

## ANNUAL RESULTS 2021

- **USD 778.8 million of total revenues and other operating income, USD 72.4 million of EBITDA and net income reaching USD 20.4 million**
- **Strong cash flows, with USD 89.5 million of operating free cash flow and USD 104.2 million net cash from real estate transactions**
- **Digital TV reverting to growth and further improving EBITDA to USD 97.3 million**
- **+ 25.8% growth in Cybersecurity net revenues, which reached USD 107.3 million**
- **IoT doubled total revenues to USD 8.2 million with ramped-up deployments of RecovR**
- **Improved Public Access profitability despite COVID-induced revenue decline**
- **USD 182.4 million reduction of net debt and improvement of leverage ratio from 5.2x to 2.1x**
- **Outlook for 2022: 5% to 8% revenue growth and EBITDA between USD 55 and 75 million**
- **Proposing a cash distribution (dividend) of CHF 0.10 per bearer share**

### KEY FIGURES 2021:

(In million USD)	2021	2020
<b>Revenues and Other Operating Income</b>	<b>778.8</b>	<b>741.5</b>
<b>EBITDA</b>	<b>72.4</b>	<b>64.3</b>
<b>Net income</b>	<b>20.4</b>	<b>-18.0</b>

**Cheseaux-sur-Lausanne, Switzerland, and Phoenix (AZ), USA – February 23, 2022 –** The Kudelski Group (SIX: KUD.S), the world leader in digital security, announced today its 2021 annual results.

In 2021, total revenues and other operating income increased to USD 778.8 million from USD 741.5 million in 2020, reflecting higher sales in Digital TV, Cybersecurity and IoT. The Group generated EBITDA of USD 72.4 million, a USD 8.0 million improvement from the

previous year. Overall, the Group generated net income of USD 20.4 million, an increase of USD 38.3 million over 2020.

Cash flow generation was a key focus for 2021. The Group delivered strong profitability and continued to manage prudently working capital and capital expenditures to optimize cash flows. As a result, the Group generated USD 89.5 million of operating free cash flow for the year. In addition, the Group generated net cash of USD 104.2 million from the sale and leaseback of its facilities in the Lausanne, Switzerland area and from the sale of a building in the south of France, related to a divested activity. Strong cash generation enabled the Group to reduce net debt by USD 182.4 million to USD 152.4 million at the end of 2021. The Group's leverage ratio (net debt over EBITDA) improved from 5.2x to 2.1x at the end of 2021.

## **DIGITAL TV: LEVERAGING OPPORTUNITIES IN AN EVER-CHANGING MARKETPLACE**

Digital TV delivered a strong 2021, increasing net revenues by 2.8% year-on-year to USD 355.1 million and EBITDA by 0.4% year-on-year to USD 97.3 million (representing a 27.4% EBITDA margin).

This growth was fueled by positive momentum in EMEA and Asia, with strong profitability and successful launches of innovative solutions that address new market segments and respond to an increasing demand for watermarking and anti-piracy services. In spite of the continued disruption to the global economy caused by the pandemic, Digital TV was able to seize new opportunities and extend existing partnerships.

- In 2021, NAGRA added a major Hollywood studio to its roster of cinema clients with NexGuard pre-release watermarking. Demand for watermarking continued to grow beyond traditional media and entertainment with NAGRA's first deployment of watermarking for a global video game platform to protect sensitive video game trailers and for law enforcement to protect sensitive witness audio.
- Claro Colombia successfully launched Claro Box, its next generation Android TV service powered by NAGRA's OpenTV Platform backend. Claro also continued to deploy Insight, NAGRA's business analytics solution, across different set-top-box platforms, enabling audience measurement and providing Claro with relevant and reliable data to support its business decision-making process.
- In the Asia/Pacific region, NAGRA won an important watermarking and mDRM opportunity with a major Indian OTT operator. In South Korea, SK Broadband completed the integration of NAGRA's NexGuard forensic watermarking solution into all of its set-top box models to protect the content value chain.
- HD+ Ghana, a subsidiary of SES Group, successfully launched 4K services based on TVkey Cloud for the UEFA Euro 2020, the first 4K/UHD broadcast on the African continent.

## **CYBERSECURITY: RESPONDING TO SOARING SECURITY THREATS**

In 2021, the Group's cybersecurity business posted USD 167.1 million of gross revenues, a 19.4% increase from 2020. Net revenues in 2021 were at USD 107.3 million, representing a growth of 25.8% over the prior year. The business benefitted from growth across both of

its regions. In Europe, net revenues grew by 21.4% to USD 32.4 million, while the Americas grew by 27.8% to USD 74.9 million.

These results reflect the growing market demand for cybersecurity and demonstrate that the Group is well-positioned to help its customers protect their IT infrastructure against the rapidly evolving threat landscape. The accelerated introduction of work-from-everywhere capabilities has led to a dramatic increase in cyber-attacks on organizations. With its Cyber Fusion Center and its suite of proprietary offerings, Kudelski Security is well-equipped to offer its customers compelling solutions to help address these cyber-threats.

Managed Detection and Response represented a key growth area for Kudelski Security in 2021, which saw the launch of FusionDetect, a cloud-native platform that supports tailored threat detection and response across IT, OT, endpoints, and cloud environments. The integration of leading enterprise security technologies also continued in 2021, with the addition of Microsoft Defender for Endpoint.

Kudelski Security continued to expand its coverage in EMEA and US with additional local resources to support the delivery of personalized services and solutions to its customer base. In addition to strong results in 2021, the business enters 2022 with a record-high backlog and a strong booking momentum across all lines of business, evidence that the new strategies are positioning Kudelski Security for further market penetration.

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

The Group's IoT business generated USD 8.2 million of total revenues and other operating income in 2021, more than double the USD 3.8 million generated in 2020.

In February 2021, Kudelski IoT launched RecovR, a new two-in-one solution for car dealerships that uses a small, battery-powered locator device to enable dealers to locate and manage their vehicle inventory more efficiently and offer car owners a powerful theft recovery solution. RecovR ramped-up deployments and established strong sales momentum in the later months of 2021, announcing multiple customer wins, including the Niello Group and Folsom Lake Ford, and fast growing monthly revenues. As of December 2021, 43 rooftops generated RecovR revenues.

With most innovation in the automotive sector now based on electronics and software, Kudelski IoT is well placed to leverage its expertise in this market. One recent example is Kudelski IoT's engagement with Idneo Technologies to enable secure and simple accessibility solutions for electric vehicles (EV) and mobility-as-a-service clients featuring Kudelski IoT's secure Passive Keyless Access solution.

Kudelski IoT Labs has become an approved Zoom certification lab and continued to operate as an approved certification lab for CSPN, AT&T/FirstNet and Amazon Alexa Build-In and is starting to see increased customer demand for these services. To support this demand, Kudelski IoT has expanded its Security Workshop offerings into the US market. These workshops help companies evaluate current and future threats to their products and learn how to protect themselves from those threats.

## **PUBLIC ACCESS: INNOVATING FOR THE NEW NORMAL**

COVID-19 continued to affect Public Access results in 2021, with revenues decreasing by 3.7% year-on-year to USD 284.1 million. A 2.2% gross margin improvement and the

USD 1.1 million reduction of operating expenses enabled Public Access to generate an EBITDA of USD 17.3 million in 2021, representing a USD 0.8 million improvement compared to the prior year.

In 2021, SKIDATA continued its transformation and restructuring program to better position the organization for long-term, sustainable and profitable growth. As part of this initiative, SKIDATA worked more closely with other Kudelski Group business units to leverage cross-unit synergies and expertise, resulting in the delivery of more advanced solutions to customers. The measures taken also enabled SKIDATA to become more agile in adapting to market environments, with substantial improvements in cash flow and project delivery times.

The pandemic also created opportunities for SKIDATA to showcase its ability to innovate by developing solutions that enabled its customers to respond to challenges, such as vaccine certificate control systems, contactless access control tools and expanded e-payment solutions for ski resorts, stadiums and parking lots. These innovations are the future, as touchless solutions are becoming the new norm for the post-pandemic world, and SKIDATA is well-positioned to lead the market in this area.

## **OUTLOOK FOR 2022**

The Digital TV segment delivered strong 2021 results, well ahead of expectations. For 2022, the Group expects the base effect of a strong 2021 to result in revenues that are stable or slightly declining at a single-digit rate. In the Cybersecurity segment, the Group expects to maintain its 2021 momentum, with revenues growing at double-digit rates. The strong momentum of RecovR sales is expected to drive IoT's revenues in 2022, while the Group will continue to promote IoT Services and the keySTREAM platform. Consistent with 2021, the Group expects IoT revenues to at least double in 2022 compared to the prior year. For 2022, the Group forecasts a mid-single-digit revenue growth for Public Access, with a limited increase of operating expenses, resulting in a material improvement in profitability.

Overall, for 2022, the Group expects 5% to 8% year-on-year revenue growth and an EBITDA between USD 55 and 75 million.

## **PROPOSING A CASH DISTRIBUTION (DIVIDEND) OF CHF 0.10**

Taking into account the Group's 2021 results and profitability outlook, the Board of Directors is proposing a CHF 0.10 cash distribution per bearer share for approval at the 2022 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 2021 Financial Statements and MD&A are available in PDF format under:

[www.nagra.com](http://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 and 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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