

KUDELSKI GROUP STRIKES MAJOR BLOW AGAINST GLOBAL PAY-TV PIRACY IN U.S. VICTORY AGAINST GOTECH

- China's Zhuhai Gotech Intelligent Technology Co., Ltd. (Gotech) and associated companies were alleged to operate a global piracy network that sold millions of piracy-enabled set-top boxes annually while pretending to be a reputable company doing legitimate business
- U.S. District Court ordered Gotech to pay statutory damages of \$101 million for its manufacture, sale and maintenance of pirate devices and services, recognizing more than half a million individual infringements
- Investigations have shown that Gotech has targeted all major Conditional Access providers and was enabling illegal content distribution
- Kudelski Security's extensive anti-piracy intelligence capabilities proved critical in identifying Gotech and obtaining the final judgement
- Based on the court judgement, IBC organizers ban Gotech from exhibiting at this week's trade show in Amsterdam

Cheseaux, Switzerland – September 9, 2016 – NAGRA, a Kudelski Group (SIX:KUD.S) company, the world's leading independent provider of content protection, and Kudelski Security, a division of the Kudelski Group and a trusted advisor and cybersecurity innovator for the world's most security-conscious organizations, today announced that the United States District Court for the Southern District of Texas had awarded sister company NagraVision SA a final default judgement worth \$101 million in a lawsuit against China's Zhuhai Gotech Intelligent Technology Co., LTD., and two related companies. NAGRA filed the case alleging Gotech's technologies and services were primarily designed and intended to circumvent content protection technologies. The identification and forensic investigation of the defendants and their alleged pirate activities was carried out by Kudelski Security and NAGRA Content Protection Services.

In the wide-ranging lawsuit, NAGRA argued that Zhuhai Gotech Intelligent Technology Co., Ltd., Gotech International Technology Ltd., and Globalsat International Technology Ltd. manufactured and distributed unauthorized set-top boxes under brand names including Globalsat, AZAmerica, NAZABox, Captiveworks and Limesat, as well as operating Internet Key Sharing (IKS) servers from servers located in the United States, thereby violating the Digital Millennium Copyright Act (DMCA), § 1201(a)(2) as well as the Federal Communications Act (FCA), §§ 605(e)(4) and §§ 605(a). United States District Judge Kenneth M. Hoyt ruled in NAGRA's favor, saying in his final judgement that "The Court accepts as true the ... well-pleaded allegations in NAGRA's amended complaint."

"We have demonstrated in our security labs that Gotech has impacted every major conditional access system (CAS) and is also providing an illegal content sharing

solution, impacting pay-TV operators everywhere,” said Maurice van Riek, Senior Vice President, Head of Content and Asset Security for NAGRA. “We appreciate that the damage caused by the wrongdoing of Gotech has been recognized by the judge and that the court has ordered Gotech to stop harming our industry with their products and practices.”

Kudelski Security identified Gotech’s alleged piracy activities through the ongoing monitoring of global piracy activities from its locations in Switzerland and Brazil. After identifying these activities, the anti-piracy experts conducted an ongoing forensic investigation to gather evidence for the court case. The court awarded NAGRA US\$101,851,800 due to Kudelski Security’s ability to identify and prove the exact number of users (over half a million) connecting to the illegal Gotech services that were the subject of the lawsuit. Kudelski Security now estimates that there were in fact more than three million end users connected to various Gotech servers.

“The pleasure that billions of people around the world get from television every day is dependent on the ability of the legitimate value chain to capture fair value for its hard work,” said Frederic Guitard, Vice President Media Security Services for Kudelski Security. “When pirates illegally divert the flow of money away from legitimate content creators and distributors, the whole industry and ultimately the end consumer will suffer. That’s why it’s our mission to identify and manage piracy on behalf of our customers, even as it continues to evolve and morph on a daily basis.”

In addition to ordering the damage payment, Judge Hoyt also enjoined Gotech from manufacturing and selling any equipment or offering any services that could be used for piracy, as well as ordering Gotech to turn over any existing equipment or software that could be used to commit piracy. The judge also ordered third parties providing services that enable Gotech’s alleged piracy to stop doing so, and also ordered the ownership of Gotech’s primary website domain to be transferred to NAGRA. In a related move, organizers of the IBC Exhibition in Amsterdam this week – one of the pay-TV industry’s largest trade shows – have banned Gotech from exhibiting this year.

For more information about NAGRA and Kudelski Security Media Security Services, please visit the NAGRA IBC booth C81 in Hall 1 of the RAI Convention Centre, September 9-13, 2016, in Amsterdam.

#

About NAGRA

NAGRA, a digital TV division of the Kudelski Group (SIX:KUD.S), provides security and multiscreen user experience solutions for the monetization of digital media. The company provides content providers and DTV operators worldwide with secure, open and integrated platforms and applications over broadcast, broadband and mobile platforms, enabling compelling and personalized viewing experiences. Please visit dtv.nagra.com for more information and follow us on Twitter at [@nagrakudelski](https://twitter.com/nagrakudelski).

About Kudelski Security

Kudelski Security is the premier advisor and cybersecurity innovator for today's most security-conscious organizations. Our long-term approach to client partnerships enables us to continuously evaluate their security posture to recommend solutions that reduce business risk, maintain compliance and increase overall security effectiveness. With clients that include Fortune 500 enterprises and government organizations in Europe and across the United States, we address the most complex environments through an unparalleled set of solution capabilities including advisory, technology, managed security services and custom innovation. For more information, visit www.kudelskisecurity.com.

Contacts

NAGRA

Ivan Schnider
Marketing Communications
+41 21 732 09 40
ivan.schnider@nagra.com

Christine Oury
Marketing Communications
+1 415 962 5433
christine.oury@nagra.com

KUDELSKI SECURITY

Johan Roman
Head of EMEA Marketing & Business Development
johan.roman@kudelskisecurity.com