

Ad hoc announcement pursuant to Art. 53 LR

2023 ANNUAL RESULTS

Highlights:

- USD 761.5 million of total revenues and other operating income and USD 28.7 million of EBITDA
- Three of the Group's four business segments reported solid revenue growth and improved profitability, while Digital Television revenues declined year-on-year
- Public Access continued its solid growth, with 16.5% revenue growth year-on-year
- Cybersecurity maintained its strong momentum, with 9.2% net revenue growth and surging managed security service revenues
- IoT tripled sales to USD 47.4 million, propelled by the widespread adoption of its RecovR asset tracking product
- The Board of Directors has initiated a process to find a potential acquirer for its Public Access division (SKIDATA)

KEY FIGURES 2023

(in million USD)	2023	2022
Revenues & Other Operating Income	761.5	715.9
EBITDA	28.7	33.2

Cheseaux-sur-Lausanne, Switzerland and Phoenix (AZ), USA – February 22nd, 2024 – The Kudelski Group (SIX: KUD.S), the world leader in digital security, announced today its 2023 annual results.

In 2023, three of the Group's four business segments grew at solid rates and improved their profitability from the previous year. Cybersecurity sustained its strong momentum, achieving a growth rate of 9.2% while continuing to improve its revenue mix, notably driven by the growth of managed security services. In parallel, the IoT segment witnessed a remarkable threefold increase in revenues, propelled by the widespread adoption of RecovR, its asset tracking product. Public Access showcased a strong performance with a 16.5% growth in net revenues. Conversely, the Digital Television business experienced a 14.3% decline in revenues compared to the prior year.

The Group's total revenues and other operating income increased from USD 715.9 million to USD 761.5 million. Net revenues increased by 6.4% to USD 750.8 million on an as-reported basis. The Group generated an EBITDA of USD 28.7 million in 2023.

DIGITAL TELEVISION: ACCELERATED CHANGE IN AN AGE OF MARKET DISRUPTION

Digital Television revenues decreased by 14.3% to USD 257.8 million. Over the past years, the Digital Television business has shifted from a hardware-based model, heavily reliant on sales of smart cards and other hardware, to a more resilient software and service-oriented model.

The transition to a software and service-oriented model is reflected in the sales performance of the Digital Television business in 2023. Smart card and hardware sales saw a continued decline, decreasing from USD 51.7 million in 2022 to USD 32.5 million. Revenue generated from professional services also decreased by USD 8.8 million in 2023 due to the completion of some major projects. Additionally, in 2022, the Group recorded a one-off patent licensing transaction amounting to USD 5.5 million. Conversely, software, maintenance, and royalties demonstrated greater resilience, experiencing only a limited single-digit percentage decline compared to the previous year.

In 2023, Digital Television generated initial revenues from its sports streaming platform with further ramp up expected in 2024. The introduction of Eurovision Sport, a novel global sports streaming service launched in collaboration with the European Broadcasting Union (EBU), and other sports-related services are poised to enhance revenues from this platform. The Digital Television unit also launched promising new solutions, such as NAGRA Insight Negotiation Agent, which leverages the power of AI to improve chatbots by better responding to consumer requests, and expanded the market reach of NAGRA Scout, an intelligent connected lifestyle security solution that safeguards consumers and their smart homes from cyber threats.

Among the highlights of the year, NAGRAVISION deployed its Active Streaming Protection solution for ZEE5, India's largest home-grown video streaming platform with more than 100 million monthly users, while Claro Colombia, the largest mobile telecommunications provider in Colombia, selected TVkey Cloud as a direct-to-TV offering for its Claro tv+ service. In Hungary, leading broadband and TV service provider 4iG selected NAGRAVISION as its system integrator and solution partner to lead their migration to a multi-network, super-aggregated and multi-device TV service. German operator Tele Columbus selected NAGRAVISION as its solution provider and prime integrator to launch its new hybrid cable and multiscreen solution, Pyur TV. With its embedded AI capabilities, this solution will enable Tele Columbus to increase subscriber engagement and loyalty. Canal+ Telecom selected NAGRA Scout to provide first-of-its-kind smart home automation with security aimed at increasing subscriber brand loyalty in French overseas regions. Content distributor Eluvio integrated NAGRA NexGuard forensic watermarking to secure playback of TV, films and other premium video via the Eluvio Content Fabric and Eluvio Media Wallet.

CYBERSECURITY: A YEAR MARKED BY SIGNIFICANT MILESTONES

The Group's cybersecurity business delivered another strong performance in 2023. Kudelski Security is on the right path to drive scalability and reach profitable growth, with an updated strategy focused on total client experience and integrated solutions including Advisory and Managed Detection and Response (MDR) services. Kudelski Security posted USD 185.9 million of gross revenues. Net revenues were at USD 119.3 million, representing a 9.2% growth. Overall, managed security service revenues surged by 28%, reaching USD 52.9 million in 2023. This robust growth trajectory is anticipated to continue into 2024 and beyond, buoyed by the upward trend in bookings, which reached USD 58.3 million in 2023.

Kudelski Security sustained its growth trajectory in 2023 within pivotal sectors such as critical infrastructure, manufacturing and pharmaceutical, its key differentiator being the combination of MDR and advisory services, together with a smart reselling strategy. In December 2023, Kudelski Security launched MDR ONE Resolute, its next generation MDR solution. Powered by a new XDR platform, MDR ONE Resolute integrates cutting-edge security technologies with AI and proprietary tools to detect new threats and respond to the most sophisticated attacks. This innovative solution delivers increased value for organizations that seek to reduce risk, fortify resilience, and control costs, all at a time when cyberthreats have massively increased across all verticals, especially critical infrastructure. Since the December launch, Kudelski Security has more than 20 customers and prospects for its new offering, with 5 of them already launched.

Recognition gained in the MDR as well as the Digital Forensics & Incident Response markets continues to drive the company's success with multi-year contracts. Kudelski Security's expertise in Operational Technology (OT) networks also remains a driving force behind new engagements for large security assessments, managed OT opportunities and, most importantly, long-term partnerships with its customer base.

In addition, Kudelski Security expanded its Microsoft certifications and has joined the Microsoft Intelligent Security Association (MISA), which is expected to accelerate revenue growth from services related to Microsoft offerings.

INTERNET OF THINGS (IoT): EXPANDING ASSET TRACKING ACTIVITIES

The IoT segment demonstrated exceptional performance, with sales tripling from USD 15.7 million in 2022 to USD 47.4 million in 2023, the third year in a row of at least 100% growth. Kudelski IoT enables its customers to make data-driven decisions. This facilitates cost reduction and increased revenues with secure, scalable, and proven solutions for the automotive, industrial, agricultural, and semiconductor industries.

RecovR, the asset tracking solution that combines lot management for car dealers and theft recovery, was the primary revenue driver in 2023, benefitting from significant growth in the US and market expansion into Canada. Kudelski IoT expanded its distribution of RecovR by signing its first deals with industry leaders in the automotive financial services industry. In October 2023, Kudelski IoT launched RecovR for Keys, its new key finder and key replacement service for car dealers after successfully trialing the product with existing customers earlier in the year.

Kudelski IoT has been selected by industry leading semiconductor providers to conduct hardware security integrations. It also launched its Matter Certification Authority, leveraging its expertise in public key infrastructure (PKI), which will enable the company to gain traction with semiconductor and device manufacturers who are deploying Matter-compliant devices.

In addition, KeySTREAM, the Group's end-to-end IoT security platform, continued to secure new partnerships with semiconductor companies, while IoT Security Labs continued to demonstrate market leading expertise in protecting clients from emerging threats and complying with evolving regulations that increase IoT security requirements.

PUBLIC ACCESS: STRENGTHENING THE “MOBILE-FIRST” APPROACH FOR A BETTER CUSTOMER EXPERIENCE

Public Access achieved robust performance in 2023, notably highlighted by a 16.5% increase in net revenue. SKIDATA's dedicated emphasis on the digital sector is yielding positive outcomes. Examples include the success of SKIDATA Connect, the digital platform for visitor management, along with the intelligent mobility solutions and the thriving digital subscription segment, all of which are propelling growth. The expansion of the service-oriented Facility Operations business continues to be a significant catalyst for Public Access' growth. Moreover, 2023 witnessed a considerable recovery in the Project Business, with growth rates in excess of 20% from the previous year.

In 2023, new use cases for smart mobility were launched. Easy-to-use parking solutions increase the convenience to residents and visitors in cities, airports and universities while offering connected mobility solutions. SKIDATA has introduced a new on-street solution that caters to the entry-level parking market where no on-site equipment is required. This solution enables customers to make online reservations and payments and generates recurring revenues for SKIDATA.

2023 saw SKIDATA significantly advance in its transition from its traditional role as an access supplier to a comprehensive solutions provider. By integrating hardware, software, services and third-party products, SKIDATA is positioning itself for revenue expansion. The company's growth strategies encompass subscriptions for digital solutions, collaborative usage models with partners and results-oriented managed services. A cornerstone of this strategy is the integration of SKIDATA's solutions in the digital commerce sector with partners like Google Pay, Apple Pay and Mastercard.

SKIDATA announced several important new client wins in 2023, including Zugspitzbahn in Germany, the Konjiam ski resort in South Korea, the Sunderland Football Association Stadium of Light in the United Kingdom, NMBS Park&Ride across 13 railway stations in Belgium, Schiphol Airport in the Netherlands and Sydney's Entertainment Quarter in Australia.

Several important clients updated their SKIDATA systems with additional services and solutions, including the Costanera and Alto Las Condes shopping centers in Chile, Sky Stadium and Auckland Airport in New Zealand, MPCA Cricket Stadium in India and Marina Bay Sands in Singapore.

2024 OUTLOOK

The Group has a bond maturing in September 2024 with an outstanding amount of CHF 145.9 million as of December 31, 2023. Following a detailed strategic review, the Board of Directors has decided to initiate a process which aims at finding a potential acquirer for its Public Access division (SKIDATA). While there can be no guarantee that any offers to be received for SKIDATA will include terms and conditions that are acceptable to the Board of Directors, initial assessments conducted by management indicate that a divestiture of SKIDATA would yield adequate proceeds to fulfill the Group's financial obligations by the scheduled maturity. The Board of Directors of the Kudelski Group

has engaged Goldman Sachs International as financial advisor in relation to the divestment process for SKIDATA. Throughout this process, SKIDATA will remain dedicated to providing consistent and reliable service, advancing its business, and sustaining its growth trajectory. The Group aims to finalize the sale of SKIDATA ahead of the bond's maturity date. The Group is also evaluating various alternative financing options in case there should be any delay with the potential sale. The Kudelski Group will make further announcements only if and when appropriate.

For the Digital Television segment, the Group forecasts a single digit decline in revenue for 2024, accompanied by reduced operating costs. Cost reduction initiatives, including headcount reductions implemented in the first two months of 2024, are expected to drive a decrease in year-on-year operating expenses. Overall, the Group expects a moderately lower segment EBITDA compared to 2023.

In the Cybersecurity segment, the Group targets double-digit growth rates in both segment revenues and margins after cost of material for the year. With moderate growth in operating expenses anticipated, the Group aims to halve the EBITDA loss compared to 2023.

For the IoT business, the Group anticipates maintaining the long-term trajectory of doubling year-on-year revenues. However, given that 2023 was an exceptionally strong year, the Group expects a lower year-on-year revenue growth rate in 2024 due to this base effect. Margins after the cost of material are forecasted to recover to a level exceeding 50%, as a large sale transaction impacted margins in 2023. Operating expenses are projected to rise at a rate similar to 2023. Overall, the Group is expecting a substantial further reduction in the segment's EBITDA loss for 2024.

The Group expects the Public Access segment to sustain its strong growth trajectory in 2024. Additionally, it anticipates margins after cost of material to return to historical levels, as supply chains have normalized, leading to decreased material costs. As a result, a further significant improvement in segment EBITDA is expected in 2024. However, given the anticipated sale of SKIDATA before year-end, the Group expects to consolidate only a portion of SKIDATA's annual results.

Taking into account the Group's 2023 results and the current global economic uncertainty, the Board of Directors has decided not to propose a distribution or dividend payment this year.

Note to the editors:

The 2023 Financial Statements and MD&A are available in PDF format under:

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About the Kudelski Group

The Kudelski Group (SIX: KUD.S) is a world leader in digital business enablement technologies that are built to enable innovation and deliver trust. The four main business divisions of the Group cover end-to-end convergent media solutions to the digital entertainment industry, cybersecurity services for enterprise and government bodies, public access solutions, end-to-end IoT design solutions and full-lifecycle services.

The Kudelski Group is headquartered in Cheseaux-sur-Lausanne, Switzerland and Phoenix (AZ), USA with offices in 32 countries around the world. For more information, please [visit www.nagra.com](http://www.nagra.com)

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