

2025 RESULTS

Management's Discussion & Analysis

HIGHLIGHTS

In 2025, the Group continued to execute its strategic transformation while improving profitability and cash generation. EBITDA net of restructuring costs was positive at USD 0.9 million. At USD 29.7 million, cash flow from operating activities turned positive in the second half of the year, and the Group remained debt-free with USD 100.4 million of cash and cash equivalents at year-end.

Core Digital Security demonstrated clear stabilization, with the smallest year-on-year revenue decline of the past four years and a strong second half. New product lines continue to gain traction, growing by 23% year-on-year. Segment EBITDA net of restructuring costs doubled compared to 2024, reaching USD 33.7 million, reflecting continued margin expansion and disciplined cost management.

Both Cybersecurity and IoT undertook a year of investment aimed at better positioning these businesses for future growth and profitability. Cybersecurity accelerated the modernization of its Managed Detection and Response (MDR) platform and enhanced its competitive positioning through expanded Operational Technology (OT) market offerings, while IoT invested in further scaling its indirect distribution channels and resolved technical issues with early generation products.

GROUP RESULTS

In 2025, the Group generated net revenues of USD 366.6 million, a decrease of 4.5% compared to 2024. In constant currency terms, net revenues decreased by 7.5%.

Comparative segment figures for 2024 have been restated to reflect the strategic reorganization implemented at the end of 2024 and in early 2025 pursuant to which the Group integrated its Labs and core security activities, as well as Corporate IT, into the former Digital TV organization. As a result, the former Digital TV segment now operates as Core Digital Security. This restatement has no impact on the previously reported Group results.

Core Digital Security net revenues declined by 1.9% to USD 229.0 million, representing the lowest year-on-year reduction of the last four years. Cybersecurity net revenues decreased by 9.2% to USD 98.5 million, while IoT revenues declined by 6.2% to USD 39.1 million.

Other operating income amounted to USD 4.4 million compared to USD 9.3 million in 2024, which included a one-time USD 5.3 million payment from a tenant of the Group's former San Francisco office building.

Margin after cost of material increased from 80.1% to 82.3%, reflecting higher gross margins in Core Digital Security and Cybersecurity.

Personnel expenses decreased by USD 8.7 million to USD 242.5 million. This amount includes USD 12.5 million of restructuring costs. In 2025, the Group continued to streamline its organization, reducing total headcount by 175 Full-Time Equivalents (FTEs) compared to year-end 2024 to 1,599 FTEs. Most of the headcount reduction took place in Core Digital Security and in corporate functions, which reduced headcount by 139 FTEs. From a geographic perspective, 53% of headcount is based in Europe (with Switzerland representing 29% of total headcount), Asia-Pacific accounts for 29%, and the Americas for 18%.

Other operating expenses increased by USD 1.9 million to USD 78.4 million, with no major changes in the mix of cost line items.

As a result, the Group reported an EBITDA loss of USD 15.6 million, compared to an EBITDA loss of USD 13.1 million in 2024. Net of restructuring costs, the Group posted a positive EBITDA of USD 0.9 million.

Depreciation and amortization decreased from USD 107.1 million to USD 11.8 million. As a reminder, the 2024 expense included an USD 82.1 million impairment of the goodwill allocated to Core Digital Security as well as a USD 12.7 million impairment related to the Group's former San Francisco office building. Overall, the Group reported an EBIT loss of USD 27.4 million for 2025.

Interest expense amounted to USD 2.5 million, USD 16.0 million lower compared to 2024, when interest expense included the cost of a bridge loan related to the SKIDATA transaction. Net finance expense was USD 4.5 million compared to USD 2.0 million in the prior year, reflecting foreign exchange effects and securitization-related costs. Income tax expense was USD 6.1 million, compared to USD 13.7 million in 2024. Overall, the Group recorded a net loss of USD 40.2 million in 2025.

CORE DIGITAL SECURITY

Core Digital Security net revenues marginally declined by 1.9% to USD 229.0 million, as strong revenue growth from new solutions mitigated the erosion of legacy revenues. Revenues in the second half of the year were strong, growing compared to both the second half of 2024 and the first half of 2025, supported by seasonality and the continued momentum of new product lines.

New product lines continued to gain traction, increasing by 23% to reach USD 52.6 million in 2025, while revenues from legacy products continued to decline, from USD 190.3 million in 2024 to USD 167.0 million in 2025. Growth was primarily driven by Watermarking and Streaming Protection,

with revenues increasing from USD 21.7 million in 2024 to USD 30.0 million in 2025. OpenTV portfolio also gained momentum with a 37% growth in 2025.

The European region recorded a decrease of 1.2% to USD 108.5 million. Vodafone revenues increased by USD 2.4 million, driven by higher rental fees for Connect and the Security Service Platform, and 4iG Group revenues increased by USD 2.6 million, mainly due to the deployment of OpenTV Platform. American revenues increased by 6.4%, supported by an agreement with a major technology provider in the streaming domain, which more than offset continued but slowing subscriber attrition at DISH. In Asia-Pacific and Africa, revenues decreased primarily due to lower set-top box sales at operators such as DMG and TBC in Taiwan, Bakhresa in Tanzania, and StarHub in Singapore.

Core Digital Security gross margins increased from 86.6% to 90.1%, as the revenue mix continued to shift away from hardware products, such as set-top boxes, conditional access modules and smart cards, toward software products and services.

Operating expenses in Core Digital Security were USD 8.9 million lower compared to 2024, mainly reflecting headcount reductions resulting from the restructuring program. Operating expenses include USD 8.6 million of restructuring costs. As a result, segment EBITDA reached USD 25.1 million, compared to USD 11.8 million in 2024. EBITDA net of restructuring costs was positive USD 33.7 million, doubling compared to the previous year.

In 2025, the Group unified Kudelski Labs and NAGRAVISION into Core Digital Security to better connect advanced research with market deployment. As customers accelerate their investment in streaming solutions and the protection of live sports, the Group announced a strategic partnership with MediaTek to enable a unique, hardware-based security solution that secures dynamic DRM and credentials on consumer devices. In addition, the English Football League selected NAGRAVISION for piracy detection and disruption for the 2025/26 season, and United Cloud expanded its anti-piracy agreement. The Group also increasingly focused on consumer engagement and reach, with OSN launching a boxless TVkey Cloud service and Entel Chile migrating its streaming platform to OpenTV ENTera.

CYBERSECURITY

In 2025, the Cybersecurity segment continued its transformation, further sharpening its positioning around higher-value Managed Detection and Response (MDR) and advisory services. Net revenues were USD 98.5 million, a decrease of 9.2% compared to 2024, reflecting a deliberate reduction of smaller, lower-margin transactional activities as well as systematic refocusing of the project portfolio.

The European region was broadly stable with net revenues of USD 58.9 million, while the Americas generated USD 38.1 million, reflecting a contraction in technology resell activity and the discontinuation of certain non-core engagements. Sales in Asia and Africa were USD 1.5 million.

Segment gross margin improved from 77.9% to 82.6%, reflecting the continued shift toward higher-margin MDR business and advisory services. At the same time, the segment stepped up investments aimed at positioning the business for renewed growth and profitability, including the modernization of its MDR platform, expanded cybersecurity AI initiatives, and the strengthening of its Operational Technology (OT) security capabilities.

In particular, Kudelski Security revamped its MDR platform to better align with customer requirements and to integrate with leading technology ecosystems, including CrowdStrike's next-generation SIEM capabilities and Google SecOps. The segment also reinforced its Counter Adversary Unit and established an OT Security Center of Excellence, enhancing its ability to support customers as IT, OT and cloud environments converge and regulatory requirements intensify.

Despite the positive effects of efficiency initiatives within Kudelski Security, operating expenses increased by USD 4.1 million in 2025, reflecting the expanded investments described above. As a result, the segment recorded an EBITDA loss of USD 12.0 million in 2025.

INTERNET OF THINGS (IOT)

IoT generated revenues of USD 39.1 million, a decrease of 6.2% compared to 2024. This development primarily reflects the longer-than-anticipated transition from a captive sales organization to indirect distribution channels, as well as the deliberate termination of relationships with dealerships exhibiting low performance. This shift from breadth to quality is expected to improve working capital efficiency and support healthier cash generation over time.

In 2025, IoT incurred one-off product-related costs of approximately USD 4 million related to the replacement of early generations of RecovR devices. As a result, gross margin declined to 35.3%, compared to 46.1% in the prior year.

During the year, the segment continued to invest in scalable distribution partnerships with major providers of car financing, leasing, insurance and extended warranty products, including Ally, Assurant, JM&A, and Zurich Insurance North America. These institutional channels are expected to materially expand market reach once fully deployed, as they complement dealer operations with embedded asset-tracking and protection offerings. In parallel, Kudelski IoT continued to broaden RecovR's applicability across asset-intensive verticals and to enhance its end-to-end value proposition, including the launch of ID Check in partnership with IDEMIA and expanded deployments supporting logistics and fleet operations.

The revenue shortfall and one-off cost of goods in 2025 resulted in an EBITDA loss of approximately USD 13.4 million. Net of one-off costs, the segment's EBITDA loss of USD 8.5 million was broadly in line with the prior year, reflecting continued investments in channel enablement and operational readiness.

CORPORATE

Corporate operating expenses comprise unallocated costs associated with Group functions. Following the SKIDATA divestiture, the Group remains debt-free, and Corporate IT has been integrated into Core Digital Security to drive additional efficiencies.

In 2025, corporate operating loss before depreciation and amortization was USD 15.3 million. The USD 12.7 comparative 2024 EBITDA corporate loss included non-recurring items related to the Group's former San Francisco office building.

BALANCE SHEET

Following the SKIDATA divestiture, the Group repaid all financial debt and remains debt-free.

Total non-current assets amounted to USD 347.6 million. The increase compared to year-end 2024 was mainly driven by foreign exchange effects. Tangible fixed assets remained stable at USD 6.4 million. At USD 218.4 million, intangibles represent the bulk of non-current assets, with goodwill accounting for most of this amount. Financial assets at fair value amounted to USD 35.5 million and mainly consist of unsettled receivables transferred to the securitization special-purpose entity.

Total current assets amounted to USD 214.7 million. Inventories increased by USD 1.0 million to USD 15.7 million, mainly reflecting asset-tracking inventory. Receivables collection was strong, resulting in a decrease of USD 5.7 million in accounts receivable to USD 30.2 million. Cash and cash equivalents decreased by USD 26.0 million to USD 100.4 million.

Total equity amounted to USD 309.3 million. A positive other comprehensive income of USD 40.0 million from pension accounting and currency translation offset the net loss for the year.

Total non-current liabilities were essentially stable at USD 86.7 million and mainly consist of long-term lease obligations. In addition, deferred income of USD 25.8 million relates to a customer's prepayment. The reduction of IAS 19 obligations from USD 23.0 million to USD 3.8 million was primarily driven by an increase of the discount rate from 1.05% to 1.35%. Total current liabilities decreased by USD 3.4 million to USD 166.2 million. The remaining short-term debt relates to a liability linked to an operating partner.

CASH FLOWS

Second-half cash flow was ahead of expectations. As a reminder, cash flow from operating activities in the first half of 2025 was negative USD 45.3 million, and management had communicated an expected break-even cash flow for the second half.

In the second half of 2025, the Group generated positive cash flow from operating activities of USD 29.7 million. As a result, cash flow from operating activities for the full year 2025 was negative USD

15.6 million. This positive development was due, among other factors, to a customer's prepayment of services to be rendered in 2026 and 2027, as well as continued discipline in working capital management.

The Group continued to maintain strong discipline in managing capital expenditures. Cash outflow for tangible and intangible assets amounted to USD 3.6 million.

Net cash used in financing activities amounted to USD 15.5 million, including USD 10.5 million of lease obligations and a USD 5.0 million dividend paid to non-controlling shareholders.

OUTLOOK

For 2026, management expects to continue the positive momentum achieved in 2025. In Core Digital Security, segment revenues are expected to remain broadly in line with 2025, supported by the continued growth of new product lines, while the base effect of cost reduction measures implemented in 2025 is expected to enable further operating expense reductions. Segment EBITDA is expected to remain broadly in line with 2025.

In Cybersecurity, management expects a return to growth, supported by the revamped MDR platform and continued progress in the IT/OT security offering. Gross margins are expected to increase marginally, and the segment targets a reduction of EBITDA losses compared to 2025.

In IoT, management expects the business to normalize with a return to double-digit revenue growth and a recovery of gross margins toward 2024 levels. The planned introduction of a new generation of RecovR, with a lower cost of materials, is expected to support margin expansion and a material reduction of EBITDA losses.