0.0		0.0
Reduction of share capital and share premium reserve	-1.5	-0.2			1.6		0.0
Cost of share based payments			0.9	0.7	1.1		2.7
Assets transferred in the demerger at fair value					-463.0		-463.0
Equity 30 Jun 2022	0.1	0.0	83.6	-0.2	70.8	-0.4	154.0

Based on resolution of the Extraordinary General Meeting, WithSecure Corporation reduced share capital to EUR 80,000 and dissolved share premium fund in relation to the demerger.

Liability for the assets transferring in the demerger at fair value was recognized after resolution of the Extraordinary General Meeting. Impact of the liability recognition is offsetting the impact of distribution gain through income statement in Company's equity.

1 Significant exchange rates and sensitivity to exchange rate changes

One Euro is	Average rates			End rates		
	1-6/2022	1-6/2021	1-12/2021	30 Jun 2022	30 Jun 2021	31 Dec 2021
USD	1.1006	1.2089	1.1894	1.0387	1.1884	1.1326
GBP	0.8406	0.8724	0.8633	0.8582	0.8581	0.8403
JPY	133.00	129.62	130.00	141.54	131.43	130.38

Effect of changes in exchange rates on profit before taxes

+/-10% FX rate change	1-6/2022	1-6/2021	1-12/2021
USD	-0.7/+0.8	-0.3/0.3	-0.3/+0.3
GBP	-0.3/+0.3	+/-0.0	-0.2/+0.2
JPY	-0.2/+0.2	-0.2/+0.2	-0.3/+0.3

2 Segment information

The Group has only one segment (security).

Disaggregation of revenue

Continuing operations

By sales channels	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Corporate security					
Cloud-native solutions	16.8	12.7	32.1	24.6	52.7
On-premise solutions	6.7	7.5	13.9	15.2	30.0
Cyber security consulting	8.9	11.6	18.9	23.6	47.2
Total revenue	32.5	31.9	64.8	63.4	130.0

By geographical area	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Nordic countries	10.3	10.2	20.4	20.4	40.3
Rest of Europe	14.4	13.8	28.2	27.2	55.1
North America	2.8	2.1	5.4	4.4	10.0
Rest of the world	4.9	5.7	10.9	11.3	24.6
Total revenue	32.5	31.9	64.8	63.4	130.0

3 Discontinued operations

On 17 February 2022 WithSecure announced a plan to pursue towards the separation of the company's consumer security business (F-Secure) through a partial demerger. Demerger was completed on June 30, 2022. Following information includes impacts of discontinued operations on reported income statement and cash flow. Statement of financial position represents assets and liabilities related to Consumer security business right before the demerger on 30 June. Income statement for discontinued operations include revenue and operating expenses which directly derive from Consumer security business and will discontinue for continuing business after the demerger. Certain costs related to supporting F-Secure during transition period and costs of premises which will be sub-leased to F-Secure are not included in Discontinued operations.

Income statement for discontinued operations

	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Revenue	27.5	26.3	54.8	52.6	106.3
Cost of revenue	-2.2	-2.1	-4.4	-4.2	-9.1
Gross margin	25.2	24.3	50.5	48.4	97.2
Other operating income	0.2	0.1	0.3	0.1	0.3
Sales and marketing	-8.1	-6.7	-14.6	-13.0	-25.9
Research and development	-4.2	-3.5	-7.9	-7.2	-14.5
Administration	-6.0	-3.2	-9.5	-5.0	-9.3
EBIT	7.2	10.9	18.8	23.4	47.8
Financial net	0.0	0.1	0.2	0.1	0.1
Result before taxes	7.2	11.1	19.0	23.5	47.9
Income taxes	-2.9	-2.2	-5.4	-4.6	-9.8
Profit after taxes of the operations transferred to F-Secure	4.3		13.6		
Fair value gain recognised from valuation of discontinued operations' net assets	450.5		450.5		
Demerger expenses	3.8		3.8		
Taxes related to demerger expenses	-0.7		-0.7		
Translation difference	1.4		1.4		
Result for the period	459.2	8.9	468.5	18.9	38.2

Statement of financial position for discontinued operations

Assets	30 Jun 2022
Tangible assets	0.9
Intangible assets	6.2
Deferred tax assets	0.1
Other long-term receivables	0.1
Total non-current assets	7.3
Inventories	0.0
Accrued income	2.1
Trade and other receivables	19.0
Cash and bank accounts	12.7
Total non-current assets	33.9
Total assets	41.2
Equity and liabilities	30 Jun 2022
Deferred tax liability	0.3
Deferred revenue, non-current	3.3
Other non-current liabilities	0.1
Total non-current liabilities	3.7
Current interest bearing liabilities	0.1
Trade and other payables	4.9
Deferred revenue, current	17.3
Income tax liabilities	0.9
Total current liabilities	23.1
Total liabilities	26.8

Cash flows for discontinued operations

	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Net cash flow from operating activities	10.3	13.2	18.3	18.7	40.2
Net cash flow from investing activities	-0.1	-0.5	-0.6	-0.7	-1.6
Net cash flow from financing activities	0.0	0.0	0.0	-0.1	-0.2

4 Intangible and tangible assets

	30 Jun 2022	30 Jun 2021	31 Dec 2021
Book value at the beginning of the period	130.9	130.0	130.0
Acquisitions and divestments	-0.6		
Additions	7.4	7.1	12.7
Disposals	-2.5	-0.8	-1.2
Depreciation and amortization	-6.2	-7.0	-14.2
Impairment			-1.0
Translation differences	-0.2	4.8	4.5
Demerger impact ¹⁾	-7.1		
Book value at the end of the period	121.7	134.1	130.9

¹⁾ Demerger impact includes all WithSecure's Consumer business related tangible and intangible assets which were transferred to F-Secure on June 30, 2022.

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.

Continuing operations

	Carrying value				Fair value			
	Financial assets		Financial liabilities		Hierarchy level			Total
	FVTPL	Amortized cost	Amortized cost	Total	1	2	3	
Cash and bank		92.2		92.2				
Financial assets at FVTPL	0.0			0.0	0.0			0.0
Trade receivables		33.8						
Trade and other payables			9.3	9.3				

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	4.6	4.1	1.8	0.1	0.1	0.0	10.7	10.7
Other loans			3.6				3.6	3.6
Total financial liabilities	4.6	4.1	5.4	0.1	0.1	0.0	14.3	14.3

On 30 June, WithSecure made an early repayment of EUR 19.0 million to the bank loan. The committed revolving credit facility was also cancelled.

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

6 Reconciliation of alternative performance measures

WithSecure has included certain non-IFRS based alternative performance measures (APM). 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, estimated comparable EBITDA and adjusted EBIT. 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. Estimated comparable EBITDA has been added in Q1 2022 to improve comparability as presentation of WithSecure and F-Secure in accordance with IFRS5 does not reflect profitability of neither continuing or discontinued business on a stand-alone basis prior to the demerger. Estimated comparable EBITDA excludes costs related to research and development which will be provided by WithSecure to F-Secure. It also excludes cost of premises held by WithSecure but sub-leased to F-Secure.

	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Continuing operations					
Estimated comparable EBITDA	-8.0	-4.0	-13.2	-5.6	-11.3
Adjustments to adjusted EBITDA					
Research and development	-1.3	-1.1	-2.5	-2.3	-4.4
Facilities held by WithSecure	-0.4	-0.4	-0.8	-0.8	-1.6
Adjusted EBITDA	-9.7	-5.5	-16.6	-8.7	-17.2
Adjustments to EBITDA					
Divestments			-3.1		0.5
Demerger	-0.8		-2.1		
EBITDA	-10.5	-5.5	-21.9	-8.7	-16.7
Depreciation, amortization and impairment losses	-3.0	-3.1	-6.2	-6.2	-13.4
EBIT	-13.5	-8.6	-28.1	-14.9	-30.1
	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Continuing operations					
Adjusted EBIT	-12.1	-7.8	-21.6	-13.4	-26.8
Adjustments to EBIT					
PPA amortization	-0.6	-0.7	-1.3	-1.5	-2.8
Impairment					-1.0
Divestments			-3.1		0.5
Demerger	-0.8		-2.1		
EBIT	-13.5	-8.6	-28.1	-14.9	-30.1

Classification of adjusted costs in operating expenses

	Operating Expenses Q2 2022	Demerger	Expenses for adjusted EBIT	Depreciation	PPA amortization	Operating Expenses for Adjusted EBITDA Q2 2022
Continuing operations						
Sales and marketing	-21.3		-21.3	0.8		-20.5
Research and development	-9.4		-9.4	1.5		-8.0
Administration	-4.1	0.8	-3.3	0.1	0.6	-2.5
Operating expenses	-34.8	0.8	-34.0	2.4	0.6	-30.9

	Operating Expenses 1-6/2022	Demerger	Divestments	Expenses for adjusted EBIT	Depreciation	PPA amortization	Operating Expenses for Adjusted EBITDA 1-6/2022
Continuing operations							
Sales and marketing	-41.2			-41.2	1.9		-39.3
Research and development	-18.6			-18.6	2.7		-15.9
Administration	-11.3	2.1	3.1	-6.1	0.3	1.3	-4.5
Operating expenses	-71.1	2.1	3.1	-65.9	4.9	1.3	-59.6

Calculation of key figures

Equity ratio, %	$\frac{\text{Total equity}}{\text{Total assets – deferred revenue}} \times 100$
ROI, %	$\frac{\text{Result before taxes + financial expenses (annualized)}}{\text{Total assets – non-interest bearing liabilities (average)}} \times 100$
ROE, %	$\frac{\text{Result for the period (annualized)}}{\text{Total equity (average)}} \times 100$
Gearing, %	$\frac{\text{Interest bearing liabilities – cash and bank and financial asset through profit and loss}}{\text{Total equity}} \times 100$
Earnings per share, EUR	$\frac{\text{Profit attributable to equity holders of the company}}{\text{Weighted average number of outstanding shares}}$
Shareholders' equity per share, EUR	$\frac{\text{Equity attributable to equity holders of the company}}{\text{Number of outstanding shares at the end of period}}$
Operating expenses	Sales and marketing, research and development, and administration costs
EBITDA	EBIT + Depreciation, amortization and impairment



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