

ANNUAL RESULTS 2020

HIGHLIGHTS:

- USD 741.5 million of total revenues and other operating income, USD 64.3 million of EBITDA and USD 122.5 million of operating free cash flow
- Successfully adapted structure and operations to effectively accommodate impact of COVID-19
- Strong resilience of Digital TV produced a USD 5.9 million increase of EBITDA to USD 96.9 million
- Positive momentum in cybersecurity increased gross margins by 22.6%, driven by 57.4% growth in European revenues
- IoT portfolio expansion includes launch of RecovR, an advanced asset tracking solution for car dealerships
- Better than expected resilience of Public Access business, with USD 8.5 million EBITDA improvement to USD 16.5 million in spite of COVID-related volatility
- Strong synergies between business units enabling end-to-end digital security offering spanning content protection, IoT and cybersecurity
- Outlook for 2021: revenue growth and EBITDA between USD 65 and 80 million
- Proposing a cash distribution (dividend) of CHF 0.10 per bearer share

KEY FIGURES 2020

(In million USD)	2020	2019
Revenues and Other Operating Income	741.5	827.3
EBITDA	64.3	40.6
Operating free cash flow	122.5	19.5

Cheseaux-sur-Lausanne, Switzerland, and Phoenix (AZ), USA – February 25, 2021 – The Kudelski Group (SIX: KUD.S), the world leader in digital security, announced today its 2020 annual results.

In 2020, total revenues and other operating income decreased to USD 741.5 million from USD 827.3 million in 2019. After a weak first half, Group sales strongly recovered in the second half producing a marginal decline of USD 5.3 million from the second half 2019, with cybersecurity and IoT revenues

improving and Digital TV materially stable. Compared to the first half 2020, second half 2020 total Group revenues increased by USD 101.3 million, driven by higher sales in all segments.

The Group generated EBITDA of USD 64.3 million, a 58.5% or USD 23.7 million improvement from the previous year. This improvement reflects a strong second half where the Group generated USD 59.4 million, a USD 34.3 million improvement compared to the second half 2019. Overall, the Group generated an operating income of USD 16.1 million, compared to a loss of USD 15.3 million in 2019.

The Group generated USD 122.5 million of operating free cash flow, an improvement of USD 103.0 million from 2019. Working capital improvements drove 2020 cash generation, contributing USD 92.4 million.

SUCCESSFULLY ADAPTED TO COVID-19 REALITY

With the onset of the pandemic, the Group implemented a set of measures aimed at temporarily reducing its cost base to mitigate the business impact of COVID-19.

While the first half was materially impacted by strains related to the pandemic, including reduced levels of demand in the Public Access and Digital TV segments of the business, the Group swiftly adapted its structure and operations to integrate learnings from the first COVID-19 wave and ensure full business continuity in spite of extended lockdowns. In addition, the Group adjusted its marketing and sales approach to increasingly leverage digital channels to accommodate the changing needs of customers.

As a result, the second half showed more resilience than anticipated across the Group's four business segments.

DIGITAL TV: STRENGTHENED RELATIONS WITH OPERATORS AND SUCCESSFUL SOLUTION PORTFOLIO

Digital TV delivered a strong 2020, with USD 345.4 million in net revenues and USD 96.9 million of EBITDA, a USD 5.9 million increase from 2019. Following a slow first half, second half segment revenues were in line with the second half 2019 and increased by USD 36.0 million from the first half 2020. In relative terms, EBITDA margin increased from 23.8% in 2019 to 28.1% in 2020.

Despite the macro-economic conditions created by the pandemic, the Group's partnerships with the largest pay-TV operators worldwide continued to expand.

- Altice USA and NAGRA have continued to extend their partnership on antipiracy, leveraging NAGRA's antipiracy expertise based on Open-Source Intelligence (OSINT), field investigation and IoT forensic analysis. In addition, Altice USA has successfully deployed NAGRA PROTECT, the leading one-way broadcast content protection to secure and enable a new generation of HD-DTA (Digital Television Adapter). This converter box has complemented the already deployed Altice One platform to provide a consistent user experience among the different consumer devices in the home.
- At Claro Colombia, NAGRA successfully launched a cardless-based system with the NAGRA PROTECT as an extension of the original NAGRA Conditional Access System. Originally planned for HFC networks, the solution is also available for IPTV usage and will provide secure and improved service for mass deployment on low-cost set-top boxes.
- As part of the long-term agreement between NAGRA and Vodafone Group, the deployment of Vodafone TV has continued to grow during 2020, especially in Eastern Europe. This evolution reinforces NAGRA's strategy of offering a central Security Services Platform providing security services for both open devices and Vodafone TV set-top boxes with an increasingly larger service footprint.

- NAGRA Insight is gathering momentum with several operators and gaining market distinction for innovation. Altice USA extended the reach of NAGRA Insight to include newly deployed devices such as AppleTV 4K. Claro Colombia successfully deployed Insight to measure the audience and to provide extended analytics to support Claro's business. NAGRA developed a new Insight module collecting and analyzing audience data from non-connected satellite set-top boxes for Canal+. Industry recognitions for NAGRA Insight in 2020 include the "Best Data & Analytics Innovation" Award at the CSI Awards as well as the "AI and Machine Learning Innovation of the Year" Award at the VideoTech Innovation Awards.

CYBERSECURITY: SUSTAINED FOCUS ON DRIVING VALUE

In 2020, the Group's cybersecurity business posted USD 139.9 million of gross revenues, a 2.0% increase from 2019. 2020 net revenues were USD 85.3 million, and gross profits increased by 22.6% to USD 48.4 million. The European region posted strong growth, increasing net revenues to USD 26.7 million, a 57.4% year-on-year improvement. The EBITDA loss was reduced by USD 4.6 million to USD 17.5 million.

Given changing requirements of the pandemic, many organizations are accelerating digital transformation. Kudelski Security's cloud-first cybersecurity portfolio strengthens the digital transformation initiatives of global enterprises using private and public cloud services. In support of these cloud activities, Kudelski Security launched strategic partnerships with the leading providers of public cloud services: Microsoft, Google, and Amazon. Mid-year, the company launched dedicated Microsoft Security services, enabling clients to effectively consume and configure Microsoft security capabilities and adding integrated security monitoring to their Microsoft 365 and Azure environments.

Kudelski Security's Managed Security Services (MSS) delivered an exceptional performance throughout the year, with a high double-digit growth rate driven by strong activity in Europe and a notable expansion into the operational technology (OT) and industrial control system (ICS) space. Kudelski Security's Managed Security Services were further validated by a new round of recognition from leading industry analyst firms, such as being listed as Market Leader by the Forrester Wave report and nominated in the Gartner Market Guide for Managed Security Services and Gartner Market Guide for Managed Detection & Response Services 2020.

Kudelski Security continued to deliver innovation in 2020, launching a dedicated focus on quantum security, including expanded research and advisory services that enable security leaders and product and system developers to align their long-term approach to risk and data protection to the era of quantum computing.

INTERNET OF THINGS (IOT): EXPANDED SERVICE OFFERING AND KEY PARTNERSHIPS

Full year revenues for the Group's IoT business increased by USD 0.9 million to USD 3.7 million. Second half revenues more than doubled compared to the first half, still mainly driven by the IoT Services business.

The Kudelski Group's IoT Security Center of Excellence (CoE) continues to draw new customers who wish to leverage Kudelski's extensive expertise in hardware and software security as well as security architecture and design. It has now added both IoT security workshops and full end-to-end solution design services to its portfolio. In recognition of the CoE's capabilities, it was chosen by both Amazon as a certified Alexa Built-In Security Lab, and AT&T as an IoT Security Lab for companies connecting their devices to AT&T's network.

2020 also saw a key milestone in Kudelski IoT when it announced the availability of the PICO SE-800, a security chip that is part of Kudelski's IoT keySTREAM. This provides IoT devices manufacturers with

a turnkey IoT security solution enabling them to securely manage, control and update their IoT devices. Silicon manufacturer STMicroelectronics and SIM card specialist IDEMIA also announced the integration of Kudelski IoT keystore into their product lines, enabling more robust IoT security for their customers. Kudelski IoT also announced that it had contracted to deliver a passive keyless entry solution to California-based Canoo, an electronic vehicle manufacturer.

In February 2021, Kudelski IoT launched RecovR, a new two-in-one solution for car dealerships that places a small, battery-powered locator device in new cars in order to help dealers locate and manage their vehicle inventory more efficiently. Once the car is sold, RecovR is offered to the new owners as a vehicle theft recovery solution, generating revenue for both the dealer and Kudelski IoT and giving consumers a powerful vehicle theft recovery tool.

PUBLIC ACCESS: ADDRESSING MARKET VOLATILITY

COVID-19 significantly affected 2020 Public Access results, with revenues decreasing by 13.0% year-on-year to USD 295.1 million. In the second half business partially recovered, posting a marginal 4.5% decline compared to the second half 2019 in spite of the pandemic. Public Access reduced 2020 operating expenses by USD 28.9 million compared to the previous year. In addition to temporary COVID-related actions, structural headcount reduction measures enabled these cost savings. Overall, Public Access generated an EBITDA of USD 16.5 million, representing a USD 8.5 million improvement compared to the prior year.

In 2020, reacting to new customer requirements due to the pandemic, SKIDATA launched dedicated touchless solutions in each of its business segments: parking facilities, ski destinations and event venues. The solutions enable operators to continue running their operations smoothly and safely.

SKIDATA has also developed environment-friendly solutions that contribute to reduce the use of plastic or paper tickets, enabling users to enter, pay and leave a parking facility with a smartphone ticket, go directly to a ski lift with a digital ski pass or attend a sports event with an electronic ticket. In 2020, it also launched a new access card made of FSC-certified wood – a prime example of replacing plastic materials with renewable primary products.

STRONG SYNERGIES BETWEEN BUSINESS UNITS FOR BROADER SOLUTION REACH

In 2020, following successful efforts undertaken in the previous years to increase business efficiencies, the Group's entities increased their focus on leveraging synergies, enabling the building of strong internal bridges and shared technology resources, innovation, and business/solution ideation to encourage broader solution development and collaboration. Today, the Group's end-to-end digital security ecosystem spans content protection, IoT and cybersecurity.

OUTLOOK FOR 2021

In the Digital TV segment, the Group expects the positive momentum of the second half 2020 to continue into 2021, with stable year-on-year revenues. In the Cybersecurity segment, the Group expects growing 2021 revenues. As the Cybersecurity business continues to drive the development of higher margin product lines, gross profits should continue to grow at a double-digit rate. The Group expects 2021 IoT revenues to at least double compared to 2020, driven by the recent launch of RecovR and continued promotion of IoT Services and the keySTREAM platform. The Public Access business will continue to face uncertainties related to the COVID-19 impact on airports, shopping centers, stadiums and ski resorts, for at least the first half of the year. Segment plans for 2021 take these uncertainties into account. In 2021, the Group will continue to streamline SKIDATA's operations, seeking a tighter

integration with other Group segments and corporate functions and among the SKIDATA local and central entities.

Overall, the Group expects year-on-year revenue growth and an EBITDA between USD 65 and 80 million in 2021.

PROPOSING A CASH DISTRIBUTION (DIVIDEND) OF CHF 0.10

Taking into account the Group's 2020 results and profitability outlook, the Board of Directors is proposing a CHF 0.10 cash distribution per bearer share for approval at the 2021 Annual Shareholders' Meeting. It is proposed that CHF 0.05 of this cash distribution be treated as a return of capital.

Note to the editors:

The 2020 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 security and a provider of end-to-end convergent media solutions to the digital entertainment industry, including services and applications requiring access control and rights management to secure the revenue in digital television, internet, mobile and interactive business efficiency applications. The Group also offers cybersecurity solutions and services focused on helping companies assess risks and vulnerabilities and protect their data and systems. It also supplies integrated solutions to manage access control of people and vehicles to sites and events. The Kudelski Group is headquartered in Cheseaux-sur-Lausanne, Switzerland and Phoenix (AZ), USA. For more information, please visit www.nagra.com

Contacts

Cédric Alber
Kudelski Group
Director – Corporate Communications & Media relations
+41 21 732 01 81
+1 415 962 5005
cedric.alber@nagra.com

Santino Rumasuglia
Kudelski Group
Vice President – Head of Investor Relations
+1 480 430 9952
santino.rumasuglia@nagra.com