

Ad hoc announcement pursuant to Art. 53 LR

2023 HALF YEAR RESULTS

Highlights:

- Total Group revenues and OOI increased to USD 339.9 million, from USD 333.4 million in the first half 2022
- 3 of the Group's 4 business segments reported double-digit revenue growth
- Weak first half for Digital Television, with global revenues of USD 118.6 million representing a decline of 17.9% compared with prior year period
- Public Access returned to solid growth, with 14.5% revenue growth year-on-year
- Cybersecurity maintained its strong momentum, with 15% net revenue growth and further gross margin and profitability improvements
- For the fourth year, IoT nearly doubled its revenues, reaching USD 14.1 million, due to the continued momentum of its RecovR asset tracking solution
- Confirmation of the original 2023 full year EBITDA guidance in the range of USD 40 million to USD 60 million with year-on-year revenue growth

KEY FIGURES HALF YEAR 2023

(in million USD)	1H2023	1H2022
Revenues & Other Operating Income	339.9	333.4
EBITDA	-3.5	0.5

Cheseaux-sur-Lausanne, Switzerland and Phoenix (AZ), USA – August 24th, 2023 – The Kudelski Group (SIX: KUD.S), the world leader in digital security, announced today its results for the first half of 2023.

Total revenues and other operating income were USD 339.9 million compared to USD 333.4 million in the first half of 2022. At USD 335.3 million, the Group's net revenues increased by 2.1% compared to the same period in 2022. In the first half of 2023, the Group generated an operating loss of

USD 3.5 million before depreciation and amortization, compared to operating income USD 0.5 million in the previous first half.

In a challenging media and entertainment environment, Digital Television revenues reached USD 118.6 million, representing a decline of 17.9% compared with the prior year period. The segment's operating expenses were USD 4.8 million lower than in the prior first half, as it benefited from continued operational efficiency improvements. Digital Television's operating income before depreciation and amortization declined by USD 11.5 million to USD 14.7 million.

The Group's cybersecurity business delivered a solid first half, reporting gross revenues of USD 96.4 million, a 21.2% increase from the first half 2022. Net revenues were at USD 58.6 million, representing a 15.0% growth. The business also reduced its operating loss before depreciation and amortization to USD 6.7 million from USD 9.8 million in the first half 2022.

The strong momentum of the Group's IoT segment drove impressive revenue growth of 96.3% compared to the previous year. In the first half 2023, IoT generated USD 14.1 million of revenues, compared to USD 7.2 million in the first half 2022 and reduced its operating loss before depreciation and amortization by USD 0.5 million to USD 9.0 million.

Public Access returned to sustainable growth, as the post-pandemic recovery of its business continues, with revenues growing by 14.5% to USD 144.0 million, as compared to the first half 2022. Overall, Public Access generated EBITDA of USD 4.1 million, compared to USD 0.5 million in the first half 2022.

DIGITAL TELEVISION: HELPING CUSTOMERS NAVIGATE THE MARKET CHANGES AND OPPORTUNITIES

Digital Television revenues declined by 17.9%, primarily due to the negative evolution of hardware investments by network operators in EMEA and Asia. Segment revenues from hardware sales, including smart cards, decreased to USD 11.4 million in the first half 2023. This trend is the consequence of the continued transition to Internet-based technologies and a reduction of discretionary spending by operators in the challenging business environment. Conversely, revenues from software, maintenance and royalties showed greater resilience, with a more limited decrease of 7% compared to the previous first half.

In a fast-moving environment, the Digital Television unit has been able to gain market share in Internet-based video services by winning new contracts, particularly in Europe for new sports services. However, the sales cycles and revenue ramp-up for these contracts are relatively long, as the business models are based on service fees and/or revenue shares. In addition, the recent decision by major streaming platforms to increase subscription prices and to more aggressively fight against password sharing heightens the risk of content piracy to their evolving business model and that creates new opportunities for the Group's proven anti-piracy technologies.

Among the highlights of the first half of the year, Digital Television expanded partnerships and won new contracts with large operators worldwide:

- German operator Tele Columbus selected Nagravision as its solution provider and prime integrator to launch its new hybrid cable and multiscreen solution, Pyur TV. The cloud-based OpenTV Video and Security Services Platform, delivers an end-to-end, state-of-the art service across TV and streaming devices. With its embedded AI capabilities, this solution will enable Tele Columbus to increase subscriber engagement and loyalty.
- BEIN Sports, a leading sports broadcaster, extended its strategic partnership with Nagravision in its fight against content piracy in the Middle East and North Africa.
- ZEE5, India's largest home-grown video streaming platform with more than 100 million monthly active users, selected Nagravision's Active Streaming Protection to protect its content and optimize business decisions. In addition to being selected for its scalable multi-DRM session

management, the Nagravision solution is the only industry solution to provide the added benefit of security monitoring and analytics capabilities.

- Telefonica Spain and Telefonica Global chose Nagravision to provide anti-piracy, anti-fraud intelligence services and 3rd party OTT key provisioning.
- Nagravision is the largest conditional access provider in the Brazilian government's EAF program to replace set-top-boxes and transition from C-band to KU-band satellite frequency.
- e.TV Openview, South Africa's largest independent and free-to-air television channel with over 2.5 million free-to-view subscribers, has extended its relationship with Nagravision to secure Ultraview, its new pay-TV offering.
- Canal + Telecom, in collaboration with home automation company Otodo, selected NAGRA Scout, Nagravision's intelligent connected lifestyle security solution, to provide first-of-its-kind smart home automation with security aimed at increasing subscriber brand loyalty in Guadeloupe, Saint Martin, Saint Barthelemy, Martinique, French Guiana and Reunion Island.

CYBERSECURITY: ACCELERATED GROWTH WITH STRONG PERFORMANCE IN BOTH THE US AND EMEA

The Group's cybersecurity business delivered a strong performance in the first half of the year. Kudelski Security is committed to drive scalability and profitable growth, with an updated strategy focused on total client experience and integrated solutions including Advisory and Managed Detection and Response (MDR) services. Bookings growth remains robust, maintaining double-digit rates. The upswing in bookings is primarily propelled by high-value business lines, particularly MDR services, which contributed a substantial increase of 32%. Furthermore, during this first half, advisory services experienced solid bookings growth of over 20%.

Throughout the first half of the year, Kudelski Security sustained its growth trajectory within pivotal sectors such as critical infrastructure, manufacturing and pharmaceutical. Additionally, a significant milestone was achieved through the establishment of a strategic partnership with Hunters.ai. This collaboration aims to enhance the company's MDR services by incorporating additional capabilities for client data analysis, improving scalability and freeing up valuable resources for higher value-added analytical tasks.

Recognition gained in the MDR as well as the Digital Forensics & Incident Response markets continues to drive the company's growth with multi-year contracts, including a new agreement in the pharmaceutical sector with a value in the double-digit millions. 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 AND SEMICONDUCTOR BUSINESS

Kudelski IoT's revenue reached USD 14,1 million, an impressive 96.3% growth compared to the first half of 2022, primarily due to the deployment in the United States and Canada of RecovR, its asset tracking solution that combines lot management for car dealers and theft recovery for their customers. In the current first half, RecovR sales demonstrated strong growth and represented roughly 80% of the total revenues for IoT. During the first half of the year, Kudelski IoT expanded its distribution of RecovR by signing its first deals with industry leaders in the automotive financial services industry. It also completed the successful trial of a new product, RecovR for Keys, which

enables car dealers and consumers to locate lost or misplaced keys. Commercial launch of RecovR for Keys is expected in the second half of the year.

Kudelski IoT has been selected by industry leading semiconductor providers to conduct hardware security integrations, with the business outlook for these partnerships improving rapidly due to regulatory and standards-based requirements for robust IoT security. Kudelski IoT 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, is gaining traction in the market through partnerships with semiconductor companies to provide provisioning services for their customers. IoT Security Labs is expected to gain momentum during the second part of the year, as global regulation for strengthening IoT security continues to increase.

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

Public Access achieved robust performance in the first half 2023, notably highlighted by a 14.5% increase in net revenue. SKIDATA's 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 Group's intelligent mobility solutions and the thriving digital subscription segment, all of which are propelling growth.

In the first half 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.

The company announced several important new client wins during the first half of 2023, including New Footscray Hospital in Australia, Swedavia Airports Group in Sweden, Akano Ski Resort in Japan and Lusail Formula 1 in Qatar.

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.

In addition, the mountain destination of Kitzbühel in Austria successfully rolled out the SKIDATA Smartphone Ski Pass across its entire resort. With this trendsetting solution, SKIDATA began its global launch of the more than 60 Smartphone Ski Pass projects expected to be executed in 2023.

FULL YEAR 2023 OUTLOOK

Following the trend of preceding years, the Group anticipates that second half Digital Television revenues in 2023 will be higher compared to the first half, but slightly lower than those of second half 2022. Operating expenses for the second half are expected to align with those of the first half, thereby leading to a higher EBITDA for the second half when compared to the first half of the year. Overall, the Group expects a decrease in Digital Television EBITDA for the full year in comparison to 2022.

The Group expects double-digit percentage growth in revenues and profit after cost of material for the Cybersecurity segment. Conversely, operating expenses are forecasted to grow only slightly compared to the first half, resulting in a significant year-over-year reduction in the EBITDA loss.

Driven by the strong momentum of RecovR sales, the Group anticipates surpassing its objective of doubling IoT revenues for the full year 2023 in comparison to 2022. This is expected to result in a significant improvement in the segment's EBITDA in the second half of 2023. The reduction of the

EBITDA loss is projected to be achieved despite a less favorable segment margin after cost of materials, owing to the higher revenue share of products including hardware components, and the increased operating expenses required to sustain the highly promising momentum of this segment.

Consistent with previous years, Public Access revenues are expected to exhibit strong seasonality, with second-half revenues notably surpassing those of the first half. With a year-over-year growth rate for the second half of 2023 in the 10% range, Public Access sales are expected to maintain solid momentum for the full year. Margin after cost of material for the second half 2023 is projected to exhibit a slight recovery in comparison to the first half, while operating expenses are expected to experience marginal growth. Consequently, the Group foresees a significant improvement in segment EBITDA for the full year 2023 as compared to 2022.

Overall, the Group will continue to optimize its operations and confirms its original EBITDA guidance for 2023 in the range of USD 40 million to USD 60 million with year-on-year revenue growth.

Note to the editors:

The 2023 first half Financial Statements and MD&A are available in PDF format under: www.nagra.com >> Investors >> Publications

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

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